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R  2018

-2 MILLION YEARS

-100,000 YEARS

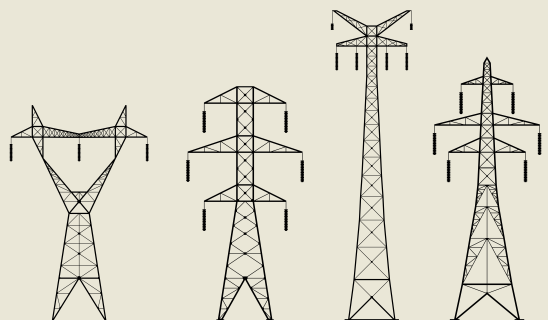
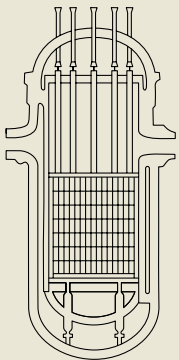
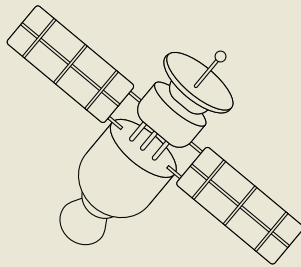
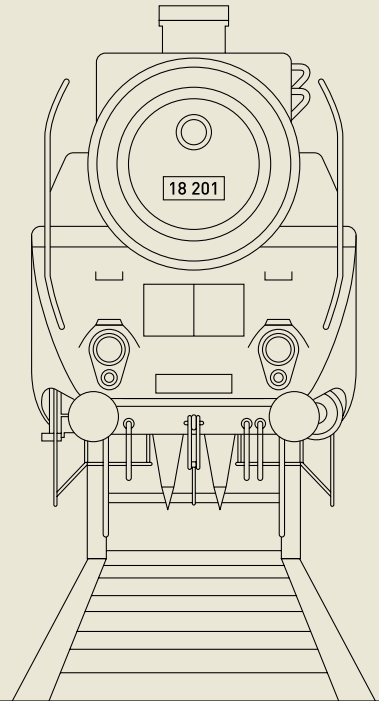
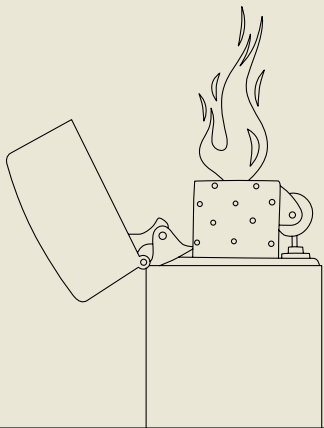
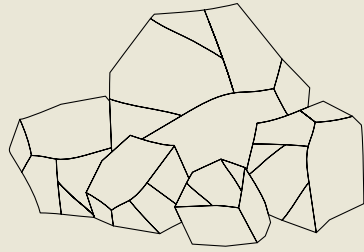
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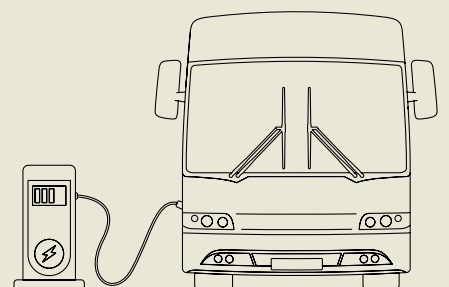
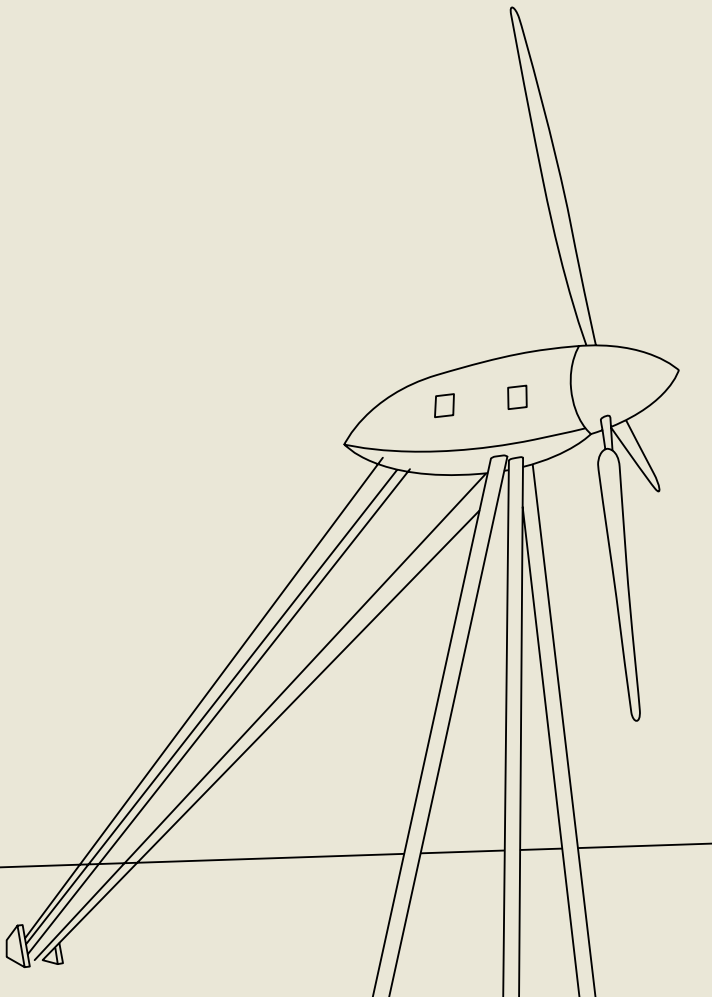
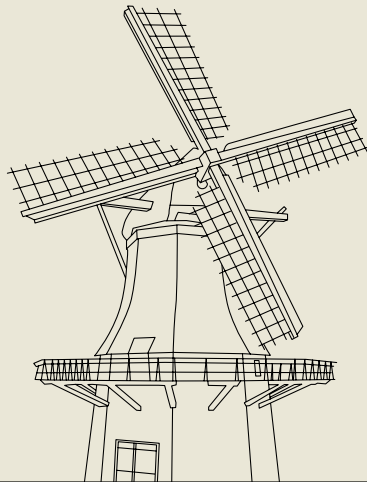
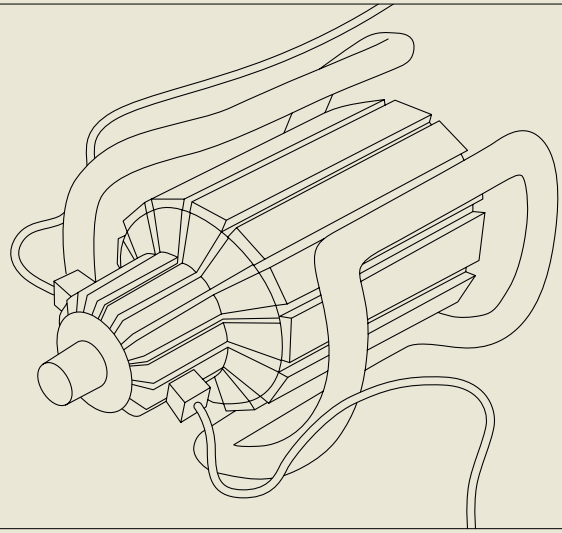
CEZ



GROUP

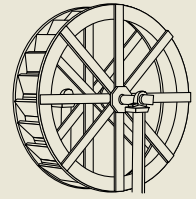






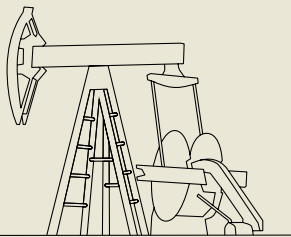


SOLAR ENERGY

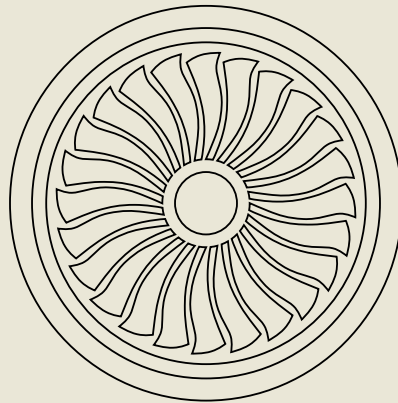


HYDRAULIC ENERGY

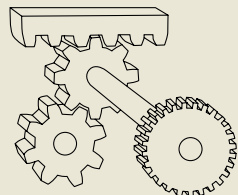
ENERGY HISTORY



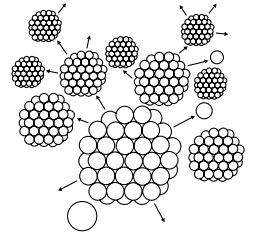
FOSSIL ENERGY



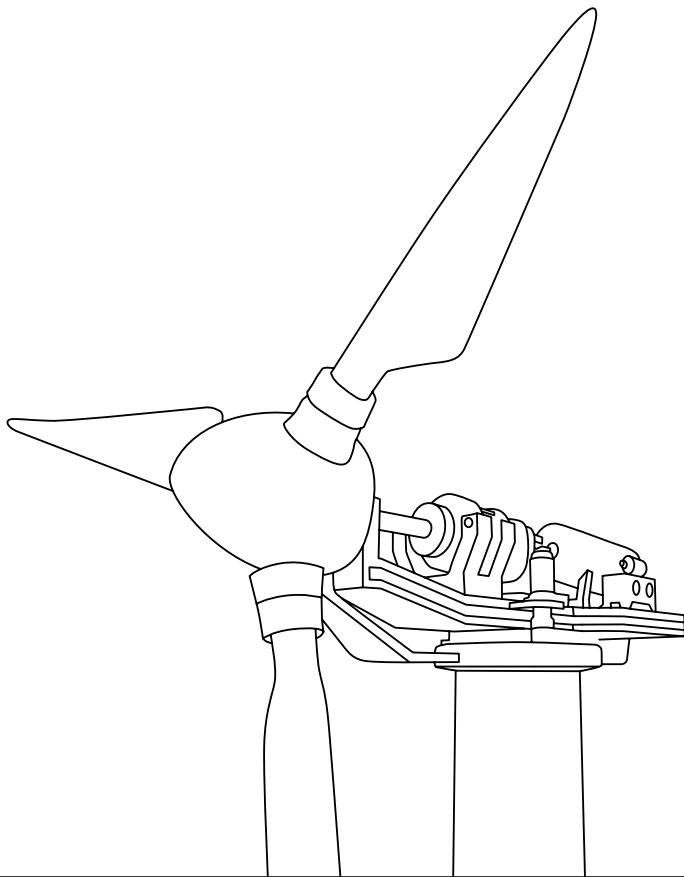
ELECTRICAL ENERGY



STEAM ENERGY



NUCLEAR ENERGY



UNIQUE IDEAS AND NEW APPROACHES
HAVE LED US ALONG A PATH TOWARD
THE MOST EFFICIENT ELECTRICITY
GENERATION POSSIBLE, WITH RESPECT
TO ENVIRONMENTAL PROTECTION.
CEZ GROUP'S PRESENCE REPRESENTS
A SMALL BUT DISTINCT CHAPTER
IN THIS HISTORY.

CEZ GROUP'S PROFILE

Headquartered in Czechia, CEZ Group is an integrated energy conglomerate with operations in Western, Central, and Southeastern European countries. Its core business is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. It also provides comprehensive energy services to its customers. CEZ Group companies employed more than 30,000 people at the end of 2018.

The largest shareholder of the parent company ČEZ is the Czech Republic with a nearly 70% stake in the company's stated capital. ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices.

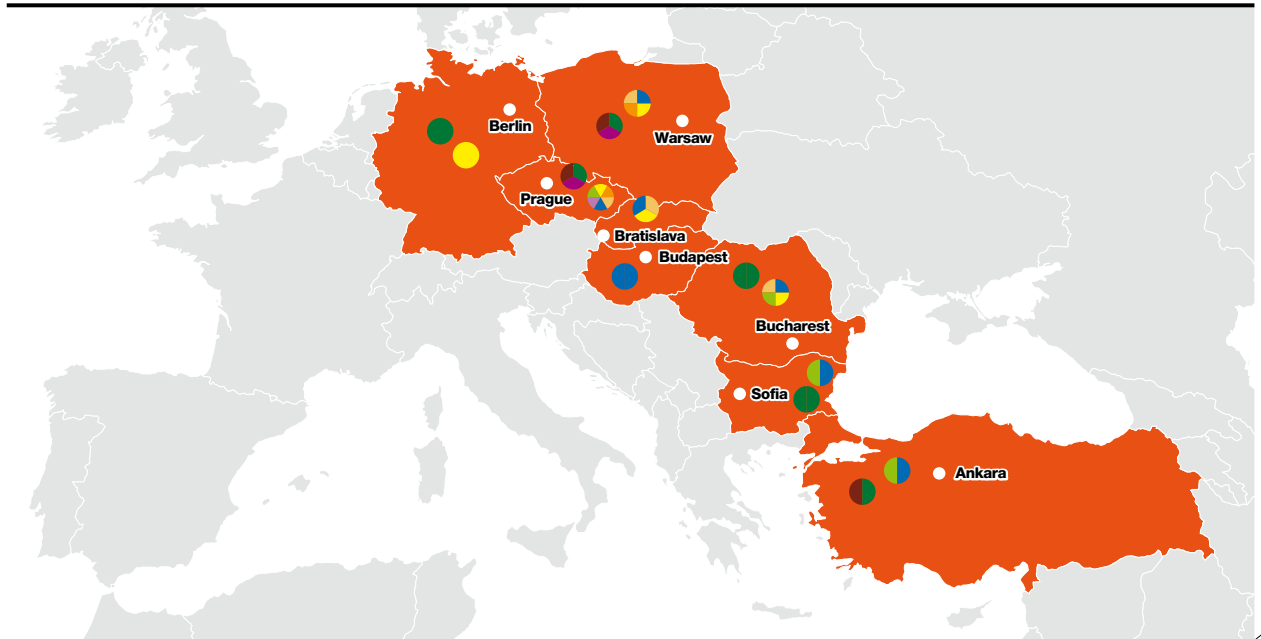
CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society at large. Its long-term vision is to bring innovations for resolving energy needs and to help improve the quality of life. CEZ Group's strategy is to be among the best in the operation of conventional power facilities, offer a wide range of products and services addressing the energy needs of our customers, develop a portfolio of renewable energy sources, and proactively respond to the challenges of the 21st century. The energy sector is heading toward greater decentralization, renewables, as well as savings in the use of energies, which are areas where CEZ Group is actively seeking additional opportunities and new markets. CEZ Group focuses on modern technologies, which will continue to alter the shape of the energy sector and which it wants to play a major proactive role in.

CEZ Group companies in Czechia extract and sell coal, generate and distribute electricity and heat, and trade in electricity, natural gas, and other commodities. They also offer customers technologies for electricity generation and storage and provide them with comprehensive energy services. Their generation portfolio consists of nuclear, coal-fired, gas-fired, hydroelectric, photovoltaic, wind, biomass, and biogas facilities.

CEZ Group's business activities abroad include primarily electricity distribution, generation, trading, and sales, as well as natural gas trading and sales, commodity trading in wholesale markets, and active presence in the development of energy services and renewables. Foreign countries where CEZ Group is doing business include, most importantly, Germany, France, Poland, Romania, Bulgaria, Hungary, Slovakia, and Turkey.

CEZ Group's business activities are governed by strict ethical standards that include responsible behavior toward employees, society, and the environment. In its business activities, CEZ Group embraces the principles of sustainable development, supports energy efficiency, promotes new technologies, and creates an environment for employees' professional growth. Its corporate culture emphasizes safety, continuous growth in internal efficiency, and support for innovation in order to increase CEZ Group's value.

CEZ Group 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

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In most chapters of the Annual Report, company names are given without the abbreviation specifying their legal form. The full names of CEZ Group companies are listed in the Related Parties Report included in this Annual Report (see p. 182–219). The full names of companies outside CEZ Group are provided under Information for Shareholders and Investors (see p. 170–171).

STATUTORY DECLARATION BY PERSONS RESPONSIBLE FOR THE CEZ GROUP 2018 ANNUAL REPORT

Statutory Declaration

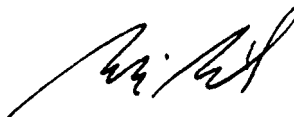
With the use of all reasonable care, to the best of our knowledge the consolidated Annual Report provides a true and fair view of the financial situation, business activities, and results of operations of the issuer and its consolidated group for the year 2018 and of the outlook for the future development of the financial situation, business activities, and results of operations of the issuer and its consolidated group, and no facts have been omitted that could change the meaning of this report.

Prague, March 18, 2019



Daniel Beneš

Chairman of the ČEZ Board of Directors



Martin Novák

Vice-Chairman of the ČEZ Board of Directors

INFORMATION ON THE INDEPENDENT AUDITOR'S REPORTS

In connection with the audit of the consolidated and separate financial statements of ČEZ, the independent auditor acquainted themselves with information contained in the Annual Report and reviewed its consistency with the financial statements and other facts known to them.

As required by the Czech Auditors Act, the independent auditor's opinion on the 2018 Annual Report is not given in a separate report but included in the audit reports on the financial statements. The Independent Auditor's Audit Report on the Consolidated Financial Statements can be found on page 295–301 and the Independent Auditor's Audit Report on the Financial Statements of ČEZ can be found on page 357–363.

FIRE



FLINTS USED TO STRIKE FIRE WERE FOUND NEAR THE REMAINS OF FIVE PEOPLE THAT LIVED IN MOROCCO 300,000 YEARS AGO.

-297,983

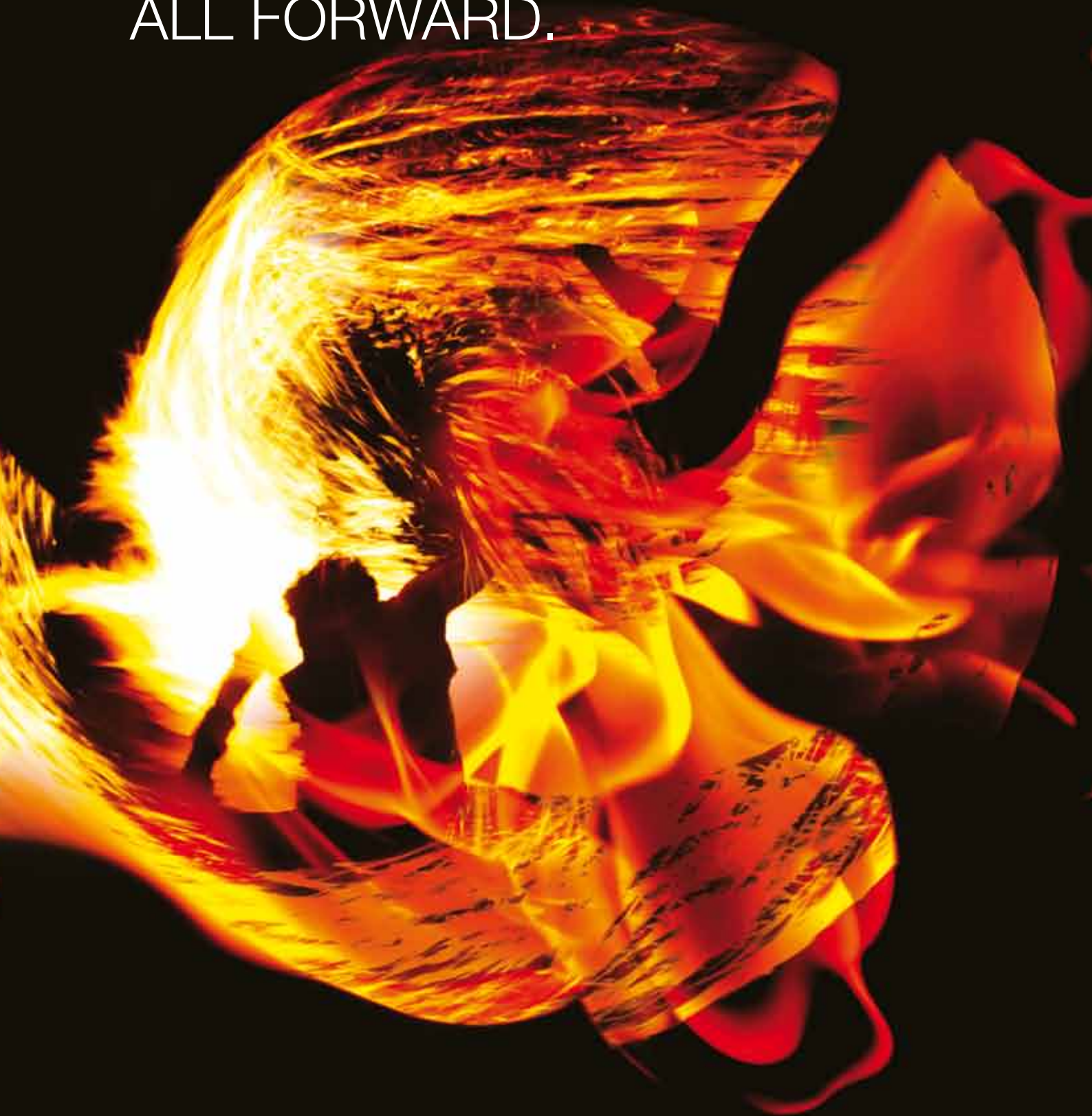
THE CHINESE USED FIRE TO PRODUCE CHARCOAL THAT WAS THEIR SOURCE OF HEAT FOR STEEL SMELTING.

-10000

1844

FOR A LONG TIME, PEOPLE OBTAINED FIRE BY STRIKING PHOSPHORUS MATCHES AGAINST ANY ROUGH, DRY SURFACE. THEIR DISADVANTAGE WAS THE POSSIBILITY OF SPONTANEOUS IGNITION. IN 1844, GUSTAF ERIK PASCH OF SWEDEN PATENTED THE USE OF RED PHOSPHORUS IN THE STRIKING SURFACE, ELIMINATING THE NEED FOR WHITE PHOSPHORUS IN THE MATCH AND OPENING THE WAY TO THE MANUFACTURE OF SAFETY MATCHES.

BURNING-HOT IDEAS ARE
WHAT KEEPS PUSHING US
ALL FORWARD.



800–3,200

CANDLE FLAME TEMPERATURE RANGES FROM 800 °C IN THE MIDDLE OF THE FLAME TO 1,400 °C AT ITS PALE BLUE EDGE. WOOD BURNS AT 700–1,100 °C AND OXYACETYLENE WELDING GAS HAS A TEMPERATURE OF 2,700–3,200 °C.



INTRODUCTION

BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF ČEZ, a. s.

Dear shareholders,

Another year has passed and I am pleased to observe that our company's worth has increased again in 2018. CEZ Group is a transparent and stable energy corporation. ČEZ remains one of Europe's financially healthiest energy companies, as evidenced by its Standard & Poor's credit rating of A- with a stable outlook and Moody's credit rating of Baa1 with a positive outlook.

The Standard & Poor's rating of ČEZ has been upgraded by a total of three notches over the years even though the ratings of a number of other energy companies have gone in the opposite direction. Prior to becoming the first Central and Eastern European company to enter foreign capital markets and issuing its eurobonds in 1994, ČEZ was assigned its first rating of BBB- by Standard & Poor's in May 1994. Now we have the same credit rating as, for example, EDF, the France-based European energy giant.

We were also pleased that Institutional Investor journal assessed ČEZ as having the best investor relations and the best corporate governance system among all EMEA utilities.

In what has become a tradition, we published our Sustainability Report in 2018. We presented CEZ Group's operations in Czechia and abroad through nonfinancial information, with emphasis on our responsible business practices.

We are successfully implementing our growth strategy focusing on comprehensive energy services for customers. In addition, the growth potential of our ČEZ ESCO companies in Czechia and Elevion group in Germany is potentiated by the European Union's long-term goals to cut energy consumption, which is an opportunity for companies offering smart energy solutions. CEZ Group's total operating revenues were CZK 184.5 billion in 2018, increasing by CZK 10.8 billion year-on-year after adjustment for methodology changes in IFRS, primarily due to increased sales of energy services. We found this to be a highly promising new energy sector even under Czechia's conditions. ČEZ ESCO is also becoming a major player in the ongoing environmental upgrades to power generation facilities in Czech industry, successfully winning substantial contracts. We completely replaced coal-fired boilers with gas and cogeneration units at Energocentrum Vítkovice in Ostrava and continue to work on a large project for environmental upgrades to our Mělník site so as to ensure long-term heat supply for Prague and its vicinity. The EU's environmental commitments resulting from its winter package pose a risk to utilities including ČEZ due to additional expenditures on environmental upgrades but also present an opportunity for development. If Europe wants to cut its emissions it cannot do so without significant electrification. According to a Eurelectric study, the share of electricity in energy consumption should rise from 22 to 48%. In line with its commitment, CEZ Group intends to start generating electricity without any greenhouse gas emissions no later than in 2050.

Rapid development of new technologies continued, ambitious EU goals for 2030 were set, and commodity prices rose significantly in the past year. Wholesale electricity prices increased by almost 50% in 2018, primarily due to the market prices of emission allowances growing by more than 200%. Under its hedging strategy, CEZ Group resells electricity and purchases emission allowances in advance on a long-term basis, which delays the effect of price changes on its financial performance. After years of year-on-year decreases, the realization prices of generated electricity rebounded in the second half of 2018, which is beginning to have a positive effect on CEZ Group's financial performance. Most of the effect will be seen in 2019 and the following years. A key prerequisite is stable generation at nuclear power plants, whose margin is not affected by the growing prices of emission allowances. We generated almost 30 TWh of electricity at our nuclear plants in 2018.

In terms of our 2018 annual performance, we managed to meet expectations for net income and came up a bit short in EBITDA, primarily due to lower generation at our coal-fired power plants and due to partial postponement of new acquisitions.

As for development investments, we should mention a project for the construction of a heat supply pipe from Temelín to České Budějovice. Only now are we starting to build what the previous generation was considering. The clean heating project for the regional capital was waiting for the first concrete and binding step for over thirty years. We managed to proceed to its final stage together with České Budějovice leaders after extensive difficult negotiations. A contract has been entered into for twenty years of supply. With Temelín's heat, the Southern Bohemia region will be able to avoid burning up to 80,000 tons of coal a year and releasing the same amount of carbon dioxide. We consider the heating sector to be highly promising and have made several acquisitions in it in both Czechia and Slovakia.

We are gradually fulfilling a difficult task relating to the generational renewal of employees in electricity generation and distribution in Czechia. Another great challenge is the digitization of distribution networks with transition to smart grids and innovation focusing on the enhancement of our pro-client approach. Investments in the distribution grid in Czechia exceeded CZK 10 billion in 2018 and we are planning even higher investments in 2019.

What to say in conclusion? I assume that the energy market will continue to be affected by persisting regulatory uncertainty and rapid technological advancement in 2019. Our fundamental strategy, based on growth in the new energy sector and comprehensive energy services as well as on our ambition to be among the best in the operation of conventional power facilities, remains unchanged. The debate about how Czechia chooses to prepare the construction of new nuclear power plants and what role CEZ Group will play in this will continue in 2019. It remains our task to take care of the traditional energy segment, that is, nuclear, coal-fired, and hydroelectric power plants, and of further growth in the new energy segment, most importantly through promising smart energy solutions for customers.



Daniel Beneš

Chairman of the Board of Directors
and Chief Executive Officer of ČEZ

SELECTED INDICATORS OF CEZ GROUP

Selected Indicators of CEZ Group

	Unit	2014	2015	2016	2017	2018	2018/2017 Index (%)
Installed capacity	MW	16,038	15,921	15,621	14,865	14,960	100.6
Electricity generated (gross)	GWh	63,124	60,918	61,134	62,889	63,081	100.3
Electricity sold ¹⁾	GWh	35,139	37,933	37,475	37,036	37,634	101.6
Heat sold ¹⁾	TJ	21,276	22,256	24,022	23,659	23,213	98.1
Gas sold ¹⁾	GWh	5,417	6,840	8,180	9,897	9,607	97.1
Workforce headcount as at December 31	Persons	26,255	25,862	26,895	29,837	31,385	105.2
Operating revenues	CZK millions	201,751	210,167	206,543	205,092	184,486	90.0
Operating revenues, comparable ²⁾	CZK millions	n/a	n/a	n/a	173,731	184,486	106.2
EBITDA	CZK millions	72,498	65,104	58,082	53,921	49,535	91.9
EBIT	CZK millions	36,946	28,961	26,114	25,620	19,759	77.1
Net income	CZK millions	22,432	20,547	14,575	18,959	10,500	55.4
Adjusted net income ³⁾	CZK millions	29,454	27,666	19,640	20,698	13,055	x
Earnings per share—basic	CZK/share	41.9	38.8	26.7	35.1	19.3	x
Dividend per share (gross) ⁴⁾	CZK/share	40.0	40.0	40.0	33.0	33.0	100.0
Net cash provided by operating activities	CZK millions	70,675	72,579	48,953	45,812	35,351	77.2
Capital expenditures (CAPEX) ⁵⁾	CZK millions	(34,412)	(31,494)	(30,165)	(29,135)	(26,386)	90.6
Financial investments ⁶⁾	CZK millions	(35)	—	(368)	(5,070)	(2,214)	43.7
Total assets	CZK millions	627,870	602,686	628,486	623,906	707,443	113.4
Of which: Property, plant, and equipment ⁷⁾	CZK millions	426,542	421,364	426,895	428,019	415,908	97.2
Equity (including noncontrolling interests)	CZK millions	265,851	272,155	261,360	254,322	239,281	94.1
Net debt	CZK millions	147,245	131,223	146,452	136,087	151,262	111.2
Return on invested capital (ROIC) ⁸⁾	%	6.3	5.0	4.5	4.3	3.3	x
Return on equity (ROE), net ⁹⁾	%	8.6	7.8	5.4	7.4	4.3	x
Net debt/EBITDA	1	2.03	2.02	2.52	2.52	3.05	x

¹⁾ Sold to end-use customers (outside CEZ Group).

²⁾ Comparison applying IFRS 15 to 2017. By applying IFRS 15 starting from January 1, 2018, distribution revenues and expenses are only reported as a balance where the Group sells electricity in an area in which it does not own the distribution grid (without effect on the total profit reported). The amount of operating revenue and operating expense adjustment for this effect in 2017 is CZK 30.8 billion. Furthermore, 2017 operating revenues are adjusted for the effect of IFRS 15 on connection fee reporting in the amount of CZK 0.6 billion.

³⁾ Refer to Methods Used to Calculate Indicators Unspecified in IFRS for the definition.

⁴⁾ Awarded in a given year, to be paid out of previous years' profit.

⁵⁾ Additions to property, plant, and equipment and intangibles.

⁶⁾ Acquisition of subsidiaries, associates, and joint ventures, net of cash acquired.

⁷⁾ Property, plant, and equipment including nuclear fuel and construction work in progress.

Credit Rating

ČEZ's long-term credit ratings remained unchanged in 2018 except for the Moody's outlook.

S&P Global Ratings Europe Limited reaffirmed ČEZ's long-term credit rating of A- with a stable outlook on November 23, 2018.

Moody's Investors Service Ltd. reaffirmed ČEZ's long-term credit rating of Baa1 on April 24, 2018, changing the outlook from stable to positive in the wake of Czechia's credit rating (A1) outlook changing from stable to positive. Moody's updated its Credit Opinion on ČEZ on January 23, 2019, leaving its long-term credit rating at Baa1 with a positive outlook.

Both credit rating agencies are included in the list of credit rating agencies pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council and Regulation (EU) No. 462/2013 of the European Parliament and of the Council. When selecting credit rating agencies, ČEZ complies with Article 8d of the above-mentioned Regulation.

SHARES

The shares of five CEZ Group companies are publicly traded.

1. ČEZ, a. s.

As at December 31, 2018, the total stated capital of ČEZ was CZK 53,798,975,900. The Company's stated capital consisted of 537,989,759 shares with a nominal value of CZK 100. Their ISIN is CZ0005112300.

All Company shares are bearer shares and have been admitted to trading on a European regulated market. The shares are traded on markets in Czechia and Poland.

Shares

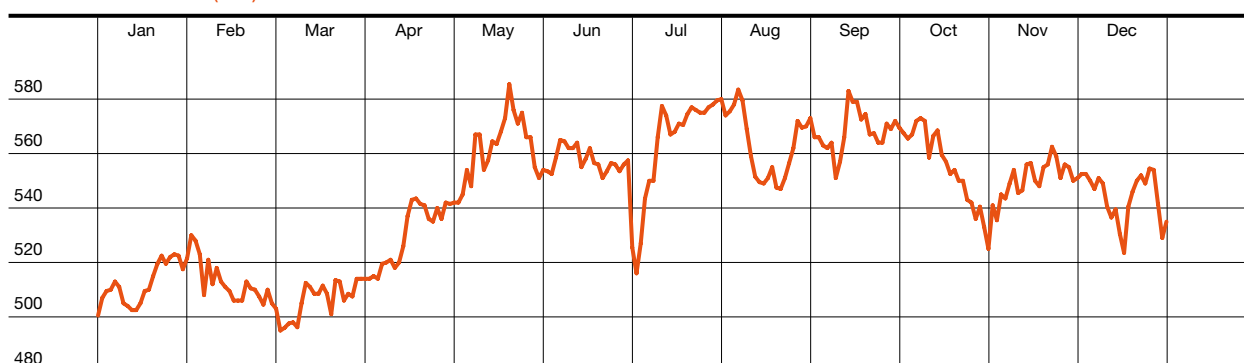
Security	ISIN	Issue Date	Volume	Issued as	Form	Nominal Value	Market	Traded Since
Registered share	CZ0005112300	Feb 15, 1999	CZK 53.8 billion	Dematerialized	Bearer	CZK 100	PSE	Jun 22, 1993
							PSE Prime Market	Jan 25, 1994
							RM-System	Feb 23, 1999
							GPW	Oct 25, 2006

Structure of Shareholders by Entity Type (%)

	Share in Stated Capital	Share in Voting Rights	Share in Stated Capital	Share in Voting Rights
	As at Dec 31, 2017		As at Dec 31, 2018	
Legal entities, total	89.84	89.78	89.71	89.65
Of which: Czechia	69.78	70.25	69.78	70.19
ČEZ, a. s.	0.67	—	0.58	—
Other legal entities	19.39	19.53	19.34	19.46
Private individuals, total	10.16	10.22	10.29	10.35

Source: Centrální depozitář cenných papírů, a.s. (Central Securities Depository)

ČEZ Share Prices in 2018 (CZK)



Stock-Related Indicators

	Unit	2017	2018	2018/2017 Index (%)
Net income per share—basic (EPS) ¹⁾	CZK/share	35.1	19.3	x
Dividend per share (gross) (DPS)	CZK/share	33.0	33.0	x
Dividends awarded	CZK billions	17.6	17.6	100.1
Share price—year's high	CZK	500.0	585.5	117.1
Share price—year's low	CZK	393.8	495.0	125.7
Share price—at year end (December 31)	CZK	496.5	535.0	107.8
ČEZ stock trading volume on the PSE	CZK billions	41.2	40.9	99.3
ČEZ stock as percentage of overall PSE trading volume	%	29.2	28.7	98.3
Number of registered shares (as at December 31)	Thousands	537,990	537,990	100.0
Number of treasury shares (as at December 31)	Thousands	3,605	3,125	86.7
Number of shares in circulation (as at December 31)	Thousands	534,385	534,865	100.1
Price to earnings ratio (P/E)	1	14.1	27.7	x
Book value per share (BVPS)	CZK	467.9	438.8	93.8
Price to book value ratio (P/BV)	%	106.1	121.9	x
Total shareholder return (TSR)	%	23.1	14.4	x
Market capitalization (as at December 31)	CZK billions	265.3	286.2	107.9

¹⁾ Consolidated net income per share attributable to parent company shareholders.

Payment of Dividends to Shareholders

The annual shareholders' meeting, which was held on June 22 and 23, 2018, decided to pay a dividend of CZK 33 per share before tax. The share of profit to be distributed among shareholders is CZK 17,753,662,047, of which CZK 17,647,731,354 is to be paid out, representing 93.1% of consolidated net income or 85.3% of consolidated adjusted net income.

Entities that were shareholders of ČEZ at the record date, that is, June 28, 2018, are entitled to the dividend. The dividend on treasury shares held by the Company at the record date was not paid out and was transferred to the retained earnings account. The dividend for 2017 becomes payable on August 1, 2018 and can be claimed until July 29, 2022.

Dividend Policy

Starting from 2015, ČEZ applied a dividend policy that anticipated paying out 60–80% of consolidated net income adjusted for extraordinary effects generally unrelated to ordinary financial performance in a given year. The payout ratio was temporarily increased in 2017 to 60–100% of consolidated adjusted net income until the Company's development strategy is refined.

ČEZ's Relations with Shareholders and Investors

ČEZ has long been building relations with shareholders and other capital market participants by means of open and regular communication. It publishes quarterly communications on its financial performance and fulfillment of CEZ Group's strategic goals on dates that are announced in advance. It also informs of material facts that might affect the share price on an ad hoc basis. In accordance with good practice, it also maintains an active dialog with capital market participants through personal meetings with analysts and representatives of institutional investors both at the corporate headquarters and in major financial centers and during conferences.

2. ČEZ OZ uzavřený investiční fond a.s.

The company's shares were admitted to trading on the Prague Stock Exchange's regulated market with effect from December 31, 2015. The ISIN is CZ0008041787. An issue of 5,310,498 shares, that is, 15% of the total number of the company's shares, previously held by ČEZ, was admitted to trading. ČEZ held an almost 99.6% stake in the company as at December 31, 2018; other shareholders were ČEZ Obnovitelné zdroje and ČEZ Korporátní služby. Shareholders outside CEZ Group held a 0.04% stake in the company's capital.

3. Akenerji Elektrik Üretim A.S.

The company's shares are traded freely on the stock exchange. A portion of shares representing a 25.3% stake in the company's capital has been freely traded on the Istanbul stock exchange since July 3, 2000. The ISIN is TRAAKENR91L9. The shares are not traded on any other public markets. ČEZ held a 37.361% stake in the company's capital as at December 31, 2018.

4. CEZ Elektro Bulgaria AD

The company's shares have been traded on the Bulgarian Stock Exchange (Българска Фондова Борса) since October 29, 2012. The ISIN is BG1100024113. The shares are not traded on any other public markets. As at December 31, 2018, ČEZ held a 67% stake and the second largest shareholder, the Chimimport group, held a 24.92% stake in the company's capital.

5. CEZ Razpredelenie Bulgaria AD

The company's shares have been traded on the Bulgarian Stock Exchange (Българска Фондова Борса) since October 29, 2012. The ISIN is BG1100025110. The shares are not traded on any other public markets. As at December 31, 2018, ČEZ held a 67% stake and the second largest shareholder, the DOVERIE group, held an 11.15% stake in the company's capital.

SELECTED EVENTS

Selected Events of 2018

January

- SÚJB's decision granting an operating license for an indefinite period of time for Units 3 and 4 of the Dukovany Nuclear Power Plant came into effect.
- ČEZ Distribuční služby ceased to exist as a result of a merger by acquisition by ČEZ Distribuce.
- ČEZ Inženýring ceased to exist as a result of a merger by acquisition by ČEZ.

February

- A sales contract was signed with Inercom for the sale of CEZ Group's assets in Bulgaria (Oreshets and Bara power plants as well as electricity distribution, sales, and trading, including the provision of support services).
- A change in the legal form of Inven Capital from a closed-end investment fund to an investment company with variable capital (SICAV) was completed, fulfilling the condition for the management of EUR 50 million from the European Investment Bank.

March

- An engineering economy study of the long-term operation of the Temelín Nuclear Power Plant was completed, confirming the feasibility of the long-term operation of the facility until 2060 for Unit 1 and 2062 for Unit 2; no significant safety engineering limitations for operation even beyond this horizon were identified in the study.
- An integrated permit for the first of CEZ Group's prepared wind farms in France (Aschères-le-Marché) came into effect.
- ČEZ Distribuce launched notification of planned outages and failures via email and cell phone texts.

April

- Collaboration started with the Kaufland retail chain in Czechia concerning the delivery of fast charging stations for electric vehicles; the first station was delivered.

May

- A project was launched for a 3 MW lithium-ion battery system at Tušimice to provide ancillary services to the transmission system operator; pilot operation is expected to start in late 2019.
- A ČEZ HEATING SERVICE was launched, providing customers with comprehensive maintenance services for their gas boilers.

June

- ČEZ held a shareholders' meeting that approved dividend payment, among other things; the dividend awarded was CZK 17.8 billion.
- A series of public hearings concerning the EIA report for a new nuclear power plant at Dukovany took place in Hungary and Czechia and public debates were held in Austria and Germany.
- The first fast-charging point for electric vehicles built in collaboration with the Benzina gas station network was opened in Czechia.

July

- American journal Institutional Investor published its international rankings according to which ČEZ has the best investor relations and the best corporate governance system among developing utilities in the EMEA region—Europe, Middle East, and Africa; Martin Novák was ranked as the best CFO and Daniel Beneš ranked second among the region's CEOs.
- The transaction to sell CEZ Group's Bulgarian assets was disapproved by the Commission for Protection of Competition in Bulgaria; the buyer, Inercom, brought an administrative action against the decision.

August

- ČEZ brought an administrative action against the decision of the Bulgarian Commission for Protection of Competition concerning the sale of CEZ Group's Bulgarian assets.
- A favorable EIA opinion was received for the construction project for a waste-to-energy facility in Mělník, containing 17 mandatory conditions that are not an obstacle to project continuation.

September

- CEZ Group's investment fund Inven Capital purchased a share in Cosmo Tech, a French technology firm; this was the first joint investment of Inven Capital and the European Investment Bank.
- Our development strategy in renewable energy sources was updated to newly focus primarily on Czechia and on development at the expense of acquisitions of operated facilities.
- ČEZ Distribuce took part in Blackout 2018, an extensive, two-day exercise that tested the preparedness and responsiveness of Integrated Rescue System services, emergency management authorities, and other selected authorities and organizations in the Central Bohemia region in handling a massive power outage.

November

- ČEZ held a shareholders' meeting that passed an amendment to the Company's bylaws concerning the timeline for presenting business policies to the shareholders' meeting.
- A new, highly environmentally-friendly, biomass-fired boiler was put into operation at Energetické centrum; the boiler generates 40 million kWh of completely green electricity and up to 650,000 GJ of completely green heat a year.

December

- A contract for the construction of a hot-water pipe and supply of heat from the Temelín Nuclear Power Plant to České Budějovice was signed by ČEZ, the statutory city of České Budějovice, and city-owned joint-stock company Teplárna České Budějovice.
- Wind turbine projects with an installed capacity of up to 193 MW were acquired in Germany.

Selected Events of 2019 until the Annual Report Closing Date

January

- Wind turbine projects with an installed capacity of up to 119 MW were purchased in France.
- ČEZ Distribuce launched its www.bezstav.cz site where customers can get information about expected power restoration times in case of outage, especially during natural disasters.
- Inven Capital, CEZ Group's investment fund seeking opportunities in the new energy sector, bought a share in Driivz, a company whose modular charging management system is used by 300,000 drivers globally.

February

- The Committee on Economic Affairs of the Chamber of Deputies of the Czech Parliament held an international energy forum on the subject of "Completion of New Nuclear Facilities in Czechia"; discussed topics included the variant of building a new nuclear unit at Dukovany and making a contract for its construction between the Czech government and Elektrárna Dukovany II, including specific steps and the estimated schedule for project preparation; ČEZ's CEO said at the conference that the Company is ready to organize and carry out the construction of a new nuclear power plant provided that the contract for construction with the Czech government ensures a stable regulatory environment.
- Inven Capital sold its stake in Bavarian battery system manufacturer sonnen.

DEVELOPMENTS IN RELEVANT ENERGY MARKETS

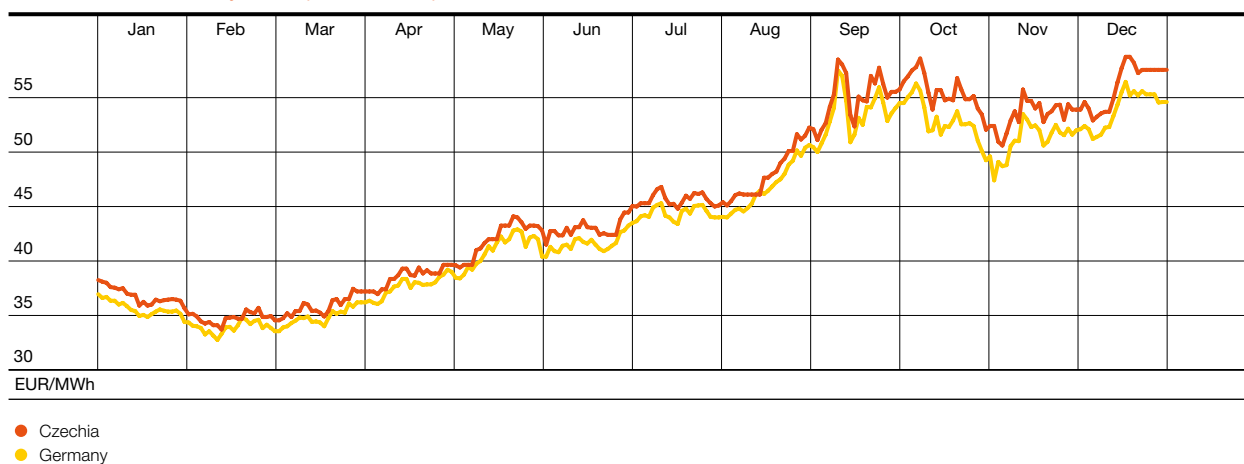
Commodity Prices, Year-on-Year Comparison

Commodity Prices, Year-on-Year Comparison

	Unit	December 31, 2017	December 31, 2018
Electricity price in Czechia (2019 baseload)	EUR/MWh	38.3	57.6
Electricity price in Germany (2019 baseload)	EUR/MWh	37.0	54.6
Hard coal price	USD/t	89.5	88.0
Gas price (NCG)	EUR/MWh	18.7	23.3
Oil price	USD/barrel	64.9	56.0
Emission allowance price (EEX)	EUR/t	8.2	25.0

Electricity

Wholesale Price of Electricity in 2018 (2019 Year Band)



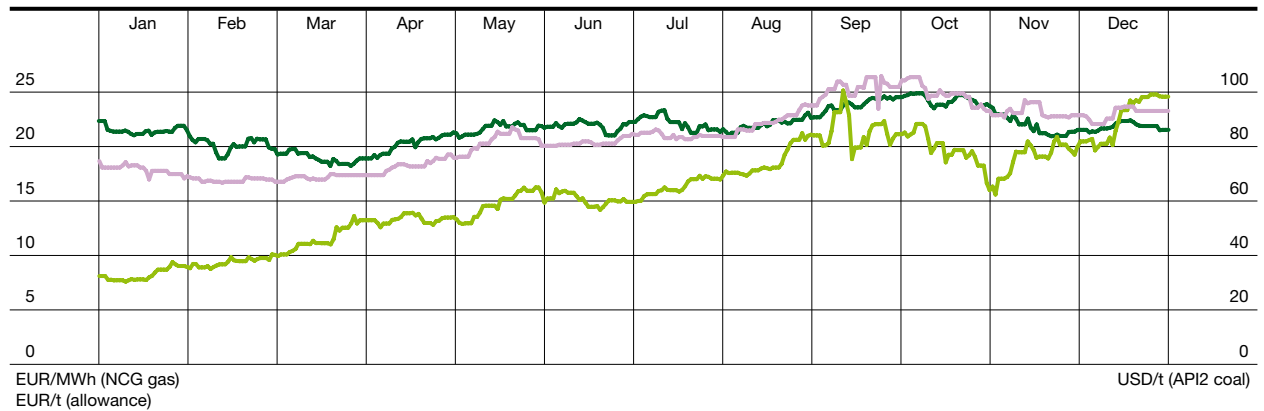
Electricity prices in the Central European market are determined by changes in the prices of commodities impacting on the variable costs of electricity generation. The price of electricity is affected the most by changes in the prices of coal and the price of emission allowances and to a lesser degree by the prices of natural gas. Additionally, electricity prices are affected by trends in demand for electricity and changes in the amount of generating capacities in the region. Most importantly, yearly increases in renewables capacity increase supply while the utilization of coal-fired power plants decreases over time.

The year 2018 was characterized by significant increases in electricity prices in the wholesale market. The German baseload price with delivery in 2019 increased considerably from levels of about 30 EUR/MWh at the beginning of the year to many-year highs of 57 EUR/MWh achieved in mid-September. No clear trend was observable for the rest of the year and the prices oscillated between 50 and 55 EUR/MWh. Electricity closed the year at 55 EUR/MWh, which meant a year-on-year increase of 48%. Czech electricity prices imitated German prices with an average premium of 1.4 EUR/MWh above Germany.

The key factor behind the above-mentioned developments was a dramatic hike in emission allowance prices; a less prominent increase in natural gas prices had only a limited effect.

Prices of Coal, Natural Gas, and Emission Allowances in 2018

Prices of Coal, Natural Gas, and Emission Allowances in 2018 (2019 Forward Contracts)



- NCG gas—Futures contract for natural gas with delivery to the NCG (NetConnect Germany) trading point in 2019
- API2 coal—Year-ahead futures contract on API2 coal with delivery in 2019
- CO₂ emission allowance

Coal and Natural Gas

We saw gas prices increase by nearly 25% during 2018. This can be explained by a long winter that resulted in low stocks of gas in storage and a need to replenish them over the rest of the year. Additionally, the supply of LNG importable to Europe was highly limited. Hard coal prices did not change much for most of the year. Only in September and October did they climb up to 100 USD/t but this was just a short-term fluctuation and they closed the year at 88 USD/t with almost zero change year-on-year.

Emission Allowances

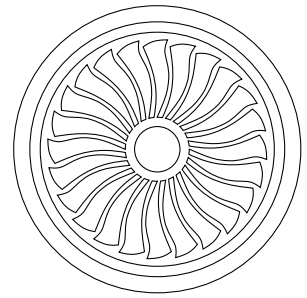
Participants in the emission allowance market came to believe in 2018 that the introduction of a Market Stability Reserve (MSR) in 2019 could help resolve accumulated surpluses of allowances and the allowance price thus began reflecting changes in coal and gas prices. More specifically, it closely followed the course of the costs of converting generation from coal to gas.

Since gas prices were increasing much more sharply than coal prices during the first eight months of the year, allowance prices rose to many-year highs of about 25 EUR/t. As this factor wore off in the fourth quarter, allowance prices stabilized. As a result, the year-on-year increase in allowance prices was 206%.

0.3

THIS IS THE PERCENTAGE OF THE TOTAL AMOUNT OF WATER ON EARTH THAT CAN BE USED AS DRINKING WATER FOR HUMANS AND OTHER ORGANISMS; IT IS THE FRESH WATER FOUND ON THE SURFACE OF EARTH. OVER 97% OF THE TOTAL AMOUNT OF WATER IS COMPRISED OF SALT WATER FOUND IN OCEANS AND SALINE LAKES. THE REMAINING 2.5% IS FRESH WATER BUT MOST OF IT MAKES UP POLAR ICE AND GLACIERS.

WATER



MATHEMATICIAN PHILO OF BYZANTIUM DESCRIBED A SIREN DRIVEN BY A WATERWHEEL WITH WATER FED FROM THE TOP. THIS IS THE OLDEST PRESERVED DESCRIPTION OF A WATERWHEEL IN HISTORY.

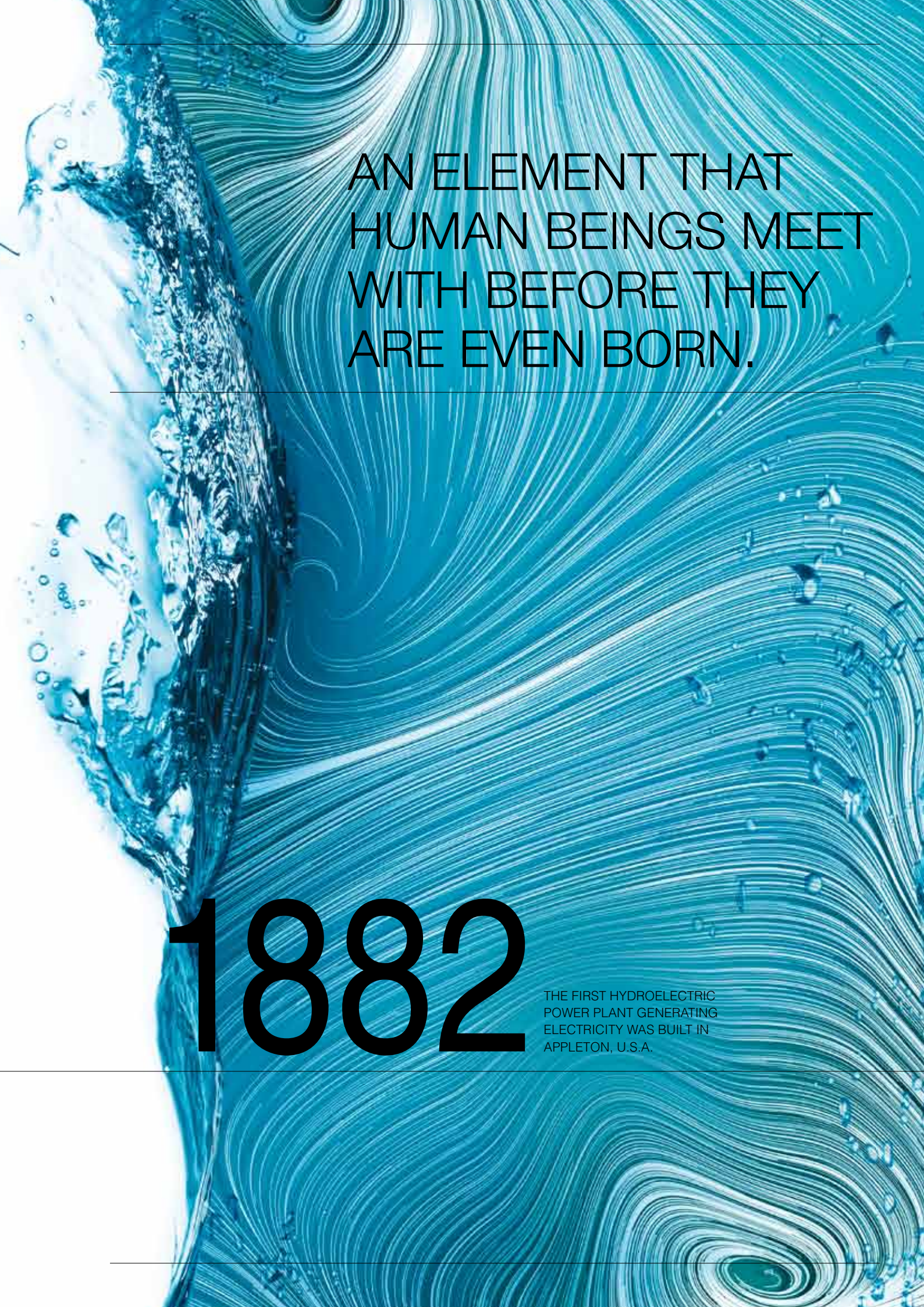
-280

4.54

THE WIDEST WATER WELL IN CZECHIA IS FROM THE 14TH CENTURY. IT IS LOCATED IN MĚLNÍK AND IS 4.54 m IN DIAMETER.

THE HIGHEST SHARE OF HYDROELECTRIC POWER PLANTS IN GENERATED ELECTRICITY IS FOUND IN COUNTRIES THAT ARE ABUNDANT IN WATERCOURSES, SUCH AS THE DEMOCRATIC REPUBLIC OF THE CONGO WITH A 99.7% SHARE, TAJIKISTAN, OR THE EUROPEAN COUNTRIES OF NORWAY, AUSTRIA, AND CROATIA.

99.7



AN ELEMENT THAT
HUMAN BEINGS MEET
WITH BEFORE THEY
ARE EVEN BORN.

1882

THE FIRST HYDROELECTRIC
POWER PLANT GENERATING
ELECTRICITY WAS BUILT IN
APPLETON, U.S.A.

EXTERNAL CONDITIONS IN THE ENERGY SECTOR

European Union

Winter Package—Clean Energy for All Europeans

Significant progress was achieved in the adoption of legislative acts belonging to the “winter package” in 2018. The first act to be passed was Directive (EU) 2018/844 of the European Parliament and of the Council of May 30, 2018, amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency. This Directive was published in the EU's Official Journal on June 19, 2018. Czechia, along with the other member states, must transpose this Directive by no later than March 10, 2020.

Agreement on the final versions of three other important legislative acts, namely a revision to the energy efficiency directive, a revision to the directive on the promotion of the use of energy from renewable sources, and the regulation on the governance of the energy union, was approved by the European Parliament and then the Council on November 13, 2018. All three acts were duly published in the EU's Official Journal in December.

As for the last portion of the legislative package concerning the future shape of the electricity market, the legislative procedure has advanced the most in the case of the regulation on risk-preparedness in the electricity sector and the regulation establishing a European Union Agency for the Cooperation of Energy Regulators (ACER). In both cases, trilateral negotiations among the European Commission, the Council, and the European Parliament were properly concluded by the end of 2018. However, negotiations were not concluded by the end of 2018 over two important legislative acts regulating market rules, namely a revision to the directive on common rules for the market in electricity and a revision to the regulation on the internal market in electricity.

Sustainable Finance Package

In May 2018, the European Commission presented a package of legislative proposals on sustainable finance that aims to allow interconnecting the financial sector with the climate protection policy. The package contains three legislative proposals. One is the creation of a unified classification system (“taxonomy”) for sustainable finance that would specify which investments are considered sustainable. Debates over this proposal in the European Council took place throughout 2018. The other two proposals from the sustainability package are for a regulation on disclosures relating to sustainable investments and sustainability risks and a proposal for a regulation on low carbon benchmarks and positive carbon impact benchmarks.

Regulation of the Emission Allowance Market

The legislative procedure to revise the EU emission allowance market was effectively completed. On March 19, 2018, the EU Official Journal published Directive (EU) 2018/410 of the European Parliament and of the Council of March 14, 2018, amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814. The transposition period for implementing the directive in national law lasts until October 19, 2019.

Legislation of the European Union

1. **Council Decision (EU) 2018/219 of January 23, 2018, on the conclusion of the Agreement between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems**
This international agreement regulates rules for linking the two separate carbon emissions trading systems and sets down rules for Switzerland's participation in the EU ETS. It aims to unify the tools for effective carbon emission reduction.
2. **Regulation (EU) 2018/842 of the European Parliament and of the Council of May 30, 2018, on binding annual greenhouse gas emission reductions by member states from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No. 525/2013**
This regulation lays down obligations on member states with respect to their minimum contributions for the period from 2021 to 2030 to fulfilling the EU's target of reducing its greenhouse gas emissions by 30% below 2005 levels in 2030 in the sectors of energy, industrial processes and product use, agriculture, and waste and contributes to achieving the objectives of the Paris Agreement for sectors outside the EU ETS.
3. **Regulation (EU) 2018/1504 of the European Parliament and of the Council of October 2, 2018, repealing Regulation (EU) No. 256/2014 concerning the notification to the Commission of investment projects in energy infrastructure within the European Union**
This abolished the obligation of investors in the energy sector to notify the European Commission of investments in energy infrastructure or decommissioning. The abolishment of the obligation cut red tape for investors.

A circular economy package was adopted, aiming to increase the effectiveness of the utilization of waste as sources of either raw materials or energy:

1. **Directive (EU) 2018/849 of the European Parliament and of the Council of May 30, 2018, amending Directives 2000/53/EC on end-of-life vehicles, 2006/66/EC on batteries and accumulators and waste batteries and accumulators, and 2012/19/EU on waste electrical and electronic equipment**
Changes concern primarily member states' reporting of data.
2. **Directive (EU) 2018/850 of the European Parliament and of the Council of May 30, 2018, amending Directive 1999/31/EC on the landfill of waste**
A new target is introduced—member states should take the necessary measures to ensure that by 2035 the amount of municipal waste landfilled is reduced to 10% or less of the total amount of municipal waste generated (by weight) in the member state.
3. **Directive (EU) 2018/851 of the European Parliament and of the Council of May 30, 2018, amending Directive 2008/98/EC on waste**
This aims to ensure that waste is valued as a resource, which can contribute to reducing EU member states' dependence on the import of raw materials while increasing synergies between the circular economy and energy. The directive requires a gradual increase in the percentage of municipal waste recycled; it should be at least 65% in 2035. In this context, the possibility cannot be excluded that Czechia will amend its existing ban on landfilling mixed municipal waste that is to enter into force in 2024 so as to use more waste for recycling and less for energy purposes. The directive also introduces mandatory separation of certain types of waste: biowaste, textile, and hazardous components in municipal waste.

4. Directive (EU) 2018/852 of the European Parliament and of the Council of May 30, 2018, amending Directive 94/62/EC on packaging and packaging waste

The directive lays down measures aimed, as a first priority, at preventing the production of packaging waste and at defining parameters for packaging reuse, recycling (including the specification of recycling targets for individual types of packaging material and packaging waste as a whole), and other forms of packaging waste recovery.

Regulation of Wholesale Markets in Electricity and Natural Gas

The European Union regulates wholesale energy markets. Regulation (EU) No. 1227/2011 of the European Parliament and of the Council of October 25, 2011, on wholesale energy market integrity and transparency ("REMIT") has been in force since December 28, 2011, putting market participants under an obligation to publicly disclose certain inside information on the participant's undertaking in an effective and timely manner, not to use abusive practices in trading, to register their undertaking in a register of participants, and to report transactions in a wholesale energy market. CEZ Group discloses such information on a specialized information portal run by the EEX at: www.eex-transparency.com/homepage/power/czech-republic. The disclosure concerns all CEZ Group facilities in Czechia. Information on CEZ Group facilities abroad is provided on the relevant national websites at: www.cezpolska.pl/pl/cez-w-polsce/cez-chorzow-s-a/remit.html; www.cezpolska.pl/pl/cez-w-polsce/cez-skawina-s-a/remit.html. In compliance with REMIT, CEZ Group has been reporting bilateral transactions entered into outside organized markets since April 2016.

Pursuant to Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties, and trade repositories ("EMIR"), which aims to mitigate risks arising from trading in OTC derivatives, ČEZ calculates its open derivative OTC position daily. Since February 2014, ČEZ has been reporting all commodity, interest rate, and currency derivative transactions with financial settlement to a trade repository. ČEZ chose REGIS-TR for discharging these obligations.

ČEZ has also established rules and introduced measures to prevent market abuse pursuant to Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse and Directive 2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse. MAR is an equivalent of REMIT in the prevention of market abuse for the market in financial instruments, which include some commodity derivatives linked to electricity and gas. It also applies to trading in emission allowances.

Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (MiFID II) entered into effect in January 2018 and was transposed to Czech law in Act No. 256/2004 Sb., on capital market undertakings ("CMUA"). ČEZ informed the Czech National Bank in December 2017, pursuant to CMUA, that it would take advantage of exemption from authorization for the provision of main investment services under Section 4b(1)(j) as a person, including market makers, dealing on its own account in commodity derivatives or emission allowances or derivatives thereof.

Czechia

Legislation in Czechia

The following significant legislation relevant to the energy sector was amended in 2018:

- **Act No. 254/2001 Sb.**, on waters and on amendment to some acts (Waters Act)
In terms of impacts on the energy sector, an appreciable aspect of the amendment was a predominantly formal modification of procedures (technical adjustments to the legislation) relating to fees for groundwater extraction and wastewater discharge to surface water. Abolishing advances on charges for wastewater discharge and replacing them with a single yearly payment will result in a minor reduction in administrative burdens. The amendment was set to enter into effect on January 1, 2019.
- **Decrees relating to Act No. 183/2006 Sb.**, Building Act
In connection with a change in legislation concerning land use planning and the building code, changes were also made to the related and implementing regulations. An amendment to Decree No. 499/2006 Sb., on building documentation, entered into effect concurrently with an amendment to the Building Act. Another amendment to Decree No. 500/2006 Sb., on zoning data, planning documents, and manner of recording planning activities, and an amendment to Decree No. 503/2006 Sb., on detailed rules for land use permit proceedings, land use measures, and the building code, were published in the Collection of Laws and entered into effect in the first half of 2018. The amendment to Decree No. 503 was awaited eagerly, as it sets down requirements for a land use permit application as well as the contents of individual types of decisions issued under the Building Act. It is important to applicants, so that they know what information they should submit to the building authority, as well as to the building authority in the formulation of a decision or permit.

- **Act No. 416/2009 Sb.**, on accelerated construction of transport, water, energy, and electronic communications infrastructures
An amendment to the act was enacted by Act No. 169/2018 Sb., mostly with effect from August 31, 2018. In relation to the energy sector, it, for example, refined rules for the appointment of a guardian in proceedings, modified the procedure for service in proceedings with a high number of participants, introduced the legal fiction of a favorable binding opinion if such an opinion is not issued by the respective authority within 60 days of being instructed so by the permitting administrative authority, laid down a condition for the implementation of technical infrastructure relocation, refined conditions for the permissibility of condemnation, and refined conditions for the termination of tenancy or lease in connection with the construction of energy infrastructures. These partial amendments were made in reaction to the most urgent problems in permitting processes for large construction projects with a high number of participants and clarified some ambiguities previously encountered in the preparation, permitting, and execution of construction projects. The amendment increased the level of legal certainty for builders.
- **Decree relating to Act No. 165/2012 Sb.**, on supported energy sources
Decree No. 145/2016 Sb., on the reporting of electricity and heat from supported sources and the implementation of some other provisions of the Supported Energy Sources Act (Supported Source Energy Reporting Decree) was amended with effect from July 1, 2018. The amendment aimed to provide for an unambiguous interpretation of provisions relating to the reporting and submission of measured and computed electricity and heat data reported by a generator to the market operator by means of the market operator's system for the purposes of support claims. The amendment specifies that a failure to meet a deadline for the submission of electricity and heat generation data does not affect the existence of entitlement to support for electricity or heat pursuant to the Supported Energy Sources Act but only affects the date on which the support will be provided.
- **Draft contents of a class action bill**
The government approved the draft contents of an action class bill on April 4, 2018, and ordered the Ministry of Justice of the Czech Republic to submit an articulated bill by March 31, 2019. The act should allow exercising individual rights collectively, that is, claiming damages collectively especially where an individual amount of loss is negligible and not worth prosecution.

A Brief Forecast of the Development of the Electricity Sector from CEZ Group's Perspective

Europe's energy sector will continue to be affected primarily by commodity price changes in wholesale markets, political goals, and technological advancement. Each of these factors contributes to big changes in the energy sector, most importantly its gradual decentralization and the emergence of new consumer-centered business models.

Wholesale electricity prices reached several-year highs. The main factor in this growth was the price of emission allowances, which has virtually tripled since the beginning of 2018. The prices rose in spite of a huge surplus of allowances from past years. The reason is the introduction of a Market Stability Reserve (MSR), which has been significantly reducing the amount of allowances in auctions since January 2019. This resulted in some energy companies' efforts to buy more allowances in advance as well as in increased demand by new players in the market (investors and speculators). On the other hand there is a decreasing willingness of surplus holders to sell their previously acquired allowances. These factors may keep the price of emission allowances relatively high in the short and medium term. Nevertheless, their price may also be volatile due to a continued surplus of allowances in the market.

Electricity prices are also greatly affected by changes in the prices of energy commodities—coal and gas. While the price of hard coal was in the range of 80–90 USD/t, the price of gas increased rapidly. Crucial factors for the global market in hard coal are events in China, the world's largest producer and importer. Recently, the Chinese government has been attempting to stabilize the domestic coal market, which is reflected by stabilizing hard coal prices worldwide. In contrast, the price of gas began to soar in the second half of 2018. This was caused mainly by a significant increase in Asian demand, in particular for liquefied natural gas (LNG). LNG imports to China increased by 50% year-on-year to 70 bcm—which makes China the world's second biggest LNG importer after Japan (global imports are 350 bcm). On the supply side, new LNG liquefaction terminals were being put into operation (large projects in Australia and the U.S.). However, these new capacities still could not satisfy the new Asian demand in late 2018, which resulted in the redirection of LNG deliveries from Europe to Asia and increased gas prices in both Europe and Asia.

In the longer run, developments in the energy sector will also be crucially affected by regulatory measures, especially the implementation of the European Union's energy and climate targets for 2030. After lengthy and difficult discussions, an agreement was reached on raising the targets for renewable energy sources (RES) and energy efficiency. EU member states will have to specify their contribution to meeting these targets in forthcoming integrated energy and climate plans, which are to be approved by the Commission by the end of 2019. They must set an almost linear trajectory for reaching the RES target in their plans.

The target value for the share of renewables in consumed energy was raised from the previous 27% to 32%, which for electricity means that more than half of it should be generated from RES in 2030, shrinking the space for conventional energy. Increased generation at photovoltaic plants will cause a further decrease in the prices of electricity during current peaks. Unstable, weather-dependent supply will require large flexible capacity at power plants or higher flexibility on the side of consumption, and will contribute to the advancement of electricity storage technologies. At the same time, renewable generation development will be considerably cheaper in the next years than it was in the past, primarily due to technological advancement and a greater number of competitive elements in RES support.

The target for energy efficiency also increased—from the previous 27% to the current 32.5% in 2030. Demand can be positively affected by decarbonization efforts in the transportation and heat sectors through incremental electrification. Emphasis on an increased share of renewables and on reducing electricity consumption will negatively affect demand for emission allowances and the whole emissions trading system (EU ETS) in the long run. However, proposals for increasing the emission target ambitions from the existing 40% to 45% are also beginning to emerge, although this discussion is still at the very beginning.

In respect of the emissions of other pollutants such as nitrogen oxides, sulfur oxides, and other substances, approval of BAT/BREF limits for large combustion plants will have a major impact in the next years. Stricter limits for these emissions will require considerable investments in coal-fired facilities in many European countries.

Besides the effects of the European Union's policies and targets, prices are significantly affected by individual political decisions in European countries. Examples include a decision to shut down nuclear power plants in Germany, discussions about shutting down German coal-fired power plants, efforts to reduce the share of nuclear generation in France, the launch of capacity payments in Poland, or the planned introduction of a minimum price for CO₂ in the energy sector in the Netherlands. Such effects then result in another wave of uncertainty in market prices.

Technological advancement will be a key factor for the future of the energy sector. The biggest changes it produces are seen in renewable generation and decentral solutions. Investment costs for large photovoltaic power plants have dropped to less than 15% of their initial levels during the past 10 years and a further decrease is expected in the future. Costs have been decreasing and parameters have been improving rapidly for other types of renewable energy sources, too. There is also significant advancement in energy storage technologies. Large batteries with several hundreds of MW of capacity have been put into operation in Europe in just the past few years.

Technological advancement will result in increased energy decentralization at the expense of large facilities. The development of distributed generation will be driven more and more by cost competitiveness rather than subsidies as before. At the same time, distributed generation will bring about new business opportunities for energy companies.

CEZ GROUP

STRATEGIC OBJECTIVES

The energy market keeps transforming. The electricity generation side keeps showing a reinforcing trend toward generation gradually shifting from conventional facilities to renewables and decentralized facilities. On the side of end-use customers, comprehensive decentralized solutions and customized products are increasingly coming to the fore. Both these trends bring about growing demands for flexibility in generating facilities and transmission and distribution grids. The priorities defined in CEZ Group's strategy adequately address these trends. CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society at large. Its vision is to bring innovations for resolving energy needs and to help improve the quality of life.

CEZ Group's strategy is built on three priorities, namely:

- I. Be among the best in the operation of traditional power facilities and proactively respond to the challenges of the 21st century
- II. Offer customers a wide range of products and services addressing their energy needs
- III. Strengthen and consolidate our position in Europe

Under these three strategic priorities, CEZ Group concentrates primarily on the following activities:

I. Be among the Best in the Operation of Traditional Power Facilities and Proactively Respond to the Challenges of the 21st Century

- Focus on operational efficiency as a prerequisite for further existence in both traditional and new energy, while operational safety remains an absolute priority
- Make provisions for the long-term operation of the Dukovany Nuclear Power Plant and prepare well for ensuring the long-term operation of the Temelín Nuclear Power Plant
- Develop new nuclear unit projects at Dukovany and Temelín depending on changes in the Czech state's attitude to nuclear energy development
- In conventional facilities, give priority to CEZ Group's brown coal-fired power plants adjacent to open-pit brown coal mines; regularly assess further steps for facilities at other locations
- Phase out older condensing units
- Continually improve the efficiency and flexibility of our distribution grid

II. Offer Customers a Wide Range of Products and Services Addressing Their Energy Needs

- Achieve the top level in customer care and electricity and gas sales
- Develop additional products and services and leverage synergies with energy commodities
- Launch new business models—from equipment deliveries to electricity generation and supply at the customer's point of consumption, including financing and related services
- Invest in early-stage opportunities and technologies so as to allow CEZ Group to establish promising positions in the future energy environment or derive profit from a later sale
- Prepare distribution grids for operation under the conditions of increasingly decentralized generation

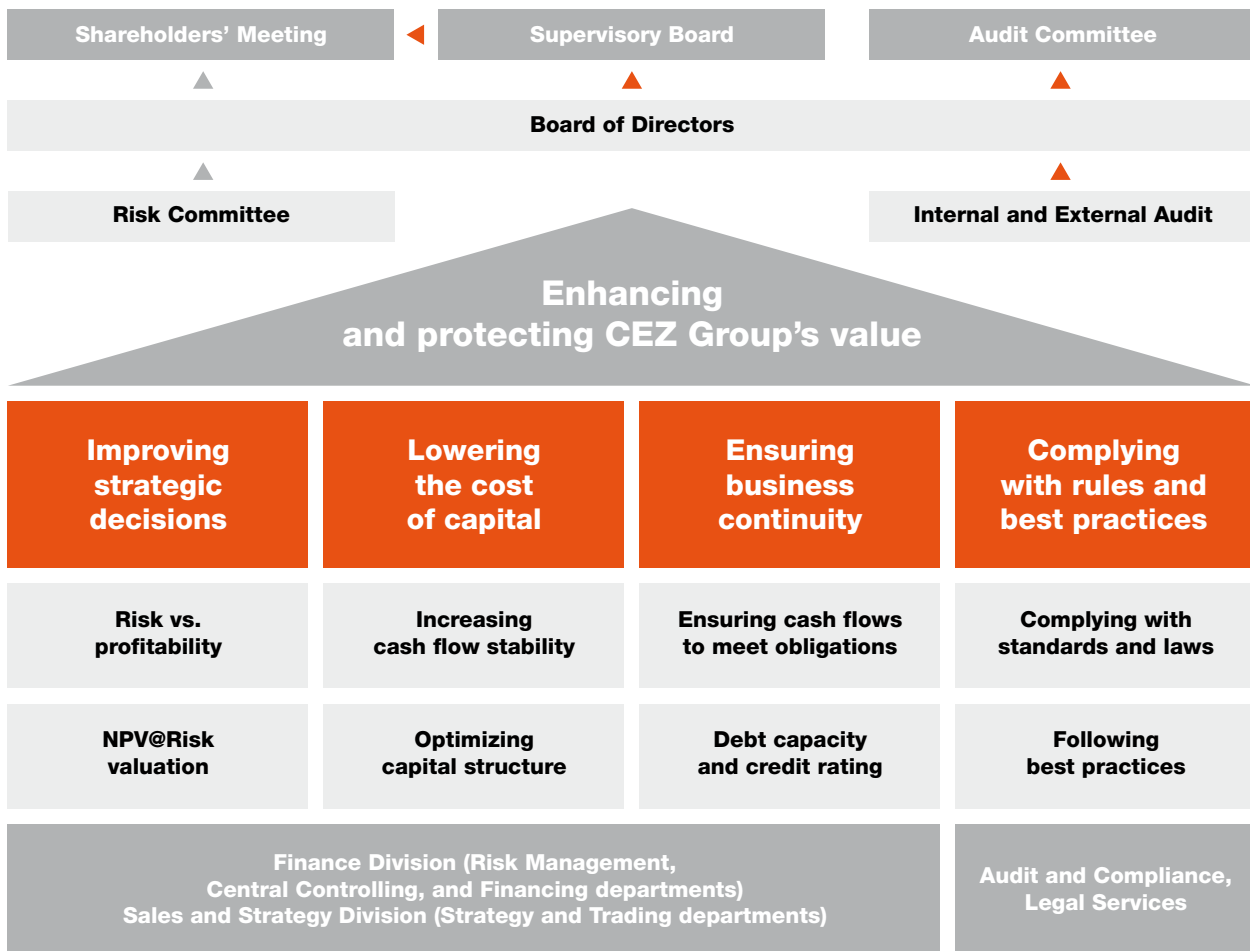
III. Strengthen and Consolidate Our Position in Europe

- Strive to acquire assets and companies in the distribution, renewables, and traditional energy segments, sales companies that deliver energy and related products to end-use customers, and companies developing new products and services that are promising from the perspective of future decentralized energy
- Optimize our capital and ownership structure, possibly divesting selected assets in order to reduce risk exposure in selected regions
- Structure transactions so that they use as little of CEZ Group's debt capacity as possible
- Focus on regions with a stable regulatory environment

The Operations team keeps concentrating on efficient use of CEZ Group's traditional energy assets, mining, and ancillary services, maximizing the utilization of existing assets. The Development team takes care of renewable energy sources, decentral energy, distribution and sales activities, and comprehensive energy services, thus focusing primarily on CEZ Group's future growth.

CEZ GROUP RISK MANAGEMENT

A risk management system and a system of internal controls are developed continually at CEZ Group. The two areas are audited on an ongoing basis by internal audit, which also makes sure all processes are in compliance with best practices and internal and external regulations and standards. The principal risk management functions, objective, and manner of reporting at CEZ Group are illustrated by the following chart:



The aim of the risk management system is to protect the value of CEZ Group while taking on an acceptable level of risk.

Centralized risk management is based on the perception of risk as measurable uncertainty (potential deviation between actual and planned developments), expressed in Czech korunas at a chosen uniform confidence level enabling various types of risk to be compared and priorities to be set accordingly.

Centralized risk management relies on tools and models for managing and quantifying risks in one-year and medium-term time frames. Together with CEZ Group's budget, the ČEZ Board of Directors approves the Profit at Risk, an overall risk limit expressing CEZ Group's inclination to risk for a given year. The limit is allocated to individual risks and organizational units on an ongoing basis. Rules, responsibilities, and structure of limits for managing partial risks are discussed by the Risk Committee (an advisory body to the member of the Board of Directors responsible for risk management—Chief Financial Officer), which subsequently monitors the overall impact of risks on CEZ Group, including the utilization of CEZ Group's debt capacity and fulfillment of rating requirements. Risks having the form of specific threats and/or events are managed in a decentralized manner, with only the most significant of them being reported centrally, in a unified fashion, within the process of updating the CEZ Group business plan.

The tools and processes used at CEZ Group allow

- Measuring the objective susceptibility of internal resources to changes in market and credit risks, applying selected principles used in the banking sector
- Managing the degree of fixation of future cash flows, thereby minimizing the potential danger to CEZ Group's value
- Making decisions on acquisitions and investments in the context of real debt capacity
- Monitoring compliance with requirements stipulated by creditors and credit rating agencies for debt indicators in the medium term, thereby minimizing the risk of downgrading
- Updating the strategy in accordance with the anticipated financial capacity of CEZ Group

CEZ Group uses a unified system for categorizing risks according to their primary causes:

1. Market Risks

- Commodity risks to generation margin associated with the operation of power plants (managed through running sales of nuclear electricity or by fixing the gross margin of coal-fired power plants for the next 3–6 years in long-term electricity sales contracts and through operative management of the overall CO₂ position)
- Commodity risks resulting from trading in electricity, emission allowances, natural gas, hard coal, crude oil, and oil products (managed by setting financial limits on deviation from plans, position limits, and rules)
- Currency and interest rate risks hedged by maintaining well-balanced operating, investing, and financing cash flows denominated in foreign currencies and utilizing standard financial instruments in accordance with risk limits and rules for fixing generation revenues on a running basis within a five-year time frame
- Volume risk to generation at renewable sources abroad

2. Credit Risks

- Credit risks of CEZ Group's business and financing partners are managed through individual limits; due to the uncertainty of individual markets, conservative rules for entering into business transactions remain in place
- Credit risks of end-use customers for electricity and gas are managed through payment terms based on customer credibility

3. Operational Risks

- The risk of deviations from the plan in the output of nuclear and Czech coal-fired power plants is quantified and reported on a monthly basis and the long-term results are utilized for optimizing the scope of maintenance

4. Business Risks

- Strategic, regulatory, and legislative business risks are assessed on an ongoing basis and taken into account when updating acquisition and investment strategies in order to reflect changes in CEZ Group's debt and financial capacities
- CEZ Group also faces risks of new taxes and/or decisions by EU competition and regulatory bodies as well as political risks in all countries it operates in

Insurance

A number of risks in CEZ Group companies are dealt with through an insurance program that is largely arranged by ČEZ.

The most important kinds of insurance taken out in Czechia include:

- Nuclear plant third-party liability insurance pursuant to the Atomic Energy Act; there are separate insurance policies for the Dukovany Nuclear Power Plant and the Temelín Nuclear Power Plant; each policy is for the statutory limit of CZK 2 billion; the insurers are Česká pojišťovna, representing the Czech Nuclear Insurance Pool, and European Liability Insurance for the Nuclear Industry
- Liability insurance for nuclear material transports pursuant to the Atomic Energy Act; the insurance covers transports of nuclear fuel for both nuclear power plants to the statutory limit of CZK 300 million; the insurers are Česká pojišťovna, representing the Czech Nuclear Insurance Pool, and European Liability Insurance for the Nuclear Industry
- Property insurance for the nuclear power plants, covering damage arising from natural hazards and mechanical risks, including damage arising from a nuclear accident; the insurers are Česká pojišťovna, representing the Czech Nuclear Insurance Pool, and the European Mutual Association for Nuclear Insurance
- Property insurance for coal-fired, CCGT, and hydroelectric power plants providing coverage against natural hazards and mechanical risks
- General liability insurance that covers CEZ Group companies against financial losses that may result from damage inflicted on a third party due to a company's operations and/or defective product

Subsidiaries in Bulgaria take out property insurance and insurance against occupational injuries and diseases to comply with the provisions of licenses granted for electricity generation and distribution. In Romania, standard property and mechanical risk insurance is taken out for the Fântânele and Cogeaalac wind parks, including coverage against interruption of operation. The Polish power plants in Chorzów and Skawina have insurance covering property and mechanical risks, including interruption of operation. Wind parks in Germany have insurance covering property and mechanical risks, including interruption of operation. CEZ Group standards are applied to other companies, territories, and risks in relation to CEZ Group's insurance program and applicable legislation.

Internal Audit and Compliance

ČEZ's internal audit provides the Company's management and governance bodies with assurance that the internal management and control system is functional and all significant risks are managed adequately. As such, it helps achieve CEZ Group's goals and initiates improvement of activities and mitigation of business risk.

ČEZ's internal audit activities are carried out by the Audit and Compliance unit, which has also been covering the field of corporate compliance since February 1, 2019. The unit reports directly to the Company's Board of Directors; its independence and efficiency are overseen by the ČEZ Audit Committee. The head of ČEZ's Audit and Compliance has direct access to and attends meetings of the Board of Directors and participates as a guest in meetings of the ČEZ Plant Safety Committee, Risk Management Committee, and CEZ Group Security Committee. The unit's independence and the compliance of its activities with the Standards of Professional Internal Audit Practice were verified by an external quality assessment in late 2016.

Internal audit schedules are prepared on the basis of an assessment of the level of risk involved in individual processes, making use of suggestions provided by CEZ Group managers and integrating follow-up audits.

A total of 39 audits were conducted in 2018: 11 at ČEZ and 28 at subsidiaries and affiliates (including 8 audits at foreign shareholdings), where audits are conducted by ČEZ's internal audit function under a contract.

Audit activities within CEZ Group are coordinated with separate audit units established at certain CEZ Group companies (ČEZ Distribuce, Severočeské doly; separate audit units have also been established in Bulgaria, Romania, and Turkey). Audit outputs are reports documenting all objective findings and formulating corrective action where shortcomings are identified. The outputs are discussed with the managements of the audited entities, which subsequently take corrective action. Audit and Compliance regularly reviews the corrective action taken, using follow-up audits where appropriate.

The results of audit activities and corrective action taken are reported quarterly in summary form to the ČEZ Board of Directors and Audit Committee. In the event of serious findings or shortcomings the correction of which is beyond the audited entity's purview, resolutions on correction are adopted by the ČEZ Board of Directors.

In the field of compliance, systemic measures are taken to ensure a high level of legal and regulatory compliance across CEZ Group and ethics standards are defined. The key management document in this field is the CEZ Group Code of Ethics. An effective tool not only for employees but also for business partners and the general public is CEZ Group's Ethics Hotline available on CEZ Group's website.

APPROACH TO RISKS IN RELATION TO FINANCIAL REPORTING

Pursuant to the Accounting Act, ČEZ keeps its books in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Other CEZ Group companies, regardless of the accounting standard they use to prepare their separate financial statements, also report all data for CEZ Group's consolidation purposes according to IFRS. Unified accounting policies followed at ČEZ and selected subsidiaries are defined in the CEZ Group Accounting Standards in full compliance with generally applicable accounting standards. The standards are further supplemented with a set of auxiliary guidelines detailing specific areas of the accounting process. Consolidation rules and other general principles applicable to the preparation of CEZ Group consolidated financial statements are specified in the Rules of Consolidation.

As a rule, any accounting document in CEZ Group may only be entered into the books on the basis of approved supporting documents. Approval takes place primarily online, through the approval process in the enterprise information system. The scope of each approver's signatory authority is set forth in the relevant company's internal regulations.

In terms of organization, the accounting function is separated from the process of managing business partners, including the administration of bank accounts and payment of posted liabilities. This rules out any possibility of a single employee entering a business partner in the database, posting an amount payable to that partner, and issuing a payment order. Liabilities are paid only when approved by an employee authorized to carry out the business transaction and an employee authorized to confirm actual performance.

Only users with appropriate privileges have access to the accounting system. Access privileges for the system are granted by means of a software application and are subject to approval by a superior and a system administrator. Access privileges are granted according to each employee's position. Only employees of the relevant accounting department have privileges for active operations in the accounting system. All logins to the accounting system are logged in a database and can be searched retroactively. The accounting system allows identifying the user that created, changed, or reversed any accounting record. Taking an inventory of assets and liabilities is an integral part of the system of accounting controls. The inventory-taking process verifies whether all predictable risks and potential losses associated with the assets have been reflected in the accounts, whether the assets are properly protected and maintained, and whether records of assets and liabilities are true.

The accuracy of the accounts and financial statements is checked by the accounting unit on an ongoing basis. In addition, it is checked by an independent auditor, who audits individual and consolidated financial statements prepared on the reporting date, that is, December 31 of a given year. Selected accounting areas are also subject to internal audits to verify whether the procedures used are in compliance with applicable law and the Company's internal regulations.

Where discrepancies are found, corrective action is proposed immediately and taken as soon as possible. The effectiveness of ČEZ's system of internal controls, the process of compiling ČEZ's separate financial statements and CEZ Group's consolidated financial statements, and the process of auditing financial statements are also reviewed by the Audit Committee, which conducts these activities as a Company governance body without prejudice to the responsibilities of members of the Board of Directors and the Supervisory Board.

SUMMARY REPORT PURSUANT TO SEC. 118(9) OF THE CAPITAL MARKET UNDERTAKINGS ACT

This summary explanatory report pursuant to Section 118(9) of the Capital Market Undertakings Act is based on the requirements laid down in Sections 118(5)(a) through (k) of said Act.

a) Information on the Structure of the Company's Equity

Equity Structure as at December 31, 2018

Equity	CZK
Stated capital	53,798,975,900
Treasury stock and treasury interests	(3,533,767,945)
Retained earnings and additional paid-in capital	132,946,558,273
Total equity	183,211,766,228

As at December 31, 2018, the Company's stated capital recorded in the Commercial Register totalled CZK 53,798,975,900. It consisted of 537,989,759 shares with a nominal value of CZK 100 each. The issue price of all shares had been paid up in full. All the shares had been issued as dematerialized bearer securities and had been admitted to trading on a European regulated market. The Company's stated capital is divided exclusively into common shares, with no special rights attached. All of the Company's shares have been admitted to trading on the Prague Stock Exchange in Czechia and the Warsaw Stock Exchange in Poland.

b) Information on Restrictions on the Transferability of Securities

The transferability of the Company's securities is not restricted.

c) Information on Significant Direct and Indirect Shares in the Company's Voting Rights

As at December 31, 2018, the following entities were registered by the Central Securities Depository as having a share of at least 1% in the stated capital of ČEZ, a. s.:

- The Czech Republic, represented by the Ministry of Finance of the Czech Republic, holding a share amounting in total to 69.78% of the stated capital, that is, 70.19% of voting rights
- Chase Nominees Limited, holding a share amounting to 2.26% of the stated capital, that is, 2.28% of voting rights
- Clearstream Banking, S.A., holding a share amounting to 2.07% of the stated capital, that is, 2.08% of voting rights
- State Street Bank and Trust Co., holding a share amounting to 1.18% of the stated capital, that is, 1.19% of voting rights

On March 14, 2018, a group of shareholders consisting of Ing. Michal Šnobl, J&T SECURITIES MANAGEMENT LIMITED, Tinsel Enterprises Limited, and HAMAFIN RESOURCES LIMITED delivered a notice of its share in voting rights pursuant to Section 122(1) of the Capital Market Undertakings Act. According to the notice, the total of shares in voting rights held by the shareholders acting in concert was 1%. According to the records of the Central Securities Depository, this shareholder group's share in voting rights was 1.10% as at December 31, 2018.

These entities have rights pursuant to Section 365 et seq. of the Business Corporations Act. The possibility that some of the aforementioned entities manage shares owned by third parties cannot be excluded.

d) Information on Owners of Securities with Special Rights, Including Description of Such Rights

No special rights are attached to any of the Company's securities.

e) Information on Restrictions on Voting Rights

The voting right attached to the Company's shares is not restricted. Pursuant to Section 309(1) of the Business Corporations Act, the Company does not exercise voting rights attached to treasury shares. As at December 31, 2018, ČEZ held 3,125,021 treasury shares corresponding to 0.58% of its stated capital.

f) Information on Agreements between Shareholders That May Impede the Transferability of Shares or Voting Rights

ČEZ is not aware of any agreements between its shareholders that might result in impeded transferability of its shares or voting rights.

g) Information on Special Rules Specifying the Election and Removal of Members of the Statutory Governing Body and Amendment to the Company's Bylaws

Pursuant to the Company's bylaws, members of the Board of Directors are elected and removed by the Supervisory Board by a majority of the votes of all its members. Bylaws may be amended by a shareholders' meeting by a qualified, two-thirds majority of the votes of the shareholders present at the shareholders' meeting. No special rules specifying the election and removal of members of the statutory governing body and amendment to the Company's bylaws are applied.

h) Information on Special Authority of the Company's Statutory Governing Body

The Company's Board of Directors has no special powers.

i) Information on Significant Contracts Relating to Change in Control over the Company as a Result of a Takeover Bid

ČEZ has entered into significant contracts that will become effective, change, or expire if control over ČEZ changes as a result of a takeover bid. These are the 7th, 12th, 13th, 14th, 19th, 20th, 21st, 24th, 30th, and 33rd Eurobond issues; the 1st, 2nd, and 4th Namensschuldverschreibung issues; the 1st and 2nd US bond issues; the ČEZ Promissory Note Issue Program and bilateral committed credit lines; loan agreements with the European Investment Bank for EUR 100 million made in 2010, EUR 180 million made in 2011, EUR 100 million made in 2012, EUR 200 million made in 2014, and EUR 200 million made in 2010 (originally between the European Investment Bank and a Romanian subsidiary) and assumed by ČEZ in 2016. In these contracts, the counterparty would be entitled, but not required, to demand early repayment should there be a change in the controlling entity of ČEZ. However, the right to early repayment may be exercised only if either Standard & Poor's or Moody's publicly declares or notifies ČEZ in writing that it has downgraded ČEZ's existing credit rating due to, in full or in part, the change in controlling entity. Downgrading an existing credit rating is defined as any change from investment grade to noninvestment grade, any downgrade of original noninvestment grade, or nondetermination of investment grade if no rating is given at all. The above downgrading would have to take place in the period from the public disclosure of the step that could result in the change in controlling entity to 180 days after the announcement of the change in controlling entity. The counterparty would not be allowed to exercise its right to early repayment if, following the actual change in the controlling entity, the credit rating agency reevaluated its position and restored ČEZ's investment grade or original noninvestment grade rating within the period defined above. The contractual provisions concerning a change in control over ČEZ should be seen in the context of ČEZ's credit ratings, which in 2018 were A- (with a stable outlook) by Standard & Poor's and Baa1 (with a positive outlook) by Moody's, that is, 4 and 3 grades, respectively, above the credit rating agencies' noninvestment-grade ratings. Said change-of-rating condition does not apply to the loan agreements with the European Investment Bank, worth EUR 780 million in total, under which the counterparty's right becomes effective as soon as control over ČEZ changes.

j) Information on Contracts Binding the Company in Relation to a Takeover Bid

ČEZ has not entered into any contracts with members of its Board of Directors or its employees in which the Company would undertake to provide performance in case their service or employment is terminated in relation to a takeover bid.

k) Information on Programs That Allow Acquiring the Company's Corporate Securities

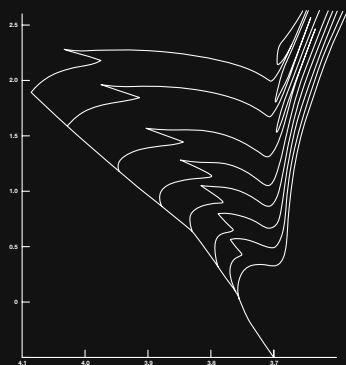
Remuneration of top managers at ČEZ includes an incentive program that allows them to acquire Company shares. Members of the Board of Directors and selected managers were/are entitled to options on the Company's common stock under the terms and conditions set forth in their service contracts (for Board of Directors members) and stock option agreements (for selected managers). Under the stock options rules, members of the Board of Directors and selected managers receive options on a certain number of Company shares every year as long as they remain in office. The exercise price per share is determined as the weighted average of prices at which Company shares were traded on the regulated market in Czechia during one month before the annual grant date. Stock option beneficiaries may call on the Company to transfer shares up to the number corresponding to a given option grant, no earlier than two years and no later than by the middle of the fourth year after every option grant. The stock options are restricted in that the appreciation of the Company's shares may be no more than 100% over the exercise price and the option beneficiary must keep on their asset account as many shares of Company stock obtained under that call as corresponds to 20% of the profit realized on the call date until the termination of the stock options plan. In 2018, there were 16 individuals among employees and members of the Board of Directors who owned shares of stock obtained through the stock option plan. None of the individuals exercised their right to attend the shareholders' meeting of ČEZ as a Company shareholder. All but one of the individuals exercised their right to dividend. None of the above-mentioned individuals exercised any other rights associated with their ownership of Company shares. According to information submitted to the Company for the purposes of preparing this report, no beneficiary of the stock option plan transferred any separately transferable right attached to their shares to any third party.

THE SUN



17

GREENHOUSES BEGAN TO APPEAR IN EUROPE IN THE 17TH CENTURY, USING ENERGY FROM THE SUN FOR GROWING PLANTS, BUT THEY WERE NOT YET ABLE TO PROVIDE CONSTANT TEMPERATURE CONDITIONS FOR THE PLANTS. MODERN-TYPE GREENHOUSES WERE CREATED IN THE NETHERLANDS IN THE 19TH CENTURY.

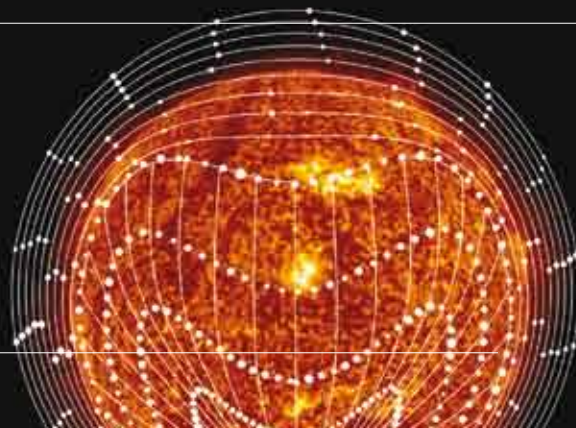


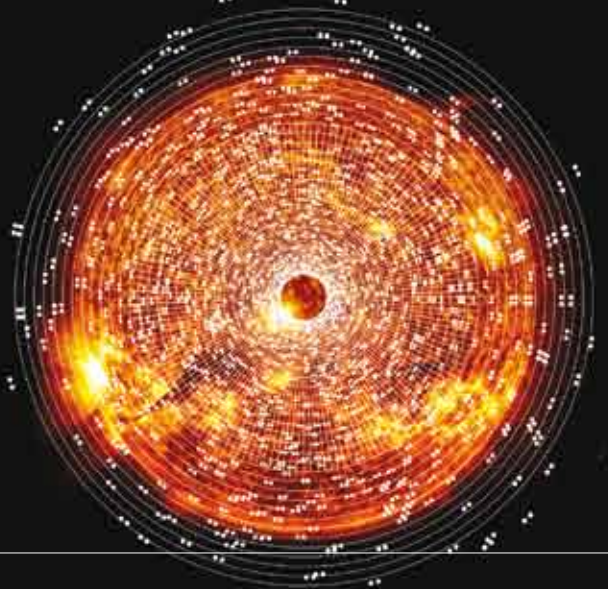
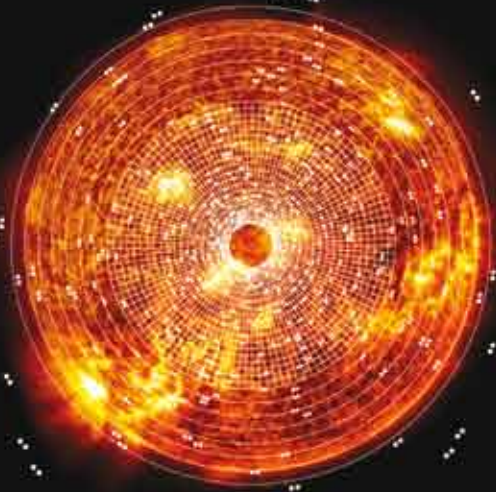
1921

ALBERT EINSTEIN WON THE NOBEL PRIZE IN PHYSICS FOR EXPLAINING THE PRINCIPLE OF THE PHOTOELECTRIC EFFECT.

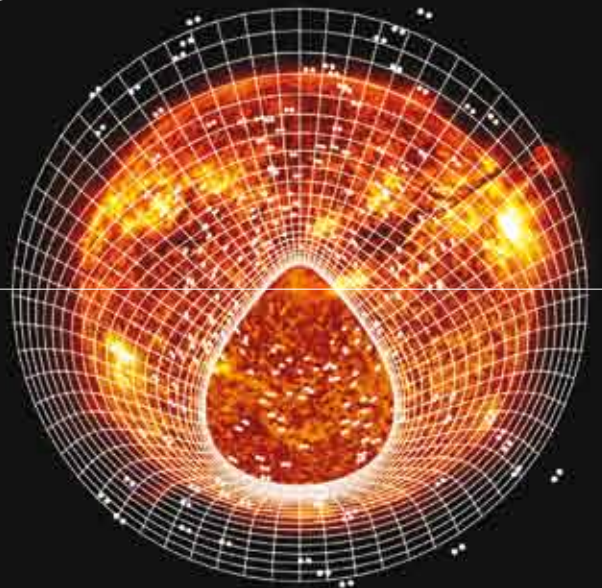
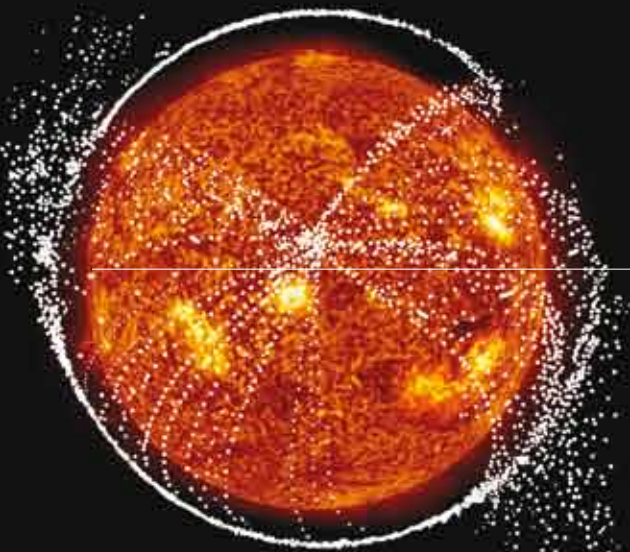
20

ABOUT THE MIDDLE OF THE 20TH CENTURY, PHOTOVOLTAIC CELLS FOUND THEIR FIRST PRACTICAL APPLICATION AS POWER SUPPLIES FOR SPACE SATELLITES.



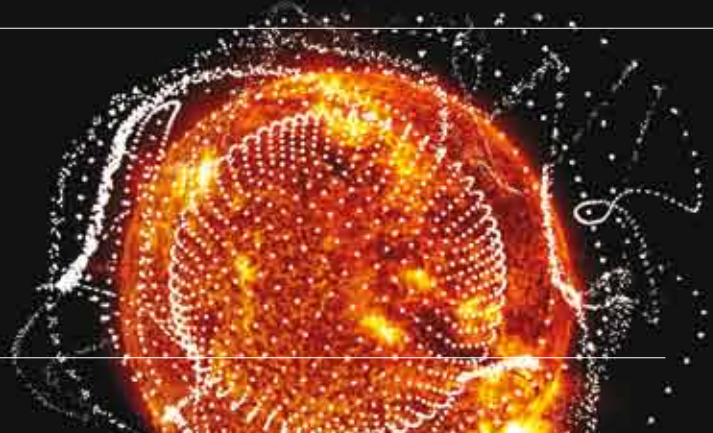
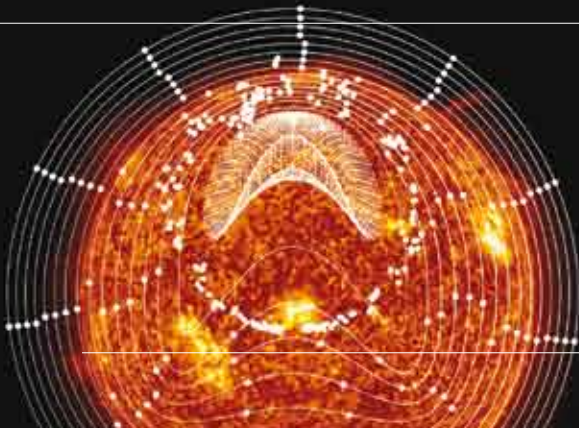


THE SUN IS WITH US AT EVERY
TURN—EVEN IF WE CANNOT
SEE IT AT THE MOMENT.



460

THE TOTAL INSTALLED CAPACITY OF SOLAR PANELS IN THE WORLD EXCEEDED 400 GW AT THE END OF 2017. THE PANELS GENERATED 460 TWh OF ELECTRICITY IN THAT YEAR. PHOTOVOLTAICS IS THE THIRD MOST IMPORTANT SOURCE OF RENEWABLE ENERGY IN TERMS OF THE GLOBAL INSTALLED CAPACITY, AFTER HYDROPOWER AND WIND ENERGY.



GOVERNING BODIES OF ČEZ, a. s.

(Standalone Section of the Annual Report pursuant to Section 118(4)(j) of Act No. 256/2004 Sb)

ČEZ, a. s., is a joint-stock company that was incorporated in the Commercial Register on May 6, 1992. Its core businesses are electricity generation, distribution, and trading, heat generation and distribution, gas trading, and related activities. The Company is headquartered in Prague, Czechia at Duhová 2/1444, 140 53 Praha 4. The Company's website is located at www.cez.cz. The Company is subject to Act No. 90/2012 Sb., on Commercial Companies and Cooperatives (Business Corporations Act) as a whole.

In 2018 the Company had the following governance bodies:

- Shareholders' meeting
- Supervisory Board
- Audit Committee
- Board of Directors

Shareholders' Meeting

The Company's supreme governance body is the shareholders' meeting, the regular sessions of which are held at least once in each accounting period, no later than six months after the last day of the previous accounting period.

The exclusive powers of the shareholders' meeting include, in particular, the following:

- Making decisions on amendments to the Company's bylaws
- Making decisions on changes to the Company's capital and on issues of convertible or priority bonds
- Electing and removing two-thirds of members of the Supervisory Board, approving contracts on service on the Supervisory Board and amendments thereto
- Approving annual or extraordinary financial statements, consolidated financial statements, as well as interim financial statements, if required by law; making decisions on the distribution of profits or other own resources or the settlement of a loss
- Making decisions on the provision of consideration within the meaning of Section 61 of the Business Corporations Act to members of the Supervisory Board and members of the Audit Committee
- Making decisions on filing an application for admission or withdrawal of the Company's shares and securities to or from trading on a European regulated market
- Making a decision on Company transformation or dissolution with liquidation
- Appointing and removing a receiver, approving a proposal for the distribution of the liquidation balance
- Approving the assignment, pledge, or lease of an enterprise or such a part thereof that would result in a substantial change to the enterprise structure or a substantial change to the Company's scope of business or activities
- Approving a silent partnership agreement, including approval of amendments thereto and the discharge of obligations arising thereunder
- Making decisions on the amount of funds that the Company may use for donations over a defined period
- Making decisions on changes to the class or form of shares and on changes in rights attached to a certain class of shares
- Excluding or restricting preferential rights to acquire convertible and/or priority bonds and to subscribe new shares
- Making decisions on stock mergers or splits
- Making decisions on the Company's business policy and changes thereto
- Debating the Board of Directors' Report on the Company's Business Activities and Assets
- Making decisions on the appointment of an auditor to conduct the statutory audit
- Electing and removing members of the Audit Committee and approving contracts of service on the Audit Committee

Attendance at the Shareholders' Meeting

The shareholders' meeting may be attended by any person that is registered as a shareholder in the register of investment instruments (Central Securities Depository) on the record date, either in person or through an agent acting under a power of attorney. A shareholder may also be represented by a person registered in the register of investment instruments on the record date as an administrator or a person entitled to execute rights attached to a share. The record date for attendance at the shareholders' meeting is the seventh day preceding the date on which the shareholders' meeting is held. Furthermore, the shareholders' meeting is attended by members of the Board of Directors, the Supervisory Board, and the Audit Committee. The shareholders' meeting may also be attended by individuals that can reasonably give their opinion on items on the shareholders' meeting agenda, such as the Company's auditors or advisers, and individuals that make arrangements for the shareholders' meeting.

Procedure at the Shareholders' Meeting

The person presiding at the shareholders' meeting must make sure that all proposals and such counterproposals that were submitted in a due and timely manner are communicated to shareholders at the shareholders' meeting. They must also make sure that an explanation of matters related to the Company or entities controlled by the Company is given at shareholders' request if such an explanation is needed for reviewing the contents of items on the shareholders' meeting agenda or for exercising shareholders' rights at the shareholders' meeting, unless no answer need be given under the law. Explanations may be provided as a summary response to multiple questions with similar contents. Explanations of matters related to the current shareholders' meeting are provided by the Company to a shareholder right at the shareholders' meeting. If that is not possible due to the complexity of the explanation, the Company will provide the explanation to the shareholder within 15 days of the date on which the shareholders' meeting is held.

Decision-Making at the Shareholders' Meeting

The shareholders' meeting constitutes a quorum if the present shareholders hold shares whose cumulative face value exceeds 30% of the Company's stated capital.

The shareholders' meeting makes decisions by a simple majority of the votes of the shareholders present, unless a different majority is required by law or the Company's bylaws. Each Company share with a face value of CZK 100 carries one vote.

In addition to other cases required by law, a majority of at least two-thirds of the votes of the shareholders present is required for the shareholders' meeting to make decisions on

- An amendment to the Company's bylaws or a decision resulting in an amendment thereto
- Authorization for the Board of Directors to increase the Company's capital
- Possibility to set off a pecuniary claim payable by the Company against a claim for payment of the issue price
- Issuance of convertible bonds and priority bonds
- Company dissolution with liquidation and distribution of the liquidation balance
- Approving the assignment, pledge, or lease of an enterprise or such a part thereof that would result in a substantial change to the enterprise structure or a substantial change to the Company's scope of business or activities

In addition to other cases required by law, a majority of at least three-quarters of the votes of the shareholders present is required for the shareholders' meeting to make decisions on

- Excluding or restricting preferential rights to acquire convertible and/or priority bonds
- Allowing allocation of earnings to persons other than shareholders in compliance with law and the Company's bylaws
- Excluding or restricting a shareholder's preferential right in an increase of the Company's capital by subscribing new stock
- Increasing the Company's stated capital through noncash consideration

Shareholders' meeting decisions to change the class or form of shares, to change the rights associated with a certain class of shares, to restrict transferability of shares, or to withdraw shares from trading on a European regulated market require approval by at least three-quarters of votes of the present shareholders holding such shares. Additionally, shareholders' meeting decisions on stock mergers require approval by all shareholders whose shares are to be merged. Matters that were not included in the published agenda of the shareholders' meeting may only be decided on in the presence and with the approval of all Company shareholders. The minutes of the shareholders' meeting together with notices of the shareholders' meeting and attendance lists, including submitted powers of attorney, are kept in the Company archives for the duration of the Company.

Shareholders' Meetings in 2018

The 26th shareholders' meeting of ČEZ started on June 22, 2018, and ended on June 23, 2018. The shareholders' meeting

- Heard the Board of Directors' Report on the Company's Business Activities and Assets for 2017, the Summary Report pursuant to Section 118(9) of the Capital Market Undertakings Act, Conclusions from the Related Parties Report for 2017, the Supervisory Board's Report, and the Audit Committee's Report on the Results of Its Activities
- Approved the financial statements of ČEZ and the consolidated financial statements of CEZ Group for the year 2017
- Approved the distribution of ČEZ's 2017 profit amounting to CZK 5,105,174,054.40 and a portion of retained earnings amounting to CZK 12,648,487,992.60 as follows:
 - Share in profit to be distributed to shareholders (dividend) calculated from the total number of issued shares CZK 17,753,662,047.00.
 The dividend was CZK 33 per share before tax.
- Appointed Ernst & Young Audit, s.r.o., as the auditor to perform the statutory audit for the accounting period of the calendar year of 2018
- Approved the 2019 donations budget of CZK 110 million
- Heard information on reasons for contemplating CEZ Group transformation
- Removed Václav Pačes, Petr Polák, and Robert Šťastný from the Supervisory Board
- Elected new members of the Supervisory Board, Otakar Hora, Lubomír Lízal, and Karel Tyll
- Reelected Zdeněk Černý as member of the Supervisory Board with effect from June 28, 2018
- Reelected Andrea Lukášiková as member of the Audit Committee with effect from June 28, 2018

At the request of a qualified shareholder—a group of shareholders consisting of Ing. Michal Šnobl and J&T SECURITIES MANAGEMENT LIMITED, Tinsel Enterprises Limited, and HAMAFIN RESOURCES LIMITED, all having their registered offices in Nicosia, Cyprus—the 27th shareholders' meeting of ČEZ was held on November 30, 2018, which

- Approved an amendment to the Company's bylaws specifying a timeline for presenting the Company's draft business policies and changes thereto to the shareholders' meeting at least once every four years
- Did not pass any resolution on the other items on the shareholders' meeting agenda, that is, amendment to the bylaws concerning the stock option plan for ČEZ's management or the removal and election of Supervisory Board members

Supervisory Board

Supervisory Board Status and Powers

The Supervisory Board is the Company's control body supervising the exercise of the powers of the Board of Directors and the Company's activities. It presents the results of its activities to the shareholders' meeting.

In addition to other matters specified by law or the Company's bylaws, the Supervisory Board is competent in particular to

- Check compliance with generally binding legal regulations, the Company's bylaws and shareholders' meeting resolutions
- Check how the Board of Directors executes ownership rights in legal entities that the Company has an ownership interest in
- Review annual, extraordinary, consolidated, and, where applicable, also interim financial statements, proposals for the distribution of profits or loss settlement, and the Related Parties Report, and present its comments to the shareholders' meeting
- Debate quarterly financial results, half-year reports, and other reports as applicable pursuant to the Capital Market Undertakings Act, and annual reports pursuant to the Accounting Act
- Present its comments, recommendations, and proposals to the shareholders' meeting and the Board of Directors
- Elect and remove members of the Board of Directors
- Approve service contracts with members of the Board of Directors and consideration for members of the Board of Directors pursuant to Section 61 of the Business Corporations Act; however, the Supervisory Board is not entitled to decide to provide any consideration if the performance of the member of the Board of Directors apparently contributed to the Company's unfavorable financial results
- Make decisions defining and evaluating individual assignments for members of the Board of Directors
- Propose that the shareholders' meeting appoint an auditor to conduct the statutory audit, taking account of the Audit Committee's recommendation; if the Supervisory Board proposes to the shareholders' meeting an auditor other than the one recommended by the Audit Committee, it must duly justify such a proposal and change

The Supervisory Board grants its prior consent to the implementation of certain decisions by the Board of Directors.

These include, in particular, decisions regarding

- Acquisition, alienation, pledging, renting, lease, or free use of immovable and/or movable property (except for inventories and securities held for liquidity-management purposes) that are to be, or are, included in the Company's assets and whose book value exceeds CZK 500 million
- Implementation of the Company's capital expenditure project or the granting of the Company's consent to the implementation of a directly or indirectly controlled company's capital expenditure project if the value of the capital expenditure project to be implemented by the Company or a controlled company exceeds CZK 500 million
- Operations with the Company's ownership interests in other legal entities in certain cases, for example, if the sum of the value of the interest alienated to a third party (that is, a party other than a controlled entity) and the net debt attributable to it ("enterprise value") exceeds CZK 500 million
- Transfers and pledging of treasury stock
- Staffing of the supervisory boards of companies in whose capital ČEZ has an interest in excess of CZK 500 million or companies for which the Supervisory Board has reserved prior consent
- A draft contract with the auditor appointed by the shareholders' meeting to conduct the statutory audit
- Alienation of real property if the market or assessed price of the real property exceeds CZK 100 million
- Granting of a loan (credit) to a third party (that is, a party other than a controlled entity) or the provision of security for a third party's liability that in each individual case exceeds CZK 200 million
- Acceptance of a long-term loan (credit) from a third party (that is, a party other than a controlled entity) for a period of more than 1 year and other similar long-term financial operations (except hedging operations) in excess of CZK 500 million
- Issue of bonds other than those for which the consent of the shareholders' meeting is required
- Granting of Company stock options where the law permits the Board of Directors to do so
- Company transformation if the law provides that the Board of Directors is entitled to make such decisions
- Making of a contract under which ČEZ is to acquire or alienate assets whose value during one accounting period exceeds one-third of its equity as shown by the latest approved consolidated financial statements
- Enabling the conduct of due diligence (legal, financial, technical, and/or environmental audit) of ČEZ or any of its organizational units
- Conclusion of management contracts with division heads that are not members of the Board of Directors and appointment of the Chief Executive Officer
- Definition and evaluation of the performance of individual assignments for division heads that are not members of the Board of Directors
- Distribution of tender specifications to tenderers for public contracts pursuant to the Public Procurement Act if the anticipated value of the contract is greater than one-third of the Company's equity as shown by the last consolidated financial statements

Supervisory Board Composition and Activities

The Supervisory Board has 12 members. Two-thirds are elected and removed by the shareholders' meeting and one-third are elected and removed by Company employees. The Supervisory Board elects and removes its Chairman and two Vice-Chairmen. The term of office of members of the Supervisory Board is four years and members may be reelected. Unless the number of members of the Supervisory Board dropped by more than half, the Supervisory Board may appoint (co-opt) substitute members until the next shareholders' meeting in place of Supervisory Board members elected by the shareholders' meeting whose membership ended since the last shareholders' meeting. The term of office of a substitute (co-opted) Supervisory Board member is included in the total term of office of the member of the Supervisory Board. The business address of members of the Supervisory Board is the Company's registered office address: Duhová 2/1444, 140 53 Praha 4.

Supervisory Board Decision-Making

The Supervisory Board constitutes a quorum if a majority of all its members (that is, at least 7 members) is present. Voting is by show of hands unless otherwise provided. The Supervisory Board makes decisions by a majority of the votes of all its members unless the Company's bylaws stipulate otherwise. Each member has one vote when making decisions. The Supervisory Board's meetings are governed by its Rules of Procedure, which it adopts and amends by a two-thirds vote of all its members. Supervisory Board meetings are usually held once a month. Members of the Supervisory Board usually attend its meetings in person; a member of the Supervisory Board may also authorize another member on a case-by-case basis to vote on their behalf if absent, or technical means (teleconference, videoconference) may be used in justified cases. The Chairman of the Supervisory Board must always call a Supervisory Board meeting if a Supervisory Board member or the Board of Directors requests so or if shareholders defined in Section 365 of the Business Corporations Act request that the performance of the Board of Directors be reviewed pursuant to Section 370 of the Business Corporations Act. Such a request must be in writing and must include an urgent reason for convening the meeting. A record is made of the course of each Supervisory Board meeting and the resolutions passed. The record lists the names of the members of the Supervisory Board who voted against each decision or abstained from voting; unlisted members are deemed to have voted in favor of the decision. In necessary cases that allow no delay, it is possible to take a vote outside a meeting (by letter) in written form or using technical means. In such a case, a resolution is passed if at least two-thirds of all members took part in the vote and a majority of all members voted in favor of the resolution. The Supervisory Board may invite members of the Company's other bodies, Company employees, and/or other persons to its meetings at its discretion. In 2018, 12 meetings were held: 10 regular meetings and 2 special meetings.

Supervisory Board Members

Otakar Hora

Chairman of the Supervisory Board since August 16, 2018, member of the Supervisory Board since June 23, 2018 (term ending June 23, 2022)

A graduate of the Economic Reporting and Audit program, University of Economics, Prague. He completed his research assistantship at the Department of Accounting of the University of Economics.

He gained managerial and professional experience in such positions as lecturer at the Department of Accounting, then deputy head of the Department of Management Accounting, and member of the Scientific Board of the Faculty of Finance and Accounting, University of Economics, Prague; Vice-President of the Czech Chamber of Auditors; partner at KPMG Česká republika Audit, s.r.o.; and partner in charge of the management of operations of KPMG group companies in Czechia.

Number of ČEZ shares as at December 31, 2018: 0.

- DZD, v.o.s. — company member and statutory representative
- ABarent s. r. o. — Managing Director and company member
- České dráhy, a.s. — Vice-Chairman of the Audit Committee
- VODÁRNA PLZEŇ a.s. — Chairman of the Audit Committee
- Severomoravské vodovody a kanalizace Ostrava a.s. — Vice-Chairman of the Audit Committee
- KPMG Česká republika, s.r.o. — proxy with an individual power of procuration
- KPMG Česká republika Audit, s.r.o. — Managing Director

Zdeněk Černý

Vice-Chairman of the Supervisory Board since August 16, 2018, member of the Supervisory Board since June 27, 2014, last reelected with effect from June 28, 2018 (term ending June 28, 2022)

A graduate of the Faculty of Law, Charles University, Prague, and a Commercial Law MBA program, Ústav práva a právní vědy, o.p.s., Prague.

He gained managerial and professional experience in such positions as member of the Supervisory Board of UNIPETROL, a.s.; member and Chairman of the Supervisory Board of ČESKÁ RAFINÉRSKÁ, a.s.; Chairman of the ECHO Labor Union; and member of the Supervisory Board of CEZ Group's ČEZ Energetické služby, s.r.o.

Number of ČEZ shares as at December 31, 2018: 0.

- UNIPETROL, a.s. — member of the Supervisory Board
- ČESKÁ RAFINÉRSKÁ, a.s. — Chairman of the Supervisory Board

Ondřej Landa

Vice-Chairman of the Supervisory Board since June 23, 2016, member of the Supervisory Board since June 3, 2016 (term ending June 3, 2020)

A graduate of the Faculty of Law, Masaryk University, Brno. He gained managerial and professional experience in such positions as lawyer and Director of Litigation and Difficult Cases at Československá obchodní banka, a. s., and Deputy Minister managing the Legal Section of the Ministry of Finance of the Czech Republic.

Number of ČEZ shares as at December 31, 2018: 0.

- Letiště Praha, a. s.—Vice-Chairman of the Supervisory Board
- IP Exit, a.s., in bankruptcy—Vice-Chairman of the Supervisory Board (term expired in June 2015)
- Český Aeroholding, a.s.—Vice-Chairman of the Supervisory Board (the company ceased to exist as a result of a merger by acquisition by Letiště Praha, a. s., as the acquiring company).

Jitka Čermáková

Member of the Supervisory Board elected by the shareholders' meeting from among employees from April 12, 2017, member of the Supervisory Board—direct representative of employees since January 23, 2018 (term ending January 23, 2022)

A graduate of the Trutnov Grammar School. She gained professional experience in various administrative positions at the Poříčí power plant (officer of a project team for the construction of fluidized bed boilers, technical documentation officer for the Poříčí and Vítkovice sites, printing consultant) and as a full-time labor union chairwoman at the Poříčí power plant.

Number of ČEZ shares as at December 31, 2018: 0.

- CEZ Group European Works Council—Vice-Chairwoman

Vladimír Hronek

Member of the Supervisory Board elected by the shareholders' meeting from among employees from September 30, 2010, reelected by the shareholders' meeting from among employees from April 12, 2017, member of the Supervisory Board—direct representative of employees since January 23, 2018 (term ending January 23, 2022), Vice-Chairman of the Supervisory Board from March 20, 2013, to January 22, 2018

A graduate of the Industrial School of Electrical Engineering, Prague. He gained professional experience in such positions as member and Vice-Chairman of the CEZ Group European Works Council.

Number of ČEZ shares as at December 31, 2018: 0.

- CEZ Group European Works Council—Vice-Chairman

Lubomír Klosík

Member of the Supervisory Board elected by the shareholders' meeting from among employees from April 12, 2017, member of the Supervisory Board—direct representative of employees since January 23, 2018 (term ending January 23, 2022)

A graduate of the Industrial School of Chemistry in Ostrava and a three-year continuing education course in Social and Economic Management at the Faculty of Business and Economics, Mendel University, Brno.

He gained managerial and professional experience in such positions as shift foreman at the Dětmárovice power plant, Vice-Chairman and member of the Supervisory Board of ČEZ, Vice-Chairman and member of the Audit Committee of ČEZ, and graduating from the Czech Institute of Directors, Prague.

Number of ČEZ shares as at December 31, 2018: 2.

- ECHO Labor Union—member of the Executive Board

Vladimír Kohout

Member of the Supervisory Board since June 3, 2016 (term ending June 3, 2020)

A graduate of the Brno University of Technology, Faculty of Electrical Engineering.

He gained managerial and professional experience in such positions as Chief Technology and Investment Officer and Chairman of the Board of Directors of Teplárny Brno, a.s.; Chief Financial Officer and Vice-Chairman of the Board of Directors of Energetické strojírný Brno, a.s.; and Chairman of the Board of Directors and Chief Executive Officer of Moravská energetická a.s. In CEZ Group he has worked as a heating plant technology operations manager, electrical operations manager, and director of the Brno branch of ČEZ—Jihomoravské elektrárny Brno, k.p., Brno.

Number of ČEZ shares as at December 31, 2018: 570.

- ESB Elektro, a.s.—Chairman of the Board of Directors
- ESB Rozvaděče, a.s.—member of the Board of Directors
- Moravská energetická a.s.—Chairman of the Board of Directors, Chief Executive Officer, and sole shareholder
- Energetické strojírný Brno, a.s.—Vice-Chairman and member of the Board of Directors
- ESB Montáže, a.s.—Vice-Chairman of the Board of Directors
- Moravská energetická a.s.—Chairman of the Board of Directors

- Current membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures
- Membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past five years

Lubomír Lízal

Member of the Supervisory Board since June 23, 2018
(term ending June 23, 2022)

He habilitated at the Faculty of Social Sciences, Charles University, Prague; graduated from the Faculty of Electrical Engineering, Czech Technical University, Prague; and was awarded his doctorate of economics after studying at the Center for Economic Research and Graduate Education (CERGE) of Charles University. He gained managerial and other professional experience in such positions as Director of the Economics Institute of the Czech Academy of Sciences and Director of CERGE, Charles University, and then as a member of the Bank Board of the Czech National Bank. In addition, he was, for example, a member of the Czech Statistical Council of the Czech Statistical Office, member of an expert task force for the preparation of the National Action Plan for 2008–2012 at the Czech Ministry of the Environment, and member of the National Economic Council of the Czech government. He was in the Supervisory Board of ČEZ in late 2010 and early 2011.

He is currently the President of the Anglo-American University and a part-time academic at the Czech Technical University, Faculty of Electrical Engineering, and the Czech Institute of Informatics, Robotics, and Cybernetics.

Number of ČEZ shares as at December 31, 2018: 50.

- Expobank CZ a.s. — member of the Supervisory Board
- Anglo-americká vysoká škola, z.ú. — President
- Prague Twenty, o.p.s. — member of the Supervisory Board (in liquidation since 2016—the company's liquidation was completed and the company was struck off the Commercial Register in 2017)

Josef Suchánek

Member of the Supervisory Board elected by the shareholders' meeting from among employees from April 12, 2017, member of the Supervisory Board—direct representative of employees since January 23, 2018 (term ending January 23, 2022)

A graduate of a fitter program at the Vocational School in Znojmo, a mechanical engineering program at the Secondary Industrial School of Mechanical Engineering in Třebíč, and a post-secondary water management program at the Energy Institute of the State Energy Inspection in Prague. He gained managerial and professional experience particularly in various positions at ČEZ—Dalešice Hydroelectric Power Plant unit (fitter, fitter/dam operator, chief dam operator/operations manager, water management and construction group manager).

Number of ČEZ shares as at December 31, 2018: 0.

Karel Tyll

Member of the Supervisory Board since June 23, 2018
(term ending June 23, 2022)

A graduate of the University of Economics, Prague, majoring in finance with a minor in computer science. He gained managerial and professional experience in such positions as Director of the State Budget department of the Czech Ministry of Finance and member of the Supervisory Board of the Agricultural and Forestry Subsidy and Guarantee Fund.

Number of ČEZ shares as at December 31, 2018: 0.

- Podpůrný a garanční rolnický a lesnický fond, a.s. — member of the Supervisory Board

František Vágner

Member of the Supervisory Board since June 3, 2016
(term ending June 3, 2020)

A graduate of the nuclear chemistry program at the Faculty of Nuclear Sciences and Physical Engineering, Czech Technical University, Prague.

He gained managerial and professional experience in such positions as Director, Managing Director, Chief Executive Officer, and Vice-Chairman and Chairman of the Board of Directors of ENVINET a.s. and Senior Adviser at NUVIA a.s. In CEZ Group he has worked as ČEZ's Head of Technical Support.

Number of ČEZ shares as at December 31, 2018: 0.

- Perálec 77, s.r.o. — Managing Director
- IFRE a.s. — Chairman of the Board of Directors, Chief Executive Officer, and sole shareholder
- IFRE INDUSTRY a.s. — member of the Board of Directors
- P77 s.r.o. — company member and Managing Director
- IFRE a.s. — member of the Board of Directors
- Třebíč District Chamber of Commerce — Vice-Chairman of the Board of Directors
- NUVIA a.s. — Chairman and Vice-Chairman of the Board of Directors
- AEF ACIMEX ELECTRONICS FULNEK s.r.o. — Managing Director
- IFRE FJ s.r.o. — Managing Director
- Celostátní služba osobní dozimetrie, s.r.o. /CSOD, s.r.o./ (now NUVIA Dosimetry, s.r.o.) — Managing Director
- BD ŘÍČANY s.r.o. — Managing Director
- Denní centrum Barevný svět, o.p.s. — member of the Board of Trustees

Šárka Vinklerová

Member of the Supervisory Board since June 3, 2016 (term ending June 3, 2020)

A graduate of the Faculty of Metallurgy and Materials Engineering, Technical University of Ostrava.

She gained managerial and professional experience in such positions as Sales Director and Vice-Chairwoman of the Board of Directors of První energetická a.s.; head of the Czech branch and Electricity Sales Director of KORLEA INVEST, a.s., organizační složka; and head of the Czech branch of Slovenské elektrárne, a.s., a member of ENEL Group.

Number of ČEZ shares as at December 31, 2018: 0.

- KSV,s.r.o. — Managing Director and company member
- Slovenské elektrárne, a.s. - organizační složka—branch head
- Slovenské elektrárne Česká republika, s.r.o.— Managing Director

Members of the Supervisory Board whose membership ended in 2018 or before the Annual Report closing date:

Václav Pačes

Chairman of the Supervisory Board from June 27, 2014, to June 21, 2017, and from June 29, 2017, to June 23, 2018, member of the Supervisory Board from March 20, 2013, to March 20, 2017, appointed by the Supervisory Board as substitute member until the next shareholders' meeting with effect from March 21, 2017, reelected from June 21, 2017, to June 23, 2018 (removed by the shareholders' meeting on June 23, 2018)

Petr Polák

Member of the Supervisory Board from February 25, 2016, to June 23, 2018 (removed by the shareholders' meeting on June 23, 2018)

Robert Šťastný

Member of the Supervisory Board from September 29, 2014, to June 23, 2018 (removed by the shareholders' meeting on June 23, 2018)

Supervisory Board Committees

The Supervisory Board's powers include setting up committees to serve as advisory bodies to the Supervisory Board in selected areas of expertise. Only Supervisory Board members may become their members. Committee members are elected and removed by the Supervisory Board. The term of a member of a Supervisory Board committee ends at the latest on the date of termination of their membership in the Supervisory Board unless they are removed or resign from the committee on an earlier date. Each committee elects its Chairman and Vice-Chairman. Two Supervisory Board committees operated at ČEZ in 2018: a strategy committee and a personnel committee. On November 22, 2018, the Supervisory Board decided to create work groups to replace the committees' function—always based on the Supervisory Board's current needs. No Supervisory Board committees were in place on the Annual Report closing date.

Supervisory Board Strategy Committee

The Committee's mission was to improve the Supervisory Board's decision-making process in matters concerning the Company's strategic development. Most importantly, the Committee reviewed proposals for major business activities in the following areas:

- Capital, acquisition, and divestment projects (in particular, purchases and sales of major assets and/or shareholdings in Czechia and abroad)
- Establishment or dissolution of ČEZ subsidiaries and affiliates
- Construction of new generating facilities
- Reduction/sale/renovation of generation capacities

Seven regular meetings were held in 2018.

- Current membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures
- Membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past five years

Members of the Supervisory Board Strategy Committee whose membership ended in 2018:

Petr Polák

Committee Chairman from September 1, 2016, to June 23, 2018,
Committee member from February 25, 2016, to June 23, 2018

Šárka Vinklerová

Committee Vice-Chairwoman since September 1, 2016,
to November 22, 2018,
Committee member from June 23, 2016, to November 22, 2018

Lubomír Klosík

Committee member from April 27, 2017, to January 22, 2018,
and from February 22, 2018, to November 22, 2018

Václav Pačes

Committee member from April 30, 2013, to March 20, 2017,
from April 27, 2017, to June 21, 2017,
from August 31, 2017, to June 23, 2018,
Committee Chairman from August 22, 2013,
to September 29, 2014

František Vágner

Committee member from June 23, 2016, to November 22, 2018

Supervisory Board Personnel Committee

As part of its activities, the Committee, in particular

- Proposed the Supervisory Board personnel policy in relation to the Board of Directors to the Supervisory Board
- Gave its opinion on proposals for electing and removing members of the Board of Directors, was responsible for submitting nominations of candidates for Board of Directors membership to the Supervisory Board for approval
- Made recommendations to the Supervisory Board for giving its opinion on the appointment and manner of remuneration of the members of the Board of Directors that were Company employees
- Made recommendations to the Supervisory Board on the Board of Directors' proposals regarding appointments to the supervisory boards of companies in whose capital ČEZ has an interest in excess of CZK 500 million

A total of 3 regular meetings were held in 2018.

Members of the Supervisory Board Personnel Committee whose membership ended in 2018:

Vladimír Hronek

Committee Chairman from October 20, 2014,
to January 22, 2018,
and from March 19, 2018, to November 22, 2018,
Committee member from December 2, 2010,
to January 22, 2018,
and from February 22, 2018, to November 22, 2018

Zdeněk Černý

Committee Vice-Chairman from October 20, 2014,
to June 27, 2018,
Committee member from August 29, 2014, to June 27, 2018

Vladimír Kohout

Committee member from June 23, 2016, to November 22, 2018

Josef Suchánek

Committee member from April 27, 2017, to January 22, 2018,
and from February 22, 2018, to November 22, 2018

Robert Šťastný

Committee member from June 26, 2015, to June 23, 2018

Audit Committee

Audit Committee Status and Powers

Without prejudice to the responsibilities of members of the Board of Directors and the Supervisory Board, the Audit Committee, in particular,

- Monitors the process of compiling financial statements and consolidated financial statements and presents recommendations to the Board of Directors and the Supervisory Board in order to ensure integrity of accounting and financial reporting systems
- Monitors the efficiency of internal controls and risk management systems
- Monitors the efficiency of internal audit and its functional independence
- Recommends an auditor to conduct a statutory audit to the Supervisory Board, duly justifying such a proposal
- Monitors the statutory audit process
- Assesses the independence of the auditor conducting a statutory audit and the provision of nonaudit services to the Company by the auditor
- Discusses with the auditor risks to the auditor's independence and safeguards applied by the auditor in order to mitigate such risks
- Gives its opinion on release from an obligation under a statutory audit contract or termination of a statutory audit contract
- Informs the Supervisory Board of the result of a statutory audit and its findings obtained by monitoring the statutory audit process
- Informs the Supervisory Board of how a statutory audit contributed to ensuring integrity of accounting and financial reporting systems
- Approves the provision of other nonaudit services
- Exercises other powers pursuant to the Auditors Act or directly applicable EU legislation

The Audit Committee regularly debates reports on material facts ensuing from the statutory audit, in particular any fundamental shortcomings in internal controls in relation to the compilation of financial statements or consolidated financial statements. If it receives an additional audit report pursuant to applicable provisions of the Auditors Act, it debates it and submits it to the Board of Directors and the Supervisory Board. The Audit Committee may inspect documents and records concerning the Company's activities to the extent necessary for the performance of its activities. It prepares an activity report once a year, in which it reviews its activities, and submits the report to the Public Audit Oversight Board. Members of the Audit Committee attend the Company's shareholders' meetings and are required to present the results of their activities to the shareholders' meeting.

Audit Committee Composition and Activities

The Audit Committee has five members, who are elected and removed by the shareholders' meeting from among the members of the Supervisory Board or third parties. Members of the Audit Committee may not be members of the Board of Directors or Company proxies. A majority of Audit Committee members must be independent and professionally qualified as required by the applicable provisions of the Auditors Act. At least one member of the Committee must be a person that is or was a statutory auditor or a person whose expertise and/or prior practice in accounting qualify them to duly perform the duties of an Audit Committee member, taking into consideration the Company's line of business. This member must always be independent. The Audit Committee elects its Chairman, who must be independent pursuant to the applicable provisions of the Auditors Act, and its Vice-Chairman. The term of each member of the Audit Committee is four years. The business address of members of the Audit Committee is the Company's registered office address: Duhová 2/1444, 140 53 Praha 4.

Audit Committee Decision-Making

The Audit Committee constitutes a quorum if a majority of all its members is present. Each member has one vote when making decisions. The Audit Committee makes decisions by a majority of the votes of all its members. The Audit Committee's meetings are governed by its Rules of Procedure, which are adopted and amended by a two-thirds vote of all its members. Members of the Audit Committee usually attend its meetings in person; a member of the Audit Committee may also authorize another member on a case-by-case basis to vote on their behalf if absent, or technical means (teleconference, videoconference) may be used in justified cases. In necessary cases that allow no delay, the Chairman or, if absent, the Vice-Chairman of the Audit Committee may call a vote outside a meeting (by letter). The proposal for the Audit Committee's resolution must be sent to all its members. In such a case, a resolution is passed if at least two-thirds of all members took part in the vote and a majority of all members voted in favor of the resolution. The Audit Committee may invite members of the Company's other bodies, Company employees, and/or other persons to its meetings at its discretion. Audit Committee meetings are held as necessary. Four regular meetings were held in 2018.

Audit Committee Members

Jan Vaněček

Chairman of the Audit Committee since September 25, 2015, member of the Audit Committee since June 12, 2015 (term ending June 12, 2019)

A graduate of the Faculty of Electrical Engineering, Czech Technical University, Prague, and the ACCA/FCCA—Chartered Certified Accountant international professional training program at Charles University, Prague.

He gained managerial and professional experience in such positions as Audit Senior at Arthur Andersen and Chief Financial Officer for the Czech Republic at U.S. energy company Cinergy.

Number of ČEZ shares as at December 31, 2018: 0.

- pinn partners s.r.o.—Managing Director and company member
- i4wifi a.s. (now EVPower a.s.)—member of the Supervisory Board
- CP Praha s.r.o., v likvidaci—Vice-Chairman of the Supervisory Board

Otakar Hora

Vice-Chairman of the Audit Committee since September 27, 2016, member of the Audit Committee since June 3, 2016 (term ending June 3, 2020)

For personal details, see his entry as Chairman of the Supervisory Board.

Andrea Lukasiková

Member of the Audit Committee since June 27, 2014, reelected member with effect from June 28, 2018 (term ending June 28, 2022)

A graduate of the Faculty of International Relations, University of Economics, Prague.

She gained managerial and professional experience in such positions as Head of Risk Management at Deloitte Audit s.r.o., in the independent European Affairs department of the Chancellery of the Senate of the Parliament of the Czech Republic, and in financial management and accounting at Olife Corporation, a.s. She is currently the head of internal audit at Czech Television.

Number of ČEZ shares as at December 31, 2018: 0.

- Letiště Praha, a. s.—Vice-Chairwoman of the Audit Committee
- Český Aeroholding, a.s.—member of the Audit Committee (the company ceased to exist as a result of a merger by acquisition by Letiště Praha, a. s., as the acquiring company)
- Český institut interních auditorů, z.s.—member of the Board
- Česká exportní banka, a.s.—member of the Audit Committee

Jiří Pelák

Member of the Audit Committee since June 21, 2017 (term ending June 21, 2021)

A graduate of the Faculty of Finance and Accounting, University of Economics, Prague, where he also earned his doctorate. He studied at the Copenhagen Business School in Denmark for six months and at St. Mark's International College in Australia for another six months.

He gained managerial and professional experience particularly in his positions in the Department of Financial Accounting and Audit, Faculty of Finance and Accounting, University of Economics, Prague; as an auditor and First Vice-President of the Czech Chamber of Auditors; and as a reporting specialist at Global Payments Europe, where he was in charge of subsidiary reporting management, consolidation, and reporting to the parent company. As an expert, he prepared a number of interpretations of the National Accounting Council, application clauses of the Czech Chamber of Auditors, and helped to translate International Financial Reporting Standards. He collaborated on the Czech Corporate Governance Code as a member of the advisory panel.

Number of ČEZ shares as at December 31, 2018: 0.

- AFC CENTER, spol.s r.o.—company member and Managing Director
- Chamber of Auditors of the Czech Republic—member of the Executive Board
- Hippokrates Endowment Fund—auditor
- ŠAKAL – školní atletický klub Albrechtická při Spolku rodičů a přátel školy Praha – Kbely, z. s. (School Athletic Club)—Vice-Chairman of the Executive Board
- ZOOT a.s.—member of the Audit Committee
- Pražská vodohospodářská společnost a.s.—member of the Supervisory Board
- Pražské vodovody a kanalizace, a.s.—member of the Supervisory Board
- Svatba IN s.r.o.—company member

Tomáš Vyhnaněk

Member of the Audit Committee since June 21, 2017 (term ending June 21, 2021)

A graduate of the Faculty of Social Sciences, Charles University, Prague.

He gained managerial and professional experience in such positions as manager at Deloitte Advisory s.r.o.; manager at ČSOB Advisory, a.s.; and various positions at the Ministry of Finance of the Czech Republic (Director of the Central Harmonization Unit, Deputy Minister for Financial Management and Audit).

Number of ČEZ shares as at December 31, 2018: 0.

- České dráhy, a.s.—Chairman of the Audit Committee

- Current membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures
- Membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past five years

Remuneration of Supervisory Board Members and Audit Committee Members

In compliance with the Civil Code, Act No. 89/2012 Sb., and the Business Corporations Act, No. 90/2012 Sb., all service-related arrangements between the Company and a member of the Supervisory Board or a member of the Audit Committee are included in a service contract.

Remuneration of members of the Supervisory Board and the Audit Committee, including all considerations, is approved by the shareholders' meeting. The Company enters into a service contract with each member of the Supervisory Board or the Audit Committee in compliance with resolutions passed by the shareholders' meeting.

Members of the Supervisory Board and the Audit Committee receive the following remuneration and perquisites:

- **Remuneration of a Supervisory Board member**—Paid regularly after the end of every calendar month. The monthly remuneration is stipulated as a fixed amount and is differentiated by the importance of the position held (chairman, vice-chairman, and member). The remuneration of a member of the Supervisory Board has no variable component. If a Supervisory Board member is temporarily unable to perform activities associated with service on the Supervisory Board due to sickness, they remain entitled to the full monthly remuneration for the first 30 calendar days of their inability to perform activities associated with service on the Supervisory Board due to the above reasons. If such inability to perform activities associated with service on the Supervisory Board lasts longer than 30 calendar days without interruption, the amount of monthly remuneration for every calendar month in which the member is unable to perform activities associated with service on the Supervisory Board, from the 31st calendar day to the end of their inability, is 50% of the stipulated monthly remuneration.
- **Remuneration of an Audit Committee member**—Paid regularly after the end of every calendar month. The monthly remuneration is stipulated as a fixed amount and is differentiated by the importance of the position held (chairman, vice-chairman, and member). The remuneration of a member of the Audit Committee has no variable component. If an Audit Committee member is temporarily unable to perform activities associated with service on the Audit Committee due to sickness, they remain entitled to the full monthly remuneration for the first 30 calendar days of their inability to perform activities associated with service on the Audit Committee due to the above reasons. If such inability to perform activities associated with service on the Audit Committee lasts longer than 30 calendar days without interruption, the amount of monthly remuneration for every calendar month in which the member is unable to perform activities associated with service on the Audit Committee, from the 31st calendar day to the end of their inability, is 50% of the stipulated monthly remuneration.
- **Bonus**—Paid to Supervisory Board members based on the shareholders' meeting's decision. The amount of the bonus for individual members of the Supervisory Board is determined pursuant to rules approved by the shareholders' meeting.
- **Insurance**—Supervisory Board members are entitled to endowment life insurance to be taken out at the Company's expenses. Upon termination of office or the Company's withdrawal from the endowment life insurance contract, the policy is transferred to the member of the Supervisory Board free of charge.
- **Company car**—A Supervisory Board member may be provided with a car to be used when discharging their duties as well as for personal use; the car is subject to taxation and fuel consumption for personal use is paid for by the member of the Supervisory Board. Terms and conditions for the provision and use of such cars are set forth in separate agreements. If a Supervisory Board member uses their private car to discharge their duties, the costs associated with such use are reimbursed by the Company in compliance with applicable law. An Audit Committee member may use their private car to discharge their duties. In such a case, travel costs are reimbursed in compliance with applicable law.
- **Reimbursement of travel expenses**—When traveling on business, Supervisory Board members receive meal and per diem allowances at rates stipulated in their service contracts and reimbursement for other expenses at face value; in addition, Supervisory Board members are covered by travel insurance for short-term foreign business travel. Audit Committee members traveling on business receive meal allowances at rates stipulated in their service contracts and reimbursement for other necessary expenses at face value; in addition, Audit Committee members are covered by travel insurance for short-term foreign business travel and they receive a per diem allowance at the maximum rate stipulated by the Labor Code when traveling on business abroad.

Supervisory Board and Audit Committee members that are civil servants receive consideration at an amount allowed by law.

Board of Directors

Board of Directors Status and Powers

The Board of Directors is the statutory governing body that manages the Company's activities and the members of which act on the Company's behalf. It makes decisions on all Company matters unless they are reserved for the shareholders' meeting, the Supervisory Board, or another governance body by law or the Company's bylaws. The Board of Directors may delegate decisions on certain matters to individual members of the Board of Directors within the meaning of Section 156(2) of the Civil Code, as well as to Company employees, primarily by means of internal rules approved by the Board of Directors. Such delegation does not relieve members of the Board of Directors of their responsibility for overseeing how Company matters are managed. The Board of Directors complies with principles and instructions approved by the shareholders' meeting as long as they are in compliance with the law and the Company's bylaws.

The Board of Directors is competent, in particular, to

- Take care of business management and proper bookkeeping
- Call a shareholders' meeting, make organizational arrangements for it, and present to it, in particular, the following:
 - Draft company business policies and draft amendments thereto, at least once every four years
 - Draft amendments to the bylaws
 - Proposals to increase/decrease the stated capital as well as to issue convertible and/or priority bonds
 - Annual, extraordinary, consolidated, and/or interim financial statements, if they are required to be approved by the shareholders' meeting
 - Proposals for the distribution of profits including the amount, manner, and date of payment of dividends, the amount of Board members' bonus and allocations to reserves; or the manner of settlement of Company losses
 - Annual report on the Company's business activities and assets
 - Proposal for Company dissolution
 - Summary explanatory report pursuant to Section 118(9) of the Capital Market Undertakings Act
- Implement resolutions of the shareholders' meeting
- Grant and revoke procuration
- Approve and amend the ČEZ Signature Rules, and, with the consent of the labor organizations operating within the Company, the ČEZ Work Rules
- Approve, after consultation with labor organizations operating within the Company, the ČEZ Election Rules for the election of Supervisory Board members elected by Company employees, and organize such elections
- Remove Company executives pursuant to Section 73 of the Labor Code
- Make service contracts with members of Company governance bodies on behalf of the Company

Board of Directors Composition and Activities

The Board of Directors has seven members, who are elected and removed by the Supervisory Board. The Board of Directors elects and removes its Chairman and two Vice-Chairmen.

The term of office of each member is four years and members may be reelected. The business address of members of the Board of Directors is the Company's registered office address: Duhová 2/1444, 140 53 Praha 4. Board of Directors meetings are held at least once a month. In 2018, 42 meetings were held: 38 regular meetings and 4 special meetings.

Board of Directors Decision-Making

The Board of Directors constitutes a quorum if a majority of all its members is present. Each member has one vote. The Board of Directors makes decisions by a majority of the votes of all its members. The Board of Directors' meetings are governed by its Rules of Procedure, which the Board of Directors adopts and amends by a two-thirds vote of all its members. A record is made of the course of each Board of Directors meeting and the resolutions passed, which must list the names of the members of the Board of Directors who voted against each decision or abstained from voting. Unlisted members are deemed to have voted in favor of the resolution unless stated otherwise. In necessary cases that allow no delay, the Chairman or, if absent, the Vice-Chairman of the Board of Directors may call a vote outside a meeting (by letter). The proposal for the Board of Directors' resolution must be sent to all its members. In such a case, a resolution is passed if at least two-thirds of all members took part in the vote and a majority of all members voted in favor of the resolution. The Board of Directors may invite members of the Company's other bodies, Company employees, and/or other persons to its meetings at its discretion.

Description of the Activities, Competence, and Decision-Making Powers of Board of Directors Members

The office of member of the ČEZ Board of Directors involves the exercise of all rights and obligations that are associated with the office pursuant to applicable law, the Company's bylaws, the Rules of Procedure of the Board of Directors, resolutions of the Company's governance bodies, contracts on service on the Board of Directors, and the Company's internal regulations. In particular, members of the Board of Directors are required to carry out their activities for the Company in person and to the best of their knowledge and ability, to cooperate with the other members of the Board of Directors, and to protect the Company's interests to the greatest extent possible. The Board of Directors can assign specific tasks to a member in the manner set forth in the Rules of Procedure of the Board of Directors.

In business management, the Board of Directors makes decisions on the following, in particular:

- Using funds from the legal reserve, unless otherwise provided by law
- Increasing the Company's capital in compliance with the Business Corporations Act and Article 30 et seq. of the Company's bylaws and, in that context, issuing Company shares as dematerialized bearer securities
- Draft purchase contracts concerning electricity, heat, natural gas, and greenhouse gas emission allowances; distribution, transmission, and ancillary services; commodity derivatives and commodity trade services
- Capital projects and implementation thereof
- Acceptance of a long-term loan (credit) for a period of more than one year and other similar long-term financial operations of the Company, except hedging operations
- Contents of annual reports pursuant to the Accounting Act and half-year and annual reports pursuant to the Capital Market Undertakings Act
- Making agreements on the establishment of a commercial company or association, on the Company's acquisition of an interest in another legal entity, on the dissolution of a commercial company or association if the Company is to take a decision on the dissolution of another commercial company or association as its member, or on the transfer of the Company's interest in another legal entity
- Alienation or lease of real estate, if so indicated in the Company's bylaws

The Board of Directors must seek the Supervisory Board's prior approval to take some of its decisions, as required by Article 14(9) of the Company's bylaws (see information concerning the Supervisory Board).

Pursuant to Article 14(10) of the Company's bylaws, the Board of Directors must submit certain matters to the Supervisory Board for review and seek the Supervisory Board's prior opinion. These are:

- Approval of and amendment to the ČEZ Organizational Rules
- Approval of rules for the creation and use of Company funds
- Draft annual capital and operating budgets
- Proposals for substantial changes in the Company's organizational structure
- Proposal for the Company's strategy or a substantial update thereto under the business policy approved by the shareholders' meeting
- Draft business plan of the Company
- Draft business policies (including amendments thereto) of controlled entities with stated capital in excess of CZK 500 million
- All proposals to be presented by the Board of Directors to the shareholders' meeting for decision or information; however, it is sufficient to just notify the Supervisory Board of proposals that the Board of Directors is required to present to the shareholders' meeting by law
- Contents of tender specifications pursuant to the Public Procurement Act if the estimated value of the contract is greater than one-third of the Company's equity as shown by the latest consolidated financial statements

No later than by May 15 of each calendar year, the Board of Directors submits to the Supervisory Board for review the annual and consolidated financial statements, a proposal for the distribution of profits (including the manner and date of payment of dividends) or a proposal for the settlement of the Company's losses where applicable, the proposed amount of the Board member bonus, and a related parties report pursuant to Section 82 of the Business Corporations Act. In addition, the Board of Directors submits to the Supervisory Board for review any extraordinary and interim financial statements if such financial statements are required by law.

Pursuant to the Company's bylaws, the Board of Directors must notify some of its decisions to the Supervisory Board. The Board of Directors may entrust its members with powers according to a certain field of management and function in the organizational structure, as defined in the Organizational Rules. In such a case, the member of the Board of Directors is authorized, within the scope of the entrusted powers, to manage the Company division or unit in question. In conjunction with such authorization, the member of the Board of Directors is also entitled to use the title of the position so delegated (Chief Executive Officer, division head). When acting on behalf of the Company in legal matters (for example, signing contracts), they always use the title "member/Vice-Chairman/Chairman of the Board of Directors."

Board of Directors—Members



Daniel Beneš
Chairman of the Board of Directors
and Chief Executive Officer



Martin Novák
Vice-Chairman of the Board of Directors
and Chief Financial Officer



Tomáš Pleskač
Vice-Chairman of the Board of Directors
and Chief Renewables and Distribution Officer

Pavel Cyrani
Member of the Board of Directors
and Chief Sales and Strategy Officer



Michaela Chaloupková
Member of the Board of Directors
and Chief Administrative Officer



Ladislav Štěpánek
Member of the Board of Directors
and Chief Fossil/Hydro Officer



Bohdan Zronek
Member of the Board of Directors
and Chief Nuclear Officer

Members of the Board of Directors

Daniel Beněš

Chairman of the Board of Directors since September 15, 2011, member of the Board of Directors since December 15, 2005 (term ending December 18, 2021)

A graduate of the Technical University of Ostrava, Faculty of Mechanical Engineering, and the Brno International Business School Nottingham Trent University (MBA).

He gained managerial and professional experience in such positions as Procurement Director, Chief Administrative Officer, and Chief Operating Officer of ČEZ.

Number of ČEZ shares as at December 31, 2018: 2,500.

Number of ČEZ stock options as at December 31, 2018: 450,000.

Number of ČEZ stock options as at February 28, 2019: 300,000.

- Technical University of Ostrava—member of the Board of Trustees
- Confederation of Industry of the Czech Republic—member of the Board of Directors and Vice-President
- ČEZ Foundation—Chairman of the Board of Trustees
- University of South Bohemia, České Budějovice—member of the Board of Trustees
- Czech Association of Energy Sector Employers—member of the Board of Directors

Martin Novák

Vice-Chairman of the Board of Directors since October 20, 2011, member of the Board of Directors since May 21, 2008 (term ending May 23, 2020)

A graduate of the Faculty of International Relations, University of Economics, Prague, majoring in international trade and commercial law. In 2007, he completed an Executive Master of Business Administration (MBA) program at the KATZ School of Business, University of Pittsburgh, specializing in the energy sector. He has been a member of the Czech Chamber of Tax Advisers since 1996.

He gained managerial and professional experience particularly during his almost ten-year career in the oil refining industry and fuel production and distribution. He served as manager in ConocoPhillips' global headquarters in Houston, Texas, as well as its London regional office. He also worked at ConocoPhillips Czech Republic s.r.o., where he served as Chief Financial Officer with responsibility for Central & Eastern Europe (in this position he also served as statutory representative for several regional branches of ConocoPhillips), and at ČEZ as Head of Accounting.

Number of ČEZ shares as at December 31, 2018: 7,600.

Number of ČEZ stock options as at December 31, 2018: 200,000.

Number of ČEZ stock options as at February 28, 2019: 200,000.

- Burza cenných papírů Praha, a.s. (Prague Stock Exchange)—member of the Supervisory Board

Tomáš Pleskač

Vice-Chairman of the Board of Directors since June 26, 2017, member of the Board of Directors since January 26, 2006, reelected with effect from January 29, 2018 (term ending January 29, 2022)

A graduate of the Faculty of Business and Economics, University of Agriculture, Brno; MBA from Prague International Business School.

He gained managerial and professional experience in such positions as Chief Financial Officer for Severomoravská energetika, a. s., and Deputy Director for Finance for the Dukovany Nuclear Power Plant.

Number of ČEZ shares as at December 31, 2018: 2,547.

Number of ČEZ stock options as at December 31, 2018: 183,781.

Number of ČEZ stock options as at February 28, 2019: 283,781.

- Akcez Enerji A.S. (Turkey)—Vice-Chairman of the Board of Directors
- Akenerji Elektrik Üretim A.S. (Turkey)—Vice-Chairman of the Board of Directors
- CM European Power International B.V. (Netherlands)—Chairman of the Board of Directors

Pavel Cyrani

Member of the Board of Directors since October 20, 2011 (term ending October 21, 2019)

A graduate of the University of Economics, Prague, majoring in international trade, and the Kellogg School of Management in Evanston, Illinois (USA), where he was awarded an MBA in Finance. He gained managerial and professional experience primarily at ČEZ, where he has served since 2006, first as Head of Planning & Controlling and Head of Asset Management and since 2011 as a member of the Board of Directors, Chief Strategy Officer, and then Chief Sales and Strategy Officer. Prior to joining ČEZ, he worked at McKinsey & Company.

Number of ČEZ shares as at December 31, 2018: 216.

Number of ČEZ stock options as at December 31, 2018: 240,000.

Number of ČEZ stock options as at February 28, 2019: 240,000.

- CM European Power International B.V.(Netherlands)—member of the Board of Directors

Michaela Chaloupková

Member of the Board of Directors since October 20, 2011 (term ending October 21, 2019)

A graduate of the Faculty of Law, University of West Bohemia, Pilsen, and an Executive Master of Business Administration (MBA) program at the KATZ School of Business, University of Pittsburgh, specializing in the energy sector.

She gained managerial and professional experience, in particular, at Stratego Invest a.s. (later i-Tech Capital, a.s.), where she served as Head of Controlling and Vice-Chairwoman of the Board of Directors, as well as in managerial positions in Procurement and Human Resources at ČEZ.

Number of ČEZ shares as at December 31, 2018: 1,410.

Number of ČEZ stock options as at December 31, 2018: 180,000.

Number of ČEZ stock options as at February 28, 2019: 180,000.

- ČEZ Foundation—member of the Board of Trustees
- Revenium Endowment Fund—member of the Board of Trustees
- Odyssey, z.s.—member of the Board of Trustees

Ladislav Štěpánek

Member of the Board of Directors since June 27, 2013 (term ending June 28, 2021)

A graduate of the Faculty of Mechanical Engineering, Czech Technical University, Prague.

He gained managerial and professional experience in such positions as Head of the Office of the Chief Executive Officer and the Board of Directors, and Head of Fuel Cycle at ČEZ.

Number of ČEZ shares as at December 31, 2018: 16,934.

Number of ČEZ stock options as at December 31, 2018: 120,000.

Number of ČEZ stock options as at February 28, 2019: 120,000.

Bohdan Zronek

Member of the Board of Directors since May 18, 2017 (term ending May 18, 2021)

A graduate of the Faculty of Electrical Engineering, Czech Technical University, Prague, and the InterLeader® 2012 development program.

He gained managerial and professional experience in various positions at the Temelín Nuclear Power Plant, where he took up a job after school. His latest positions were Chief Safety Officer at ČEZ and Director of the Temelín Nuclear Power Plant. He is a member of the Board of Management of the World Nuclear Association.

Number of ČEZ shares as at December 31, 2018: 290.

Number of ČEZ stock options as at December 31, 2018: 120,000.

Number of ČEZ stock options as at February 28, 2019: 120,000.

- Radioactive Waste Repository Authority—Vice-Chairman of the Board

Board of Directors Working Commissions, Teams, and Committees

Pursuant to Article 17(1) of ČEZ's bylaws, the Board of Directors may set up working commissions, teams, and committees for the purposes of its activities. Based on a Board of Directors decision, an Operations team and a Development team were created with effect from January 1, 2016, coordinated by the respective members of the Board of Directors appointed to lead the teams.

The Operations team is a team within the Board of Directors that has coordination authority over mining, conventional energy, nuclear energy, heat generation and distribution, finance, human resources, procurement, and other centralized and support services. The appointed team leader is the Chief Financial Officer/Vice-Chairman of the Board of Directors. The other team members are the member of the Board of Directors in charge of the Fossil and Hydro Generation division, the member of the Board of Directors in charge of the Nuclear Energy division, and the member of the Board of Directors in charge of the Administration division.

The Development team is a team within the Board of Directors that has coordination authority over sales and strategy, customer solutions, innovation, distribution, foreign country management units, mergers and acquisitions, and renewables. The appointed team leader is the Chief Renewables and Distribution Officer/Vice-Chairman of the Board of Directors. The other team member is the member of the Board of Directors in charge of the Sales and Strategy division.

- Current membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures
- Membership in governance bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past five years

Board of Directors Member Committees

Each member of the Board of Directors may set up working commissions, teams, and committees in their appointed area. Other members of the Board of Directors involved in the matters in question and relevant Company employees may participate in their work.

Key committees in 2018 included the following:

- **ČEZ Plant Safety Committee**, which, among other things, assesses the level and condition of plant safety at ČEZ, giving priority to nuclear plants; assesses the quality and safety aspects of the safety culture, current and potential safety problems, and optimal solutions thereto; and reviews relevant legislative and regulatory changes and their impact. The Committee is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).
- **CEZ Group Security Committee**, which, among other things, deals with CEZ Group security policies, strategies, and objectives, threats, risks, analyses of security incidents, and proposed security requirements, corrective measures, and the priorities or conditions for their implementation. The Committee is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).
- **Risk Committee**, which deals with matters concerning CEZ Group's risk management; in particular, it proposes a development strategy for the risk management system and adopts recommendations and opinions on venture capital management, the oversight of internal risk management, and the monitoring of the overall impact of risks on CEZ Group's value. The Risk Committee is an advisory body to the Vice-Chairman of the Board of Directors in charge of the Finance division (Chief Financial Officer).
- **Nuclear Energy Division Safety Committee**, established to provide support for operational safety management at ČEZ's nuclear power plants. The Committee is an advisory body to the member of the Board of Directors in charge of the Nuclear Energy division (Chief Nuclear Officer).

Remuneration of Board of Directors Members

In compliance with the Civil Code, Act No. 89/2012 Sb., and the Business Corporations Act, No. 90/2012 Sb., all service-related arrangements between the Company and a member of the Board of Directors are included in a service contract and/or amendments thereto.

Remuneration of Board of Directors members is set forth by the Company's Supervisory Board. In compliance with the Supervisory Board's resolutions, the Company makes service contracts with members of the Board of Directors, which specify all remuneration and perquisites to be provided. Contracts of service on the Board of Directors are approved by the Supervisory Board after being debated by the Supervisory Board's Personnel Committee.

The manner and amounts of remuneration are determined on the basis of the methodology and surveys of Korn/Ferry International (formerly HayGroup), an international consultancy firm that has long specialized in remuneration consultancy worldwide. The company has used a globally uniform HayGroup analytical method and standardized remuneration surveys since 2008. The HayGroup analytical method assesses positions with respect to responsibility and powers, scope of management in terms of the number of employees and countries as well as the diversity of managed processes and segments, the difficulty of handled issues, required know-how, amount of revenue, amount of investment, as well as the degree of freedom in decision-making. A frame of reference for the remuneration of members of the Board of Directors is also the Top Executive Compensation in Europe (EUROTOPEX) survey.

Members of the Board of Directors are in charge of the management of the Company's respective divisions and responsible for managing the matters of CEZ Group subsidiaries in their respective areas of management.

Members of the Board of Directors receive the following remuneration and perquisites:

- **Monthly remuneration for Board of Directors members**—Paid regularly after the end of every calendar month. The monthly remuneration is stipulated as a fixed amount. If a Board of Directors member cannot temporarily perform activities associated with service on the Board of Directors because of sickness or maternity/parental leave, they remain entitled to the full monthly remuneration for the first 30 calendar days. If such inability to perform activities associated with service on the Board of Directors lasts longer than 30 calendar days without interruption, the amount of monthly remuneration for every calendar month in which the member is unable to perform activities associated with service on the Board of Directors, from the 31st calendar day to the end of their inability, is 50% of the stipulated monthly remuneration.

- **Annual remuneration**—Provided to Board of Directors members in addition to monthly remuneration, depending on the accomplishment of predefined specific tasks for a given year. The share of annual remuneration in the total compensation (monthly remuneration and annual remuneration) may be, depending on the importance of the position held in the Board of Directors (member, Vice-Chairman, and Chairman), 47% to 64%. Specific tasks and the relation between the amount of annual remuneration and the accomplishment of individual tasks are defined for members of the Board of Directors by the Supervisory Board's decision. The accomplishment of defined specific tasks is evaluated and the final amount of annual remuneration is determined by the Supervisory Board following an assessment of the Company's financial performance in the relevant year. Members of the Board of Directors are set a defined joint task (for 2018, it was achieving a planned value of CEZ Group's EBITDA) as well as individual specific tasks of both financial and nonfinancial nature, reflecting the responsibility of each member of the Board of Directors for their respective area of management and reflecting Group and project goals. Such specific tasks are set on the basis of strategic, financial, and safety priorities and goals and are based on the Company's current business plan and, most importantly, annual budget. All specific tasks have a defined target value, weight, and deadline. Recoverable advances on the annual remuneration are paid every month together with the monthly remuneration. The total sum of recoverable advances paid may not exceed 45% of the maximum annual remuneration.
- **Target-based remuneration**—A Board of Directors member may receive target-based remuneration of up to six times the amount of their monthly remuneration for the accomplishment of specific tasks. Details, including the amount and due date of target-based remuneration, are specified by the Supervisory Board.
- **Bonus**—Paid to Board of Directors members based on the shareholders' meeting's decision. The amount of the bonus for individual members of the Board of Directors is determined pursuant to rules approved by the shareholders' meeting.
- **Stock options**—Board of Directors members are entitled to options on the Company's common stock under the terms and conditions set forth in their contracts of service on the Board of Directors. A Board of Directors member's stock option plan starts on the date of commencement of their membership in the Board of Directors subject to the Supervisory Board's approval. Stock options are granted every year, starting on the commencement of the stock option plan and then on every anniversary for the duration of the stock option plan. When an option is exercised, appreciation of the shares on a public market on the exercise date may not exceed 100% over the exercise price applicable to the option grant in question. In addition, whenever exercising an option, the member of the Board of Directors must hold a number of shares corresponding to 20% of the profit realized (difference between the market price of the shares on the exercise date and the exercise price of the shares). The gain on the exercise of options, that is, the difference between the exercise price and the final price of the Company's shares on the exercise date, is subject to income tax and statutory deductions. The terms and conditions of the stock option plan are in accordance with the OECD Principles of Corporate Governance.
- **Insurance**—Board of Directors members are beneficiaries of endowment life insurance, accident insurance, and third-party liability insurance taken out at the Company's expense. Upon termination of office or the Company's withdrawal from the endowment life insurance contract, the endowment policy is transferred to the member of the Board of Directors free of charge.
- **Company car**—A Board of Directors member is entitled to a company car for business and personal use. Terms and conditions for lending and using such cars are set forth in separate agreements. A company car provided for both personal and business use is subject to taxation, and fuel consumed for personal use is paid for by the member of the Board of Directors. If a Board of Directors member uses their own car to discharge their duties, the costs associated with such use are reimbursed by the Company in compliance with applicable law.
- **Severance pay**—In the event of termination of office (other than the member's resignation) before the expiration of their four-year term, a member of the Board of Directors is entitled to severance pay. The method of calculation and payment conditions of severance pay are set forth in the service contract.
- **Reimbursement of travel expenses**—When traveling on business, a Board of Directors member receives meal and per diem allowances at rates stipulated in their service contract and reimbursement for other expenses at face value; in addition, Board of Directors members are covered by travel insurance for short-term foreign business travel.
- **Benefits**—Board of Directors members receive premium health care and other benefits matching those provided to Company employees under the applicable collective agreement.
- **Cash compensation for compliance with the Board of Directors member's obligation under a noncompetition clause**—Considering the nature of information, knowledge, and expertise gained by a member of the Board of Directors during their service on the Board of Directors, the Company undertakes to provide the member with a cash compensation upon its termination, for the period and under the conditions set forth in their contract.

PERSONS WITH EXECUTIVE AUTHORITY

At ČEZ, persons with executive authority, as defined by the Capital Market Undertakings Act, are members of the Board of Directors, members of the Supervisory Board, and members of the Audit Committee.

Members of the Board of Directors are authorized by their service contracts to manage their respective divisions, including the Chief Executive Officer's division. Members of the Board of Directors may also be authorized by the Board of Directors to manage the matters of Czech and foreign companies within CEZ Group.

Description of the Delegated Powers of Members of the Board of Directors as at February 1, 2019

Daniel Beneš—Chief Executive Officer, Chairman of the Board of Directors in charge of the CEO Division

He is responsible for the fulfillment of tasks assigned by the Board of Directors in its resolutions and has the authority to take decisions on Company matters that are not reserved for the shareholders' meeting, the Supervisory Board, or another Company body, and are within the decision-making authority of the Board of Directors and were not expressly placed within the decision-making authority of other members of the Board of Directors or the Board of Directors as a whole. In particular, the Chief Executive Officer coordinates the activities of division heads and the activities of teams established at the level of the Board of Directors. He takes care of the management of CEO division departments, management activities concerning the system of management, communication and marketing, legal services, corporate compliance, corporate governance, public affairs, CEZ Group security, and independent nuclear oversight. His competence extends to procurement and sales (other than the procurement and sales of electricity, heat, certain process materials, and financial services) and sustainable development, incorporated in the procurement function that Board of Directors member Michaela Chaloupková is in charge of. He manages Czech subsidiaries' matters relating to coal extraction and sales.

Martin Novák—Chief Financial Officer,

Vice-Chairman of the Board of Directors
in charge of the Finance Division,
Chief Executive Officer's Deputy for Operations

He is responsible for economic and financial management, financing, investor relations, risk management, controlling, accounting, tax matters, and mining management and ensures efficient organization and operation of centralized and support services. He manages subsidiaries' matters relating to information technology.

Tomáš Pleskač—Chief Renewables and Distribution Officer,

Vice-Chairman of the Board of Directors
in charge of the Renewable Energy and Distribution Division,
Chief Executive Officer's Deputy for Development

He is responsible for the Distribution segment, for the operation and development of renewables, for the efficient operation of country management units, and for support for mergers and acquisitions (M&A). He manages the matters of subsidiaries in the Distribution segment, companies operating renewable energy sources, and companies oriented toward securing and developing opportunities in clean and smart technologies and innovative business models.

Pavel Cyrani—Chief Sales and Strategy Officer,

member of the Board of Directors
in charge of the Sales and Strategy Division

He is responsible for sales of electricity, gas, and other commodities and services to end-use customers (households, small and large corporate customers, and public administration), including meeting customers' comprehensive energy needs. He is responsible for trading, including destinations abroad. He is also responsible for CEZ Group strategy matters. He manages subsidiaries' matters relating to sales of electricity, natural gas, and energy services to end-use customers and foreign trade agencies' matters.

Michaela Chaloupková—Chief Administrative Officer,

member of the Board of Directors
in charge of the Administration Division

She is responsible for the management of human resources, administration of shareholdings, and activities related to the ombudsman function. She is in charge of the procurement function (procurement and sales, including the coordination of sustainable development activities, except for the procurement and sales of electricity, heat, certain process materials, and financial services), organized under the CEO division. She manages the matters of a subsidiary providing corporate services.

Ladislav Štěpánek—Chief Fossil/Hydro Officer,

member of the Board of Directors
in charge of the Fossil and Hydro Generation Division

He is responsible for the safe and efficient operation and development of conventional electricity generation assets (coal-fired, gas-fired, and large hydroelectric plants) and heat generation and distribution assets. He is responsible for the construction and comprehensive renovation of new and existing conventional units in Czechia and for technical support for acquisition projects. He manages the matters of subsidiaries involved in conventional electricity generation, heat generation, distribution, and sales, and related service activities.

Bohdan Zronek—Chief Nuclear Officer,

member of the Board of Directors
in charge of the Nuclear Energy Division

He is responsible for the safe and efficient operation and development of nuclear generation assets, including heat generation at nuclear power plants for district heating. He is also responsible for managing projects to prepare the construction of new units at the Dukovany and Temelín nuclear power plants. He manages the matters of subsidiaries involved in the preparation of the construction of new nuclear units and service activities relating to nuclear activities.

SUPPLEMENTARY INFORMATION ON PERSONS WITH EXECUTIVE AUTHORITY AT ČEZ, a. s.

Information on Cash and In-Kind Income (Gross Amounts), Loans, and Securities in 2018

	Unit	Supervisory Board	Audit Committee	Board of Directors
Information on Cash and In-Kind Income				
Base salary ¹⁾	CZK thousands	2,576	—	—
Remuneration linked to Company performance and wage compensation ¹⁾	CZK thousands	53	—	62,655
Remuneration to members of Company governing bodies	CZK thousands	7,775	780	60,342
2017 bonus paid to members of governing bodies	CZK thousands	—	—	—
Severance pay and cash settlement	CZK thousands	—	—	1,727
Other cash income	CZK thousands	8,846	—	7,808
Of which: Pension plan contributions ¹⁾	CZK thousands	60	—	94
Endowment life insurance	CZK thousands	8,741	—	7,428
Use of employee personal account ¹⁾	CZK thousands	45	—	100
Life jubilee bonuses ¹⁾	CZK thousands	—	—	—
Domestic business travel reimbursement above limit	CZK thousands	—	—	16
International business travel reimbursement above limit	CZK thousands	—	—	117
Other cash income	CZK thousands	—	—	54
Other in-kind income ¹⁾	CZK thousands	602	—	2,368
Of which: Company car for business and personal use	CZK thousands	598	—	2,338
Mobile phone for business and personal use	CZK thousands	4	—	30
Mobility program	CZK thousands	—	—	—
Other in-kind income	CZK thousands	—	—	—
Income from entities controlled by the issuer	CZK thousands	2,097	—	14,519
Of which: Remuneration to members of governing bodies of controlled companies	CZK thousands	2,097	—	14,269
Endowment life insurance	CZK thousands	—	—	251
Company car for business and personal use ¹⁾	CZK thousands	—	—	—
Other cash and in-kind income	CZK thousands	—	—	—
Information on Loans and Securities				
Loans originated by the issuer	CZK thousands	—	—	—
Loans originated by entities controlled by the issuer	CZK thousands	—	—	—
Number of options held at December 31, 2017	Pcs	—	—	1,693,781
Average option price	CZK	—	—	497.62
Number of options vested in 2018	Pcs	—	—	590,000
Average option price	CZK	—	—	546.39
Number of shares on which option was exercised	Pcs	—	—	(290,000)
Average option price	CZK	—	—	444.07
Resulting in-kind income taxed	CZK millions	—	—	28
Number of shares on which option expired or was otherwise terminated	Pcs	—	—	(500,000)
Average option price	CZK	—	—	618.52
Number of options held at December 31, 2018	Pcs	—	—	1,493,781
Average option price	CZK	—	—	486.81
Number of Company shares held by members of governing bodies at December 31, 2018 ²⁾	Pcs	622	—	31,497

¹⁾ Cash and in-kind income of Supervisory Board members in these items include income from their present and/or past employment with the Company.

²⁾ Figures are for persons who were members of governing bodies at December 31, 2018.

Convictions for Fraud-Related Crimes during the Past Five Years

No member of the Supervisory Board, Audit Committee, or Board of Directors has been convicted of a fraud-related crime.

Insolvency Proceedings, Receiverships, and/or Liquidations during the Past Five Years

Ondřej Landa was Vice-Chairman of the Supervisory Board of IP Exit, a.s., in bankruptcy. His term of office expired in June 2015. (The bankruptcy proceedings ended in 2018 and the company was struck off the Commercial Register.)

Lubomír Lízal was member of the Supervisory Board of Prague Twenty, o.p.s. (In liquidation since 2016—the company's liquidation was completed and the company was struck off the Commercial Register in 2017.)

Jan Vaněček was Vice-Chairman of the Supervisory Board of CP Praha s.r.o., in liquidation. (The company was wound up with liquidation on August 16, 2016, based on a decision of the receiver of CP Praha s.r.o. exercising the powers of a shareholders' meeting, dated May 18, 2016.)

Official Public Charges or Penalties by Statutory Governing Bodies or Regulatory Bodies (Including Designated Professional Bodies) and/or Disqualification by Court from Service on the Administrative, Governing, or Supervisory Bodies of Any Issuer or Service in the Management or Performance of Activities of Any Issuer in at Least the Past Five Years

No member of the Supervisory Board, Audit Committee, or Board of Directors has been publicly charged or disqualified from service by court.

Information on Employment or Other Contracts with the Issuer and/or Its Subsidiaries along with a Description of Benefits Received upon Termination of Employment

There are no such contracts.

Conflicts of Interest

No person with executive authority has any conflict of interest in connection with their role at ČEZ.

Agreements with Major Shareholders or Other Entities on Selection for a Current Position on the Supervisory Board, Audit Committee, or the Board of Directors

There is no prior agreement on the selection of a person with executive authority for their current position. Members of the Supervisory Board and the Audit Committee are elected and removed by a shareholders' meeting.

Agreement with the Issuer Concerning Restrictions on Disposal of His or Her Securities

Beneficiaries of the stock option plan having exercised an option must keep on their account with the central register of securities as many shares of Company stock obtained in the exercise as corresponds to 20% of the gain realized on the exercise date until the termination of the stock options plan. Appreciation of the shares on a public market on the exercise date may not exceed 100% over the exercise price applicable to the option grant in question. Options may be exercised no earlier than two years and no later than by the middle of the fourth year after the grant date. Members of the Company's governance bodies as persons having access to inside information are informed by ČEZ's central controlling department of time limits (and any modifications thereto) applicable to the prohibition on trading in ČEZ shares pursuant to relevant provisions of the European Union's Regulation No. 596/2014.

CONCERN MANAGEMENT

ČEZ, a. s., as the managing entity, leads a concern, which also includes the following managed entities:

Areál Třeboradice, ČEZ Bohunice, ČEZ Distribuce, ČEZ Energetické produkty, ČEZ Energetické služby, ČEZ ENERGOSERVIS, ČEZ ESCO, ČEZ ICT Services, ČEZ Korporátní služby, ČEZ Obnovitelné zdroje, ČEZ Prodej, ČEZ Teplárenská, Elektrárna Dětmarovice, Elektrárna Dukovany II, Elektrárna Mělník III, Elektrárna Počerady, Elektrárna Temelín II, Energetické centrum, Energo centrum Vítkovice, Energotrans, MARTIA, PRODECO, Revitrans, SD - Kolejová doprava, Severočeské doly, and Telco Pro Services.

ČEZ Distribuce and ČEZ Energetické služby are subjected to concern management in full compliance with all requirements of unbundling rules resulting from the Energy Act and Directive 2009/72/EC of the European Parliament and of the Council. The common interest of CEZ Concern members is promoting and fulfilling concern interests on a long-term basis through the application of unified concern management. As part of concern management, the managing entity may give binding instructions to managed entities. General and operating concern instruments may be issued to that end. General concern instruments are shared CEZ Group documents and the managing entity's internal documents that are also intended for managed entities. Operating concern instruments are concern instructions given on an ad hoc basis. Fundamental documents having concern-wide application are Concern Management Policies governing primarily areas and activities that should be subjected to concern management and follow concern interests.

Under concern management, binding instructions may be given to managed entities provided that the following conditions are met:

- The instruction is in line with declared concern interests
- It is not unlawful to execute the instruction
- The execution of the instruction will not render the managed entity bankrupt
- Any detriment to the managed entity resulting from the execution of the instruction will be in the interest of ČEZ or another member of the concern
- The managed entity was or will be compensated within the concern for any detriment resulting from the execution of the instruction with adequate consideration or other demonstrable benefit derived from membership in the concern

CORPORATE GOVERNANCE COMPLIANCE

The Company's corporate governance is based on rules stipulated by applicable law, in particular the Business Corporations Act, Civil Code, Corporate Criminal Liability Act, and Capital Market Undertakings Act.

As an issuer of securities admitted to trading on the Warsaw Stock Exchange (WSE), ČEZ is required to comply with the Code published by the stock exchange (WSE Code). The text of the current WSE Code in Polish and English can be found on the Warsaw Stock Exchange's website at https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_DOBRE_PRAKTYKI_v2.pdf and https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf.

ČEZ takes into account all material rules of the WSE Code in its activities, considering the individual areas and topics governed by the Code to be important also to its shareholders; nevertheless, ČEZ's practices departed from the provisions of the WSE Code in the following cases in 2018 for the reasons set out below:

- Concerning the rotation in the audit firm that audits its financial statements, the Company adheres to the applicable Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014, on specific requirements regarding statutory audit of public-interest entities, and Act No. 93/2009 Sb., on auditors, which regulate these matters comprehensively; therefore, the Company deems it unnecessary to set rules on the matter in an internal directive that would have to be published on the Company's website, as required by the WSE Code.
- The Company does not yet pursue a diversity policy applicable to members of the Company's upper management, as required by the WSE Code. The fact that ČEZ does not apply a diversity policy consisting in equal representation of such elements as gender, age, or education among its employees helps the Company hire and keep talented employees and exploit their professional potential to the full extent; nevertheless, no direct or indirect discrimination is allowed. Every applicant's education, expertise, qualifications, and skills are the determinant factors in hiring. A fundamental value honored by CEZ Group is a fair and equal approach to all employees regardless of their race, ethnic origin, nationality, gender, sexual orientation, age, health, religious belief, or other criteria excluded from consideration pursuant to applicable law, not only for hiring but also for remuneration, personal growth, or career development. For Company governance bodies, see below in this chapter [Article 118(4)(l) of the Capital Market Undertakings Act].

- The Company does not publish on its website explanations concerning shareholders' questions provided by the Company during a shareholders' meeting; such explanations are included in shareholders' meeting minutes, which are available to shareholders upon request.
- The Company does not publish any audio/video recording of its shareholders' meetings; detailed minutes of shareholders' meetings are available to shareholders upon request.
- The WSE Code makes the participation of Board of Directors members in another company's governance bodies conditional on the Supervisory Board's approval; pursuant to applicable law, members of the Company's Board of Directors may not be members of the statutory governing body of a company with an identical or similar purpose; in addition, members of the Company's Board of Directors have an obligation to disclose any conflict of interest to other members of the Board of Directors and the Supervisory Board.
- The Company has no means to ensure compliance with the WSE Code requirement that at least two members of the Supervisory Board be independent as two-thirds of Supervisory Board members are elected by the shareholders' meeting from candidates proposed by shareholders and one-third of Supervisory Board members are elected by Company employees from among Company employees in compliance with applicable law.
- The Company has no internal processes in place concerning Supervisory Board members' providing a declaration of independence; nevertheless, the Company has measures in place to prevent a conflict of interest. Supervisory Board members have an obligation to disclose any conflict of interest to other members of the Supervisory Board and the shareholders' meeting pursuant to applicable law.
- The Supervisory Board's report for the shareholders' meeting meets requirements for its contents as specified by the WSE Code, except for assessment of the Company's system of internal controls, as such assessment is carried out, in compliance with applicable law, by the Audit Committee, which communicates it to the Supervisory Board and the Company shareholders' meeting; assessment of the Company's sponsorship activities, which are, however, regularly reported to the Supervisory Board; assessment of the fulfillment of the obligation to provide information concerning the Company's compliance with corporate governance principles, which, however, the shareholders' meeting is informed of by the Company's Board of Directors; and compliance with the requirement for the Supervisory Board's self-assessment and independence of its members. The Supervisory Board's report contains all information required by law, which the Company deems sufficient.
- In compliance with applicable law, the efficiency of internal controls and the internal audit function is monitored by the Audit Committee, which reports its findings to the Supervisory Board and the shareholders' meeting. The report presented by the Supervisory Board to the shareholders' meeting complies with applicable legislation.
- The Company does not meet the WSE Code requirement for providing a public real-time broadcast of its shareholders' meeting, because the Company's policy, which is in compliance with applicable law, is based on permitting its shareholders' meetings to be attended only by its shareholders (either in person or by proxy), individuals that can reasonably give their opinion on items on the shareholders' meeting agenda, such as the Company's auditors or advisers, and individuals that make arrangements for the shareholders' meeting.
- Representatives of the mass media can attend a shareholders' meeting, as required by the WSE Code, but their attendance must be approved by the shareholders' meeting unless they are Company shareholders.
- Dividend payment is always dealt with by the Company on an ad hoc basis, in a decision of a shareholders' meeting; the WSE Code's requirement that the period between the dividend record date and the dividend payment date be no longer than 15 days cannot be met for technical reasons concerning dividend payment.
- The WSE Code requirement that the Supervisory Board grant its approval to making a significant contract between the Company, of the one part, and a shareholder having a share in voting rights of 5% or more or a related party, of the other part, is not met; nevertheless, the Supervisory Board reviews the related parties report, which includes a list of the Company's contracts with related parties, including the majority shareholder.
- The Company meets the WSE Code requirement concerning information on the Company's compensation policy by means of its annual reports, which include information on compensation provided to the Board of Directors; this is in compliance with applicable law, which the Company deems sufficient.

Description of the Diversity Policy Applied to Company Governance Bodies**[Article 118(4)(l) of the Capital Market Undertakings Act]**

The Company does not formally declare any diversity policy to be applied to its statutory governing body or the Audit Committee. Decisions on the staffing of these governance bodies are within the purview of the Supervisory Board, and, by extension, the shareholders' meeting, which exercise their will in these matters independently of the Company's internal documents and/or declarations. Likewise, decisions on the composition of two-thirds of the Supervisory Board is within the purview of the shareholders' meeting. In relation to the remaining one-third of Supervisory Board members that are elected by Company employees, the Election Rules applicable to the election of these Supervisory Board members place emphasis on providing equal opportunities and promoting diversity in respect to differences between people. In this context, the Election Rules emphasize that equal opportunity and diversity are the concern of the entire management, labor unions, and every individual at CEZ Group and the approach is fully respected in relation to the elections of Supervisory Board members. However, ČEZ does not have any means to influence the composition of this portion of the Supervisory Board within the meaning of a diversity policy.

WIND

-2800

THE EARLIEST SAILING BOATS
PLOWED THE WATERS OF THE
ANCIENT NILE; THEY USED
WIND ENERGY IN ADDITION
TO WOODEN OARS.

ANCIENT MATHEMATICIAN HERO OF ALEXANDRIA
WAS THE FIRST PERSON TO DEMONSTRABLY USE
WIND ENERGY TO DRIVE A MACHINE. HIS WINDWHEEL
DROVE A PISTON THAT PUSHED AIR INTO AN ORGAN.

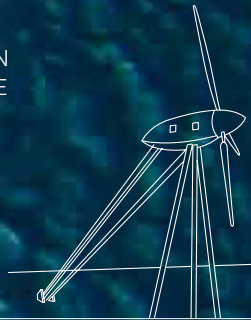
10-75

WE MAY NOT BE ABLE TO
CONTROL WIND DIRECTION
BUT WE CAN ADJUST SAILS.

1185

THE OLDEST CERTAIN OCCURRENCE
OF A WINDMILL IN EUROPE WAS IN THE
COUNTY OF YORKSHIRE, ENGLAND.

A PRECURSOR OF TODAY'S WIND
TURBINES WAS PUT INTO OPERATION
IN BALAKLAVA IN THE CRIMEA IN THE
THEN SOVIET UNION. IT HAD
A CAPACITY OF 100 KW.



1931



REPORT ON OPERATIONS

CEZ GROUP FINANCIAL PERFORMANCE

As at December 31, 2018, the consolidated CEZ Group comprised a total of 179 companies, with 160 companies fully consolidated and 19 associates and joint ventures consolidated using the equity method.

Consolidated CEZ Group as at December 31, 2018

The companies of the consolidated CEZ Group are divided into six operating segments.

Generation—Traditional Energy

ČEZ, a. s.
 Areál Třeboradice, a.s.
 AYIN, s.r.o.
 CEZ Chorzów S.A.
 CEZ Skawina S.A.
 CEZ Srbija d.o.o.
 CEZ Towarowy Dom Maklerski sp. z o.o.
 CEZ Trade Romania S.R.L.
 ČEZ Teplárenská, a.s.
 Elektrárna Dětmárovice, a.s.
 Elektrárna Dukovany II, a. s.
 Elektrárna Mělník III, a. s.
 Elektrárna Počerady, a.s.
 Elektrárna Temelín II, a. s.
 Energetické centrum s.r.o.
 Energocentrum Vítkovice, a. s.
 Energotrans, a.s.
 OSC, a.s.
 Tepelné hospodářství města Ústí nad Labem s.r.o.
 AK-EL Kemah Elektrik Üretim ve Ticaret A.S.*
 AK-EL Yalova Elektrik Üretim A.S.*
 Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.*
 Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.*
 Akenerji Elektrik Üretim A.S.*

Generation—New Energy

A.E. Wind S.A.
 Baltic Green Construction sp. z o.o.
 Baltic Green I sp. z o.o.
 Baltic Green II sp. z o.o.
 Baltic Green III sp. z o.o.
 Baltic Green V sp. z o.o.
 Baltic Green VI sp. z o.o.
 Baltic Green VIII sp. z o.o.
 Baltic Green IX sp. z o.o.
 BANDRA Mobiliengesellschaft mbH & Co. KG
 Bara Group EOOD
 CASANO Mobiliengesellschaft mbH & Co. KG
 CEZ Erneuerbare Energien Beteiligungs GmbH
 CEZ Erneuerbare Energien Beteiligungs II GmbH
 CEZ Erneuerbare Energien Verwaltungs GmbH
 CEZ France SAS
 CEZ Chorzów II sp. z o.o.
 CEZ Windparks Lee GmbH
 CEZ Windparks Luv GmbH
 CEZ Windparks Nordwind GmbH
 ČEZ Obnovitelné zdroje, s.r.o.
 ČEZ OZ uzavřený investiční fond a.s.
 ČEZ Recyklace, s.r.o.
 Ferme Eolienne d'Andelaroche SAS
 Ferme Eolienne de la Piballe SAS
 Ferme Eolienne de Neuville-aux-Bois SAS
 Ferme Eolienne de Saint-Aulaye SAS
 Ferme Eolienne de Saint-Laurent-de-Ceris SAS
 Ferme Eolienne de Seigny SAS
 Ferme Eolienne de Thorigny SAS
 Ferme Eolienne des Breuils SAS
 Ferme Eolienne des Grands Clos SAS
 Ferme Eolienne du Germancé SAS
 Free Energy Project Oreshets EAD
 M.W. Team Invest S.R.L.
 Ovidiu Development S.R.L.
 REN Development s.r.o.
 TMK Hydroenergy Power S.R.L.
 Tomis Team S.A.
 Windpark Baben Erweiterung GmbH & Co. KG
 Windpark Badow GmbH & Co. KG
 Windpark Cheinitz-Zethlingen GmbH & Co. KG
 Windpark Frauenmark III GmbH & Co. KG
 Windpark Fohren-Linden GmbH & Co. KG
 Windpark Gremersdorf GmbH & Co. KG

Windpark Mengershausen GmbH & Co. KG
 Windpark Naundorf GmbH & Co. KG
 Windpark Zagelsdorf GmbH & Co. KG
 GP JOULE PPX Verwaltungs-GmbH*
 GP JOULE PP1 GmbH & Co. KG*
 Green Wind Deutschland GmbH*
 juwi Wind Germany 100 GmbH & Co. KG*
 Windpark Moringen Nord GmbH & Co. KG*
 Windpark Prezelle GmbH & Co. KG*

Distribution

CEZ Razpredelenie Bulgaria AD
 ČEZ Distribuce, a. s.
 Distribuție Energie Oltenia S.A.
 Sakarya Elektrik Dagitim A.S.*

Sales

AirPlus, spol. s r.o.
 AZ KLIMA a.s.
 AZ KLIMA SK, s.r.o.
 CEZ Elektro Bulgaria AD
 CEZ ESCO Bulgaria EOOD
 CEZ ESCO I GmbH
 CEZ ESCO II GmbH
 CEZ ESCO Polska sp. z o.o.
 CEZ ESCO Romania S.A.
 CEZ Magyarország Kft.
 CEZ Slovensko, s.r.o.
 CEZ Trade Bulgaria EAD
 CEZ Trade Polska sp. z o.o.
 CEZ Vanzare S.A.
 ČEZ Bytové domy, s.r.o.
 ČEZ Distribuční systémy a.s.
 ČEZ Energetické služby, s.r.o.
 ČEZ Energo, s.r.o.
 ČEZ ESCO, a.s.
 ČEZ LDS s.r.o.
 ČEZ Prodej, a.s.
 ČEZ Solární, s.r.o.
 D-I-E ELEKTRO AG
 Domat Control System s.r.o.
 Domat Holding s.r.o.
 EAB Automation Solutions GmbH
 EAB Elektroanlagenbau GmbH Rhein/Main
 EASY POWER s.r.o.
 Elektro-Decker GmbH
 Elevion GmbH
 ENESA a.s.
 ESCO City I sp. z o.o.
 ESCO City II sp. z o.o.
 ESCO City III sp. z o.o.
 ESCO City IV sp. z o.o.
 ESCO City V sp. z o.o.
 ESCO City VI sp. z o.o.
 ETS Efficient Technical Solutions GmbH
 ETS Efficient Technical Solutions Shanghai Co. Ltd.
 ETS Engineering Kft.
 EVČ s.r.o.
 HAU.S GmbH

High-Tech Klima d.o.o.
 High-Tech Klima S.A.
 HORMEN CE a.s.
 Hybridkraftwerk Culemeyerstraße Projekt GmbH
 Jäger & Co. GmbH
 KART, spol. s r.o.
 Kofler Energies Energieeffizienz GmbH
 Kofler Energies Ingenieurgesellschaft mbH
 Kofler Energies International GmbH
 Kofler Energies Italia S.r.l.
 Kofler Energies Systems GmbH
 Metrolog sp. z o.o.
 NEK Facility Management GmbH
 OEM Energy sp. z o.o.
 Rudolf Fritz GmbH
 SERVISKOMFORT s.r.o.
 SPRAVBYTKOMFORT, a.s. Prešov
 TENAUR, s.r.o.
 WPG Projekt GmbH
 Bytkomfort, s.r.o.*
 Elevion Co-Investment GmbH & Co. KG*
 KLF-Distribúcia, s.r.o.*
 Sakarya Elektrik Perakende Satis A.S.*

Mining

Severočeské doly a.s.
 LOMY MOŘINA spol. s r.o.*

Other

Centrum výzkumu Řež s.r.o.
 CEZ Bulgaria EAD
 CEZ Bulgarian Investments B.V.
 CEZ Deutschland GmbH
 CEZ Holdings B.V.
 CEZ ICT Bulgaria EAD
 CEZ MH B.V.
 CEZ New Energy Investments B.V.
 CEZ Polska sp. z o.o.
 CEZ Produkty Energetyczne Polska sp. z o.o.
 CEZ Romania S.A.
 CEZ Ukraine LLC
 ČEZ Asset Holding, a. s.
 ČEZ Bohunice a.s.
 ČEZ Energetické produkty, s.r.o.
 ČEZ ENERGOSERVIS spol. s r.o.
 ČEZ ICT Services, a. s.
 ČEZ Korporátní služby, s.r.o.
 EGP INVEST, spol. s r.o.
 Inven Capital, SICAV, a.s.
 MARTIA a.s.
 PRODECO, a.s.
 Revitrans, a.s.
 SD - Kolejová doprava, a.s.
 ŠKODA PRAHA a.s.
 ŠKODA PRAHA Invest s.r.o.
 Telco Pro Services, a. s.
 ÚJV Řež, a. s.
 Akcez Enerji A.S.*
 Jadrová energetická spoločnosť Slovenska, a. s.*

* Joint venture or associate

Changes in the Segmentation of Consolidated CEZ Group Companies with Effect from January 1, 2019

The classification of some consolidated companies into segments changed with effect from January 1, 2019. This Annual Report presents the 2018 financial results using the structure applicable at December 31, 2018, but estimated and forecast results are presented using the structure applicable since January 1, 2019. Unless otherwise stated, all relevant results are presented in the structure of segments applicable at December 31, 2018. The "Other" segment was renamed to "Support Activities" on January 1, 2019, because the new name better matches the contents of activities provided by companies in the segment.

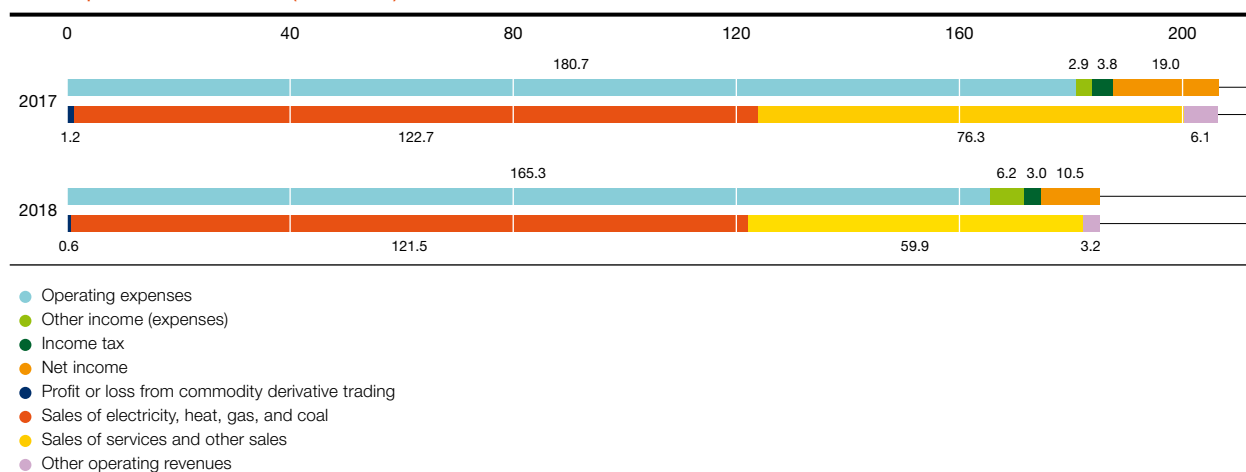
List of Companies Whose Classification into Segments Changed at January 1, 2019

Company Name	Segment until December 31, 2018	Segment since January 1, 2019
Akcez Enerji A.S.	Other	Distribution
Centrum výzkumu Řež s.r.o.	Other	Generation – Traditional Energy
CEZ Bulgaria EAD	Other	Distribution
CEZ Bulgarian Investments B.V.	Other	Generation – New Energy
CEZ Deutschland GmbH	Other	Generation – New Energy
CEZ Holdings B.V.	Other	Generation – New Energy
CEZ Hungary Ltd.	Sales	Generation – Traditional Energy
CEZ Chorzów II sp. z o.o.	Generation – New Energy	Generation – Traditional Energy
CEZ ICT Bulgaria EAD	Other	Distribution
CEZ New Energy Investments B.V.	Other	Generation – New Energy
CEZ Produkty Energetyczne Polska sp. z o.o.	Other	Generation – Traditional Energy
CEZ Romania S.A.	Other	Distribution
ČEZ Bohunice a.s.	Other	Generation – Traditional Energy
ČEZ Energetické produkty, s.r.o.	Other	Generation – Traditional Energy
ČEZ ENERGOSERVIS spol. s r.o.	Other	Generation – Traditional Energy
EGP INVEST, spol. s r.o.	Other	Generation – Traditional Energy
Energocentrum Vítkovice, a. s.	Generation – Traditional Energy	Sales
Inven Capital, SICAV, a.s.	Other	Generation – New Energy
Jadrová energetická spoločnosť Slovenska, a. s.	Other	Generation – Traditional Energy
MARTIA a.s.	Other	Generation – Traditional Energy
PRODECO, a.s.	Other	Mining
Revitrans, a.s.	Other	Mining
SD - Kolejová doprava, a.s.	Other	Mining
ŠKODA PRAHA a.s.	Other	Generation – Traditional Energy
ŠKODA PRAHA Invest s.r.o.	Other	Generation – Traditional Energy
ÚJV Řež, a. s.	Other	Generation – Traditional Energy

CEZ Group's Financial Results

Changes in Revenues, Expenses, and Income

CEZ Group Net Income Breakdown (CZK Billions)



Net income for 2018 amounted to CZK 10.5 billion, which is a year-on-year decrease by CZK 8.5 billion. This comparison of net income, however, needs to take into account the significant nonrecurrent effects that contributed positively to the net income of 2017 by the amount of CZK 7.5 billion. These included the termination of MOL stockholding (CZK 4.5 billion), sale of real property in Prague (CZK 1.1 billion), appraisal of green certificates for Romanian wind farms (allocated in the previous years) following a positive change in regulation (CZK 0.8 billion), settlement agreement with Sokolovská uhelná (CZK 0.7 billion) and extra-judicial agreement with the Bulgarian state-owned company NEK (CZK 0.4 billion).

The achieved net income for 2018 is fully in line with initial expectations of company management. At the beginning of 2018, CEZ Group expected the net income adjusted for extraordinary effects at the level of CZK 12 to 14 billion and the achieved value equals CZK 13.1 billion.

Operating revenues amounting to CZK 184.5 billion recorded a year-on-year increase of CZK 10.8 billion (after adjustment for methodology changes in IFRS*), mostly thanks to higher revenues from sales of services (CZK +8.5 billion), particularly from new acquisitions, and to the effect of higher revenues from sales of electricity, heat, gas, and coal (CZK +5.1 billion). Lower year-on-year results of other operating revenues (CZK -2.9 billion) have been reported particularly due to lower revenues from allocated color certificates and the sale of real property in Prague in 2017.

Operating expenses amounted to CZK 165.3 billion, increasing by CZK 15.4 billion year-on-year (after adjustment for methodology changes in IFRS*).

The year-on-year growth of operating expenses was mainly due to higher personnel expenses (CZK -3.5 billion), fuel and emission allowance expenses (CZK -3.0 billion), costs of material (CZK -2.3 billion), purchase costs of electricity, gas, and other energy (CZK -2.2 billion), costs of services (CZK -1.6 billion), fixed asset impairments (CZK -1.5 billion), and other operating expenses (CZK -3.1 billion), primarily due to changes in provisions and costs of goods sold. Growth of the stated operating expenses was partly offset by lower depreciation of fixed assets (CZK +1.2 billion) resulting from an update of expected useful life of ČEZ power plants and from activation and change in the level of stock from own activity (CZK +0.7 billion).

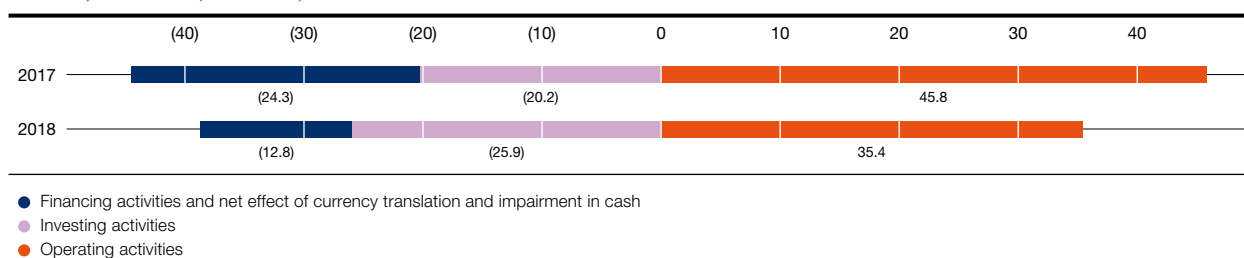
Total other income (expenses) decreased the net income in a year-on-year comparison by CZK 3.4 billion, particularly due to the termination of MOL stockholding, including the related operations in 2017 (CZK -4.5 billion), higher interest expenses on debt (CZK -1.4 billion), particularly due to lower interest capitalization after completion of a new generating facility in Ledvice and higher interest expenses on provisions (CZK -0.2 billion). On the contrary, the effect of profits and losses from associates and joint ventures and revenues resulting from the refund of interest on gift tax on emission allowances for 2011 and 2012 was positive (CZK +2.1 billion and CZK +0.7 billion respectively).

Income tax dropped by CZK 0.8 billion due to lower earnings before taxes.

* Based on the application of the IFRS 15 standard from January 1, 2018, if the Group sells electricity in the territory where it does not own the distribution grid, distribution expenses and revenues are reported only as a balance (no effect on the total reported profits). Adjustment of operating revenues and operating expenses by this effect in 2017 amounts to CZK 30.8 billion. Furthermore, 2017 operating revenues are adjusted for the effect of IFRS 15 on connection fee reporting in the amount of CZK 0.6 billion.

Cash Flows

CEZ Group Cash Flows (CZK Billions)



Cash flows from operating activities decreased by CZK 10.4 billion year-on-year to CZK 35.4 billion. The year-on-year decrease was negatively affected by changes in working capital (CZK -4.9 billion), lower earnings before taxes adjusted for non-cash operations (CZK -4.7 billion), and higher interest expenses with the exception of capitalized interest (CZK -1.6 billion). The effect of lower income tax paid was positive (CZK +0.9 billion).

Working capital was negatively affected, in a year-on-year comparison, change in the balance of net trade receivables and payables, including advances and accruals/deferrals (CZK -5.4 billion), change in the balance of short-term liquid securities and term deposits (CZK -4.1 billion) and change in the balance of other receivables and payables (CZK -4.2 billion). On the contrary, change in the balance of inventory of emission allowances (CZK +4.4 billion), change in the balance of payables and receivables from derivatives including options (CZK +2.8 billion) and change in the balance of inventories (CZK +1.7 billion) had a positive impact.

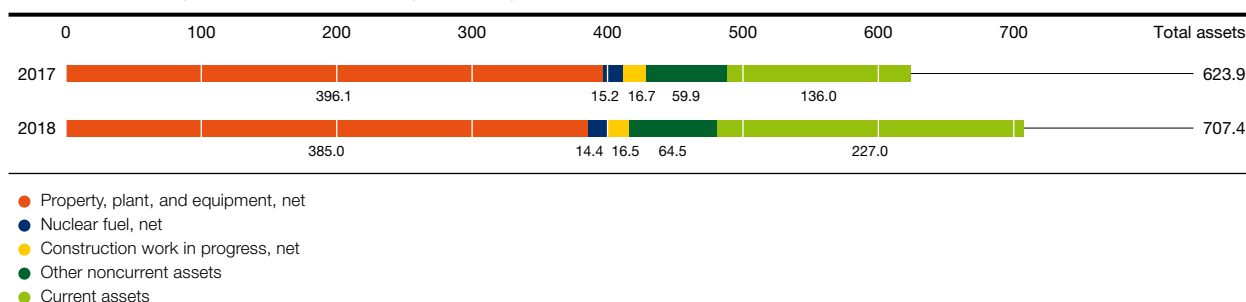
Cash used in investing activities increased by CZK 5.7 billion year-on-year to CZK 25.9 billion; decrease in the proceeds from sales of assets was higher than the year-on-year decrease in new asset acquisition. Proceeds from the sales of fixed assets decreased (CZK -10.8 billion), which was primarily due to the termination of MOL Nyrt. stockholding in 2017 (CZK -12.0 billion). Proceeds from disposal of subsidiaries, associates, and joint ventures were lower (CZK -1.9 billion) due to liquidation of CMEPI B.V., sale of the Tisová power plant and TEC Varna in 2017. Acquisition of subsidiaries, associates, and joint ventures was lower (CZK +2.9 billion). Acquisition of fixed assets, including capitalized interest, decreased in 2018 (CZK +4.7 billion); of that, capital expenditures (CAPEX) decreased (CZK +2.7 billion) and liabilities attributable to capital expenditure increased (CZK +1.8 billion). Lower repayment of loans and higher loans made affected the total amount of cash used in investing activities negatively (CZK -0.6 billion).

Cash used in financing activities, including the net effect of currency translation and allowances in cash, decreased by CZK 11.5 billion year-on-year to CZK 12.8 billion, due to the positive balance of proceeds from and repayments of borrowings (CZK +11.4 billion), where the effect of the purchase of convertible bond for MOL Nyrt. stocks in 2017 amounted to CZK +12.8 billion.

Structure of Assets, Equity, and Liabilities

The value of CEZ Group's consolidated assets, equity, and liabilities increased by CZK 83.5 billion to CZK 707.4 billion in 2018.

Structure of CEZ Group Assets as at December 31 (CZK Billions)



Fixed assets decreased by CZK 7.5 billion to CZK 480.4 billion.

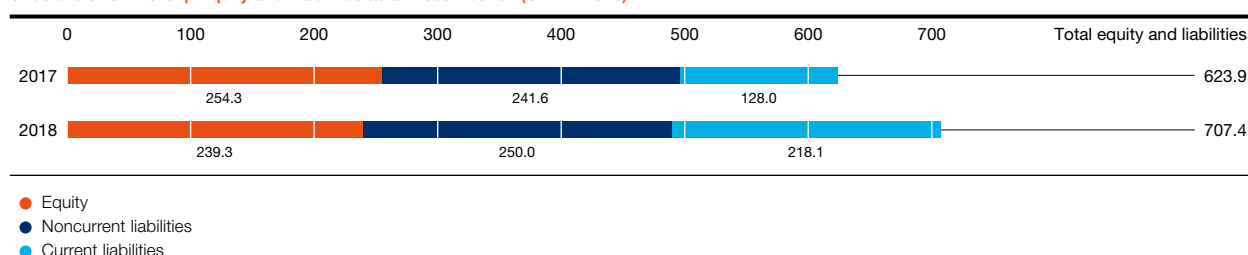
Net value of property, plant, and equipment decreased (CZK -11.1 billion), primarily due to reclassification of Bulgarian companies as assets held for sale (CZK -9.8 billion) as well as depreciation and fixed asset impairments exceeding acquisition of fixed assets.

Value of nuclear fuel decreased (CZK -0.8 billion) as well as the value of construction work in progress (CZK -0.2 billion).

An increase in other non-current assets in 2018 compared to 2017 (CZK +4.6 billion) was affected by the growth in intangible fixed assets in particular (CZK +4.3 billion), where the most significant factor was the effect of transfer of emission allowances that will not be used in the next year (CZK +3.6 billion) and goodwill to new property, plant, and equipment (CZK +0.9 billion), primarily due to new acquisitions. Financial assets with limited disposal rights increased year-on-year (CZK +0.4 billion). Investment in associates and joint ventures decreased year-on-year (CZK -0.2 billion); effect of acquisition of control in ČEZ Energo, s.r.o., and commencement of full consolidation method in 2018 (CZK -0.6 billion) was partly set off by new acquisitions (CZK +0.4 billion).

Current assets grew by CZK 91.0 billion in 2018, to CZK 227.0 billion. This is primarily a consequence of growing receivables from derivatives including options (CZK +51.7 billion) and the transfer of Bulgarian companies in assets classified as assets held for sale (CZK +17.5 billion). Growth in current assets was also affected primarily by higher trading receivables, net (CZK +21.7 billion), and higher emission allowances (CZK +7.3 billion). Cash and cash equivalents reported a year-on-year decrease (CZK -5.3 billion). Other current asset items decreased year-on-year (CZK -1.9 billion), mostly due to the decrease in debt financial assets (CZK -1.5 billion).

Structure of CEZ Group Equity and Liabilities as at December 31 (CZK Billions)



Equity, including non-controlling interests, decreased by CZK 15.0 billion to CZK 239.3 billion.

The main reason for the decrease was the change in equity related to shareholder dividend declared (CZK -17.6 billion). Other comprehensive income decreased equity (CZK -10.6 billion). On the contrary, net income generated in 2018 resulted in an increase in equity (CZK +10.5 billion). Effect of application of new IFRS standards as from January 1, 2018 increased the equity (CZK +2.4 billion).

Other changes in equity (CZK +0.3 billion) are related primarily to the sale of treasury shares.

Long-term liabilities increased by CZK 8.4 billion to CZK 250.0 billion primarily due to an increase in long-term debt (CZK +10.0 billion).

Noncurrent liabilities from derivatives, including options, increased year-on-year (CZK +3.3 billion). Long-term provisions, particularly the nuclear provisions, reported a year-on-year increase (CZK +2.5 billion). Other long-term liabilities decreased (CZK -3.3 billion), particularly due to the application of new IFRS standards for the connection fees. The deferred tax liability decreased (CZK -3.3 billion). Other items of long-term liabilities decreased (CZK -0.8 billion).

Current liabilities rose by CZK 90.2 billion to CZK 218.1 billion. The growth was caused mainly by the rising liabilities from short-term derivatives, including options (CZK +66.7 billion) and increase in trading payables (CZK +15.0 billion). Liabilities related to assets classified as assets held for sale arose in 2018 in relation to the intention to sell Bulgarian assets (CZK +6.2 billion). Short-term provisions increased year-on-year (CZK +3.1 billion), primarily the provision on emission allowances. On the contrary, a decrease in the current portion of long-term debt, including short-term loans was reported (CZK -3.3 billion). The other items of current liabilities increased (CZK +2.5 billion).

Comprehensive Income

The comprehensive income, net of tax, was down in 2018 compared to 2017 by CZK 10.9 billion, to CZK -0.1 billion.

Net income declined by CZK 8.5 billion year-on-year, while other comprehensive income fell CZK 2.5 billion. Other comprehensive income was negatively affected year-on-year primarily by the change in the real value of cash flow hedges (CZK -12.1 billion), which is a consequence of growing electricity market prices in 2018, resulting in a growth of temporary liabilities due to revaluation of hedges ensuring future revenues from electricity generation in ČEZ facilities. On the contrary, reclassification of capital instruments from equity had a positive year-on-year effect (CZK +5.5 billion), as well as exchange differences from the revaluation of subsidiaries, associates and joint ventures (CZK +1.5 billion). The deferred tax relating to the other comprehensive income increased the other comprehensive income (CZK +2.3 billion) year-on-year. Other changes had an effect on comprehensive income (CZK +0.3 billion).

Financial Results of CEZ Group Segments

Segments and Their Contributions to CEZ Group's Financial Performance

	Operating Revenues other than Intersegment Revenues	Intersegment Operating Revenues	Total Operating Revenues	EBITDA	EBIT	Income Taxes	Net Income	CAPEX	Workforce headcount as at December 31
	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(persons)
Generation— Traditional Energy									
2017	54,459	29,959	84,418	19,062	4,308	317	11,362	11,872	6,777
2018	52,613	34,775	87,388	16,600	(531)	947	25,945	8,041	6,976
Generation— New Energy									
2017	6,828	752	7,580	4,988	2,701	(561)	1,854	749	65
2018	5,612	487	6,099	3,247	1,650	(241)	1,276	439	137
Distribution									
2017	29,849	28,336	58,185	19,038	11,818	(2,188)	9,604	12,905	8,292
2018	40,599	345	40,944	19,747	12,976	(2,372)	10,619	12,892	8,419
Sales									
2017	106,623	4,856	111,479	4,611	4,459	(792)	3,060	330	4,879
2018	78,430	7,263	85,693	4,317	3,847	(803)	3,062	673	6,050
Mining									
2017	4,823	4,725	9,548	4,056	1,637	(310)	1,892	1,569	2,692
2018	4,713	4,819	9,532	3,751	1,424	(257)	1,632	1,628	2,658
Other									
2017	2,510	15,428	17,938	2,169	700	(260)	5,120	5,985	7,132
2018	2,519	13,999	16,518	1,877	397	(291)	(105)	5,333	7,145
Elimination									
2017	—	(84,056)	(84,056)	(3)	(3)	—	(13,933)	(4,275)	—
2018	—	(61,688)	(61,688)	(4)	(4)	—	(31,929)	(2,620)	—
Consolidation									
2017	205,092	—	205,092*	53,921	25,620	(3,794)	18,959	29,135	29,837
2018	184,486	—	184,486	49,535	19,759	(3,017)	10,500	26,386	31,385

* Based on the application of the IFRS 15 standard from January 1, 2018, if a group sells electricity in the territory where it does not own the distribution grid, distribution expenses and revenues are reported only as a balance (no effect on the total reported profits). Comparable value of total operating revenues of 2017 adjusted by this effect (including the effect of change in the standard concerning reporting of connection fees) would amount to CZK 173,731 million, i.e. less by CZK 31,361 million than the value reported in 2017.

Generation—Traditional Energy, the most important segment of CEZ Group, achieved a year-on-year increase in net income by CZK 14.6 billion. The increase was caused mainly by higher dividends received by ČEZ (CZK +17.1 billion). The segment's lower operating income before depreciation and amortization, impairment, and asset sales (EBITDA) (CZK -2.5 billion), higher interest expenses of ČEZ (CZK -1.4 billion), and higher fixed asset impairments in Poland (CZK -0.3 billion) had, on the other hand, negative year-on-year impact. Share of income of Turkish generating companies positively affected the year-on-year comparison of net income (CZK +1.8 billion).

The Generation—New Energy segment reported a decrease in net income by CZK 0.6 billion; the same amount represents the drop in net income of companies in Czechia as well. The decrease was influenced particularly by provisioning for a potential refund of proceeds from photovoltaic power plants in Čekanice in 2018 (CZK -0.5 billion). Romania reported lower net income (CZK -0.5 billion), particularly due to the allocation of retrospective certificates in 2017 and lower allocation of certificates in 2018 (CZK -1.5 billion), which was partially set off by dissolving fixed asset provisions (CZK +0.4 billion) and a lower income tax (CZK +0.5 billion). On the contrary, Poland reported an increase in net income (CZK +0.6 billion), mainly due to lower impairments (CZK +0.4 billion) and elimination of Eco-Wind Construction from consolidation due to the loss of control.

Net income of the Distribution segment grew by CZK 1.0 billion. In Czechia, the income grew by CZK 0.7 billion due to higher gross margin from energy activities (CZK +1.5 billion), its effects were partially set off by fixed asset depreciations (CZK -0.4 billion) and higher income tax (CZK -0.2 billion). Net income of Bulgarian distribution rose (CZK +0.4 billion), particularly due to lower depreciations. Net income of Romanian distribution dropped due to operating profit (CZK -0.1 billion).

Net income of the Sales segment remained unchanged in year-on-year comparison. It dropped in Czechia (CZK -0.2 billion), particularly due to lower gross margin from the sales of electricity and gas, partially set off by the settlement of unbilled electricity. Higher net income in Romania (CZK +0.1 billion) was achieved due to higher gross margin related to increased costs on electricity in 2017 and their effect on regulated proceeds only in 2018. Net income in Bulgaria dropped by CZK 0.4 billion due to a negative effect of out-of-court agreement on the settlement of CEZ Elektro Bulgaria with the state-owned energy company NEK concerning receivables for RES from 2017. Share of income of Turkish sales company, including the effects of related fixed asset impairment, contributed to the year-on-year comparison of net income within the segment (CZK +0.5 billion).

The Mining segment achieved a lower net income compared to 2017 (by CZK 0.3 billion), due to provisioning on mine reclamation and damages (CZK -0.2 billion) and higher fixed operating costs (CZK -0.1 billion).

Net income of the Other segment dropped by CZK 5.2 billion year-on-year, primarily due to the sale of MOL shares and related operations in 2017 (CZK -4.5 billion). Share of income of Turkish companies decreased the segment's net income year-on-year (CZK -0.4 billion). Net income in Czechia dropped by CZK 0.1 billion.

Concerning other indicators of individual segments stated in the table, comments are added below on the year-on-year change in EBITDA (operating income before depreciation and amortization, impairment, and asset sales), which is the most often used indicator of operating performance of companies traded in global exchanges and is monitored by international analysts, creditors, investors, and shareholders. CEZ Group's biggest segment, Generation—Traditional Energy, saw its EBITDA decrease by CZK 2.5 billion. Decrease in Czechia (CZK -2.4 billion) was caused mainly by higher costs of emission allowances (CZK -1.3 billion), higher fixed costs, particularly personnel costs (CZK -0.8 billion), positive effect of settlement agreement with Sokolovská uhelná in 2017 (CZK -0.7 billion), lower generation from non-nuclear facilities (CZK -0.4 billion), and lower gross margin from non-energy activities (CZK -0.3 billion), primarily due to lower revenues from other CEZ Group segments. On the contrary, higher volume of generation of nuclear facilities had a positive effect (CZK +1.0 billion). In Poland, EBITDA dropped (CZK -0.1 billion).

The Generation—New Energy segment reported a decrease in EBITDA by CZK 1.7 billion. The main reason was the decrease in Romania (CZK -1.5 billion), particularly due to the valuation of allocated green certificates in 2017, following a positive change in RES regulation (CZK -0.8 billion), to the lower allocation of certificates in 2018 (CZK -0.6 billion) and the lower generation volume (CZK -0.4 billion) due to weak weather conditions; growth in electricity market prices, however, these effects partly compensated (CZK +0.3 billion). Decrease in Czechia (CZK -0.4 billion) was affected primarily by provisioning for the potential refund of proceeds from the photovoltaic power plant in Čekanice (CZK -0.5 billion), which was partly compensated by a higher gross margin on electricity generation (CZK +0.2 billion). In Poland, the indicator rose (CZK +0.2 billion) due to lower impairments and lower fixed operating expenses. In Germany, positive contribution of new acquisitions was eliminated by weak weather conditions.

The Distribution segment's EBITDA grew by CZK 0.7 billion year-on-year. The year-on-year increase in Czechia (CZK +1.2 billion) was achieved mainly thanks to higher total allowed revenues, reflecting the growth of investment in distribution grids. On the contrary, application of IFRS 15 on proceeds from contributions to ensure input power and connection decreases the indicator's value (CZK -0.3 billion). A decrease was recorded in Bulgaria (CZK -0.3 billion) due to a lower gross margin on electricity distribution (CZK -0.1 billion), higher provisioning for litigations in 2018 (CZK -0.1 billion), and lower proceeds from contributions to ensure input power and connection related to the application of IFRS 15 standard (CZK -0.1 billion). In Romania, a slight decrease (CZK -0.1 billion) was caused primarily by lower gross margin on electricity distribution due to lower tariffs (CZK -0.2 billion), higher reversal of provisions in 2018 (CZK +0.1 billion), and due to the application of IFRS 15 standard to proceeds from contributions to ensure input power and connection (CZK -0.1 billion).

The Sales segment's EBITDA decreased in year-on-year comparison by CZK 0.3 billion. The decrease in Czechia (CZK -0.2 billion) was caused by year-on-year lower gross margin on sales of electricity and natural gas, mostly due to increasing purchase prices of commodities (CZK -0.8 billion); higher settlement of unbilled electricity and gas (CZK +0.3 billion) had a positive effect. Other effects in Czechia affected the results positively (CZK +0.3 billion), particularly the lower intra-group costs of ČEZ Prodej and the development of ESCO activities. Year-on-year decrease in Bulgaria (CZK -0.4 billion) corresponds to the negative effect of out-of-court agreement on the settlement of CEZ Elektro Bulgaria with the state-owned energy company NEK concerning receivables for RES from 2017. A decrease in Slovakia (CZK -0.2 billion) was caused by the sale of the customer portfolio in 2017. Growth in Romania (CZK +0.1 billion) was achieved due to higher gross margin related to increased costs on electricity in 2017 and their effect on regulated proceeds only in 2018. The segment's indicators for 2018 were positively affected by the results of newly acquired companies in Germany (CZK +0.3 billion), that focus on energy services. In Poland, growth (CZK +0.1 billion) was achieved thanks to the contribution of new acquisitions acquired in 2018, though it was partly set off by the increase in purchase prices of electricity for the end-use customers. The Mining segment achieved a lower EBITDA by CZK 0.3 billion, compared to 2017, due to higher provisioning impairments (CZK -0.2 billion) and higher fixed costs (CZK -0.1 billion).

EBITDA of the Other segment dropped by CZK 0.3 billion. In Czechia, the indicator's value decreased by CZK 0.2 billion, primarily due to the positive effect of the nonrecurrent revenue of Škoda Praha Invest in 2017 from a settlement with a supplier; for abroad, the indicator decreased by CZK 0.1 billion.

Comparison of Selected Data for 2018 in Segment Structures Applicable at December 31, 2018, and January 1, 2019

	Operating Revenues other than Intersegment Revenues	Intersegment Operating Revenues	Total Operating Revenues	EBITDA	Net Income	Workforce Headcount as at December 31
	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(CZK millions)	(persons)
Generation – Traditional Energy						
2018	52,613	34,775	87,388	16,600	25,945	6,976
2018*	56,482	32,820	89,302	16,664	25,672	9,949
Generation – New Energy						
2018	5,612	487	6,099	3,247	1,276	137
2018*	5,678	511	6,189	2,896	1,292	170
Distribution						
2018	40,599	345	40,944	19,747	10,619	8,419
2018*	40,656	787	41,442	19,922	9,605	9,238
Sales						
2018	78,430	7,263	85,693	4,317	3,062	6,050
2018*	76,555	7,189	83,744	4,280	3,021	6,096
Mining						
2018	4,713	4,819	9,532	3,751	1,632	2,658
2018*	4,827	5,830	10,657	4,507	1,504	4,841
Support Activities (called Others in 2018)						
2018	2,519	13,999	16,518	1,877	(105)	7,145
2018*	288	4,167	4,455	1,272	788	1,091
Total						
2018	184,486	61,688	246,174	49,540	42,430	31,385
2018*	184,486	51,303	235,789	49,540	41,884	31,385

* According to segment structure applicable since January 1, 2019

Commercial and Financial Outlook for 2019

As at March 18, 2019, CEZ Group expected its consolidated net income* for 2019 to reach CZK 17 to 19 billion. Its expected year-on-year growth should be affected particularly by the expected increase of the consolidated operating income before depreciation and amortization, impairment, and asset sales (EBITDA), while the nonrecurrent proceeds from refunded interest from tax on emission allowances for 2011 and 2012, increased depreciation and income tax should have a negative effect.

At level of EBITDA for 2019, CEZ Group expected to achieve the value of CZK 57 to 59 billion as at March 18, 2019, which is a year-on-year increase by approx. CZK 8.5 billion (i.e. approx. 17% more than the actual 2018 results).

The major causes of the year-on-year change in operating financial performance are listed below, broken down by segment structure applicable as at January 1, 2019, to indicate CEZ Group's expected economic situation in 2019.

The Mining segment is expected to grow by CZK 0.7 billion year-on-year, thanks to higher volume of mining and increase in coal prices.

The Generation—Traditional Energy segment is expected to grow by CZK 7.0 billion year-on-year, where higher realization prices of produced electricity, including the effects of hedging, and the expected growth in generation in nuclear and coal-fired power plants should act positively, while higher costs of emission allowances are expected to have a negative effect.

The Generation—New Energy segment is expected to grow by CZK 1.2 billion year-on-year, particularly due to higher electricity prices and higher volume of production from wind power plants in Romania, and also due to provisioning for the potential refund of proceeds from the photovoltaic power plant in Čekanice in 2018. The Distribution segment is expected to drop by CZK 0.5 billion year-on-year, mainly due to higher costs of repairs of distribution infrastructure and lower settlement of unbilled electricity in Czechia and higher fixed operating costs in Romania.

No significant change is expected in the results of the Sales segment, where the lower gross margin from the sales of electricity, caused by higher purchase prices of electricity for supplies in 2019, has a negative effect, while the growth in the area of comprehensive energy services mainly due to new acquisitions has a positive effect. The Support Activities segment is expected to grow by CZK 0.2 billion year-on-year, thanks to accounting changes of leasing introduced by the new IFRS 16 standard.

Reasons for using CEZ Group EBITDA and net income prediction interval for 2019 are the following risks and opportunities in particular: availability of generation facilities, new development acquisitions, litigations (particularly with SŽDC), and the realization of sale of Bulgarian assets. Net income of the parent company, ČEZ, a. s., is expected to be approximately CZK 17 to 19 billion in 2019, the bulk of which consists of expected dividends received from subsidiaries.

In 2019, CEZ Group expects its capital expenditures to reach CZK 35.4 billion, with most of them planned to be invested in generation and distribution assets in Czechia.

Solvency in 2018

CEZ Group's solvency was good in 2018 and CEZ Group companies did not show any insufficiencies when settling their liabilities.

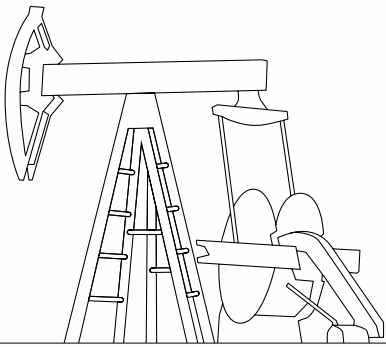
Electricity prices grew during 2018. They were, particularly in the last quarter, rather volatile. Combined with a significant volume of pre-sold electricity, this factor resulted in a higher drawing of current liquidity lines to cover margin calls of energy exchanges and professional counterparties. Therefore, ČEZ, a. s., decided to benefit from relative stability of financial markets and issued medium-term bonds on November 21, 2018 in the volume of EUR 500 million, with a 4-year maturity and 0.875% coupon. Since 2014, this has been the first benchmark-volume issue by ČEZ.

During 2018, CZK 17.5 billion was paid out in dividends for 2017, and another CZK 0.1 billion was paid out in dividends for the previous years.

As at December 31, 2018, the volume of long-term bank loans and lease payables (including their current portion) amounted to CZK 21.5 billion, of which the volume of loans provided by the European Investment Bank amounted to CZK 10.9 billion. The average maturity of CEZ Group's financial debt exceeded 6 years at the end of 2018.

* When assessing expectations, CEZ Group adjusts its net income achieved for extraordinary effects that are generally not related to common operations in the given year (such as fixed asset impairment and goodwill write-offs) and such adjusted net income of CEZ Group then forms the basis for the exercise of the Company's applicable dividend policy.

PETROLEUM



-400

THE CHINESE DISCOVERED PETROLEUM AS A FUEL MANY CENTURIES AGO, LATER BEING JOINED BY INHABITANTS OF THE NEAR EAST. OIL FIELDS IN TODAY'S AZERBAIJAN BEGAN TO BE EXPLOITED IN THE 9TH CENTURY. PETROLEUM DISTILLATION HAD ALREADY BEEN KNOWN AT THAT TIME.

WHAT YOU WISH TO IGNITE
IN OTHERS MUST FIRST BURN
WITHIN YOURSELF.

NATURAL GAS

THE FIRST PETROLEUM ENTREPRENEUR IN BOHEMIA AND MORAVIA, JULIUS MAY, OPENED HIS HELENA TEST WELL AT BOHUSLAVICE NAD VLÁŘÍ BUT THE AMOUNT OF CRUDE OIL IN THIS AND OTHER WELLS NEARBY WAS NOT SUFFICIENT FOR PRODUCTION. PETROLEUM WAS ALSO HIT NEAR HODONÍN IN SOUTHERN MORAVIA BUT WAS NOT EXTRACTED AS IT WOULD HAVE BEEN UNPROFITABLE. EXPLORATION OF THE SITE WAS NOT RESUMED UNTIL 1916.

1900

...THE DEVELOPING WORLD
JUST 3 BARRELS OF PETROLEUM
PER CAPITA.

3

EVERY YEAR, THE
DEVELOPED COUNTRIES
CONSUME 14 BARRELS
OF PETROLEUM
PER CAPITA...

14

CEZ GROUP CAPITAL EXPENDITURES

Capital Expenditures in 2017 and 2018

Total Capital Expenditures (CZK Millions)

	2017	2018
Additions to property, plant, and equipment, including capitalized interest	30,688	26,018
Additions to property, plant, and equipment	27,657	25,184
Of which: Nuclear fuel procurement	3,563	2,374
Additions to intangibles	1,478	1,202
Additions to noncurrent financial assets	407	316
Change in balance of liabilities attributable to capital expenditure	1,146	(684)
Financial investments*	5,070	2,214
Total capital expenditures	35,758	28,232

* Acquisition of subsidiaries and joint ventures, net of cash acquired.

Additions to Property, Plant, and Equipment and Intangibles (CAPEX), by Type (CZK Millions)

	Czechia		Germany		Poland		France		Romania		Bulgaria		Other		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Mining	1,569	1,628	—	—	—	—	—	—	—	—	—	—	—	—	1,569	1,628
Generation— Traditional Energy	11,736	7,758	—	—	—	—	137	283	—	—	—	—	—	—	11,872	8,041
Of which: Nuclear fuel acquisition	3,563	2,374	—	—	—	—	—	—	—	—	—	—	—	—	3,563	2,374
Generation— New Energy	—	5	(19)	6	316	173	1	—	451	255	—	—	—	—	749	439
Distribution	9,841	10,416	—	—	—	—	—	—	1,305	1,236	1,759	1,240	—	—	12,905	12,892
Sales	295	413	34	256	—	—	—	—	—	—	—	—	—	4	330	673
Other*	1,441	2,582	—	—	—	—	7	9	72	72	189	50	—	—	1,709	2,713
Total	24,883	22,802	16	261	316	173	145	292	1,827	1,564	1,948	1,290	—	4	29,135	26,386

* Including the amount of intersegment eliminations

Outlook for Capital Expenditures (Excluding Financial Investments) in 2019–2023

Planned CEZ Group Capital Expenditures (Excluding Financial Investments), by Type (CZK Billions)

	2019	2020	2021	2022	2023
Mining	3.5	3.4	3.1	3.3	2.5
Generation	16.0	16.4	17.7	11.3	13.6
Of which: Traditional energy	15.1	13.5	16.7	11.1	13.3
New energy	0.9	2.9	1.0	0.2	0.4
Distribution	13.3	12.5	12.3	12.3	12.5
Sales	0.9	1.0	0.8	0.9	0.9
Other CAPEX	1.8	1.1	1.3	0.9	1.0
Total CAPEX	35.4	34.4	35.2	28.8	30.4

CEZ GROUP COMMODITY PROCUREMENT, SALES, AND GENERATION

Electricity Procured and Supplied

Electricity Procured and Sold (GWh)

	2017	2018	2018/2017 Index (%)
Electricity procured	56,620	56,930	100.5
Generation	62,889	63,081	100.3
In-house and other consumption, including pumping in pumped-storage plants	(6,269)	(6,151)	98.1
Sold to end-use customers	(37,036)	(37,634)	101.6
Wholesale balance	(15,408)	(15,332)	99.5
Sold in the wholesale market	(264,140)	(333,262)	126.2
Purchased in the wholesale market	248,732	317,931	127.8
Grid losses	(4,176)	(3,965)	94.9

Operations and Development Teams Electricity Generation, by Source of Energy (GWh)

2017	Czechia		Germany		Poland		Romania		Bulgaria		2017 total	
	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development
Nuclear	28,339	—	—	—	—	—	—	—	—	—	28,339	—
Coal	25,609	—	—	—	2,566	—	—	—	—	—	28,176	—
Hydro	1,860	215	—	—	10	—	—	70	—	—	1,871	285
Biomass	573	—	—	—	235	—	—	—	—	—	808	—
Photovoltaic	—	132	—	—	—	—	—	—	—	6	—	138
Wind	—	8	—	240	—	—	—	1,323	—	—	—	1,571
Natural gas	1,698	—	—	—	—	—	—	—	—	—	1,698	—
Biogas	—	4	—	—	—	—	—	—	—	—	—	4
Total	58,079	359	—	240	2,812	—	—	1,393	—	6	60,891	1,998

2018	Czechia		Germany		Poland		Romania		Bulgaria		2018 total	
	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development
Nuclear	29,920	—	—	—	—	—	—	—	—	—	29,920	—
Coal	24,352	64	—	—	2,557	—	—	—	—	—	26,910	64
Hydro	1,715	170	—	—	6	—	—	83	—	—	1,721	253
Biomass	531	—	—	—	258	—	—	—	—	—	789	—
Photovoltaic	—	140	—	—	—	—	—	—	—	6	—	146
Wind	—	9	—	266	—	—	—	1,105	—	—	—	1,380
Natural gas	1,759	136	—	—	—	—	—	—	—	—	1,759	136
Biogas	—	4	—	—	—	—	—	—	—	—	—	4
Total	58,278	522	—	266	2,821	—	—	1,188	—	6	61,099	1,983

Electricity Sales to End-Use Customers (GWh)

	Czechia		Poland		Romania		Bulgaria		Slovakia		Hungary		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Large customers	8,503	8,451	2,613	2,478	731	789	4,097	4,748	1,540	1,794	1,243	1,452	18,726	19,711
Commercial retail	2,131	2,107	272	261	827	912	1,543	1,472	119	156	—	—	4,892	4,909
Residential retail	7,154	6,946	—	—	1,733	1,724	4,417	4,344	114	—	—	—	13,418	13,014
Total	17,788	17,504	2,885	2,739	3,290	3,425	10,058	10,565	1,773	1,950	1,243	1,452	37,036	37,634

Operations and Development Teams Installed Capacity by Type of Generation Facility and Country (MW)

2017	Czechia		Germany		Poland		Romania		Bulgaria		2017 total	
	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development
Nuclear power plants	4,290	—	—	—	—	—	—	—	—	—	4,290	—
CCGT power plants; gas-fired cogeneration units and boiler plants	845	—	—	—	—	—	—	—	—	—	845	—
Coal-fired power plants and heating plants	6,193	—	—	—	678	—	—	—	—	—	6,871	—
Hydroelectric power plants	1,893	68	—	—	2	—	—	22	—	—	1,895	90
Photovoltaic power plants	—	125	—	—	—	—	—	—	—	5	—	130
Wind power plants	—	8	—	134	—	—	—	600	—	—	—	742
Biogas plants	—	1	—	—	—	—	—	—	—	—	—	1
Total	13,221	202	—	134	681	—	—	622	—	5	13,902	963

2018	Czechia		Germany		Poland		Romania		Bulgaria		2018 total	
	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development	Operations	Development
Nuclear power plants	4,290	—	—	—	—	—	—	—	—	—	4,290	—
CCGT power plants; gas-fired cogeneration units and boiler plants*	845	95	—	—	—	—	—	—	—	—	845	95
Coal-fired power plants and heating plants	6,114	79	—	—	678	—	—	—	—	—	6,792	79
Hydroelectric power plants	1,893	68	—	—	2	—	—	22	—	—	1,895	90
Photovoltaic power plants	—	125	—	—	—	—	—	—	—	5	—	130
Wind power plants	—	8	—	134	—	—	—	600	—	—	—	742
Biogas plants	—	1	—	—	—	—	—	—	—	—	—	1
Total	13,142	377	—	134	681	—	—	622	—	5	13,823	1,137

* ČEZ Energo, s.r.o., was included among CEZ Group's fully consolidated companies in 2018. ČEZ Energo takes care of the operation and subsequent development of a portfolio of small local electricity and heat generation facilities. Its target partners include municipalities, district heating system operators, industry, hospitals, sports facilities, accommodation facilities, and residential or administrative complexes.

Heat

Heat Supplied and Sold (TJ)

	Heat Supplied for Heating Purposes		External Heat Sales (outside CEZ Group)	
	2017	2018	2017	2018
Czechia	21,684	21,358	17,896	17,735
Poland	5,897	5,646	5,763	5,478
CEZ Group, total	27,581	27,004	23,659	23,213

Natural Gas

Natural Gas Procured and Sold (GWh)

	2017	2018	2018/2017 Index (%)
Procured	202,805	244,370	120.5
Removed from storage	4,166	5,918	142.0
Sales	(199,155)	(239,366)	120.2
Of which: Trading	(188,665)	(229,266)	121.5
External large customers	(4,135)	(3,922)	94.8
Medium-sized end-use customers	(1,129)	(1,597)	141.4
Small end-use customers	(1,209)	(1,123)	92.8
Residential	(3,423)	(2,967)	86.7
OTE	(592)	(493)	83.2
Placed in storage	(4,170)	(6,733)	161.5
Consumed in-house	(3,647)	(4,188)	114.9

Distributed Electricity

Electricity Distributed by CEZ Group (GWh)

	Czechia		Romania		Bulgaria	
	2017	2018	2017	2018	2017	2018
Electricity distributed to end-use customers	35,805	35,980	6,649	6,826	9,588	9,541

FINANCIAL PERFORMANCE OF ČEZ, a. s.

The core businesses of ČEZ, a. s., are electricity generation and trading, heat generation and distribution, and trading in gas and other commodities.

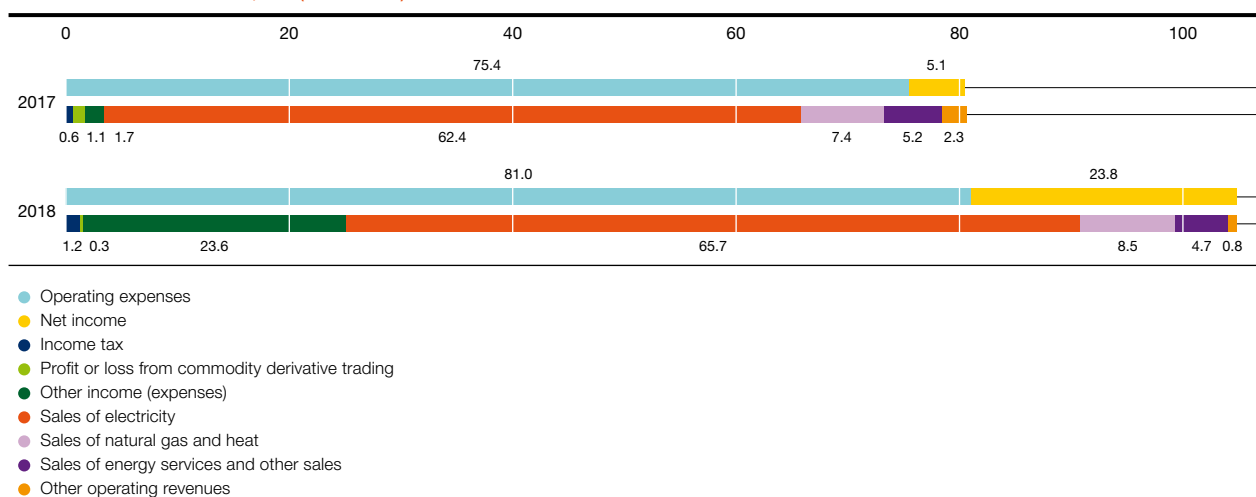
Selected Indicators of ČEZ, a. s.

	Unit	2017	2018	2018/2017 Index (%)
Installed capacity	MW	11,096	11,096	100.0
Electricity generated (gross)	GWh	49,150	50,204	102.1
Heat sold (including sales within CEZ Group)	TJ	9,412	9,915	105.3
Workforce headcount as at December 31	Persons	5,086	5,311	104.4
Operating revenues	CZK millions	77,257	79,749	103.2
EBITDA	CZK millions	15,468	13,530	87.5
EBIT	CZK millions	2,891	(949)	x
Net income	CZK millions	5,105	23,776	465.7
Dividend per share (gross) ¹⁾	CZK/share	33.0	33.0	100.0
Net cash provided by operating activities	CZK millions	27,356	37,112	135.7
Capital expenditures (CAPEX)	CZK millions	10,285	6,782	65.5
Total assets	CZK millions	532,770	626,075	117.5
Equity	CZK millions	187,507	183,212	97.7
Return on assets (ROA), net	%	1.0	4.1	x
Return on equity (ROE), net	%	2.6	12.8	x

¹⁾ Awarded in a given year, to be paid out of previous years' profit.

Changes in Revenues, Expenses, and Income

Net Income Breakdown of ČEZ, a. s. (CZK Billions)



Net income for 2018 amounted to CZK 23.8 billion, which is a year-on-year increase by CZK 18.7 billion. The increase was mainly due to higher dividends received (CZK +17.1 billion) and lower impairments (CZK +3.3 billion). On the contrary, a negative effect on year-on-year comparison was caused by two nonrecurrent positive events from 2017: sale of real property in Prague (CZK -1.1 billion) and settlement agreement with Sokolovská uhelná (CZK -0.7 billion).

The resulting net income for 2018 has exceeded the initial expectations of the Company management (at the level of CZK 6–7 billion) by CZK 17 billion, mainly due to the decision to internally optimize capital structure of subsidiaries, which has led to an increase in dividends received from CEZ Group companies, particularly from ČEZ Distribuce.

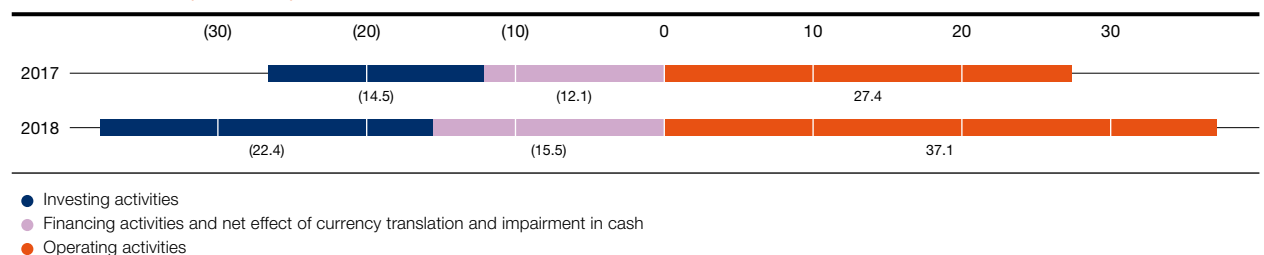
Operating revenues increased by CZK 2.5 billion year-on-year thanks to higher proceeds from sales of electricity (CZK +3.3 billion) and natural gas and heat (CZK +1.1 billion). By contrast, there was a negative effect of the sale of residential property in Prague in 2017 (CZK -1.1 billion), a decrease in other operating revenue (CZK -0.4 billion), and a decrease in revenue from the sales of energy services and other sales (CZK -0.4 billion).

Operating expenses grew by CZK 5.6 billion year-on-year. The increase in expenses results particularly from higher impairments to fixed assets and trading receivables (CZK -2.8 billion), higher costs of fuel and emission allowances (CZK -1.9 billion), higher costs of purchased electricity, gas, and other energies (CZK -1.8 billion), higher personnel costs (CZK -0.3 billion), and higher costs of material (CZK -0.3 billion). On the contrary, lower depreciation of fixed assets (CZK +1.2 billion) resulting from an update of expected useful life of ČEZ power plants (exceeding also the effect of commencement of depreciating of the new facility in Ledvice after the completion of construction at the end of 2017) and other operating expenses (CZK +0.3 billion), particularly due to change in the balance of provisions, affected the operating expenses positively. Profit or loss from commodity derivative trading affected the operating expenses too (CZK -0.8 billion net).

Total other income (expenses) had a positive effect in year-on-year comparison (CZK +21.9 billion). This was mainly due to higher dividends received (CZK +17.1 billion), lower fixed asset impairments (CZK +6.0 billion), and higher other income (CZK +0.7 billion) corresponding to the proceeds from the refund of interest from tax on emission allowances in 2018. On the contrary, interest expenses and interest receivables, including interest on provisions, had a negative effect (CZK -1.7 billion) on Total other income (expenses). Income tax dropped by CZK 0.6 billion.

Cash Flows

ČEZ, a. s. Cash Flows (CZK Billions)



Cash flows from operating activities increased by CZK 9.8 billion year-on-year to CZK 37.1 billion. Dividends received contributed most to the increase in the cash flows from operating activities (CZK +17.1 billion year-on-year). The net income adjusted for non-cash operations decreased (CZK -5.0 billion), change in working capital dropped too (CZK -0.8 billion), but interest expenses increased (CZK -1.8 billion).

Working capital was negatively affected, in a year-on-year comparison, mainly by a change in the balance of net trade receivables and payables, including advances and accruals/deferrals (CZK -4.4 billion), and change in the balance of short-term liquid securities and term deposits (CZK -4.1 billion). On the contrary, change in the balance of inventory of emission allowances (CZK +4.5 billion), change in the balance of receivables and payables from derivatives including options (CZK +1.7 billion), changes in the balance of other receivables and liabilities (CZK +1.4 billion), and year-on-year change in the balance of inventories (CZK +0.2 billion) had a positive impact.

Cash used in investment activities was up in 2018 compared to 2017 by CZK 8.0 billion, amounting to CZK 22.4 billion. Higher loans provided to CEZ Group companies (CZK -12.7 billion) and lower proceeds from sales of subsidiaries and associates (CZK -2.0 billion) due to the liquidation of CM European Power International B.V., sale of Elektrárna Tisová, a.s., and sale of TEC Varna EAD in 2017 were among the main reasons. On the contrary, expenses of acquisition of fixed assets, including capitalized interest, decreased year-on-year (CZK +2.5 billion), particularly in connection with lower capital expenditure (CAPEX) (CZK +3.6 billion) while investment in financial assets being higher (CZK -1.0 billion). Year-on-year comparison reveals higher repayments of loans (CZK +1.8 billion) and income from fixed asset sales (CZK +1.4 billion). Acquisitions of subsidiaries decreased (CZK +1.0 billion).

Cash used in financing activities, including the effect of currency translation and allowances in cash, grew by CZK 3.4 billion year-on-year, primarily due to the increase in receivables from the Group's cashpooling (CZK -2.9 billion). Payments of other long-term liabilities increased compared to 2017 (CZK -0.5 billion).

Structure of Assets, Equity, and Liabilities

Amount of assets, equity, and liabilities grew in 2018 by CZK 93.3 billion, to CZK 626.1 billion.

Fixed assets rose by CZK 2.9 billion to CZK 426.1 billion.

Within this item, a decrease in the net value of property, plant, and equipment, nuclear fuel and construction work in progress was reported (CZK -9.1 billion). Net value of property, plant, and equipment dropped (CZK -7.7 billion). Construction work in progress, including advances paid, decreased too (CZK -0.7 billion). Inventories of nuclear fuel decreased (CZK -0.8 billion).

On the contrary, other noncurrent assets grew (CZK +12.1 billion), particularly due to the growth in long-term loans provided to CEZ Group companies (CZK +14.9 billion) and to the increase in intangible fixed assets (CZK +3.6 billion), due to the effect of transfer of emission allowances that will not be used in the next year from current assets. On the contrary, other fixed assets dropped, mainly due to the reclassification of Bulgarian companies as assets held for sale (CZK -6.5 billion).

Current assets grew by CZK 90.4 billion in 2018, to CZK 199.9 billion. The growth of current assets was affected the transfer of Bulgarian assets in assets held for sale (CZK +6.5 billion). The most significant growing item within current assets, however, was the increase in receivables from trading with derivatives, including options (CZK +53.9 billion). Furthermore, a year-on-year increase was reported for net trading receivables (CZK +23.0 billion), emission allowances (CZK +6.1 billion), and other current asset items (CZK +0.9 billion), primarily due to increase in material inventories.

Equity decreased by CZK 4.3 billion to CZK 183.2 billion, compared to 2017. Dividends paid were the main reason for the decrease (CZK -17.6 billion). Other comprehensive income (CZK -10.7 billion) contributed to the drop in equity as well. On the contrary, net income generated in 2018 resulted in an increase in equity (CZK +23.8 billion). Other changes in equity (CZK +0.2 billion) were related to the sale of treasury shares.

Noncurrent liabilities rose by CZK 11.6 billion to CZK 214.3 billion. An increase was reported for issued bonds and long-term bank loans (CZK +11.3 billion), long-term liabilities from trading with derivatives (CZK +3.3 billion) as well as long-term provisions (CZK +1.8 billion), mainly due to the increase in nuclear provisions. On the other hand, deferred tax liability (CZK -3.7 billion) and other long-term liabilities (CZK -1.1 billion) decreased.

Current liabilities increased by CZK 86.0 billion to CZK 228.6 billion primarily due to an increase in liabilities from derivative contracts, including options (CZK +68.4 billion). Trading payables (CZK +16.8 billion), provisions (CZK +1.8 billion), and short-term loans (CZK +1.0 billion) recorded a year-on-year increase. On the contrary, the current portion of long-term debt decreased (CZK -3.8 billion). The other items of current liabilities increased (CZK +1.8 billion).

Treasury Shares

To cover claims arising out of the Company's stock option plan, 3,605,021 treasury shares, representing 0.67% of its stated capital, were held on the asset account of ČEZ, a. s., with the Central Securities Depository as at January 1, 2018.

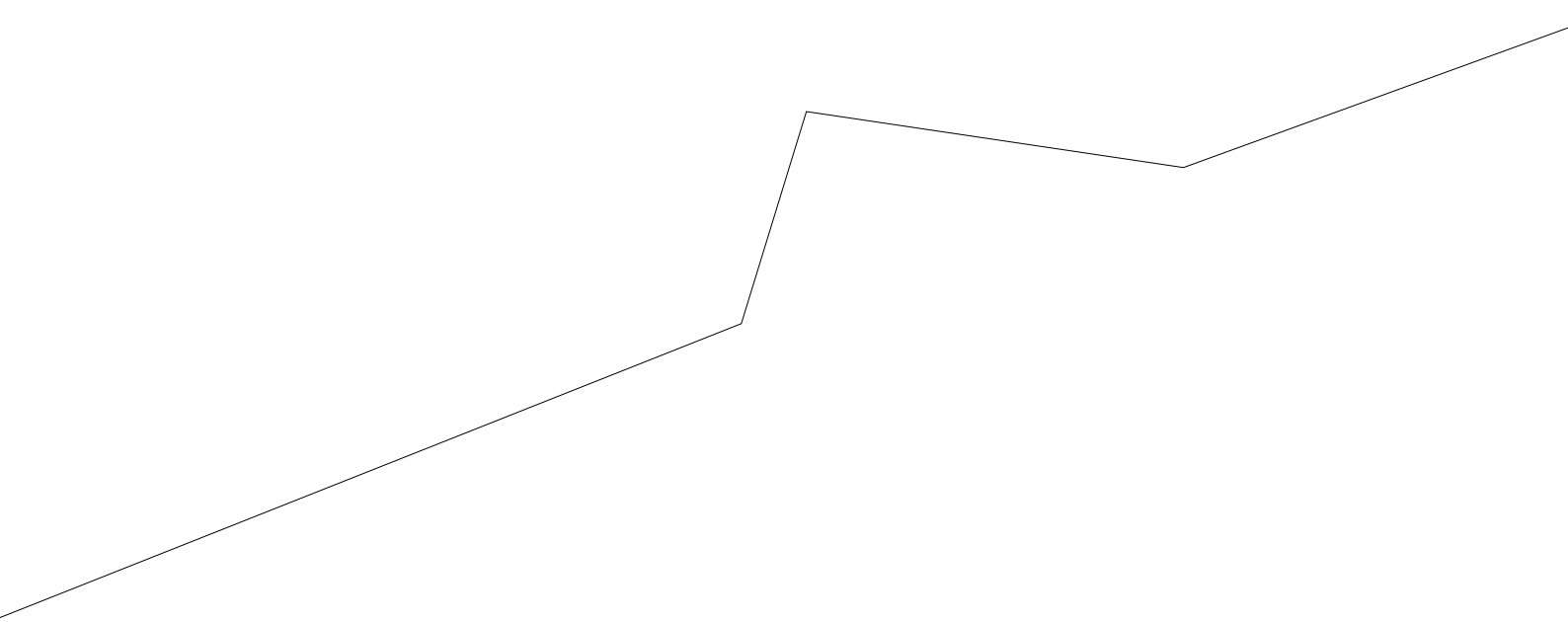
During 2018, ČEZ used 480,000 shares to satisfy the claims of beneficiaries under the Company's stock option plan, corresponding to 0.09% of its stated capital. Average option price, for which shares were sold to beneficiaries, amounted to CZK 438.03 per share. The total amount received for the transfer of shares of ČEZ companies to the beneficiaries was CZK 210.3 million (including interest). As at December 31, 2018, the above-mentioned asset account contained 3,125,021 treasury shares with a nominal value of CZK 312,502,100, i.e. 0.58% of the stated capital.

Comprehensive Income

Net comprehensive income increased by CZK 8.8 billion to CZK 13.1 billion year-on-year. Net income increased (CZK +18.7 billion), while other comprehensive income dropped (CZK -9.9 billion). Other comprehensive income was negatively affected year-on-year primarily by the change in the real value of cash flow hedges (CZK -12.1 billion), which is a consequence of growing electricity market prices in 2018, resulting in a growth of temporary liabilities due to revaluation of hedges ensuring future revenues from electricity generation in ČEZ facilities. The deferred tax relating to the other comprehensive income increased the other comprehensive income (CZK +2.3 billion) year-on-year.

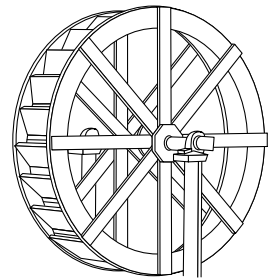
ČEZ, a. s., Electricity Generation

ČEZ, a. s., electricity generation volume in 2018 grew in comparison to 2017 by 1.1 TWh to 50.2 TWh. This growth is mainly due to higher generation in nuclear power plants (+1.6 TWh) thanks to stabilization of production after enhanced inspections of welded joints in previous periods. On the contrary, generation in coal-fired power plants recorded a year-on-year decrease by 0.4 TWh, caused mainly by the lower generation in Pruněřov II power plant due to outages when replacing generators. Volume of electricity generated from biomass, natural gas, and hydroelectric power plants shows only negligible year-on-year changes.



MILLS

WHEN LACKING WATER TO GRIND GRAIN, PEOPLE OF THE ANCIENT ORIENT TURNED TO WIND—CONSTRUCTING A WHEEL DRIVEN BY WIND HORIZONTALLY.



—300

WATERMILLS BEGAN TO BE USED IN THE CLASSICAL ERA. THE EARLIEST REFERENCES TO THEIR PRESENCE IN THE CZECH LANDS DATE BACK TO THE 8TH CENTURY AD.

CONVENTIONAL MILLS WERE GRADUALLY REPLACED BY STEAM ENGINES DURING THE 19TH CENTURY, WHICH ENABLED MILL CONSTRUCTION IN PLACES OTHER THAN NEXT TO A WATER STREAM.

19

IN THE HISTORY OF SCIENTIFIC
DISCOVERIES, DON QUIXOTE
QUITE OFTEN TILTS AT THE
RIGHT WINDMILL.

THE INVENTION OF THE STEAM TURBINE
LAID THE GROUND FOR THE OCCURRENCE
OF SMALL HYDROELECTRIC POWER PLANTS
IN THE 20TH CENTURY, WITH SOME OF THEM
BUILT WHERE OLD MILLING PLANTS WITH
A WATERWHEEL USED TO BE LOCATED.

20

OPERATIONS TEAM

The Operations team's primary objective is to carry out activities supporting CEZ Group's first strategic priority, namely to be among the best in the operation of traditional power facilities so as to help create good conditions for the Company's financial strength, with focus on high operational safety and efficiency. Most importantly, this involves ensuring the long-term operation of nuclear power plants at both operated sites and developing projects for new nuclear power plants depending on the Czech state's attitude to their funding and the development of nuclear energy in Czechia.

As regards conventional facilities, the Operations team gives priority to brown coal-fired power plants adjacent to open-pit brown coal mines operated by CEZ Group as well as to major heat sector facilities. It will prepare the phaseout of older condensing units.

SAFETY MANAGEMENT AT THE OPERATIONS TEAM

Safety and Quality Management

CEZ Group's safety and quality management is based on requirements set down in binding national legislation and recommendations made by international organizations. Its management system serves to define and fulfill the Company's vision, strategy, policy, and goals and create an environment for their accomplishment. The fundamental elements of the management system at ČEZ are the Company process model, the organizational structure (including defined responsibilities and powers), and management system documentation. The entire management system is regularly reviewed through an established system of internal controls and action is taken based on the outputs of periodic reviews to ensure continual improvement. Safety is CEZ Group's topmost priority. The Board of Directors of ČEZ fully accepts its responsibility for ensuring the safety and security of generating facilities and the protection of individuals, the public, and the environment in compliance with applicable law as well as Czechia's international commitments. CEZ Group's centrally managed internal regulations give priority to safety and security in all processes and activities.

The safety management system at CEZ Group is structured into safety segments according to prevailing risks and activities and respecting strategic management. In accordance with Group rules, safety management at the Operations team is divided into two safety management segment centers:

- **Conventional Energy—ČEZ divisions:** Fossil and Hydro Generation, CEO Division, Finance, Sales and Strategy, and Administration; **subsidiaries:** ČEZ Teplárenská, a.s.; Energotrans, a.s.; ČEZ Energetické produkty, s.r.o.; Energetické centrum s.r.o.; Elektrárna Dětmorovice, a.s.; Elektrárna Počeradý, a.s.; and ČEZ ICT Services, a. s.
- **Nuclear Energy—ČEZ division:** Nuclear Energy; **subsidiaries:** ČEZ ENERGOSERVIS spol. s r.o.; Elektrárna Dukovany II, a. s.; and Elektrárna Temelín II, a. s.

Safety oversight inherently involves control activities, introduced and applied across CEZ Group. Review missions lasting five days have been carried out during nuclear power plant outages since 2018 according to WANO rules. The outcomes of these independent peer reviews have helped the power plants identify specific areas for improvement in work organization and management, personnel safety and health, and safety culture. Fulfillment of obligations arising from our Safety and Environmental Protection Policy is reviewed regularly across CEZ Group through "Safety Topic of the Year" assessments. These were concerned with key knowledge management in 2018. The application of the succession program and the motivation of key knowledge bearers to share and transfer their expertise were reviewed. The results showed that stepwise management of key knowledge was in place. Although five good practices were identified, some subsidiaries were found needing to pay greater attention to this topic.

The introduction of new engineering modifications and changes, especially at nuclear power plants, is associated with the Board of Directors' requirement for independent oversight of related activities. This independent oversight of procedures for certain engineering changes has been part of the safety management system since 2018.

The transfer of information and experience across CEZ Group was supported twice by a regular meeting of CEZ Group safety managers in 2018.

Safety of Operated Nuclear Power Plants

ČEZ's nuclear power plants were operated in compliance with applicable nuclear energy legislation, fulfilling the conditions of all valid licenses. Their operation has had a negligible impact on the environment and the populace. The physical protection systems at the two nuclear power plants are maintained at Level 1 of 4. We continued implementing the requirements of the new Atomic Energy Act and its implementing decrees.

In the wake of the nuclear legislation, we adopted our Nuclear Safety Policy aiming to protect people and the environment from the effects of ionizing radiation through the safe operation of CEZ Group's nuclear facilities. The policy includes annual assessment, update, and implementation of the nuclear power plants' safety enhancement plans. The assessment and update are carried out every April and presented to the State Officer for Nuclear Safety (SÚJB).

Nuclear Power Plant Safety Indicators in 2018

Indicator	Number of Events	
	Dukovany NPP	Temelin NPP
INES 0 events	5 (+ 2 under investigation)	5 (+ 1 under investigation)
INES 1 events	0	1

As at March 11, 2019.

Dukovany Nuclear Power Plant

Since January 2018, all four units have been operated on the basis of the State Office for Nuclear Safety's decisions in which the Office authorized the operation of the units under certain conditions the fulfillment of which is regularly reviewed and documented.

For further power plant operation, modernization work is carried out progressively on radiation protection-related systems—complete reconstruction of the electronic personal dosimetry system and reconstruction of the radiation protection system of the radioactive waste processing facility—and a multi-year project to upgrade sub-distribution switchgear continues. Furthermore, the power plant's safety has been significantly improved by installing independent, separate fixed firefighting systems for diesel generators.

The first-ever coordination exercise of the Czech Army, Czech Police, and ČEZ that aimed to prepare participants for the defense and protection of facilities important for national defense took place in April; in this case, the facility was the Dalešice pumped-storage hydroelectric power plant, whose reservoir serves as a source of cooling water for the Dukovany Nuclear Power Plant.

An "RWR Event" exercise took place in May to test the capability of personnel present on the Radioactive Waste Repository (RWR) site to report an event to appropriate points at the Dukovany Nuclear Power Plant.

"Radiation Incident Using DAM Equipment" exercises took place in May and June to test personnel activities when using DAM (diverse and mobile) equipment to resolve an event and train them in using DAM equipment.

In September, the Dukovany Nuclear Power Plant took part in SAFEGUARD 2018, a coordination exercise of the Czech Army, Czech Police, and Czech Fire Rescue Service designed to practice taking up positions and other activities for external safeguarding of the power plant.

In December, the EMANI association of foreign insurers carried out a "risk review" for the nuclear power plant's third-party liability insurance and property insurance with the international "pool system," reviewing power plant performance, personnel performance, past and planned power plant modernization, fire safety, and other parameters.

Temelín Nuclear Power Plant

The beginning of 2018 was also the beginning of intensive work on a periodic safety review, which is undertaken at ten-year intervals. The Periodic Safety Review (PSR) is an internationally widely applied tool for thoroughly assessing the condition of key areas affecting safety and specifying technical and organizational improvements to be made in order to remedy any identified deviations from current national and internationally recognized safety standards and practices.

A "Radiation Incident and Environmental Event Response" emergency exercise took place in April with the involvement of the WANO regional crisis center in Moscow. Also in April there was a WANO technical support mission aimed at improving feedback from operational occurrences—that is, how to avoid repeating mistakes that have happened anywhere in the world or even at the Temelín power plant itself.

The nuclear fuel reserve was replenished in May and it now allows the nuclear power plant to be operated for at least two years even if fuel deliveries were suspended.

Two emergency response exercises took place in May. The first full-site exercise took place with the involvement of the State Office for Nuclear Safety. It included practicing the sheltering of all site staff except operators, health center personnel, and kitchen staff, as well as a training callout of mobile monitoring groups, which practiced sample collection and radioactivity measurement in the power plant's neighborhood. The theme of the second exercise was response to a radiation incident/large aircraft crash and it aimed to test the activities of the emergency response organization at the Temelín Nuclear Power Plant following a large commercial aircraft crashing right on the power plant site.

In September, the EMANI association of foreign insurers carried out a "risk review" for the nuclear power plant's third-party liability insurance and property insurance with the international "pool system," including a full-scale physical inspection of the power plant to identify changes since the last review in 2015.

Response to a blackout (massive power outage) was practiced at the Temelín Nuclear Power Plant in October, with cooperation among ČEZ, ČEPS, and E.ON. It tested the ability to restore power supply from standby diesel generators and, most importantly, the Lipno and Orlik hydroelectric power plants.

Cybersecurity

ČEZ has a cybersecurity management committee, established pursuant to Act No. 181/2014 Sb., on cybersecurity. The committee focuses primarily on mapping out risks on a continuous basis, managing the current level of cybersecurity measures at the Company, and presenting proposals and recommendations to eliminate risks and enhance the level of cybersecurity, including the implementation of legal requirements and recognized recommendations in the area. The Company also duly honors its obligations concerning computer security pursuant to Act No. 263/2016 Sb., Atomic Energy Act.

ČEZ also sets the rules and conditions for the information security and cybersecurity management system for CEZ Concern companies. There is a cybersecurity coordination platform and a joint system for building employee cybersecurity awareness and these platforms are used to continually exchange information and experience. To achieve a higher level of cyber threat prevention and response, ČEZ is building a Security Operations Center (SOC) that will be used for ČEZ as well as for other CEZ Concern companies.

The Czech National Cyber and Information Security Agency issued a warning against the use of software and hardware from Huawei Technologies Co., Ltd., and ZTE Corporation in December 2018, stating that such use poses a security risk¹⁾. ČEZ, ČEZ Distribuce, and Telco Pro Services operate critical information infrastructure elements within CEZ Group, so they checked whether the facts published in the Agency's warning posed new risks for the critical systems they administer. Appropriate measures were taken in this context.

Supplier Competence (Audit) and Assessment

Suppliers of safety-relevant articles and services are subject to initial and recurrent customer audits carried out by ČEZ as a license holder pursuant to Section 9 of Act No. 263/2016 Sb., Atomic Energy Act. Customer audits examine the extent to which suppliers comply with the requirements of nuclear legislation. The quality of a supplier's work is monitored and assessed on an ongoing basis according to a specified assessment system and predefined parameters and criteria.

There were 89 customer audits conducted in 2018, including 37 audits conducted jointly with primary suppliers to CEZ Group companies. As at December 31, 2018, ČEZ had 195 qualified suppliers of articles relevant to nuclear safety and radiation protection pursuant to the requirements of SÚJB Decree No. 408/2016 Sb.

¹⁾ www.govcert.cz/download/uredni-deska/Varov%C3%A1n%C3%AD-N%C3%9AKIB-181217-podepsane.pdf [accessed March 18, 2019]

CZECHIA

Business Environment

Fundamental Policy Documents

The foundations of the business environment in the energy sector are currently constituted, at Czechia's level, by a set of national policy documents, which includes the following:

- Updated State Energy Policy (SEP)
- National Action Plan for Nuclear Energy (NAP NE)
- National Action Plan for Smart Grids (NAP SG)
- National Action Plan for Clean Mobility (NAP CM)

The SEP is a key national strategic document for the energy sector, providing strategic specifications for the development of the Czech energy sector until 2040. The SEP's mission is to ensure a reliable, safe, and environmentally-friendly supply of energy to meet the needs of the population and national economy and to make sure that Czechia has access to an uninterrupted supply of energy even in case of emergency. The SEP also reflects the existing approved targets of the European Union's climate and energy policy for 2020. The European Union's climate and energy policy targets for 2030 will be incorporated in 2019 into a National Energy and Climate Plan, which is currently drafted by every EU member state on the basis of the energy union governance regulation. The National Energy and Climate Plan will cover a total of five dimensions: a Decarbonization dimension, which will include the aspects of greenhouse gas emissions and renewable energy; an Energy Efficiency dimension; an Energy Security dimension; an Internal Energy Market dimension, which

will include the aspects of electricity interconnectivity, energy transmission infrastructures, market integration, and energy poverty; and a Research, Innovation, and Competitiveness dimension. It cannot be excluded that the SEP will be updated in the wake of the adoption of the National Energy and Climate Plan. The existence of the SEP is a prerequisite for creating a more stable and more predictable environment in the energy sector; however, only ensuing follow-up tasks will shape the direction taken by CEZ Group in the future.

The NAP NE, as a follow-up document to the SEP, describes options for and risks to the future development of nuclear energy in Czechia. In 2018, the primary job of a task force established for the implementation of the NAP NE continued to be preparing background documents and analyses necessary for identifying which solution for the construction of new nuclear units is acceptable for the state, contractors, and the investor.

The NAP SG envisages gradual introduction of smart distribution grids and other measures in several stages to allow including more small generators and renewables in the electricity system. It is principally progressing on schedule. An update to it was started in late 2018 and is expected to finish in 2019.

The NAP CM specifies requirements for the construction of filling and charging stations for natural gas vehicles and electric vehicles between 2020 and 2030. A key principle in the NAP CM is the principle of technology neutrality, that is, not focusing the public sector's support on just a single type of alternative fuels. The NAP CM can also be said to be progressing in line with expectations.

Construction of New Nuclear Units

Working groups under the Standing Committee on Nuclear Energy prepared documents named "Procedure for the Preparation and Construction of New Nuclear Power Plants at Dukovany and Temelín" (Dukovany II NNPP and Temelín II NNPP) and "Analysis of Selected Investment Models for the Construction of New Nuclear Power Plants and the Manner of Their Financing." In its resolution passed on June 22, 2018, the Czech government assigned individual ministers a number of tasks, including presenting a proposal for NNPP investment arrangements and manner of financing and preparing a quantitative analysis of the impacts of three variant investment models in terms of the cost of minority squeezeout, unpaid dividends, impacts on the general government sector, and level of public support. The Czech government has not made a decision on further steps as of the Annual Report closing date.

CEZ Group continued working on those aspects of the two projects that did not require the government's decision. Consultation meetings with potential contractors were held under the leadership of the Czech Ministry of Industry and Trade. Preparations started on the concept of engineering arrangements for the initial stage of the project. Complete draft inquiry specifications were prepared for the selection of a power plant contractor and fuel for both projects, Dukovany II NNPP and Temelín II NNPP. The concept and the specifications will be later modified as needed, depending on the chosen investment and business model and manner of contractor selection. Collaboration continued with ČEPS, the regional authorities of the Vysočina and Southern Bohemia Regions, and the Morava River Authority and Vltava River Authority. A 2019 business plan was approved for both projects, specifying necessary activities in the preparation of the projects in 2019. All related and induced investment schedules were updated with changes arising out of an amendment to the Building Act, including the performance of an analysis of impact on the main construction schedule.

Dukovany New Nuclear Power Plant

Intergovernmental consultations with Germany and Austria took place as part of the ongoing EIA procedure. Public hearings concerning the Dukovany NNPP EIA took place in Budapest, Hungary, and public discussions were held in Vienna, Austria, and Munich, Germany. In Czechia, a public hearing concerning the Dukovany NNPP EIA took place in Třebíč on June 19, 2018. The preparation of an opinion on the EIA report was started. Preparations were made for the creation of documentation for the land use proceeding as another step in the NNPP licensing procedure. Draft contents are being drawn up of individual chapters of documentation for the issue of a siting approval; support documents are being prepared for the incorporation of the Dukovany NNPP project in all levels of land use planning documentation. Geological and hydrogeological surveys of the intended construction site and its neighborhood continued and environmental surveys were carried out in a number of environmental areas.

Temelín New Nuclear Power Plant

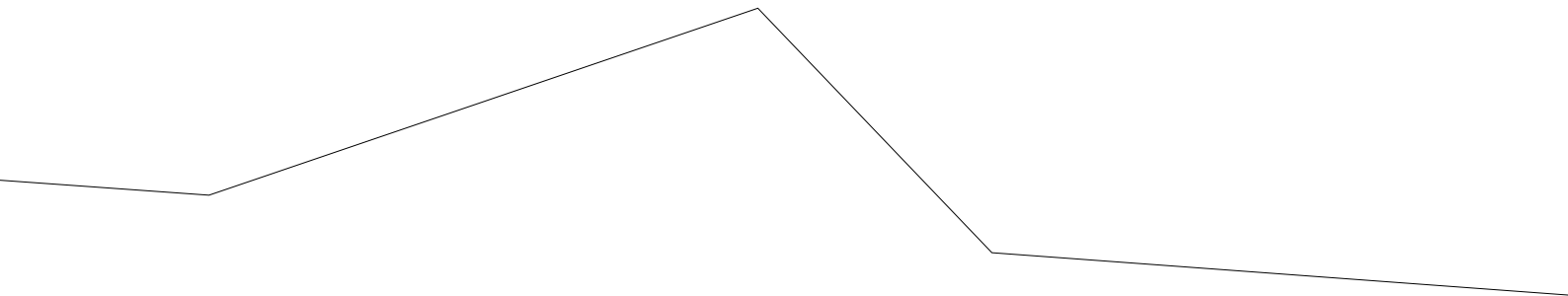
Necessary preparatory activities were carried out, in particular the implementation of conditions resulting from the issued EIA opinion and the issued siting permit for Temelín Units 3 and 4. Preparation of documentation was started for filing an application for the extension of the validity of the EIA opinion and related and induced investments continued to be prepared and implemented. Meetings were held with the Southern Bohemia Regional Authority and the Vltava River Authority. The State Office for Nuclear Safety was sent an update to the Initial Safety Analysis Report (supporting document for the siting application for Temelín Units 3 and 4) according to the new Atomic Energy Act. Preparations were made for the creation of documentation for the land use proceeding as another step in the NNPP licensing procedure. Draft contents are being drawn up of individual chapters of documentation for the issue of a siting approval for the nuclear plant site.

Situation in the Energy Market in Czechia

The Czech electricity market is fully liberalized. Access to the grid is implemented by means of regulated access to the transmission and distribution systems. The wholesale electricity market in Czechia is part of a larger Central European market, thanks primarily to extensive cross-border transmission capacities between Czechia and the transmission systems of other countries. Prices in the wholesale market are determined on the POWER EXCHANGE CENTRAL EUROPE (PXE), which became part of the EEX exchange in Leipzig, Germany, in 2017, and through bilateral contracts. However, the most prominent role in price determination is played by the German market and its EEX exchange in Leipzig. Trading in electricity on Czechia's power exchange ranges from year-ahead to day-ahead contracts. Anonymous trading on a daily basis is also possible on the organized markets of OTE, which offer day-ahead as well as intraday trading. Around 30 traders have been actively operating in the wholesale market for several years and there were four active electronic broker platforms with varying levels of liquidity in operation at the end of 2018. The day-ahead electricity market in Czechia is coupled with the markets in Hungary, Slovakia, and Romania.

Cross-border interconnector capacities were offered in a coordinated manner in 2018 by the Joint Allocation Office (JAO), transmission system operators' joint auction house, for all of Czechia's borders except the Czech-Slovak border. The capacity there is allocated on a daily basis along with traded electricity through spot power exchanges due to the market coupling arrangement. ČEZ reaffirmed its role as an active trader in the European context, and especially within Central and Southeast Europe, in 2018. Besides electricity, in which it trades in nineteen countries, it also trades in natural gas, hard coal, oil products, and emission allowances. It provided ancillary services for the transmission system operator in Czechia. CEZ Group is an advocate of market liberalization and endeavors to contribute to increased market transparency through its activities. It affirmed this position in 2018 in discussions during negotiations over the European Union's "winter package," especially the market design part. It also strives to further its positions through membership in professional associations such as EURELECTRIC, EFET, and IETA.

The principal trading channels for the forward market are the PXE platform at the EEX and the OTC market (broker platforms and bilateral contracts); organized short-term trading (OKO) arranged by OTE has remained the principal trading channel for the spot market. Ancillary services are purchased by the transmission system operator at auctions as a broad range of products for various time frames. The Czech market is one of the most competitive in Europe in this segment, with independent producers outside of CEZ Group offering more than half of the necessary capacity of ancillary services. In terms of technical units, the share of ČEZ in supplies of ancillary services in 2018 was 29.95%; the entire CEZ Group's share was 35.95% (slightly less than in 2017).



Mining

Severočeské doly

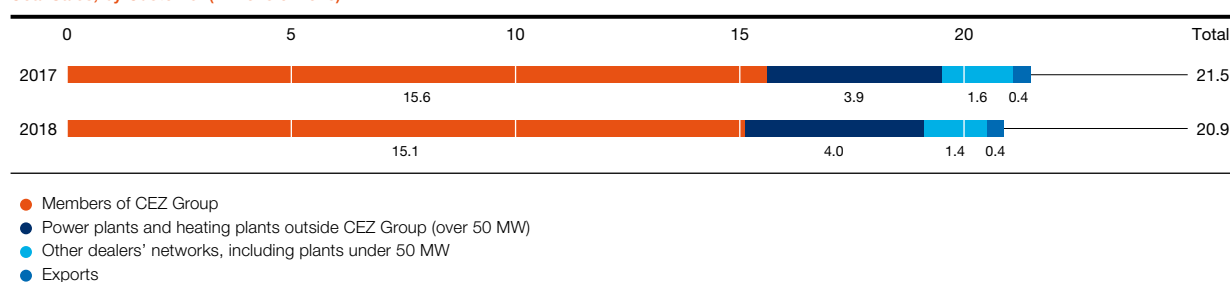
Coal Mining and Sales

Severočeské doly focuses primarily on extraction, treatment, and deliveries of brown coal. In 2018, the company maintained its position as the largest Czech company extracting brown coal in terms of produced volume. Since a majority of its production is intended for consumption within CEZ Group, Severočeské doly is one of the smaller players in the free coal market. Coal is extracted in the Nástup Tušimice Mines and Bílina Mine.

The **Bílina Mine**, operating in the Teplice-Bílina area, extracts coal with a high calorific value and low content of harmful substances. It ensures supplies of thermal coal primarily to the power plants in Ledvice, Mělník, Poříčí, and Počeradý and to the Trmice heating plant. Its 2018 production was 9.4 million tons of coal. This required removing 57.7 million cubic meters of overburden. An important item in the company's portfolio is the Bílina sorted coal, of which it supplied 2.0 million tons.

The **Nástup Tušimice Mines** extract brown coal in the westernmost part of the Ústí nad Labem Region between the communities of Černovice, Spořice, Droužkovice, and Březno. Their 2018 production was 11.5 million tons of coal. The supplies were directed mainly to local power plants in Pruněřov and Tušimice. The amount of overburden removed reached 20.7 million cubic meters.

Coal Sales, by Customer (Millions of Tons)



Severočeské doly sold a total of 20.9 million tons of fuel in 2018, registering a year-on-year decrease of 0.6 million tons. The lower volume of supplies to generation units of CEZ Group were the primary cause of the decrease.

Capital Construction

The major part of the capital investment program of Severočeské doly comprised projects to ensure the progress of extraction in its two mines. The structure of capital investment consists primarily of deliveries, renovation, and upgrades of mining equipment; dressing and crushing plants; and construction of stabilization measures and water management structures.

As regards protective measures minimizing the effects of mining activities on neighboring communities, a dry mist system installation was completed in the Ledvice Coal Treatment Plant, resulting in a significant reduction of dust emissions at the belt conveyor overfall. At present, other anti-dust measures are under preparation, namely wind shielding walls at underground silos and dust exhausting technology at production equipment of the coal treatment lines.

Prediction for 2019

Severočeské doly plans to produce 22.5 million tons of coal in 2019. Increase in the planned supplies is primarily caused by the higher planned demand by CEZ Group compared to 2018, when failures occurred in the units 24 and 25 of Pruněřov 2 power plant and the operation of Ledvice power plant showed slower stabilization. Fuel deliveries will be determined primarily by the needs of coal-fired power plants, which are in turn based on demand for electricity and also related to winter temperatures.

LOMY MOŘINA

The company's core business consists of the quarrying and processing of construction aggregate and high-percentage limestones utilized in flue-gas desulfurization (FGD) systems. The company is a major supplier for the needs of FGD systems in ČEZ coal-fired power plants, to which it supplies approximately 600,000–800,000 tons of limestone per year, covering approximately 70% of their consumption. In 2018, the share was approximately 67% and supplies of limestone to ČEZ power plants totaled approximately to 640,000 tons. Another important commodity produced by the company, construction aggregates, is supplied to customers outside of CEZ Group. For 2019, supplies in the volume of approx. 150,000 tons are expected. Verified limestone reserves allow sustained, long-term extraction operations.

Generation

Generation—TE—Conventional Energy

Electricity Generation

Electricity production at CEZ Group's generating facilities of the Operations team in Czechia amounted to 58,278 GWh, increasing by 198 GWh compared to 2017, when it amounted to 58,079 GWh.

Nuclear power plants generated 29,920 GWh of electricity in 2018, which is a year-on-year increase by 1,581 GWh. The Dukovany Nuclear Power Plant's production increased by 2,398 GWh mainly thanks to stabilization of production after enhanced inspections of welded joints. The Temelín Nuclear Power Plant's production decreased by 816 GWh due to a scheduled outage at the beginning of 2018 and a standard outage of the 2nd unit related to fuel replacement.

Coal-fired power plants of the Operations team generated 24,352 GWh of electricity (excluding biomass), which is a decrease by 1,257 GWh compared to 2017. Decreased electricity generation in Prunéřov II power plant due to outages when replacing generators and in Dětmárovice power plant, which runs in restricted operating mode after a fire in the desulfurization unit in 2017, contributed most to the lower production. Production of Mělník III and Mělník I (Energotrans) power plants reported a year-on-year decrease as well. Higher year-on-year electricity generation by the Tušimice II and Prunéřov I power plants and the new unit of the Ledvice 4 power plant contributed positively to the result.

Počerady II CCGT power plant generated 1,758 GWh of electricity, which is an increase by 61 GWh thanks to advantageous electricity and gas market spot prices in 2018.

Production of electricity from biomass amounted to 531 GWh, which is a year-on-year decrease by 42 GWh. This was caused by a decrease in generation by the Hodonin power plant, which was primarily due to a shortage of cooling water and also by the Poříčí power plant's boiler outage to carry out environmental upgrades.

Electricity production by large hydroelectric power plants amounted to 1,715 GWh, which is a year-on-year decrease by 146 GWh.

Heat Generation and Sales

In 2018, a total of 17,170 TJ of heat generated by CEZ Group's facilities of the Operations team in Czechia was supplied to customers, which is a decrease by 717 TJ (approx. 4%) compared to 2017. The volume of supplies was primarily affected by relatively moderate winter temperatures and the related lower demand for heat by customers.

The largest district heating system supplied by heat from CEZ Group heating plants is the system of the Capital City of Prague. Heat for a substantial part of Prague's right bank is generated in Mělník primarily by the Mělník I heating plant (Energotrans) and is supplied to an interconnection point at the edge of Prague through a hot-water transmission pipe. The transmission pipe is operated by Energotrans. The major customer, purchasing heat for Prague and Neratovice, is Pražská teplotárenská, to which almost 9,512 TJ of heat was supplied in 2018, which accounts for a decrease by 283 TJ (2.9%) in the year-on-year comparison.

ČEZ Teplotárenská, which supplies heat to customers in 33 cities in the Ústí, Karlovy Vary, Central Bohemian, Pardubice, Hradec Králové, Moravian-Silesian and Southern Moravian Regions, belongs to CEZ Group too. In 2018, it supplied heat to approx. 129,000 residential customers and 7,600 other connection points.

Trading in Electricity and Other Energy Commodities

Trading in electricity and other energy commodities in each European country where CEZ Group operates is organized centrally by the parent company ČEZ. This involves the following activities:

- Selling electricity generated by corporate plants on wholesale markets, including active control
- Selling ancillary services provided by CEZ Group's plants
- Procuring electricity and natural gas for resale to end customers, procuring emission allowances for in-house consumption
- Proprietary trading

In 2018, ČEZ continued trading under active control, which includes intraday trading optimization of production positions of CEZ Group across European electricity markets, including optimization outside working hours. Active control includes business operations motivated by the utilization of the flexibility of CEZ Group's generating facilities. Like any market participant, ČEZ is a clearing entity responsible for any deviation and its financial settlement with the market operator. ČEZ seeks to minimize the cost of deviations caused by unplanned outages of facilities or inaccurate predictions through active control, reserve planning and dispatching management of the Company's generating facilities.

ČEZ was also the provider of ancillary services for the transmission system operator in Czechia.

In 2018, ČEZ sold electricity for delivery in 2019–2024, particularly through standard products (one-year, one-quarter, one-month) in the OTC market and at exchanges. It also sold electricity at spot exchanges and intraday platforms. In wholesale markets, it made hedges for future sales of electricity generated by corporate plants, hedges for future provisioning of electricity for end-use customers, and purchases of electricity in case of corporate plant outages.

Proprietary Trading

The main purpose of proprietary trading is to make an additional profit by taking advantage of arbitrage opportunities or other forms of speculative trading on wholesale markets. Proprietary trading involves mainly commodities that are traditional for ČEZ, a. s., such as electricity or emission allowances, which are traded both on OTC markets and on energy exchanges, e.g. the European Energy Exchange (EEX) in Leipzig. Other traded commodities included natural gas in the form of futures products on the Intercontinental Exchange (ICE) in London, the European EEX, and other trading platforms. Last but not least, ČEZ trades in hard coal using futures-type products on the ICE in London and the OTC market in commodity coal swaps. It also traded in options with electricity as their underlying assets, EUAs, and hard coal and oil with financial settlement in 2018. As at the end of 2018, ČEZ carried out proprietary trading at a majority of EU markets, in Switzerland and Serbia (electricity).

There are specific risk management frameworks for all trading and dealing activities, which define allowed products, time frames, counterparties, and especially market and credit rules and limits on the basis of stop-loss orders (closing a position when a certain loss is made), value at risk, current credit exposure, and future credit exposure. Adherence to the limits is reviewed daily and any excesses are dealt with in accordance with the applicable risk management framework.

In addition, proprietary trading has been regulated by the European Union since 2011 as a result of wholesale market regulation (see External Conditions in the Energy Business—Regulation of the Electricity and Natural Gas Wholesale Markets).

Capital Construction

Nuclear Energy—Existing Facilities

Works on projects commenced in preceding years continued in nuclear power plants in 2018, and new capital projects were initiated focusing on increase of nuclear safety in order to meet the legislative requirements stipulated by the Atomic Energy Act or on necessary equipment upgrades. Preparatory work for capital construction projects was initiated in Dukovany Nuclear Power Plant; implementation and completion work was also carried out relating to upgrading, stabilizing, securing, and improving the efficiency of generation in relation to the extension of operation. Work on a heat transmission pipe was commenced in Temelín Nuclear Power Plant. The pipe should extend to the city of České Budějovice (30 km) and should allow for the optimum utilization of the increased capacity of the power plant's generating units.

Conventional Energy

Preparatory, design and implementation work focusing primarily on the area of environmental upgrades was carried out in 2018. The aim is to prepare the respective units so that they can meet the new emission limits applicable pursuant to legislation from August 2021. The most significant projects include the construction of the new desulfurization unit in the Mělník I power plant, construction of a gas-fired boiler in the Trmice heating plant and last but not least the continuing preparatory analyses for the selection of the most appropriate and economical option for mercury capture. Additional investments were directed to the preparation and implementation of actions to renovate facilities and maximize operational safety, efficiency, and environmental friendliness in relation to a long-term plan of overhauls and upgrades. In the case of hydroelectric power plants, these include a number of capital projects related to renovation and upgrade of facilities and improved production efficiency after approx. 25 years of operation.

Installed Capacity

As at December 31, 2018, CEZ Group's installed capacity at nuclear power plants remained unchanged year-on-year, being 4,290 MW (2,040 MW at Dukovany, 2,250 MW at Temelín).

As at December 31, 2018, conventional generating facilities operated by CEZ Group's Operations team in Czechia had a total installed capacity of 8,852 MW (coal-fired power plants and heating plants: 6,113.9 MW; CCGT plants: 844.9 MW; hydroelectric and pumped-storage power plants: 1892.8 MW; cogeneration units and boiler plants: 0.4 MW).

Compared to December 31, 2017, a decrease in installed capacity by 79 MW was reported, after the Energocentrum Vítkovice heating plant was transferred to substantive management by ČEZ ESCO belonging to the Development team, taking into account the management of energy services in CEZ Group. A slight decrease in the installed capacity due to the disassembly and termination of the license of the Dukovany photovoltaic power plant (-10 kW) was another change.

List of Generating Units of the Operations Team in Czechia as at December 31, 2018

Nuclear Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Dukovany	ČEZ	4 × 510	1985–1987 overhaul in 2009 2010, 2011, 2012
Temelín	ČEZ	2 × 1,125	2002–2003
Nuclear power plants, total		4,290.0	

CCGT Power Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Počerady II	ČEZ	Gas	2 × 284.75 1 × 275.4	2014
CCGT plants, total			844.9	

Coal-Fired Power Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned	Desulfurized Since
Dětmárovice	Elektrárna Dětmárovice	Hard coal Brown coal	4 × 200	1975–1976	1998
Ledvice II	ČEZ	Brown coal	2 × 110	1966	1996
Ledvice III	ČEZ	Brown coal	1 × 110	1968	1998
Ledvice IV	ČEZ	Brown coal	1 × 660	2017	¹⁾
Mělník II	ČEZ	Brown coal	2 × 110	1971	1998
Mělník III	ČEZ	Brown coal	1 × 500	1981	1998
Počerady	Elektrárna Počerady	Brown coal	5 × 200	1970–1971 1977	1994 1996
Pruněřov I	ČEZ	Brown coal	4 × 110	1967–1968	1995
Pruněřov II	ČEZ	Brown coal	3 × 250	1981–1982 comprehensive renovation 2012–2016 ²⁾	1996
Tušimice II	ČEZ	Brown coal	4 × 200	1974–1975 comprehensive renovation 2007–2012	1997
Coal-fired power plants, total			5,500.0		

¹⁾ Ledvice IV has complied with SO_x limits since commissioning²⁾ Comprehensive renovation of units B23–B25

Heating Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned	Desulfurized Since
Dvůr Králové nad Labem	ČEZ	Brown coal	1 × 3.5 1 × 3.8	1955 2011	1997
Hodonín	ČEZ	Brown coal Biomass	1 × 50 1 × 57	1954–1958	1996–1997
Mělník I	Energotrans	Brown coal	4 × 60	1959–1961	1995
Otín u Jindřichova Hradce	Energetické centrum	Biomass	1 × 5.6	2008	
Poříčí II	ČEZ	Hard coal Brown coal Biomass	3 × 55	1957–1958	1996 1998
Trmice	ČEZ	Brown coal	2 × 20 3 × 16 1 × 1	1970 2013	1997
Heating plants, total			613.9		

Hydroelectric Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
1. Impoundment and Run-of-River Hydroelectric Power Plants			
Kamýk	ČEZ	4× 10	1961
Lipno I	ČEZ	2× 60	1959
Orlík	ČEZ	4× 91	1961–1962
Slapy	ČEZ	3× 48	1954–1955
Štěchovice I	ČEZ	2× 11.25	1943–1944
Vrané	ČEZ	2× 6.94	1936
Accumulation and run-of-river hydroelectric power plants, total		704.4	
2. Small Hydroelectric Power Plants			
Dlouhé Stráně II	ČEZ	1× 0.163	2000
Hněvkovice	ČEZ	2× 4.8	1992
Kořensko I	ČEZ	2× 1.9	1992
Kořensko II	ČEZ	1× 0.94	2000
Lipno II	ČEZ	1× 1.5	1957
Mohelno	ČEZ	1× 1.2 1× 0.56	1977 1999
Želina	ČEZ	2× 0.315 2× 0.015	1994 2017
Small hydroelectric power plants, total		18.4	
3. Pumped-Storage Hydroelectric Power Plants			
Dalešice	ČEZ	3× 120 1× 115	1978
Dlouhé Stráně I	ČEZ	2× 325	1996
Štěchovice II	ČEZ	1× 45	1947–1949 renovated 1996
Pumped-storage hydroelectric power plants, total		1,170.0	
Hydroelectric power plants, total		1,892.8	

Cogeneration Units and Boiler Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Husinec u Řeže cogeneration unit	ÚJV Řež, a.s.	Gas	1× 0.190	1997
Husinec u Řeže cogeneration unit	ÚJV Řež, a.s.	Gas	1× 0.175	2009
Cogeneration units and boiler plants, total			0.4	

Fuel

Nuclear Fuel

Nuclear fuel for the Dukovany Nuclear Power Plant is sourced under a long-term contract (valid until 2028, including an option) with Russian company TVEL, which not only fabricates the fuel but also provides conversion and enrichment services as well as some of the base raw material (uranium). At present, the fuel is being used at an increased 105% output in a full five-year fuel cycle due to the latest fuel innovation (Gd-2M+) being introduced since 2014.

The Temelín Nuclear Power Plant also continued to operate with TVEL fuel in both units based on a new long-term fuel contract. The TVSA-T fuel allowed switching to operation with an increased output of 104% in a work cycle of four years and has the potential to enable safe operation of the units in a work cycle of five years. An advanced type of fuel with increased uranium content and enhanced construction rigidity (TVSA-T mod2) was supplied in 2018 and loaded in unit 2, allowing further increase of the fuel efficiency. For the production of nuclear fuel, both the uranium and the processing of raw material (conversion and enrichment services) are ensured on the basis of long-term contracts, either by procurement from foreign suppliers or by direct supplies of fuel from its producer (mainly for the Dukovany Nuclear Power Plant).

As the commercial extraction of uranium in Czechia by DIAMO is no longer carried out, domestically produced uranium is not purchased. By processing its stocks held by ČEZ, it can cover approximately one half of total needs of the Dukovany Nuclear Power Plant in 2019. In 2018, a contract with a foreign uranium producer was signed, ensuring covering of approx. 50% of uranium needs for the Dukovany Nuclear Power Plant until 2025. Overall uranium, conversion, and enrichment needs for nuclear power plants operated by ČEZ have been contractually covered at least until 2020; some contractual obligations extend until 2025.

Desirable diversification of the supply base is maintained as recommended by the supply management policy of the EURATOM Supply Agency. In order to mitigate the risk of an interruption or other threats to timely supplies of nuclear fuel, ČEZ previously decided to increase the share of fuel fabricated at its power plant sites while decreasing the strategic inventory of uranium in various stages of processing kept by its suppliers. During 2015 and 2016, two complete stock batches of nuclear fuel were supplied to the Temelín Nuclear Power Plant. In 2017, three stock batches were supplied to the Dukovany Nuclear Power Plant and the fourth one was supplied in 2018. Further stock batches for the Dukovany Nuclear Power Plant will be supplied in the coming years. At the same time, the project for the development and licensing of Lead Test Assemblies by alternative fuel supplier Westinghouse Electric Sweden is going on. Delivery of these six assemblies and their use to refuel a unit at the Temelín Nuclear Power Plant is expected in 2019.

Solid Fossil Fuels and Sorbents

The highest share of solid fuels supplied to CEZ Group's coal-fired power plants in Czechia in 2018 consisted of brown coal with a total amount of 21,128 thousand tons (97.28% of coal supplied). The top suppliers of brown thermal coal to ČEZ in 2018 included joint-stock companies Severočeské doly, Vršanská uhelná, and Sokolovská uhelná. The main part in the amount of 15.1 million tons (71.4%) was supplied by Severočeské doly, which is part of CEZ Group.

Long-term coal supply contracts have been made with joint-stock companies Severočeské doly (in effect until 2052—sales pre-contract), Vršanská uhelná until 2062 and/or until the exhaustion of the Vršany mine, and Sokolovská uhelná until 2025.

The volume of supplies of hard coal for the CEZ Group power plants in the territory of Czechia amounted to 590,000 tons, of which 363,000 tons (61.53%) were supplied by OKD, the remaining 227,000 tons (38.47%) were secured by imports. One-year sales contracts are made for hard coal deliveries.

Deliveries of sorbents for flue gas desulfurization at CEZ Group's coal-fired power plants in Czechia are made under long-term contracts with LOMY MOŘINA, Vápenka Čertovy schody, KOTOUČ ŠTRAMBERK, Krkonošské vápenky Kunčice, and VÁPENKA VITOŠOV. Sorbent deliveries in 2018 amounted to 951 thousand tons.

Biomass

Biomass consumption within CEZ Group in the Czech Republic totaled 646,000 tons in 2018. Biomass was burnt at the Hodonín power plant (357,000 tons), and Poříčí power plant (240,000 tons). Energetické centrum used phytomass in its heating plant in Otín near Jindřichův Hradec (49,000 tons).

Natural Gas

In 2018, supplies of natural gas needed for the operation of gas-fired boilers and also for starting and stabilizing of the CEZ Group's generating units, amounted to 264 GWh. It is used in the Pruněřov, Dětmárovice, Počeradý, Tušimice, Temelín, and Ledvice power plants and Dvůr Králové nad Labem and Energo centrum Vítkovice heating plants, for which it is purchased based on annual contracts. For the CCGT Počeradý II power plant, natural gas is purchased on the wholesale market.

Prediction for 2019

Coal-Fired and Gas-Fired Power Plants

In the portfolio of coal-fired power plants of the CEZ Group, attention will be paid in 2019 to the maximum use of individual generating units, particularly in the Tušimice II, Prunéřov II, and Ledvice IV power plants. Special emphasis will be put on resolving technical issues with generators of the Prunéřov II power plant and on the stabilization of operation of the 660 MW coal-fired block in the Ledvice IV power plant. CEZ Group will remain active in environmental upgrading of its generating units. For the Mělník I power plant, completion of the new desulfurization unit is planned. After the entire desulfurization unit is put into operation, the generating unit will comply with the new stricter limits for emissions of pollutants. Furthermore, a new gas-fired boiler in the Trmice heating plant will be put into operation in 2019. This gas-fired boiler will secure the supplies of heat for the city of Ústí nad Labem in the years to come. Electricity generation by coal-fired power plants in 2019 is expected to be higher by 2.9 TWh than the actual generation in 2018. This assumption is based primarily on enhanced operation of new and renewable sources and higher utilization of other generating units. In relation to CCGT power plant, a production increase by 1.4 TWh as compared to 2018 is expected. The higher production should be assisted by the situation on the electricity and gas markets.

Hydroelectric Power Plants

For hydroelectric power plants, significant repairs are expected to take place at Kamýk, Hněvkovice, and Slapy hydroelectric power plants. As for the last one, its first generating set should undergo a comprehensive overhaul after more than 60 years when all end-of-life parts of machinery will be replaced. Production by hydroelectric power plants is expected to be higher than the actual production in 2018 by approx. 0.4 TWh. The increase is caused primarily by the high utilization of the Dalešice and Dlouhé Stráně pumped-storage hydroelectric power plants.

Nuclear Power Plants

Standard refueling-related outages are planned for the Temelín Nuclear Power Plant in 2019. Apart from the fuel replacement, work during outages and outside of them will focus on efficiency, energy conservation and also on the prolongation of the operation permit after 2020. Replacement of self-contained heat-exchanger stations is another significant capital project to be commenced in 2019. This capital project is needed to allow heat supplies for České Budějovice from the beginning of 2020.

As regards the Dukovany Nuclear Power Plant, standard outages are scheduled in relation to replacement of nuclear fuel and fulfillment of conditions set out in the issued long-term operation permit.

The nuclear power plants are expected to increase their production by 1.3 TWh year-on-year from 2018, particularly thanks to year-on-year reduction in scheduled outages.

Heat Generation Outlook for 2019

Total generation of heat for heating purposes is estimated to remain at the 2018 level, representing approximately 21,000 TJ. The volume of production will be affected particularly by climatic conditions. We expect stabilization in the generation of heat for heating purposes with regard to the evolution of the heat market. Construction of a hot-water pipe from the Temelín Nuclear Power Plant to České Budějovice is planned to be commenced in 2019. It is expected that heat supplies to České Budějovice will start in 2020.

POLAND

Business Environment in the Energy Sector

Energy Act

The Amendment to the Energy Act adopted in December 2018 has brought an essential change in making the obligation to sell electricity through the Polish Energy Exchange (TGE) even more strict. While in 2018, producers were obliged to sell 30% of their produced electricity through TGE, from January 1, 2019 this share has increased to 100%. The purpose of this measure was to limit the possible growth of wholesale electricity prices that would not be based in the underlying factors affecting costs of production or acquisition from abroad.

Capacity Market

In November and December 2018, the Skawina and Chorzów power plants participated in auctions for the provision of electricity generation capacity introduced by legislation in December 2017. The Skawina power plant won a contract for 2021 and 2022–2026; the Chorzów power plant's bid did not succeed in auction for 2023. Poland's capacity market is being created with the aim of ensuring sufficient capacity after the expected shutdown of significant generation capacities due to stricter emission legislation (BREF/BAT) after 2020, similarly to Western Europe.

Cogeneration Support

From 2019, the act on cogeneration support has introduced a new support method complying with EU requirements, consisting of payments of bonuses and replacing the system of red certificates discontinued by December 31, 2018. Only units with emissions not exceeding 450 kg of CO₂ per MWh of produced energy (electricity and heat) are eligible to obtain the support. Support will be differentiated based on the facility capacity. Support for those with capacities exceeding 50 MW will be specified individually by the Energy Regulatory Office. Generating facilities with capacities exceeding 300 MW can obtain support only after an approval by the European Commission. Participation in the capacity market prevents participation in the cogeneration support system for both new and existing generating units.

Amendment to Excise Tax Act

The Amendment to the Excise Tax Act became effective on January 1, 2019. Its purpose is to prevent any increase in electricity prices in 2019. State-owned entities active in the energy sector proposed an increase in electricity price for residential customers by more than 30% to compensate the increase in wholesale prices of electricity and the sharp increase in coal prices. The act therefore imposed temporary restrictions on electricity pricing by traders, froze transmission and distribution fees charged by operators of transmission systems and decreased the electricity excise tax. The European Commission expects that Poland will present its new act decreasing electricity prices for EU review so that it can verify its compliance with EU legislation prohibiting illegal state aid for companies.

Energy Policy in Poland until 2040

A draft of the Polish Energy Policy until 2040 (PEP 2040) was published by the Ministry of Energy in November. The objective of the policy is to decrease the share of coal in the Polish energy mix from the current level of 80% to 60%. Renewable energy sources, according to the plan, should cover 21% of energy needs by 2030. The first Polish nuclear power plant with the capacity of 1,000–1,500 MW should be put into operation by 2033; construction of other nuclear facilities should follow.

Operations Team's Activities

Electricity Generation

Power plants of CEZ Group's Operations team in Poland generated 2,821 GWh of electricity in 2018, which is a year-on-year increase by 9 GWh. Of that, 2,815 GWh were generated in coal-fired power plants, the Borek Szlachecki small hydropower plant generated 5.5 GWh and the Skawinka small hydropower plant reported the production of 0.7 GWh of electricity. The year-on-year decrease in production of the Skawinka power plant was caused by the outage from March 2018 due to a generator failure. Resumption of operation is expected in mid-2020, after its replacement with a new one.

Heat Generation

The Chorzów and Skawina power plants in Poland supplied 5,478 TJ of heat in 2018, that is, 285 TJ (approximately 5%) less than in the same period of 2017, which was primarily due to climatic conditions.

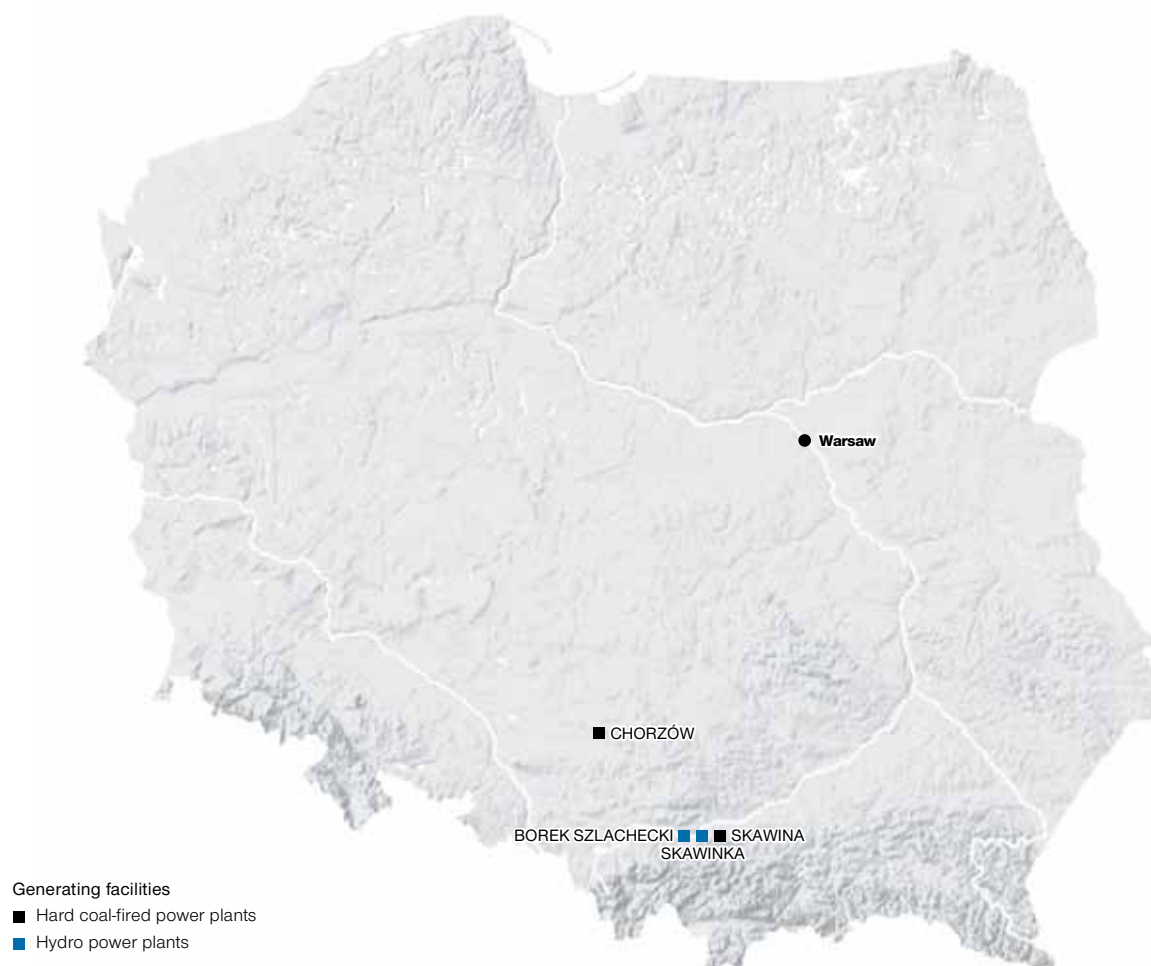
Capital Construction

The highest volume of investments was needed for the denitrification and upgrading of boilers of the Skawina power plant.

Installed Capacity

As at December 31, 2018, CEZ Group companies in Poland owned generating facilities with a total installed capacity of 680.9 MW: 678.4 MW in coal-fired power plants and 2.5 MW in hydroelectric power plants. The installed capacity therefore has not changed in year-on-year comparison.

Location of Generating Facilities of the Operations Team in Poland



List of Power Plants of the Operations Team in Poland as at December 31, 2018

Coal-Fired Power Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned	Desulfurized Since
Chorzów	CEZ Chorzów	Hard coal, Biomass	2× 119.2	2003	¹⁾
Skawina	CEZ Skawina	Hard coal	4× 110	1957	2008
Coal-fired power plants, total			678.4		

¹⁾ Chorzów has complied with SO_x limits since commissioning.

Small Hydroelectric Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Skawina/Skawinka	CEZ Skawina	1× 1.6	1961
Skawina/Borek Szlachecki	CEZ Skawina	1× 0.885	2013
Small hydroelectric power plants, total		2.5	

Solid Fossil Fuels and Sorbents

In 2018, the Skawina and Chorzów power plants consumed a total of approx. 1,557,000 tons of hard coal, sourced from mining companies in their vicinity. The Chorzów power plant purchases coal under a long-term contract with Kompania Węglowa S.A. In 2018, the Skawina power plant purchased coal from PG Silesia Sp. z o.o. and Polska Grupa Górnicza S.A.

The Polish power plants also utilize biomass as a power generation fuel. The Chorzów power plant consumed 240,000 tons of biomass in 2018.

Prediction for 2019

CEZ Group power plants in Poland are projected to generate 2.8 TWh of electricity in 2019.

The total electricity supply in 2019 is expected to be 2.6 TWh, the heat supply 5.6 thousand TJ. The estimated amount of natural gas supplies in 2019 is 0.8 TWh.

In 2019, CEZ Group expects further acquisitions of companies focusing on energy savings on the Polish market.

OTHER COUNTRIES

Slovakia

Prepared New Nuclear Power Plant at Jaslovské Bohunice

ČEZ Bohunice owns a 49% share in Jadrová energetická spoločnosť Slovenska, which was established in order to construct the new nuclear unit for the Bohunice power plant. The project's progress follows the approved business plan. At present, the project team deals with a sub-project focusing on legislation changes that would allow to commence the site decision proceedings without knowing the specific project, as the EIA Final Opinion's validity is until April 2023. Legislation changes should concern the Building Act and Atomic Energy Act in particular, possibly also the Act on Environmental Impact Assessment (the option of prolongation of validity of EIA Final Opinion). Especially one provision of the Atomic Energy Act presents a problem, as it disallows carrying out the licensing and approving proceedings without specifying the technology, which will be known only after the selection of a particular contractor. The local authority exercising the powers of the nuclear supervisory authority prepares a new Atomic Energy Act (expected to come into effect in 2021 at the latest) that will remove this obstacle and allow to continue the licensing and approving proceedings without specifying the technology.

Turkey

Business Environment in the Electricity Sector

The business environment in the electricity sector is described in the Development team in Other Countries chapter.

Generation

Electricity generation was carried out by Akenerji Elektrik Üretim operating the Erzin CCGT power plant. Its production in 2018 amounted to 3,833 GWh of electricity, which is a year-on-year decrease by 1,240 GWh compared to 2017. The lower production was caused by scheduled outages.

Investments were directed mainly to capacity increase in the management of secondary voltage frequency control.

Installed Capacity

Power Plant Co-Owned by the Operations Team in Turkey as at December 31, 2018

Gas-Fired Power Plant

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Erzin	Akenerji Elektrik Üretim	Natural gas	2× 292.09 1× 319.82	2014
Gas-fired power plants, total			904.0	

Note: Turkish companies are consolidated using the equity method and therefore their financial results, generation and installed capacity are not included in summary results of CEZ Group.

Prediction for 2019

It is estimated that the Erzin power plant will generate a total of 4,146 GWh of electricity in 2019.

COAL

THE EARLIEST REFERENCE TO THE USE OF COAL IN EUROPE IS FROM GREEK SCIENTIST THEOPHRASTUS, A STUDENT OF ARISTOTLE. COAL WAS USED BY BLACKSMITHS THEN.

—300



1306

EFFORTS TO PROTECT CLEAN AIR ARE NO INVENTION OF THE 21ST CENTURY. AS EARLY AS IN 1306, ENGLISH KING EDWARD I BANNED THE USE OF COAL DUE TO THE FOUL SMELL PRODUCED BY BURNING IT. HOWEVER, COAL CONSUMPTION IN THE COUNTRY INCREASED DESPITE THIS MEASURE.

LOVE WARMS YOU UP
BUT COAL IS COAL.

18

COAL WAS EXTRACTED DATING BACK TO ANTIQUITY BUT ITS GOLDEN AGE CAME IN THE 18TH CENTURY. IT HELPED BRING ABOUT THE INDUSTRIAL REVOLUTION, WHICH REQUIRED HIGH-ENERGY FUEL FOR NEW MACHINERY.

THE WORLD'S TOTAL ANNUAL COAL CONSUMPTION IS ESTIMATED AT ABOUT 7.8 BILLION TONS. ABOUT THREE-QUARTERS OF THIS AMOUNT IS USED AS FUEL IN POWER PLANTS. THE WORLD'S BIGGEST COAL CONSUMER IS CHINA, FOLLOWED AT A DISTANCE BY THE UNITED STATES, WHICH ALSO HAS THE LARGEST CONFIRMED RESERVES OF THIS ENERGY RESOURCE.

7.8

DEVELOPMENT TEAM

The main objective of the Development team is the fulfillment of the second and third strategic priorities of CEZ Group, i.e. to offer customers a broad range of products and services focusing on their energy-related needs and to enhance and consolidate our position in Europe. The Development team includes Distribution and Sales segments and generation of energy from renewables. It focuses on preparation of distribution systems for the coming changes in the energy sector, with a high share of decentralized generation, and on growth and innovation through organic and acquisition-based growth in energy services (ESCO) and renewables, particularly in Czechia and other European countries close to it in terms of geography and regulatory principles. Last but not least, the Development team carries out investments from the Inven Capital investment fund in early opportunities and technologies to allow CEZ Group to establish promising positions in the future energy environment.

SAFETY MANAGEMENT AT THE DEVELOPMENT TEAM

Safety and Quality Management

The Development team hosts one of the safety management segment centers—**New Energy**, which includes—**ČEZ divisions**; New Energy and Distribution; and **subsidiaries**: ČEZ Distribuce, a. s.; ČEZ Korporátní služby, s.r.o.; ČEZ ESCO, a.s.; ČEZ Prodej, a.s.; and ČEZ Obnovitelné zdroje, s.r.o.

See Operations team in Czechia chapter for more details on CEZ Group's safety management.

CZECHIA

Business Environment in the Energy Sector

There are around 79 traders (traders with more than 100 service points registered with OTE) actively involved in the retail market in electricity supplies to end-use customers. Their number recorded a third annual increase in a row. The number of (mostly residential) customers switching electricity suppliers peaked in 2012 and then decreased every year up to 2015. According to OTE data, there were a total of 570,511 supplier switches at all voltage levels in 2018 (approximately 9.7% of service points switched electricity suppliers), while the 2017 figure was 357,847 switches (approximately 6.1% of service points).

With the fully liberalized and transparent wholesale electricity market in Czechia (functional PXE platform), the potential of other producers outside CEZ Group, and the transmission capacities of cross-border lines, more than half of electricity consumption in Czechia can be covered by producers other than ČEZ.

While the overall average cross-border export capacity remained the same, the average wholesale price spread between Czechia and Germany decreased from 2.27 EUR/MWh (difference between the OKO and EPEX spot markets) in 2017 to 1.5 EUR/MWh in 2018. Thus, electricity was slightly more expensive in Czechia again.

The natural gas market in Czechia is also fully liberalized and operates on the same fundamental principles as the electricity market. Although it was liberalized later than the electricity market, the development of a competitive environment was much faster thanks to all key players' experience. The two markets exhibited comparable levels of competition in 2018. Mutual convergence of both markets is evident in the behavior of most active traders, who offer their customers both commodities—and more and more customers have both electricity and natural gas supplied by the same supplier. Through its member companies ČEZ Prodej and ČEZ ESCO, CEZ Group further reinforced its position as a major supplier of natural gas in 2018. At the end of 2018, it supplied gas to 409,662 service points (as compared to 398,064 service points at the end of 2017) and was the largest alternative supplier of natural gas in Czechia with an approximately 14% market share in terms of service points.

Similarly to the electricity market, there are around 75 active traders (traders that have over 100 service points registered with OTE, a.s.) on the retail market in gas supplies to end customers. Their number recorded a third annual increase in a row. 263,425 supplier switches took place in Czechia in 2018. In year-on-year comparison, it is a similar number as in the preceding year. In 2018, then, approximately 9.1% of service points migrated to a different supplier of natural gas, which is approximately 0.6 percentage points less than in the case of electricity service points. In 2017, the number of switches of suppliers of natural gas was lower than in the case of electricity by 0.8 percentage points.

Situation in Sales and Distribution

In electricity distribution, all prices are regulated by the Energy Regulatory Office. The Office issued price decisions stipulating prices of related service in the electricity sector and other regulated prices, stipulating prices of related service in the electricity sector for low-voltage grid customers, and specifying support for supported energy sources.

There were 3,673,908 service points connected to the distribution grid of ČEZ Distribuce as at December 31, 2018. As for renewable energy sources, the largest number of facilities connected to ČEZ Distribuce's distribution grid are photovoltaic power plants; there were 19,752 such plants with a total installed capacity of 1,027 MW as at December 31, 2018. The amount of electricity that flowed into the distribution grid of ČEZ Distribuce in 2018 was 46,000 GWh, that is, 427 GWh more year-on-year. In order to meet EU-wide rules liberalizing the electricity market, CEZ Group became the first energy market player in Czechia that fully separated the provision of customer services for sales customers and distribution customers.

Generation

Electricity Generation—New Energy

Electricity generation by facilities operated by ČEZ OZ uzavřený investiční fond in Czechia totaled 322 GWh in 2018, that is, 37 GW less than in the same period of 2017. Hydroelectric power plants generated 170 GWh (year-on-year decrease of 45 GWh), photovoltaic power plants generated 140 GWh (year-on-year increase of 7 GWh), wind farms generated 9 GWh (year-on-year increase of 1 GWh), and the biogas power plant generated 4 GWh (no change in year-on-year comparison).

The year-on-year decrease in production of hydroelectric power plants was caused by below-average hydrological conditions at the peak load power plants Práčov and Pastviny and by undergoing reconstructions of small hydropower plants.

Production by other generation facilities of the Development team has grown year-on-year by 200 GWh, of which 64 GWh was generated by Energocentrum Vítkovice heating plant, transferred to substantive management by ČEZ ESCO, and 136 GWh was generated by ČEZ Energo, included among fully consolidated companies of the CEZ Group consolidated group as from July 1, 2018.

Heat Generation and Sales

In 2018, generating facilities of CEZ Group's Development team in Czechia supplied 565 TJ of heat to their customers. In 2017, supplies of heat amounted to 0 TJ, as no heat supplying companies were included in the Development team in that year. In 2018, the Development team was expanded by Energocentrum Vítkovice (6 TJ) and ČEZ Energo (559 TJ), which was included among fully consolidated companies of the CEZ Group consolidated group.

Only minor capital projects were implemented in power plants of ČEZ OZ uzavřený investiční fond in 2018.

Installed Capacity

As at December 31, 2018, the CEZ Group's Operations team operated production facilities in Czechia with the total installed capacity of 376.7 MW, which represents a year-on-year increase of 174.5 MW. ČEZ OZ uzavřený investiční fond operated generating facilities with a total installed capacity of 202.2 MW (hydroelectric power plants: 68.3 MW; photovoltaic power plants: 125.2 MW; wind turbines: 8.2 MW; biogas plants: 0.5 MW). There has been no change in comparison with the state as at December 31, 2017. In comparison to the preceding year, the Vítkovice heating plant (79 MW) and ČEZ Energo generating facilities (95.5 MW) have been newly included in the Development team.

List of Power Plants of the Development Team in Czechia as at December 31, 2018

Heating Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Vítkovice	Energocentrum Vítkovice	Hard coal	2× 16 1× 25 1× 22	1983–1995
Heating plants, total			79.0	

Hydroelectric Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
1. Impoundment and Run-of-River Hydroelectric Power Plants			
Stříteč	ČEZ OZ uzavřený investiční fond ¹⁾	3x 6.5	1936
Accumulation and run-of-river hydroelectric power plants, total		19.5	
2. Small Hydroelectric Power Plants			
Brno-Kníničky	ČEZ OZ uzavřený investiční fond ¹⁾	1x 3.528	1941
Brno-Komín	ČEZ OZ uzavřený investiční fond ¹⁾	1x 0.106 1x 0.140	1923 renovated in 2008
Čeňkova Pila	ČEZ OZ uzavřený investiční fond ¹⁾	1x 0.096	1912
Černé jezero	ČEZ OZ uzavřený investiční fond ¹⁾	1x 1.5 1x 0.04 1x 0.37	1930 2004 2005
Hradec Králové	ČEZ OZ uzavřený investiční fond ¹⁾	3x 0.25	1926
Hracholusky	ČEZ OZ uzavřený investiční fond ¹⁾	1x 3.038	1964
Les Království	ČEZ OZ uzavřený investiční fond ¹⁾	2x 1.105	1923 renovated in 2005
Mělník	ČEZ OZ uzavřený investiční fond ¹⁾	1x 0.590	2010
Obříství	ČEZ OZ uzavřený investiční fond ¹⁾	2x 1.679	1995
Pardubice	ČEZ OZ uzavřený investiční fond ¹⁾	1x 1.998	1978 renovated in 2012
Pastviny	ČEZ OZ uzavřený investiční fond ¹⁾	1x 3	1938 renovated in 2003
Plzeň-Bukovec	ČEZ OZ uzavřený investiční fond ¹⁾	2x 0.315	2007
Prácheň	ČEZ OZ uzavřený investiční fond ¹⁾	1x 9.75	1953 renovated in 2001
Předměřice nad Labem	ČEZ OZ uzavřený investiční fond ¹⁾	1x 2.6	1953 renovated in 2009
Přelouč	ČEZ OZ uzavřený investiční fond ¹⁾	2x 0.68 2x 0.49	1927 renovated in 2005
Spálov	ČEZ OZ uzavřený investiční fond ¹⁾	2x 1.2	1926 renovated in 1999
Spytihněv	ČEZ OZ uzavřený investiční fond ¹⁾	2x 2	1951 renovated in 2009
Vydra	ČEZ OZ uzavřený investiční fond ¹⁾	2x 3.2	1939
Small hydroelectric power plants, total		48.8	
Hydroelectric power plants, total		68.3	

¹⁾ Generation license holder is ČEZ Obnovitelné zdroje.

Photovoltaic Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Bežerovice	ČEZ OZ uzavřený investiční fond ¹⁾	3.013	2009
Buštěhrad	ČEZ OZ uzavřený investiční fond ¹⁾	2.396	2010
Čekanice u Tábora	ČEZ OZ uzavřený investiční fond ¹⁾	4.48	2009
Hrušovany nad Jevišovkou	ČEZ OZ uzavřený investiční fond ¹⁾	3.802	2009
Chýnov u Tábora	ČEZ OZ uzavřený investiční fond ¹⁾	2.009	2009
Pánov	ČEZ OZ uzavřený investiční fond ¹⁾	2.134	2010
Přelouč	ČEZ OZ uzavřený investiční fond ¹⁾	0.021	2009
Ralsko	ČEZ OZ uzavřený investiční fond ¹⁾	55.762	2010
Ševětín	ČEZ OZ uzavřený investiční fond ¹⁾	29.902	2010
Vranovská Ves	ČEZ OZ uzavřený investiční fond ¹⁾	16.033	2010
Žabčice	ČEZ OZ uzavřený investiční fond ¹⁾	5.6	2009
Photovoltaic power plants, total		125.2	

¹⁾ Generation license holder is ČEZ Obnovitelné zdroje.

Wind Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Janov	ČEZ OZ uzavřený investiční fond ¹⁾	2x 2	2009
Věžnice	ČEZ OZ uzavřený investiční fond ¹⁾	2x 2.08	2009
Wind power plants, total		8.2	

¹⁾ Generation license holder is ČEZ Obnovitelné zdroje.

Biogas Plants

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Čičov Biogas Plant	ČEZ OZ uzavřený investiční fond ¹⁾	Biogas	1 x 0.526	2011
Biogas plants, total			0.5	

¹⁾ Generation license holder is ČEZ Obnovitelné zdroje.

Cogeneration Units and Boilers

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Adamov, Nádražní cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2012
Babice (Hamé site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2015
Bečov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2016
Benešov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2016
Bojkovice cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2013
Broumov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.600	2015
Brtnice cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.266	2012
Bystřice nad Pernštejnem cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2012
Česká Třebová, Křib cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.200	2015
Česká Třebová, Lhotka cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.800	2015
Duchcov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2014
Frydlant cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 1.169 1 x 0.180	2010 2013
Havlíčkův Brod, Na Výšině cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.400 1 x 0.184	2013 2016
Havlíčkův Brod, Rozkošská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.200	2017
Havlíčkův Brod, Smetanovo náměstí cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.400	2013
Havlíčkův Brod, Žižkov II cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.400	2013
Hlučín cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 1.560	2014
Hodkovice nad Mohelkou cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.800	2013
Hodonice cogeneration unit	ČEZ Energo, s.r.o.	Gas	2 x 2.000	2016
Horní Bříza cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 1.560	2015
Hořovice cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.600	2014
Hrabyně (physiotherapy center site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 1.560	2016
Humpolec, Fügnerova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.125	2013
Humpolec, Lnářská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.455	2017
Humpolec, Na Rybníčku cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.600	2013
Ivančice cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2015
Jaroměř cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.200	2018
Jihlava, U Břízek cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.014	2010
Kamenický Šenov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2016
Kaznějov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2014
Kladruhy (physiotherapy center site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.800	2013
Klimkovice (spa site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2016
Kojetín cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.200	2017
Kraslice, Pohraniční strážie cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2016
Kraslice, Školní cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.800	2016
Krupka cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 1.560	2014
Lipník nad Bečvou, Hranická cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.030	2014
Lipník nad Bečvou, Na Bečvě cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2014
Luhačovice (spa site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2017
Meziboří cogeneration unit	ČEZ Energo, s.r.o.	Gas	2 x 1.560	2016
Mohelnice cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 2.000	2015
Moravský Beroun cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.999	2018
Moravský Krumlov cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.800	2012
Nové Hradky cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.099	2014
Nové Město nad Metují, Družstevní cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.400	2013
Nové Město nad Metují, Sokolská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.400	2013
Nové Strašecí cogeneration unit	ČEZ Energo, s.r.o.	Gas	1 x 0.600	2014

Facility	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Nový Bor, Rumburských hrdinů cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2018
Nymburk cogeneration unit	ČEZ Energo, s.r.o.	Gas	2× 2.000	2014
Nýřany, Komenského cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2013
Nýřany, Luční cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.800	2013
Odolena Voda (AERO Vodochody site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 2.000	2017
Osek cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.150	2014
Ostrava, Vítkovice boiler plant	ČEZ Energo, s.r.o.	Gas	2× 1.560	2014
Polička, Hegerova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.400	2013
Polička, Jiráskova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2015
Polička, Svěpomoc cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.400	2013
Postoloprty, Draguš cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2013
Postoloprty, Dvořákova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.800	2013
Prague—Velká Chuchle grade school boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.030	2011
Prostějov hospital cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2015
Prostějov malting plant cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 2.000	2015
Prostějov, B. Šmerala cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2017
Prostějov, Moravská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2017
Prostějov, S. Manharda cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2017
Prostějov, Týlova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.999	2017
Přelouč, 17. listopadu cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2015
Rokycany cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2013
Roudnice nad Labem cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2015
Sedčany, Na Severním sídlišti cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2018
Smišice—Jiráskova grade school boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.008	2010
Smišice, Govorova boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.170 1× 0.008	2008 2009
Sušice, Kaštanová cogeneration unit	ČEZ Energo, s.r.o.	Gas	2× 0.175	2010
Sušice, Na Hrázi cogeneration unit	ČEZ Energo, s.r.o.	Gas	2× 0.178 1× 0.200	2012 2016
Sušice, Pravdova cogeneration unit	ČEZ Energo, s.r.o.	Gas	2× 0.178	2012
Sušice, Širkašská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.340	2010
Sušice, Studentská cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2017
Světlá nad Sázavou, Bradlo boiler plant	ČEZ Energo, s.r.o.	Gas	1× 2.014	2009
Světlá nad Sázavou (Světlá-Bradlo) boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.022	2002
Světlá nad Sázavou, Zámecká (glassworks site) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.999	2018
Svitavy, Dimitrova boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.140	2000
Svitavy, Tovární boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.266	2000
Svitavy, Větrná boiler plant	ČEZ Energo, s.r.o.	Gas	1× 2.000	2013
Šternberk cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2016
Šumperk cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.999	2014
Tanvald cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 2.000	2015
Ústí nad Orlicí cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2013
Ústí nad Orlicí, Okružní cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2015
Vamberk cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2013
Volyně, Karla Čapka boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.035 1× 0.600	2003 2016
Votice, Malé náměstí cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2012
Votice, Malé náměstí boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.150	2000
Vrchlabí, Fügnerova cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.800	2012
Vrchlabí, Liščí kopec connection cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2012
Vrchlabí, Žižkova NKTC cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 1.560	2012
Vysoké Mýto, Generála Svatoně (Vanice boiler plant) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.600	2013
Vysoké Mýto, Prokopa Velikého (Družba boiler plant) cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.400	2013
Zákupy cogeneration unit	ČEZ Energo, s.r.o.	Gas	1× 0.200	2018
Zruč, Na Výsluní boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.800	2016
Zruč, Okružní boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.408 1× 0.022	2004 2007
Železná Ruda, Krátká boiler plant	ČEZ Energo, s.r.o.	Gas	1× 0.170 1× 0.008	2008 2009
Cogeneration units and boiler plants, total			95.5	

Prediction for 2019

Renewable generation in 2019 is estimated at 347 GWh, which would mean a year-on-year increase of 25 GWh. The highest production share will be allocated to small hydroelectric power plants, where the production estimates amount to 210 GWh, i.e. 40 GWh more compared to 2018. Generation by photovoltaic power plants is estimated at 124 GWh, that is, 4 GWh less than in 2018. Generation by wind turbines should amount to 9 GWh. Electricity generation by ČEZ Energo's cogeneration units is estimated at 305 GWh.

Distribution

Electricity Distribution

Electricity in approximately 5% of Czechia is distributed by ČEZ Distribuce, which arranged for 35,980 GWh of electricity to be supplied to customers in 2018. The year-on-year increase of 175 GWh was caused by higher demand for electricity at the medium- and high-voltage levels (up 292 GWh), while at the low-voltage level the consumption reported a year-on-year decrease of 117 GWh. The lower supply at the low-voltage level in 2018 was caused by higher-than-average temperatures in winter months. The greatest portion of electricity supplied to the distribution grid in 2018 was electricity from the network of ČEPS, accounting for 60% (27,738 GWh), which was 1,911 GWh more than in the previous year.

In electricity distribution, all prices are regulated by the Energy Regulatory Office. There were more than 3.6 million service points connected to the distribution grid of ČEZ Distribuce as at December 31, 2018.

Customer Service

In addition to Děčín, Ostrava, and Kladno, new technical consulting points (customer care centers) were opened in 2018 in Pilsen (October) and Olomouc (November). Technical consulting points helped to resolve distribution requests of nearly 30 thousand customers in 2018.

An emergency information system for municipalities was launched in June 2018 aiming at mayors and members of emergency teams. In case of any distribution system emergency, they can obtain information updates about the distribution system situation and estimated power restoration times through the system.

Capital Construction

The principal objective of investing in power system renovation and development is improving the quality, reliability, and safety of electricity supplies. Investments were directed to grids at all voltage levels and were implemented across all asset groups, including the automated grid control.

In the area of new technologies, investments were directed mainly to projects focusing on installation of remote-controlled elements in medium-voltage grids and on installation and expansion projects for metering at distribution substations. The project focusing on the development of optical infrastructure on a medium-voltage power line entered a new stage in 2018. The next stages of all projects in the area of new technologies will continue in 2019.

Prediction for 2019

ČEZ Distribuce expects to supply 35.9 TWh of electricity to customers in 2019.

Priority areas in the distribution sector include the increase in automation and digitization of the distribution grid, introducing tools for more efficient work with clients and the digitization of selected internal processes.

ČEZ Distribuce continues implementing the strategy for the development of optical infrastructure in order to ensure the long-term development of advanced technologies in the field of distribution grid management, in synergy with the preparation for higher automation of grids.

Sales

Sales of Electricity and Natural Gas

In 2018, CEZ Group's offer for end-use customers in Czechia included:

- Electricity (ČEZ Prodej, ČEZ ESCO, ČEZ, Elektrárna Počeradý, Elektrárna Dětmarovice, Energotrans, Energetické centrum, and Energocentrum Vítkovice)
- Natural gas (ČEZ Prodej, ČEZ ESCO, ČEZ Energetické služby)

Electricity and natural gas sales to end-use customers in 2018 amounted to 17,504 GWh and 5,415 GWh, respectively.

Customers in Czechia can order electricity and natural gas as supplies of the commodity alone (Electricity/Natural Gas Supply Contract) and purchase distribution services directly from a competent distributor under a separate Distribution Service Contract. However, the much more frequent form is "integrated supply" under an Integrated Supply Contract for the commodity in question, under which ČEZ Prodej or ČEZ ESCO not only supplies the commodity to the customer but also arranges for the provision of distribution services by a distributor according to the rules specified by law.

Similarly to other suppliers, ČEZ Prodej responded to increases in electricity market prices by increasing prices for its customers in the first half of 2018. Competing suppliers responded by increased activity trying to attract customers of ČEZ Prodej using more attractive pricing. CEZ Group therefore updated the offer of fixed products that can be offered to these customers.

Contracts with individually served customers were transferred from ČEZ Prodej to ČEZ ESCO with effect from September 1, 2018. For a majority of affected service points, the transfer meant a formal change of supplier from ČEZ Prodej to ČEZ ESCO, which affected the statistical data for supplier switches in this year for both electricity and natural gas. The objective of the change was to enhance the quality of services and care for customers of this category, within one company focusing on the given segment (ČEZ ESCO), disregarding products/services offered or supplied. All business and price terms applying to affected customers remained unchanged.

Sales of Services and Energy Solutions in Decentralized Energy

Within CEZ Group, provision of energy services and turnkey solutions in the area of new energy for municipalities and companies is carried out by ČEZ ESCO. It is active in the field of energy savings, decentralized sources, lighting, and other energy products. It focuses on the development of integrated offers for industrial energy customers, public authority customers, commercial properties, companies, and municipalities. It offers solutions to customers' energy needs especially at the decentralized level with emphasis on new technologies, efficient use of energy, and integrated product offers. Commercial products and services are further developed in the field of electromobility (i.e. electric vehicles and related infrastructure) and the Smart City concept.

Several other companies operating local electricity, gas, and heat distribution systems were acquired in 2018. Domat Holding, a supplier of energy control systems for buildings, was purchased as well. ČEZ ESCO also prepared new measures in the area of service model and performance management in order to accelerate the process of concluding a contract with a customer, developed new sales tools, commenced the creation of a new sales channel using external partners, and focused on better coordination with individual subsidiaries providing their part of the solution for customers. Collaboration at the level of regions and cities and the development of EPC projects for public authorities (financing of energy-saving measures from future savings) continued too.

During the summer months, ČEZ ESCO built two unique smart public transport stops at Moravské náměstí in Brno. They allow passengers to get information on public transport, including updated operation restrictions, search South-Moravian Regional's timetables, charge their mobile devices or use weather information from a small meteo-station with built-in airborne dust detector.

Sales of Other Products and Services

ČEZ Prodej has become one of the major providers of repair/maintenance services for gas equipment in Czechia. In 2018, it recorded more than 13 thousand concluded contracts for the ČEZ Heating Repair service.

It successfully acquired TENAUR, a company focusing on supplies and installations of heat pumps with autonomous remote access for purposes of supervision and monitoring. This acquisition is a basis for further development of the respective technology within CEZ Group and its integration with other technologies, like photovoltaic panels or battery boxes (combination of photovoltaic power plant and batteries).

ČEZ Prodej is also a fully-fledged mobile virtual network operator (MVNO) with its own offer of "MOBILE FROM ČEZ" products. In May, it started to offer high-speed 4G/LTE mobile Internet. The ČEZ WITHOUT WORRIES insurance services recorded an increase in customer numbers.

Prediction for 2019

Supplies of electricity to end-use customers in 2019 are expected to remain approximately the same as in 2018. In response to a further significant increase in electricity prices at commodity exchanges during 2018, ČEZ Prodej was forced to increase some of its prices in the first quarter of 2019. A positive development in the natural gas market is expected in 2019, both in terms of customer portfolio and the volume supplied to end-use customers in Czechia.

In the area of energy services, ČEZ ESCO intends to further enhance its capabilities in the area of smart and integrated products in 2019. The main strategic areas for the coming period include energy savings and construction and reconstruction of technical equipment of buildings. In terms of territory, the focus will shift to Slovakia.

As regards technology services, customer interfaces (applications) capable of communicating via a single application and remotely control or maintain individual technologies installed at the customer will be developed. Ensuring a sufficient capacity for installations and maintenance of heat pumps throughout Czechia is another objective.

GERMANY

Business Environment

Renewables are considered by Germany to be the most important source of energy and their further exploitation is a central pillar of "Energiewende," its transition to low-carbon and sustainable energy generation. The share of renewable energy sources in electricity generation has been growing steadily. The intention is to increase their share so that it amounts to 80% of total electricity production in 2050. The goal for the year of 2035 (55–60%) was upgraded in 2018, aiming at a 65% share already in 2030. The system of subsidies for renewable energy sources is based on regularly held auctions, in which the lowest bid is the determining criterion for receiving support. Significant changes affecting the participation of civic energy companies in bidding procedures for auctions for onshore wind farms were introduced in 2018. According to the new regulations, they must have—like the other bidders—a valid environmental approval issued in accordance with the Federal Immission Control Act (BImSchG). The new regulation eliminated the advantage of civic energy companies introduced by the Renewables Act (EEG 2017), giving them a longer project implementation period or the possibility not to have the immission approval. These exemptions, originally intended to be used in special cases only, have become a rule. Thanks to them, the civic energy companies could win a vast majority of bidding procedures, although commercial entities were often hidden in their offers as service providers. Suspension of exemptions for civic energy companies concerns all auctions for onshore wind farms at least until June 1, 2020.

In December 2018, the so-called Energiesammelgesetz was adopted, assuming the introduction of additional selecting procedures for onshore wind farms and photovoltaic power plants as well as for testing of innovation selecting procedures for various technologies. At the same time, an amendment to the Grid Expansion Acceleration Act (NABEG) was adopted.

Four auctions for the construction of onshore wind power plants took place in 2018. Three auctions for the construction of photovoltaic power plants and two mixed auctions for technology-neutral projects of photovoltaic and onshore wind power plants took place. Auctions are an efficient tool helping to decrease costs of the system subsidizing the renewables as well as the energy transformation as such. Consequences of Energiewende may also include the transaction with assets in the value of EUR 43 billion (more than CZK trillion) announced in March 2018, under which important German companies RWE and E.ON will exchange some of their assets and become mutually ownership-related. From now on, E.ON will focus on the operation of regulated energy grids and retail sale of electricity and gas, while RWE will focus on the generation of electricity, including from renewable energy sources. It can be expected that the transaction will help both companies in becoming very important players in the respective fields. The transaction is yet to be approved by the European Commission, probably in summer 2019.

Development Team's Activities

The updated strategy for entering renewable energy source markets emphasizes the growth of ČEZ's portfolio in development, increase in earnings thanks to the utilization of knowledge acquired by purchasing technology and also the use of the technology mix of wind and photovoltaic energy. Technologies of onshore wind farms and photovoltaic power plants represent two main directions where CEZ Group can play a strategic role. It will flexibly focus on one of the technologies depending on the best opportunity available at the moment. Both technologies supplement each other and their combination allows for diversification and lower variation, which can potentially improve stability of earnings.

In 2018, CEZ Group acquired a 50% share in a joint venture with the German developer GP Joule, to jointly develop onshore wind farms with planned capacity up to 130 MW. A wind farm will be built near the municipality of Reußenköge, one of the windiest places in Germany. Contracts with BayWa r.e. Wind on joint development of four wind farms with the capacity of 63 MW were concluded too. CEZ Deutschland, a Hamburg-based subsidiary, provides support in order to achieve the defined objectives. Through the company, CEZ Group is a member of leading energy-sector associations of businesses along the entire value chain in the renewables industry. Through its membership in EEHH (Cluster Erneuerbare Energien Hamburg), WAB (Windenergie-Agentur, Bremerhaven), BWE (Bundesverband WindEnergie), and BDEW (Bundesverband der Energie- und Wasserwirtschaft), ČEZ participates in various working groups.

Electricity Generation

German wind farms of CEZ Group produced 266 GWh of electricity in 2018, while in 2017 the production amounted to 240 GWh, although the installed capacity in a part of that year was lower.

Installed Capacity

As at December 31, 2018, CEZ Group companies owned ten onshore wind farms consisting of 53 turbines of the installed capacity of 133.5 MW.

List of Power Plants of the Development Team in Germany as at December 31, 2018

Wind Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Fohren-Linden	CEZ Erneuerbare Energien Beteiligungs	12.8	2016
Mengeringhausen	CEZ Windparks Luv	12.0	2016
Naundorf	CEZ Windparks Luv	6.0	2015
Baben Erweiterung	CEZ Windparks Luv	9.2	2015
Gremersdorf	CEZ Windparks Luv	6.9	2016
Cheinitz-Zethlingen	CEZ Windparks Lee	13.8	2016
Frauenmark III	CEZ Windparks Lee	2.3	2016
Zagelsdorf	CEZ Windparks Lee	7.5	2016
Badow	CEZ Windparks Nordwind	27.6	2015
Lettweiler Höhe	BANDRA Mobiliengesellschaft	17.7	2014
Lettweiler Höhe	CASANO Mobiliengesellschaft	17.7	2014
Wind power plants, total		133.5	

Sales—ESCO Services

Through its Elevion group, CEZ Group's German operations focus mainly on the provision of multi-technic services (technology in buildings) in the field of electrical and mechanical equipment of buildings. In 2018, the Elevion group completed two minor acquisitions in the area of ESCO services in Germany and two minor acquisitions in Hungary. Acquisition of Kirschbaum & Rohrlack, a German provider of services in the area of building automation systems, took place in May. In October, it was followed by the acquisition of Jäger & Co., focusing on the development and installation of technical systems for measuring, control and regulation in the area of building automation systems. These two minor companies have merged or will subsequently merge into the Elevion group.

The portfolio of the Elevion group was expanded in December 2018 by signing a purchase contract for the acquisition of a 100% share in En.plus (the transaction was completed in January 2019), which focuses on design and installation of HVAC and cooling systems (with annual revenues around CZK 0.9 billion). In January 2019, acquisition of H&R Elektromontagen, focusing on installations of electrical equipment, took place.

In July, CEZ Group purchased Kofler Energies, a German group providing a broad range of ESCO services, in an attempt to acquire a growth platform in the area of energy solutions as well.

Prediction for 2019

CEZ Group power plants in Germany are projected to generate 316 GWh of electricity in 2019.

Especially the German manufacturing sector and municipalities expect increased investments in energy supply systems and energy consumption optimization and reduction in 2019. For this reason, CEZ Group wants to focus—through Elevion group or Kofler Energies—not only on the fields of energy and mechanical equipment in buildings, but also on decentralized energy supplies, e.g. on cogeneration units, and supplies of heating, ventilation, and air-conditioning equipment.

POLAND

Business Environment

The Polish energy market is almost fully liberalized. Wholesale market prices are based on market conditions. Electricity tariffs for residential customers and distribution charges are regulated. Prices in the heat market are based on a tariff system and require annual approval by the Energy Regulatory Office. The target share of renewable electricity for 2020 is 15% of the total gross electricity consumption.

In 2018, the first capacity market auctions were organized by PSE, Polish transmission system operator, with the supply period of 2021–2023. These auctions have been made possible by the Act on Capacity Market of 2017, which has been notified to the European Commission. The capacity market mechanism aims at creating investment impulses, particularly in the area of conventional energy utilizing coal- and gas-fired generating facilities. The auctions are classified as main and additional auctions. They will be accessible for operators with certified generating units with achievable capacity over 2 MW. Under certain conditions, the support system is open to foreign units too. Capacity payments will be paid by the end-use consumers from 2021.

On June 29, 2018, an amendment to the Act on Renewable Energy Sources was adopted. It includes a new allocation of auction baskets based on technologies, and a revised method for the calculation of the state aid. It allows to decrease the burden related to pre-qualifying of new installations of RES, higher auction deposits for RES operators, and a shorter period for the commencement of electricity generation (36 months). The amendment has also introduced a new method of support for biogas power plants and hydroelectric power plants with the capacity up to 1 MW (based on the capacity, the support has the form of guaranteed purchase price, or guaranteed surcharge), as well as new provisions on upgrade of equipment generating electricity from renewables.

The prices of green certificates were on the rise from the beginning of 2018, exceeding 160 PLN/MWh in December, and then they began decreasing again. In August 2018, the Supreme Audit Office published a report on the share of renewable energy in 2020, according to which achievement of the mandatory share of renewable energy in the total gross energy consumption in Poland (the share is estimated as at least 15%) can be jeopardized. In 2016, the index only slightly exceeded 11% and was at the lowest level since 2013. Consequently, Poland will probably need to statistically transfer energy from RES from member states that have surpluses. Costs of such transfers might amount up to PLN 8 billion.

In the area of energy efficiency, secondary legislation was adopted with the aim of supporting energy savings. Reducing energy consumption is supported by a system of white certificates. The mentioned effort provides CEZ Group with certain room to implement activities in the field of ESCO.

Development Team's Activities

Sales of Electricity and Natural Gas

Electricity and natural gas are sold to end-use customers in Poland by CEZ Trade Polska sp. z o.o. The company supplied 2,668 GWh of electricity to its large and commercial retail customers in 2018, which is a year-on-year decrease of 157 GWh. At the same time, it supplied 885 GWh of natural gas to its customers in 2018 (in 2017, the supplies were 371 GWh). Such increase was enabled primarily by successful acquisition of new customers.

Sales – ESCO Services

CEZ ESCO Polska offers ESCO products in the Polish market. It has established several partnerships with local companies to develop energy-saving projects. It pro-actively participates in selection procedures organized by the public sector and industry, focusing on public lighting and energy efficiency solutions.

OEM Energy, one of the Polish market leaders in solar panels, offering the modernization and installation of solar thermal and photovoltaic panels, hot water tanks, and heat pumps, is an example of a successful acquisition. The company was successful in 2018 in increasing its market share and benefited from EU subsidies directed to roof-top photovoltaic panels.

In January 2018, a 100% share in Metrolog was purchased by CEZ Group. The company is a leading producer of equipment for local heat distributors. It offers comprehensive services for investments in thermal energy and the construction of water treatment systems.

Prediction for 2019

The total electricity supply in 2019 is expected to be 1.9 TWh, the gas supply is expected in the amount of 1.0 TWh.

CEZ Group keeps monitoring the Polish market in order to identify potential future investment opportunities in all of its business segments and expects further acquisitions of companies focusing on energy savings in the Polish market.

FRANCE

Business Environment

The Energy Transition for Green Growth Act specifies an intention to increase the share of renewables to 23% of final gross energy consumption in 2020 and to 32% by 2030. The Act also sets out the goal to decrease the share of the nuclear sector in electricity generation from 75% to 50% by 2025. The deadline was, however, postponed by the government in November 2017 by 10 years (until 2035) stating that such a pace is not feasible, could pose a threat to electricity supplies, or result in an increase in CO₂ emissions or unemployment rate.

The main tool for the strategic management of energy transformation and detailed specification of development goals for individual energy sectors is the "Multiyear Energy Program" (PPE). In mid-March of 2018, the French government started a public consultation on the future energy direction concerning the program for the period of 2019–2028; opinions on the increase in the installed capacity of renewables and the provision of energy supplies in the period in question, in particular, could be expressed by the end of June. The state discussed the PPE with all stakeholders, especially with companies in which it is a shareholder. In November 2018, the government presented an updated PPE proposal, including energy policy goals. PPE intends to provide a strong impetus for the development of solar and wind sector. The installed capacity of photovoltaic power plants should increase to 35.6–44.5 GW by 2028 (from 8.4 GW in 2018); the installed capacity of onshore wind farms should increase to 34.1–35.6 GW by 2028 (from 14.3 GW in 2018). Offshore wind farms recorded a slight decrease of goals for 2023 (2.4 GW), while up to 4.7–5.2 GW is expected for 2028. By 2035, nuclear power plants should generate 50% of the country's energy only (at present, they generate 75%). Two reactors in Fessenheim will be closed in 2020 at the latest and a further 4 to 6 reactors will follow by 2030. Overall, 14 reactors should be shut down by 2035. In its statement, the Government mentioned that this did not mean that the country would not build new reactors needed for its energy independence, specifically quoting new generation EPR reactors. A report that should be prepared by mid-2021 will examine the feasibility of new production from nuclear facilities.

At the end of January 2019, the Ministry for the Ecological and Solidary Transition published a draft decree on the multi-annual energy program and commenced its public consultation. Objectives for electricity from renewable energy sources are in line with the preceding statement of November 2018. At the same time, the Act on Energy Transition will be amended so that it includes the updated nuclear objectives. The final version of PPE should be known between April and July 2019.

Competition-based support for the electricity generation from renewables was implemented for solar power plants already in 2016 and for large onshore wind farms in 2017. Producers are thus directly exposed to market signals, having revenue from direct sales of electricity in the market while being protected by a compensatory premium paid up to a reference amount.

A total of three auctions for the construction of onshore wind turbines are planned for 2019 (April, August, and December). Only five successful projects with the total installed capacity of 118 MW of the total offered capacity of 500 MW were selected in the second auction held in June 2018. The average support amounted to 6.87 ct/kWh. A number of selection procedures for ground-, rooftop- or lot-mounted solar systems of the capacity around 2.5–3 GW will take place as well.

In January 2018, conclusions of a working group led by the Ministry for the Ecological and Solidary Transition were published. The working group has proposed to streamline and consolidate rules for onshore wind farms in order to decrease the related administration burden and enhance fiscal incentives connected with these projects. Nearly 11 months later, a new legislation was published. The decree deals with environmental approval in particular and sets out various provisions streamlining the development of electricity generation from wind farms and clarifies the Environment Act. The Act became effective on December 3, 2018. The most important aspect, that is expected to significantly accelerate development of projects, is the cancellation of the first court level for appeals against issued environmental approvals. It means that all appeals will be automatically forwarded to the second-level courts.

Development Team's Activities

Other Activities

In 2018, Inven Capital of CEZ Group acquired a share in Cosmo Tech of Lyon, which deals with the development of a software platform for the optimization of decision-making processes within the critical infrastructure and process management. Its solution combines human and artificial intelligence and is able to offer alternative views of the future development of complex environments and to improve and accelerate decision-making processes in businesses. In June 2017, the company succeeded in the European section of Red Herring Top 100 North America, a prestigious contest recognizing private technology companies with the best future outlooks. COSMO TECH'S customer base includes large energy-sector enterprises, e.g. RTE, operator of the French transmission system (grid maintenance and development) or Alstom (energy optimization for urban railroad systems). Already from 2017, CEZ Group's Inven Capital owns a minority stake in VU LOG, the Nice, France-based global leader in the provision of technology for green mobility sharing (autopartage) in cities.

Capital Construction

Progress in development of CEZ Group's portfolio of nine wind farms was recorded in 2018.

All necessary approvals for the construction and operation of the first wind farm in Aschères-le-Marché, with the installed capacity of 13.6 MW, became effective in March. Contracts for the provision of all services have been negotiated since then and after the final investment decision is issued, the construction will start. The commencement of commercial production is planned for the second half of 2019. Four other projects have already been issued construction and operation permits. After these permits become effective, negotiations related to contracts on provision of services will start.

In January 2019, CEZ Group acquired additional French onshore wind-farm projects, with the total installed capacity up to 119 MW. These wind farms were acquired in the advanced-development stage.

ROMANIA

Business Environment

The liberalization of the Romanian energy market has been completed. For business-sector customers already in 2013, for residential customers from January 1, 2018. All electricity users are now entitled to choose their supplier in the free market.

Renewable generation in Romania is supported through "green certificates." On the basis of a government ordinance, new rules governing support for renewable generation entered into force on March 31, 2017. The new legal rules extended the tradability of green certificates issued on or after April 1, 2017 from one year until March 31, 2032. Another change was that the price of green certificates was fixed, and the period of tradability of previously deferred certificates as well as the period for which such certificates will be reallocated were extended to eight years starting from January 1, 2018. The government ordinance was valid and effective but still required a formal approval by the Romanian parliament. The Parliament approved the Government regulation in the form of an amendment, subsequently it was signed by the President and published in the Journal on July 20, 2018.

The Government regulation on business activities of licensed entities was published on December 29, 2018. It introduced an increase in the fee for the regulator (ANRE) from 0.1% to 2% of revenues of licensed entities, reenactment of regulated electricity tariffs for contracts with residential customers, including regulated electricity prices for manufacturers, price restrictions for gas supplies for residential customers and extension of validity of monopoly tax up to December 31, 2021.

Development Team's Activities

Electricity Generation

According to applicable legislation, the Fântânele and Cogeaalac wind farms are entitled to be part of the renewable generation support program and get green certificates for the electricity they generate. The period of support amounting to two green certificates expired in 2017. From 2018, their allocation amounts to one green certificate.

The Fântânele and Cogeaalac wind farms generated 1,105 GWh of electricity in 2018, which represented a year-on-year decrease of 218 GWh, primarily due to poorer weather. Small hydroelectric power plants operated by TMK Hydroenergy Power S.R.L. at Reșița generated 83 GWh of electricity, which is a year-on-year increase of 13 GWh.

Capital Construction

In 2018, capital expenditures went primarily into the renovation of individual components of Fântânele and Cogeaalac wind power plants and into a purchase of a crane for in-house repair purposes. Minor capital projects were implemented in hydroelectric power plants too.

Installed Capacity

As at December 31, 2018, CEZ Group operated an installed capacity of 622 MW in Romania, the same as in the previous year.

List of Power Plants of the Development Team in Romania as at December 31, 2018

Hydroelectric Power Plants—Reșița Site

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Brezova	TMK Hydroenergy Power	0.656	1977, renovated in 2013
Crainicel 1	TMK Hydroenergy Power	4.160	1950, renovated in 2013
Crainicel 2	TMK Hydroenergy Power	9.200	1997, renovated in 2013
Grebla	TMK Hydroenergy Power	7.968	1970, renovated in 2013
Small hydroelectric power plants, total		21.984	

Wind Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Cogealac	Ovidiu Development	252.5	2012
Fântânele	Tomis Team, M.W. Team Invest	347.5	2010
Wind power plants, total		600.0	

Electricity Distribution

Tariffs for the regulated distribution sector effective from January 1, 2018, were published by the Romanian regulatory authority in December 2017. The average distribution tariff decreased by more than 5%. The rates were decreased for the third consecutive time. The gradual reduction of prices results from lower-than-planned inflation rates and corrections for higher volumes of distributed electricity in previous years.

A new five-year regulation period started on January 1, 2019. The main changes compared to the preceding period include the decrease in WACC from 7.7% to 5.66% + 1% for new investments, setting out of new ambitious plans aimed at reducing losses (particularly goals for loss volumes on low-voltage lines by 2023) and setting out of minimum level of investments amounting to regulatory depreciation.

Distributie Energie Oltenia S.A. distributed a total of 6,826 GWh of electricity in 2018, which was a year-on-year increase of 177 GWh.

Capital Construction

Capital expenditures on distribution in 2018 were primarily aimed at improving the parameters of the distribution grid at all voltage levels and at exchanges of electricity meters.

Sales of Electricity and Natural Gas

CEZ Vanzare sold 3,425 GWh of electricity to end customers in 2018, which is a year-on-year increase of 135 GWh. The reason for higher sales is mainly the increased energy supply for commercial customers at both low- and medium-voltage levels.

Sales—ESCO Services

CEZ ESCO ROMANIA S.A. was newly established in August 2018. In December 2018, a 100% share in High-Tech Clima S.A. (including its Serbian subsidiary), which focuses on supplies of heating, ventilation, and air-conditioning equipment, was acquired.

Prediction for 2019

CEZ Group expects to generate 1.3 TWh of electricity in the Fântânele and Cogealac wind power plants in 2019. The Reșița hydroelectric power plant system should generate 0.1 TWh of electricity.

The amount of electricity distributed to end customers in 2019 is expected to be 7.1 TWh. Electricity sales to end customers are expected to amount to 3.5 TWh.

CEZ Group will continue to monitor the Romanian ESCO service market in order to identify prospective opportunities and expects further acquisitions of companies in the Romanian market, focusing particularly on the field of energy savings.

BULGARIA

Business Environment

Customers have been able to choose their energy supplier in the open market and enter a contract for supplies at unregulated prices since 2016. Yet, residential customers and businesses connected to the low-voltage grid largely keep their protected customer status and are generally supplied with energy at regulated prices set by the regulatory authority—the Energy and Water Regulatory Commission (EWRC). The successful completion of liberalization is significantly jeopardized by the lack of secondary legislation, a limited portfolio of products on the Independent Bulgarian Energy Exchange (IBEX), the existence of cross-subsidies, and government pressure to maintain low energy prices for residential customers.

An amended Energy Act bringing a number of changes came into effect on July 1, 2018. The changes include, most importantly, mandatory purchases of electricity to cover losses directly through an exchange at market prices, increase in the mandatory security for electricity traders, and the regulatory authority's obligation to approve sales of energy assets where ownership interest exceeds 20%.

Development Team's Activities

As part of a transparent selling process, a contract of sale was made with Inercom on February 23, 2018. The sale concerns seven companies: CEZ Bulgaria, CEZ Elektro Bulgaria, CEZ Razpredelenie Bulgaria, CEZ Trade Bulgaria, CEZ ICT Bulgaria, Free Energy Project Oreshets, and Bara Group. The transaction needs to be approved by the Bulgarian Commission for the Protection of Competition (KZK). Inercom has lodged two applications for approval of the merger, the first proceedings resulted in rejection by the KZK on July 19, 2018, the other proceedings were suspended by KZK. ČEZ and Inercom have filed an action against both decisions of KZK at the Administrative Court.

Following the rejection by the KZK, ČEZ simultaneously initiated talks with other prospective buyers of Bulgarian assets. The talks have not yet been completed, but the Bulgarian asset purchase agreement concluded with Inercom and dated February 23, 2018, remains valid.

Following a number of interventions by Bulgarian authorities injuring ČEZ companies' business in Bulgaria, ČEZ commenced international investment arbitration in 2016 against the Republic of Bulgaria under the Energy Charter Treaty on grounds of investment nonprotection. The arbitration claim was not sold off and the arbitration is carried on by ČEZ.

Electricity Generation

Oreshets photovoltaic power plant generated 6.1 GWh of electricity in 2018, which is a slight year-on-year decrease of 3%.

No capital expenditure was made on the Bulgarian generation assets in the year reported.

Installed Capacity

No year-on-year change in the installed capacity of generating facilities in Bulgaria has been reported. As at December 31, 2018 the subsidiary Free Energy Project Oreshets owned a photovoltaic power plant with the installed capacity of 5 MW.

List of Power Plants of the Development Team in Bulgaria as at December 31, 2018

Photovoltaic Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Oreshets	Free Energy Project Oreshets	5.0	2012
Photovoltaic power plants, total		5.0	

Electricity Distribution

On July 1, 2018, the Bulgarian regulatory authority EWRC issued a price decision effective from July 1, 2018, to June 30, 2019. The price decision did not have any major negative impact on performance in 2018. However, the regulatory authority still refuses to recognize the actual amount of technological losses in the grid, so a portion of the costs of losses is borne by distribution companies. In Bulgaria, electricity is distributed by CEZ Razpredelenie Bulgaria AD, which distributed a total of 9,541 GWh of electricity to end-use customers in 2018, or 47 GWh less year-on-year.

Capital Construction

In 2018, capital expenditure was aimed primarily at improving distribution grid quality, replacing electric meters, critical infrastructure in Sofia, and new connections to the distribution grid. Furthermore, capital expenditure was used for mandatory buyouts of distribution assets.

Electricity Sales

CEZ Elektro Bulgaria sold 6,119 GWh of electricity to end-use customers in 2018, which is a year-on-year decrease of 160 GWh. CEZ Trade Bulgaria EAD sold 4,446 GWh of electricity to end-use customers on the free market in 2018, i.e. 667 GWh more year-on-year. The increase was due to successful acquisition of new customers switching from the regulated market to the free market.

Sales—ESCO Services

Since 2017, CEZ ESCO Bulgaria EOOD has been active in Bulgaria. The company focuses on energy projects for end-use customers in the Bulgarian market.

Prediction for 2019

For 2019, the volume of generated electricity is estimated at 6.1 GWh, the volume of electricity supplied to CEZ Elektro Bulgaria's customers is estimated at 5.7 TWh, the volume supplied to CEZ Trade Bulgaria EAD should be similar to 2018 figures, and the volume of electricity distributed by CEZ Razpredelenie Bulgaria AD is estimated to be 9.5 TWh.

OTHER COUNTRIES

Turkey

Business Environment

A state of emergency was ended in the country after two years. Nevertheless, uncertainty concerning the country's future political and regulatory development caused a decrease in Turkey's rating to the B+ category. This resulted in weakening of the Turkish lira during 2018, when the exchange rate of 3.77 TRY/USD (at the beginning of the year) decreased by August 2018 to the level of 7 TRY/USD. Subsequently, the exchange rate development underwent a partial correction and remained around the level of 5.29 TRY/USD at the end of 2018. Apart from the weakening of the lira, higher inflation was reported (year-on-year inflation rate of 20.3%).

A sharp increase in prices of natural gas also significantly affected the electricity sector environment in 2018. During the year, the state-owned supplier BOTAS changed the prices several times and finally tied the price to USD. Furthermore, a mechanism of capacity payments for selected coal- and gas-fired power plants (including Erzin power plant, formerly known as Egemer) and the regulated electricity tariffs for end-use customers increased.

The price of the electric power in the country grew mainly due to gradual recognition of growing input prices caused by the high inflation rate and also by the increase in natural gas prices. At the end of the year, the electricity price decreased particularly due to higher production in hydroelectric power plants after strong rainfall and also thanks to activities of state-owned Elektrik Üretim A.S. (EUAS) carried out in order to lower electricity prices before the elections. The above-mentioned factors, particularly the decrease of the Turkish lira exchange rate, had a negative effect on the financial performance of Turkish companies (owned by ČEZ and its partner AKKÖK), with respect to revaluation of USD-denominated bank loans.

The areas of electricity distribution and sales were affected by legislation changes related to the electric power tariff component for protected customers as well as the increase in revenues for electricity distribution.

Development Team's Activities

Electricity Generation

Akenerji hydroelectric power plants generated a total of 783 GWh of electricity in 2018, which is an increase by 227 GWh compared to 2017. The Ayyıldız RES wind farm increased its annual production by 13 GWh compared to 2017, totaling 88 GWh for the entire year. Capital expenditure was directed in 2018 particularly to minor projects in the area of regulatory requirements on hydroelectric power plants.

List of Development Team Power Plants Co-Owned in Turkey as at December 31, 2018

Hydroelectric Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Bulam	Akenerji Elektrik Üretim	2× 3.515	2010
Burç Bendi	Akenerji Elektrik Üretim	3× 9.11	2010
Feke I	Akenerji Elektrik Üretim	2× 14.7	2012
Feke II	Akenerji Elektrik Üretim	2× 34.79	2010
Gökkaya	Akenerji Elektrik Üretim	2× 14.27	2012
Himmetli	Akenerji Elektrik Üretim	2× 13.49	2012
Uluabat	Akenerji Elektrik Üretim	2× 50	2010
Hydroelectric power plants, total		288.9	

Wind Power Plants

Facility	Owner	Installed Capacity (MW) as at December 31, 2018	Year Commissioned
Ayyıldız RES	Akenerji Elektrik Üretim	5× 3 4× 3.3	2009 2016
Wind power plants, total		28.2	

Note: Turkish companies are consolidated using the equity method and therefore neither their generation nor installed capacity are included in CEZ Group's summary results.

Electricity Distribution

Electricity is distributed in Turkey by regulated regional distribution companies. One of them is Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), controlled by ČEZ and its Turkish partner AKKÖK. The volume of electricity distributed to end customers in 2018 was 9,726 GWh, increasing by 675 GWh year-on-year thanks to growing demand by residential customers as well as by customers among industrial enterprises. TRY 123 million was invested in distribution in 2018. The investments were primarily aimed at increasing grid capacity and efficiency.

Electricity Sales

The sales company Sakarya Elektrik Perakende Satış A.Ş. (SEPAŞ), which has been selling electricity to end customers mainly in the distribution area of SEDAŞ, sold 13,681 GWh of electricity in 2018. Compared to 2017 (10,519 GWh) this is a significant increase and was caused by a successful acquisition of eligible customers and increase in consumption. TRY 10 million was invested in electricity sales in 2018.

Prediction for 2019

The estimates for 2019 are 9.5 TWh of electricity distributed and 7.4 TWh of electricity sold.

Slovakia

Sales of Electricity and Gas

Supplies of electricity and natural gas to enterprises and municipalities were performed in 2018. The total supplies totaled 1,950 GWh of electricity, i.e. an increase by more than 10.0% compared to 2017, although sales to the residential customer segment were discontinued. The main reason for the growth was higher economic activity and consumption by customers across all segments.

Natural gas supplies amounted to 2,203 GWh in 2018; in year-on-year comparison, this is 857 GWh less than last year. While higher economic activity in 2018 was apparent in natural gas supplies, the delivered amount of natural gas decreased due to the sale of the residential customer portfolio at December 1, 2017, and the loss of the largest customer.

Sales—ESCO

In 2018, CEZ Group started to actively offer energy services by Czech companies in Slovakia, with a specific profiling of products offered and customers. In doing so, it benefits from synergies and experience from Czechia. Overall, contracts amounting to CZK 222 million for more than 80 customers were concluded and performed.

Prediction for 2019

The amount of electricity supplied to the large and small customers segments in 2019 is expected to amount to 1.5 TWh, while the total supplies of natural gas are expected to amount to 2.3 TWh.

In 2019, CEZ Group wants to maintain the trend of successfully implemented contracts, focusing on the development of operation of energy equipment and offer of comprehensive energy solutions. It will attempt to expand these activities with the assistance of newly acquired companies in Prešov, Nové Zámky, and Kysucké Nové Mesto.

Hungary

Electricity Sales

In Hungary, electricity sales by CEZ Magyarország Kft. (CEZ Hungary Ltd.) to end-use customers amounted to 1,452 GWh in 2018, which is a year-on-year increase of 209 GWh.

Prediction for 2019

The total amount supplied in 2019 is expected to be similar to that of 2018. Proactive market activities will continue in order to develop new business opportunities.

ESCO services

Through the German Elevion group, CEZ Group acquired 100% shares in Hungarian companies TGS Engineering Kft. (now ETS Engineering Kft.) and TFS Hungary Kft., which subsequently merged in October 2018. ETS Engineering specializes on enterprises, particularly German companies active in Hungarian automotive industry. It offers them the designing, construction, and maintenance of heating, cooling, and ventilation systems and plumbing installations. CEZ Group, however, does not plan any significant expansion of ESCO activities in Hungary.

China

A member company of the German Elevion group is active in the country.

Italy

One company belonging to the German Kofler Energies group operates in the country.

Netherlands

CEZ Group operates in the wholesale market in electricity and natural gas (with both physical and financial settlement). Otherwise, it does not carry out any business activities in the country. The local subsidiaries are holding or financing companies.

Serbia

In Serbia, CEZ Group participates in the wholesale electricity market and one of its special purpose vehicle companies is active in HVAC sector there.

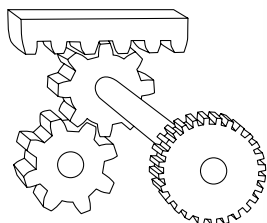
Ukraine

CEZ Group's activities in Ukraine were discontinued. The existing subsidiary CEZ Ukraine LLC is in liquidation.

WE BIND A LIGHTNING BOLT
TO OUR THOUGHTS AND STEAM
DRIVES OUR DASHING LEGS.

JAN NERUDA, CZECH WRITER AND JOURNALIST, COLLECTION OF POEMS COSMIC SONGS

STEAM ENGINES



100

THE FIRST STEAM-POWERED MECHANICAL MACHINE WAS CONSTRUCTED BY HERO OF ALEXANDRIA. IT IS NOT KNOWN FOR SURE WHETHER HIS INVENTION WAS USED IN ANY WAY OR WHAT THE INVENTOR INTENDED TO DO WITH IT BUT PRESERVED RECORDS SUGGEST IT WAS MORE OR LESS JUST A CURIOSITY.

ARTILLERY OFFICER NICOLAS JOSEPH CUGNOT CAUSED PERHAPS THE FIRST AUTOMOBILE ACCIDENT IN THE WORLD. HE HIT A WALL DRIVING THE FIRST STEAM-POWERED AUTOMOBILE CALLED FARDIER, WHICH HE HAD BUILT A YEAR EARLIER.

1771





1785

JAMES WATT, THE SCOTTISH INVENTOR OF THE STEAM ENGINE, CREATED HORSEPOWER AS A UNIT OF POWER TO BE ABLE TO DESCRIBE THE PERFORMANCE OF THE STEAM ENGINES HE WAS SELLING TO HIS PROSPECTIVE CUSTOMERS. A UNIT NAMED AFTER HIM IS USED MORE OFTEN FOR THESE PURPOSES TODAY BUT UNITS OF HORSEPOWER ARE STILL USED TO INDICATE THE POWER OF AUTOMOBILE AND MOTORCYCLE ENGINES. 1 HORSEPOWER = 735 WATTS.

STEAM ENGINES WERE REPLACED WITH MUCH MORE EFFICIENT INTERNAL-COMBUSTION ENGINES OR ELECTRIC MOTORS. BUT YOU CAN STILL SEE THEM NOWADAYS. JUST TAKE A RIDE ON A NOSTALGIA TRAIN PULLED BY THE FASTEST OPERATIONAL STEAM LOCOMOTIVE IN THE WORLD, BEARING THE NUMBER 18 201.



18 201

RESEARCH, DEVELOPMENT, AND INNOVATION

Research and Development

CEZ Group's operating expenses on research and development were CZK 396.0 million in 2018. Its companies (especially Centrum výzkumu Řež, s.r.o.) also received research and development subsidies amounting to almost CZK 530 million. ČEZ expenditure also covers a reactor vessel material surveillance program (CZK 199.1 million), which is aimed at obtaining information on the current state of reactor pressure vessels and providing an objective basis for predicting their useful life.

CEZ Group Companies' Research and Development Expenses in 2018, Excluding Received Subsidies (CZK Millions)

Company	R&D Expenditure	Of Which Subsidized
ČEZ	277.5	19.9
Centrum výzkumu Řež	35.5	
ČEZ Distribuce	10.4	
ČEZ Energetické produkty	6.7	
ČEZ Solární	0.7	
Domat Control System (CZ)	0.1	
ENESA	0.5	
OSC	0.6	
PRODECO	1.5	
Severočeské doly		4.2
ÚJV Řež	283.7	
Elimination of intragroup expenses	(221.2)	
Total	396.0	24.1

ČEZ

An established system of central coordination of research and development at CEZ Group allows carrying out key research and development activities in the optimum form of projects set up across CEZ Group, making purposeful use of Group synergies and available resources. Special emphasis is put on fields and topics with high application potential as well as on activities lessening the environmental impacts of CEZ Group's operations. Research and development activities naturally reflect the current and anticipated trends in the energy sector.

International Collaborations and Technology Platforms

ČEZ is a member of the Electric Power Research Institute (EPRI) in the nuclear segment and selected conventional energy programs. ČEZ's participation in the EPRI nuclear sector allows utilizing a huge amount of information, often unavailable from other sources, ranging from fuel reliability, material corrosion, and safety aspects to new nuclear technologies. A "weld overlay" method was used at the Dukovany Nuclear Power Plant under EPRI's supervision to repair heterogeneous welded joints. There were also several work meetings including two international workshops for mutual exchange of data for ensuring and evaluating technology reliability. Membership in VGB PowerTech focuses on conventional energy and partly on renewables. ČEZ is also a member of several European technology platforms and European industrial initiatives; in its traditionally strong field of nuclear energy, these include the Sustainable Nuclear Energy Technology Platform (SNETP), the NUGENIA association (focusing on research and development of Generation II and III nuclear reactors), or the European Sustainable Nuclear Industrial Initiative (ESNII) focusing on promising Generation IV nuclear reactor concepts.

In Czechia, ČEZ is strongly involved in the "Sustainable Energy for the Czech Republic" (TPUE) technology platform, which focuses on the development of an energy research and development environment and intensification of collaboration at international level as well as between industry and the research sector. A ČEZ representative has been the Chairman of the Executive Committee for a long time. ČEZ is also a member of the Czech Membrane Platform, where it receives information about the capabilities of modern membrane processes, such as those for water treatment and flue-gas cleaning.

Nuclear Power

Initial work focusing on the stabilization of circulating cooling water at the Dukovany Nuclear Power Plant started in 2018. A successful solution to the problem will help reduce the amount of water withdrawn for the Dukovany Nuclear Power Plant's purposes especially in summer, when the Jihlava River is often low in water. Activities in the initial stage focus on tests and microstructural analyses of irradiated segments of tubing made of zirconium alloy E110 and irradiated in a reactor core at the Temelín Nuclear Power Plant. This is a set of long-term measurements that are part of a broader activity nearing its completion—a program for testing fuel cladding in normal operation with the simulation of estimated high burn-up rates and prolonged presence in the reactor core of up to six years, simulation of abnormal operation, and modeling of behavior under simulated accident conditions. It also includes verification of applied criteria and assessment of the postaccident condition of cladding. We started preparatory work on the development of a new inspection stand and additional analytical work for addressing and monitoring the condition of nuclear fuel. We carried out analytical and verification work relating to the management of accident scenarios, including response to severe accidents and fulfillment of the National Action Plan (NACp) for nuclear safety enhancement at nuclear facilities in Czechia. Another field of research and development was material research and analyses of the condition of nuclear power plant technology affected by degradation factors.

Nonnuclear Power

A series of diagnostic and material projects was completed in 2018, focusing on minimizing risks in steam pipes with hinged hangers and predicting the service life of critical parts of superheaters and reheaters in modern generating units. ČEZ newly started using spectrometric measurements to monitor conditions in a combustion chamber at a selected power plant. The goal is to find the optimum operating conditions for the boiler, improving its operational and economic parameters. Monitoring of the operation of the first installed innovative vortex hydroelectric turbine continued at Želina. An important area for the future energy sector is energy storage. Work continues for the installation of an integral solution for fast charging stations for electric mobility, Li-ion batteries, and photovoltaics. Work systematically continues on the comparison of various types of storage in connection with renewables—batteries, storage in heat, or storage in hydrogen.

Projects Supported by National Public Funds

ČEZ has long participated in projects supported by public funds, especially projects run by the Technology Agency of the Czech Republic (TA CR). Usually, ČEZ does not receive financial assistance under TA CR projects but rather supports them as an industrial partner and ensures the applicability of their outcomes. Preparations for the implementation of a project for the National Energy Center started in 2018. ČEZ has prepared a number of various subprojects under this project, concerning both modern technology and conventional facilities. Other CEZ Group companies involved in the project are ČEZ Distribuce, Centrum výzkumu Řež (Řež Research Center), and Výzkumný a zkušební ústav Plzeň (Plzeň Research and Testing Institute). Implementation continued of a project included in the program of the Competence Center for Research and Experimental Development of Reliable Energy (CESEN) that aims to improve the operational parameters of turbines for coal-fired and nuclear power plants. Knowledge obtained under the project was used by ČEZ in 2018 for establishing expert support groups for quick response to emergency conditions, which are expected to take advantage of CESEN members' expertise. A Waste-to-Energy Competence Center project nearing its completion is aimed at the development of innovative waste-to-energy solutions, including the collection of information on waste logistics; models for the thermal utilization of sludge, for a waste-to-energy facility with a capacity of 100,000 tons a year, and for a flue-gas cleaning plant were prepared in 2018. Two smaller projects supported by the TA CR are aimed at understanding the behavior of mercury in large combustion processes and minimizing mercury concentrations in flue gases, and at obtaining information on steels newly used in modern energy facilities. ČEZ also participates in the McSAFE project under the Horizon 2020 program, which aims to develop more accurate numerical models for a reactor core, which will result in better utilization of nuclear fuel and safer operation.

Centrum výzkumu Řež (Řež Research Center)

The Řež Research Center is a research organization focusing on research, development, and innovation in the energy sector, in particular nuclear energy. The backbone of the company's research infrastructure consists of two research nuclear reactors (LVR-15 and LR-0) and a set of laboratories and experimental facilities (nondestructive testing laboratories; material, chemical, and microstructural laboratories; nuclear fusion research facilities; nuclear fuel cycle laboratories; and experimental technology loops).

SUSEN Project

Successful execution of the large SUSEN (Sustainable Energy) investment project considerably expanded the Řež Research Center's research infrastructure; the project was supported under the Research and Development for Innovation operational program and partially under its successor Research, Development, and Education program. The SUSEN project allowed the Řež Research Center to build a comprehensive set of infrastructures for research and development in nuclear and nonnuclear power and related fields, such as research into energy storage or hydrogen technology. Some of the infrastructures are unique at European level and some even globally, which allows the Řež Research Center to successfully participate in cutting-edge research projects under strong consortia of European research organizations or tender for R&D contracts from the world's leading firms. The year 2018 was characterized by fulfilling project sustainability objectives, with clear scientific research tasks until 2022.

International Collaboration

The Řež Research Center is a member of a number of international organizations such as the European Energy Research Alliance (EERA), European Nuclear Education Network Association (ENEN), European Technical Safety Organisation Network (ETSON), or NUGENIA. It successfully participates in projects of many international teams and consortia supported under the EU's Horizon 2020 framework program. In 2018, 12 projects were dealt with under the Horizon 2020 program. They primarily focused on the properties and degradation of materials for Generation IV reactors, modern thermodynamic circuits (with supercritical CO₂), research into severe accidents (core melt behavior and properties), and research on the behavior of construction and building materials to ensure a long-term useful life of power plants (aging of concrete, etc.). The Řež Research Center also managed to become a consortium member (or even lead the preparations) for 10 projects for another call under the EURATOM program (part of Horizon 2020).

Cooperation under intergovernmental agreements between Czechia and the U.S. continued in the form of research and development work in the field of small modular reactors. The Řež Research Center continued with the preparation of its own concept design for a small modular reactor based on high-temperature fluoride salts. Collaboration with Japanese industrial partners involved commercial research projects studying melt behavior and the physical properties of corium. Ongoing research into fusion included research work under the EUROfusion transnational project and collaboration with Fusion for Energy on launching and testing the HELCZA equipment, primarily designed for testing first wall panels of the ITER thermonuclear reactor.

National Projects

Ongoing projects supported by the TA CR and the Czech Science Foundation in 2018 included research and development projects for deep geological storage of radioactive waste and spent nuclear fuel and research into materials for Generation IV reactors; several new projects were successfully applied for, focusing primarily on the development and testing of promising materials for the energy sector. The Řež Research Center is in charge of the Plant Efficiency, Reliability, and Safety section under the new National Energy Center project.

ČEZ Distribuce

ČEZ Distribuce took an active part in the preparation and execution of applied research, experimental development, and innovation programs, including programs organized by the TA CR. A newly started SecureFlex project (Theta program, TA CR) focuses on safe utilization of capacity flexibility for system management and business purposes. Under the National Energy Center project, the company will focus on new energy network elements and technologies and research into safe communications technologies for smart communications networks in the energy sector. Activities under the INTERFLEX project (part of Horizon 2020) included construction work on charging points and at photovoltaic (PV) facilities with and without storage. Activities also included choosing the supplier of a measurement system for terminal distribution transformer stations (DTSs) and testing broadband over power lines (BPL) Internet communications in medium- and low-voltage cable systems. Project tasks also included testing the effect of rapid charging of electric vehicles on the possible deterioration of some quality parameters of electricity and tackling voltage stabilization in medium- and low-voltage distribution grids with a high proportion of renewables and dispersed generation.

ČEZ Energetické produkty

The company traditionally participates in projects supported from national public funds (TA CR, Czech Ministry of Industry and Trade), systematically pursuing its interest in the purposeful and efficient use of coal combustion products with minimum environmental impact and, generally, following the principles of circular economy.

A project aimed at the optimization of manufacturing processes for construction materials using a high content of fly ash set up the manufacture of clinker-free binder and produced functional specimens in the form of road panels using this binder. A test of the manufacture and application of sprayed concretes was done in collaboration with Hochtief. Another project that aims to extend the life of concrete pavement using mineral additives and mixed cements proceeded with fly ash stability simulations to ensure concrete stability, including in the construction of waterworks. A project aimed at using zeolites and zeolite composites to reduce emissions involved activities intended to determine conditions for the use of selected fly ashes in zeolite production. Lastly, a project to evaluate options for reusing landfilled fly ash from coal-fired power plants involved field research using deep core holes, groundwater monitoring, and characterization of sampled material.

ČEZ Solární

Development activities in the field of photovoltaic power plants include collaboration with manufacturers of hybrid battery systems and the related development of new products. ČEZ Solární participates in the European INTERFLEX project (under Horizon 2020) as part of its research activities.

Domat Control System (ČEZ ESCO Group)

Domat completed the development of another version of its Merbon software and hardware for building services management in 2018. It includes programmable controllers, a development environment, process visualization (SCADA), and an energy management system, ContPort. Its components were deployed both within CEZ Group (ÚJV Řež) and under external contracts. ContPort continues to be developed according to requests made by customers, especially large retail chains. The company continues collaborating with the Brno University of Technology, Pardubice University, and Czech Technical University.

ENESA (ČEZ ESCO Group)

A municipal energy portal using continuously measured data, developed by ENESA during previous years and used for the first time for the city of Písek, was launched with a slight modification in 2018 to be used for the energy management of selected buildings in Prague. ENESA continues with QUANTUM, a European project (under the Horizon 2020 program) aiming at the application of quality management to the entire life cycle of buildings to reduce CO₂ emissions and improve the indoor environment. Procedures developed under the project were successfully tested in selected buildings in which ENESA implements energy-saving measures using the EPC mechanism. A Design-Build methodology for architects, developers, and engineering and consulting firms, codeveloped by ENESA, gained ground among the general public and several public contracting authorities have been testing it in their projects, for now in a preparatory stage.

OSC

OSC continues with a development project aiming to support the training of nuclear power plant control room operators on a simulator using automatic data collection from training scenarios involving abnormal and emergency conditions.

PRODECO

The company's research and development activities consist in the development of more efficient, safer, and more environmentally friendly solutions in mining, transportation, and dressing technology for open-pit coal extraction. In 2018, it continued with the development and testing of a new coal crushing method using a spiked-roller crusher, the development of new types of toothed buckets for large excavators, and the development of drum and disc balancing equipment. The company also continued with the development of a belt transport ecologization solution in order to eliminate noise and dust formation. It also started a project for excavator ballistic protection and a study into technology for coal dust utilization and processing in the course of the year.

ÚJV Řež, a. s.

ÚJV Řež focuses on services and research for operators and manufacturers of power installations, especially nuclear power plants, on the processing, storage, and disposal of radioactive waste, and on diagnostic radiopharmaceuticals for positron emission tomography. It worked on or participated in fifty-nine projects supported by public funds in 2018.

International Projects

ÚJV Řež is Czechia's most important research body working on European Union (EU) projects concerning nuclear fission (EURATOM Framework Program). ÚJV Řež participated in fifteen projects under the Horizon 2020 program and one project under the EU's Seventh Framework Program. Continued projects included research into cement-based materials and their barrier function (Cebama), development of an in-vessel melt retention (IVMR) severe accident strategy, or development of a supercritical CO₂ heat removal system (sCO₂ HeRo). Furthermore, ÚJV Řež participated in research into tools and methodologies for an efficient aging management of power plant cables (TeaM Cables) or the European Joint Program for the Integration of Radiation Protection Research (CONCERT). The ADVISE project investigates new advanced technologies for nondestructive testing (NDT). The INCEFA PLUS project is aimed at increasing nuclear power plant safety by incorporating the uncertainties of environmental effects into material fatigue assessment. The SOTERIA project, which will be completed in 2019, concerns assessment of the long-term operation of light-water reactors with respect to radiation effects on reactor pressure vessel materials. The company is also active in the Visegrád Initiative for Nuclear Cooperation (VINCO) and a number of other programs. ÚJV Řež was actively involved in projects organized by the International Atomic Energy Agency (IAEA) and the Organisation for Economic Co-operation and Development/Nuclear Energy Agency (OECD/NEA) aimed at increasing the safety of nuclear power plants with VVER reactors. ÚJV Řež also actively prepared throughout the year for participation in EJP projects (European Joint Programming, on the IGD-TP platform) that are expected to start in 2019. Furthermore, ÚJV Řež participated in the NuWaMa (Nuclear Waste Management) cross-border cooperation project, funded by Germany's federal government.

National Projects

In 2018, ÚJV Řež worked on forty-three projects supported by national public funds from such providers as the TA CR, Czech Ministry of Industry and Trade, or Czech Ministry of the Interior. Projects supported by the Czech Ministry of Industry and Trade covered, for example, the development of a recyclable decontamination medium for nuclear decommissioning (the TRIO program), a knowledge base for facility decommissioning, or matters concerning the calibration of optical sensor systems and special sensors for nuclear power plants (the Aplikace program). New projects were launched under the TRIO program: "A Sorption Module for Response to a Severe Accident at a Nuclear Power Plant" and "Usage of Short-Term Tracers and Development of Methods to Detect Them." Projects supported by the TA CR included, for example, research on and development of fluoride salt-cooled nuclear reactor technology, research on the response of reinforced-concrete and prestressed structures of VVER 1000 units to extreme dynamic loads, development of apparatus for characterizing materials of engineered barriers in a deep geological repository of radioactive waste from spent nuclear fuel, or participation in the Center for Advanced Nuclear Technologies (CANUT). A project named "Research into Ionic Liquids for Separation Applications" was completed and a project named "Innovative Sorbents Based on Zeolite Modified with Ionic Liquid for the Sorption and Detection of Uranium and Heavy Metals" was started under the Epsilon program in 2018. Projects supported by the Czech Ministry of the Interior focused on fiber-optic sensors for measurements in nuclear power plants during beyond-design-basis accidents or the simulation of fire and smoke propagation in a critical infrastructure facility following an accident or deliberate attack by an aircraft. ÚJV Řež also focuses on the development of hydrogen technologies, from electrolytic hydrogen production to independent power sources based on hydrogen fuel cells to construction techniques for hydrogen filling stations.

Companies That Incurred Expenses Relating to Research and Development

CEZ Razpredelenie Bulgaria

The company took part in the LIFE BIRDS on POWER LINES project, supported by EU LIFE funds, in 2018. The project aims to ensure that distribution system equipment is safe for threatened bird species. Initial, preparatory, and planning work on the project was carried out in 2018, focusing on the collection, analysis, and evaluation of information on bird deaths caused by electrocution or collision with electricity distribution equipment.

ČEZ Teplárenská

A pilot project for “Predictive Regulation” was launched at Chlum in 2018. The purpose of such regulation is to optimize the necessary supply of heat for end-use customers (that is, given heat at a given time), also in relation to environmental conditions (weather forecast). The regulation was able to reduce temperature in secondary distribution lines by approximately 10 °C in the transitional period of the heating season (September to November), which will have a significant effect on the reduction of losses and thus overall economic effectiveness.

Severočeské doly

The most significant development activity in mining engineering is a project aiming to increase the internal dump of the Bílina Mine, which has progressed to further stages. It focuses on further improving the qualitative and quantitative response of a numerical 3D model of the whole internal dump and streamlining operating procedures. A new method for entering geometry data to the numerical model is being developed in order to allow more expeditious and flexible work with the model. Work is also focused on developing a new method allowing stability degree quantification for the general dump slope. The model is gradually amended with information on groundwater and dump behavior is simulated using both deformation and stability analyses. Outputs from the numerical model are compared to field measurement results and data obtained from long-term monitoring.

Innovation Projects

Electric Mobility

Czechia

Concerning the construction and operation of a public charging network, CEZ Group focused primarily on the expansion of its network of public charging stations. As at December 31, 2018, it operated a total of 137 charging stations in Czechia, comprising 79 fast charging (DC) stations and 58 standard charging (AC) stations.

Construction is significantly supported under two projects funded by the EU's Connecting Europe Facility (CEF). Altogether, 108 fast charging stations should be built, including two sites featuring a combination of a renewable energy source, energy storage, and three charging stations each. All fast charging stations are located close to major TEN-T (Trans-European Transport Network) roads.

A standard charging station using fuel cell technology was put into operation in Řež in December 2018. Photovoltaic panels generate electricity under suitable conditions and an electrolyzer turns surplus electricity into hydrogen. When the sky clouds over or after nightfall, the fuel cell can turn hydrogen stored in the tank back into electricity. The Řež charging station connected to a hydrogen management system is the first facility of its kind in Czechia. In the third quarter, CEZ Group expanded charging options for customers that do not have a charging chip under a customer contract (ad hoc customers). A charging chip allows unlimited use of the charging infrastructure for a fee; ad hoc customers pay for the time their electric vehicle is connected to a charger. Collaboration with selected public and local authorities continues as part of support for electric mobility development; the operation of two electric buses providing public transit services in the town of Vrchlabí was newly supported as a follow-up to CEZ Group's Smart Grids project. Furthermore, four electric buses were put into operation in February 2019 to provide public transit services in Trutnov. CEZ Group took care of the construction of electric lines and will provide charging station maintenance for five years. Energy for the operation of an electric bus charging depot is supplied by the nearby Poříčí power plant. CEZ Group also offers a wide range of electric mobility-related services and products for companies, municipalities, and regions through its ČEZ ESCO subsidiary. These include, for example, turnkey charging station design and installation, wallboxes, charging cables, vehicle fleet electrification, charging platforms together with IT solutions, as well as electric vehicles for lease or sale. CEZ Group offers local and regional authorities the construction and operation of electric bus charging stations or the creation of an electric mobility conception for individual cities or whole regions. Development in electric mobility involves both the National Action Plan for Clean Mobility (NAP CM) and the platform of the Memorandum on the Future of the Automotive Industry in Czechia signed recently by the Czech government and the Automotive Industry Association. ČEZ Prodej also prepared an offering of electric mobility-related products for its customers, providing not only engineering solutions for charging but also access to a network of public charging stations within its specific Electricity for Charging product.

Romania

CEZ Romania owned two electric vehicles and operated two charging stations for customers in 2018. One charging station was located in Pitești and the other in Craiova.

CEZ Group customers in Romania can use them to recharge their electric vehicles for free. A new charging station prototype with SMS payments, developed in 2017, was not installed outside the CEZ distribution area as originally intended for legal reasons. A new charging station for internal use on the CEZ site was installed at the Fântânele and Cogeaalac wind farms.

The further course of e-mobility development in Romania will be determined on the basis of analyses of the utilization of existing charging stations in Pitești and Craiova.

Investments in New Technologies

Inven Capital

Inven Capital, SICAV, a.s., is a joint-stock company with variable capital that manages two subfunds: Inven Capital—Subfund A and Inven Capital—Subfund B. The holder of founder's shares in Inven Capital, SICAV, a.s., is ČEZ, a. s. Investment shares in Subfund A are held by CEZ Group; investment shares in Subfund B are held by the European Investment Bank.

Inven Capital focuses on investments in clean-tech startups in later stages of growth with a business model proven by sales and with considerable growth potential. Since its establishment, Inven Capital has invested more than a third of its investment framework in seven companies (three in Germany, two in France, and one in Israel) and in the Environmental Technologies Fund 2 (ETF II) in the U.K. The companies are as follows:

- **SunFire**—a manufacturer of fuel cells that can convert fuel into electricity and heat but also turn electricity back into hydrogen and other gases (power-to-gas)
- **tado**—the European leader offering smart temperature control for households based on the user's location and habits
- **Cloud&Heat Technologies**—the designer, vendor, and operator of the most energy- and cost-efficient distributed data centers deploying water-cooled servers whose waste heat is used to heat buildings and hot water
- **VU LOG**—the global leader in providing technology for carsharing involving green cars in cities
- **Cosmo Tech**—the vendor of a software platform for modeling complex systems, providing key information to corporate asset managers to optimize their decision-making concerning investments in and the maintenance and risk management of the assets they manage
- **Driivz**—the vendor of a software platform for electric vehicle charging station management, including energy management (charging optimization)

In February 2019, Inven Capital sold its share in Bavarian company **sonnen**, together with other shareholders, to the Royal Dutch Shell group, which has recently been reinforcing its position in decentralized energy and electric mobility. Thus, **sonnen**, which manufactures battery systems (being the German market leader) and offers a home electric vehicle charger that allows using surplus clean energy from other users of **sonnen**'s home batteries, became the first investment that Inven Capital made and also sold.

Promoting Innovation

ČEZ, a. s., is a founding member of the I2US international cooperation platform, associating primarily innovative, mutually noncompeting utilities and other businesses from related industries. The I2US platform has an ambition to accelerate innovation to exploit business opportunities and address the needs of customers as well as the energy sector itself. Its main collaboration tool is sharing innovation opportunities and experience with the implementation of new services, products, business models, and methods for cooperation with partners. Experience gained from the platform is used to implement innovation in markets in Czechia and abroad.

ČEZ worked with Rockstart, a Dutch start-up accelerator, in 2018, participating as a partner in the third round of its Smart Energy program. Under the program, supported by major commercial entities, the best 9 to 10 chosen energy startups sought to consolidate their business potential and expand their know-how so as to become coveted trading partners in the market after the end of the program.

CEZ GROUP DONORSHIP

The donorship area forms a part of CEZ Group's Sustainable Development Strategy—Energy for the Future and forms an integral part of all CEZ Group activities. Through corporate donorship and sponsorship, it has been long supporting projects in its area, for example in the field of education, culture, sports, environmental protection, and community life.

Donorship

CEZ Group together with the ČEZ Foundation belong among the largest corporate donors in Czechia. Their comprehensive approach to donorship activities is regularly highly valued by independent experts. Employees play their part in corporate donorship too. In 2018, they participated in an annual collection named Granting Wishes, Thinking About Others for the twelfth time, donating nearly CZK 2.5 million. The amount was subsequently doubled by the ČEZ Foundation. Financial support was provided to 79 people who found themselves in difficult situations in their lives due to severe illness or injury. Furthermore, employees of CEZ Group bought products from sheltered workshops worth CZK 0.8 million. Using the EPP—Move to Help mobile app, CEZ Group involves the general public in decision-making on project support. Thanks to it, the Foundation supported 335 projects with nearly CZK 25.5 million in 2018 alone. Since its commencement in May 2015, the app has been used by 400 thousand users.

Financial Donorship

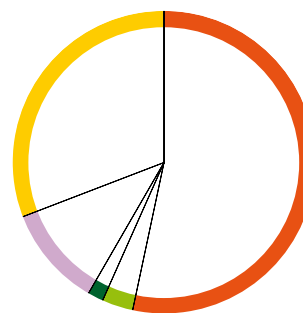
Financial Donations by CEZ Group Companies (CZK Millions)

	To ČEZ Foundation	Direct donations	Total
ČEZ, a. s.	54.8	54.2	109.0
Other fully consolidated CEZ Group companies	140.5	86.7	227.2
CEZ Group, total	195.3	140.9	336.2

In the context of the long-term priority of CEZ Group to be a good partner, financial donations primarily focus on support for regional development. Companies also contribute to projects focusing on social, cultural, sporting, educational, and environmental protection areas.

Direct Financial Donations by ČEZ, a. s., by Area

Area	CZK Millions	%
Municipal infrastructure and regional development	29.0	53.5
Culture and environment	1.7	3.2
Education, science, and youth care	1.0	1.8
Sports	5.8	10.7
People in need and people with disabilities	16.7	30.8
Total	54.2	100.0



List of Entities Supported by ČEZ

For a file with a list of entities supported by ČEZ in 2018 and the form of support, refer to www.cez.cz/dary.

ČEZ Foundation

Financial Contributions by CEZ Group Companies to ČEZ Foundation (CZK Millions)

Company	Contribution
ČEZ	54.8
ČEZ Distribuce	100.0
ČEZ ESCO	1.6
ČEZ ICT Services	0.7
ČEZ Prodej	23.2
Severočeské doly	15.0
Total	195.3

Note: With effect from September 1, 2018, a spin-off of the B2B segment from ČEZ Prodej to ČEZ ESCO took place. The subject of the spin-off included a proportional part of donations for ČEZ Foundation.

ČEZ Foundation Activities

Over its sixteen-year history, the ČEZ Foundation (www.nadacecez.cz) has provided more than 9,600 foundation contributions totaling CZK 2.54 billion.

In 2018, it supported 1,025 public benefit projects with CZK 175.53 million under programs responding to society's current needs.

These were regularly opened grant programs and other foundation activities:

Orange Playgrounds—support for building and renewing children's playgrounds and sports fields.

Support for Regions—support for activities that help improve the life of local people in municipalities throughout Czechia, particularly those concerning health care, children and youth, social work, science and education, protection of human health and human rights, culture, and the environment.

Orange Stairs—support for accessibility modifications enabling students and teachers with disabilities to integrate into the learning process.

Trees—support for planting rows of trees, primarily new and renewed avenues of trees and roadside trees.

Orange Crosswalk—support for lighting at crosswalks.

Employee Grants—support for nonprofit organizations that employees from CEZ Group companies in Czechia volunteer at.

Granting Wishes—joint charity project of CEZ Group employees and the ČEZ Foundation. Financial support was provided to people who found themselves in difficult situations in their lives.

Orange Classroom—schools received teaching aids and equipment that contribute to improving the quality and attractiveness of technical subjects for their participation in mathematics and physics Olympiads and other competitions.

Significant support for the engagement of the general public in the Foundation's activities was achieved by:

EPP—Move to Help mobile app—by being physically active, its users generated points for offered nonprofit projects, which then received financial support from the ČEZ Foundation.

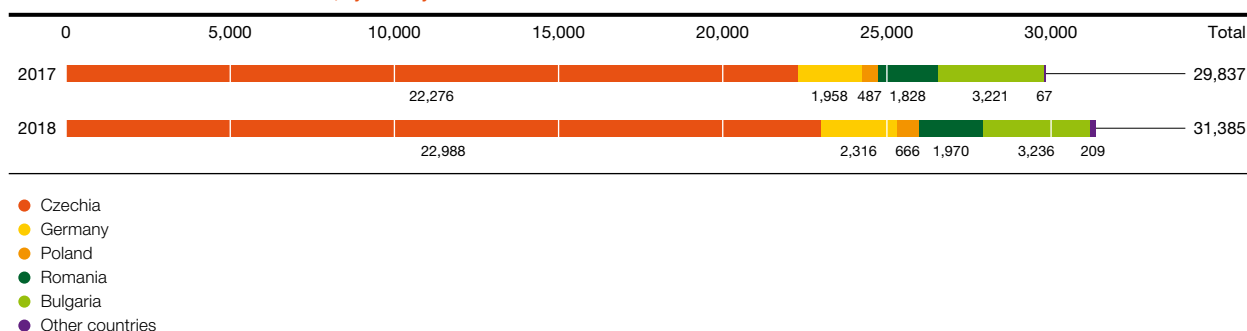
Orange Bike—one-minute charity rides on specially outfitted stationary bicycles to support local nonprofit organizations offered to visitors of cultural, social, and sports events.

HUMAN RESOURCES

Headcount Changes

As at December 31, 2018, CEZ Group employed 31,385 employees, which is a year-on-year increase by 1,548 employees.

Workforce Headcount as at December 31, by Country

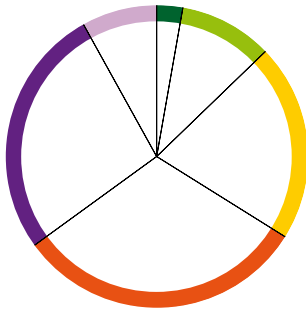


In Czechia, the headcount increased by 712, particularly in the distribution segment (due to growing needs for renovation and development of grids and infrastructure), production segment (due to generation renewal and increase in activities in the area of safety) and also by including new entities in the consolidated group (123 persons).

The increase of 836 persons in the number of employees abroad was caused mainly by the acquisition of new companies (702 persons).

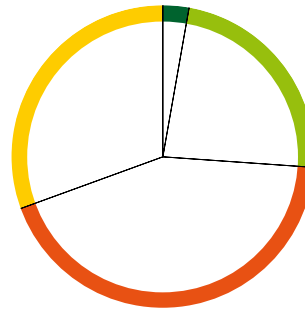
Employee Structure as at December 31, 2018,
by Age

	%
● 24 years and under	3
● 25–29 years	10
● 30–39 years	21
● 40–49 years	31
● 50–59 years	27
● 60 years or more	8
Total	100



Employee Structure as at December 31, 2018,
by Highest Level of Education Achieved

	%
● Primary	3
● Lower secondary	23
● Secondary	43
● Tertiary	30
Total	100



Training Program

The line of business and strategic objectives, including ensuring safe and reliable operation of nuclear power plants of CEZ Group, place high demands on the expertise, skills, and experience of its employees. For their ongoing development, the training program focuses on:

- Training to meet the qualification requirements in accordance with legislative requirements
- Training to acquire the necessary knowledge and skills beyond the qualifications
- Continually developing a portfolio of in-class, e-learning, and combined training courses
- Tailor-made programs, such as the “Management Growth Program—People Development Forum” (joint platform of CEZ Group top management for discussing development and career opportunities of individual program participants)
- Working with talents and successors
- Implementation of graduate and trainee programs—ČEZ Potentials trainee program for talented university graduates has been taking place for 15 years already
- Leadership development for managers
- Other development forms: internal and external mentoring, internal coaching, support for key knowledge and experience sharing (knowledge management), systemic work with internal lecturers

Social Policy

At CEZ Group, social policy consists of a wide range of activities and benefits, both cash and in-kind, provided to employees under internal documents and collective agreements negotiated between employers and labor unions. Employees earn wages in accordance with CEZ Group's long-term financial performance and its position in the labor market. In accordance with the above-mentioned documents, CEZ Group companies in Czechia provide benefits of certain scope, including a shortened 37.5-hour workweek, paid vacation extended to five weeks, and paid leave beyond the scope required by law. Employees can also utilize various types of working regimes, including home office. CEZ Group companies also provide employees with an extra wide range of perks such as personal accounts intended primarily for recreation and leisure-time activities; health care, including preventive health programs (Health Days); contributions to supplemental pension insurance, life insurance, employee meal plans; contributions during the first three days of sick leave; special bonuses for jubilees and on retirement; and one-shot social aid may be provided in case of an emergency. Care is now provided for pre-school children in kindergartens in selected localities. Last but not least, CEZ Group companies take care of their retired employees (CEZ Group Seniors Endowment Fund, Pensioners' Clubs). The fundamental principles of CEZ Group's remuneration and social policy in Czechia apply to acquisitions abroad as well.

Relations with Labor Unions

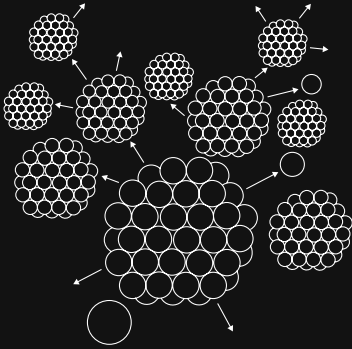
There was a total of 27 local labor organizations operating at ČEZ in 2018, organizing more than 1,400 employees. Selected major subsidiaries of CEZ Group in Czechia had 41 local labor organizations, organizing more than 3,000 of their employees. Of these 41 labor organizations, 31 collaborated within four regional associations of basic organizations. The above-mentioned local unions are members of the ECHO Labor Union, the Czech Union of Power Industry Employees (CUPIE), and the KOVO Trade Union. ČEZ is a member of the Czech Association of Energy Sector Employers, which negotiates a higher-level collective agreement with CUPIE and ECHO. Amendment No. 2 to this collective agreement, in force for the period 2017–2020, was concluded in 2018.

Regular meetings were held between the employer and labor union representatives in 2018 in order to provide information to labor unions and to discuss organizational changes and other topics specified by the Labor Code and the collective agreement. Collective agreements in ČEZ and selected significant subsidiaries are concluded for the period up to the end of 2022. Collective bargaining in 2018 concerned amendments to all collective agreements in force, dealing primarily with wages, salaries, and benefits. The collective bargaining culminated in the signing of Amendment No. 18 to the collective agreement at ČEZ, a. s. and the signing of amendments to collective agreements at selected important subsidiaries. Sixteen labor unions operated within the Severočeské doly group. Severočeské doly and its subsidiaries PRODECO, Revitrans, and SD - Kolejová doprava have collective agreements effective until December 31, 2020.

As regards foreign production companies of CEZ Group, trade union organization exceeds 45% of the total headcount; for distribution companies it is more than 70% of the total headcount. The collective agreement for CEZ Chorzów is valid until the end of 2019 and the collective agreement for employees in CEZ Skawina is valid until 2021. In CEZ Razpredelenie Bulgaria, CEZ Bulgaria, CEZ Elektro Bulgaria, and CEZ ICT Bulgaria, collective agreements are valid until December 31, 2019.

In Romania, collective agreements are concluded as follows: CEZ Vanzare and CEZ Romania until December 31, 2020, Distributie Energie Oltenia until April 5, 2019, and TMK Hydroenergy Power until December 31, 2019. Since 2007, the CEZ Group European Works Council has been operating in CEZ Group; three representatives of employees from Germany became its members in 2018. As at the end of 2018, the European Works Council consisted of 26 representatives from Czechia, Poland, Bulgaria, Romania, and Germany. Two meetings that took place in 2018 dealt with the topics related in particular to CEZ Group's strategy, the Group's financial results, and the activities of CEZ Group on foreign markets.

NUCLEAR



1903

MARIE SKŁODOWSKA CURIE WON THE NOBEL PRIZE IN PHYSICS FOR HER RESEARCH INTO RADIOACTIVITY; SHE WON A SECOND NOBEL PRIZE IN CHEMISTRY FOR THE ISOLATION OF PURE RADIUM IN 1911.

THE FIRST SUCCESSFUL EXPERIMENT WITH THE NEUTRON-DRIVEN FISSION OF URANIUM NUCLEI WAS CARRIED OUT AT THE KAISER-WILHELM-INSTITUTE FÜR CHEMIE IN BERLIN.

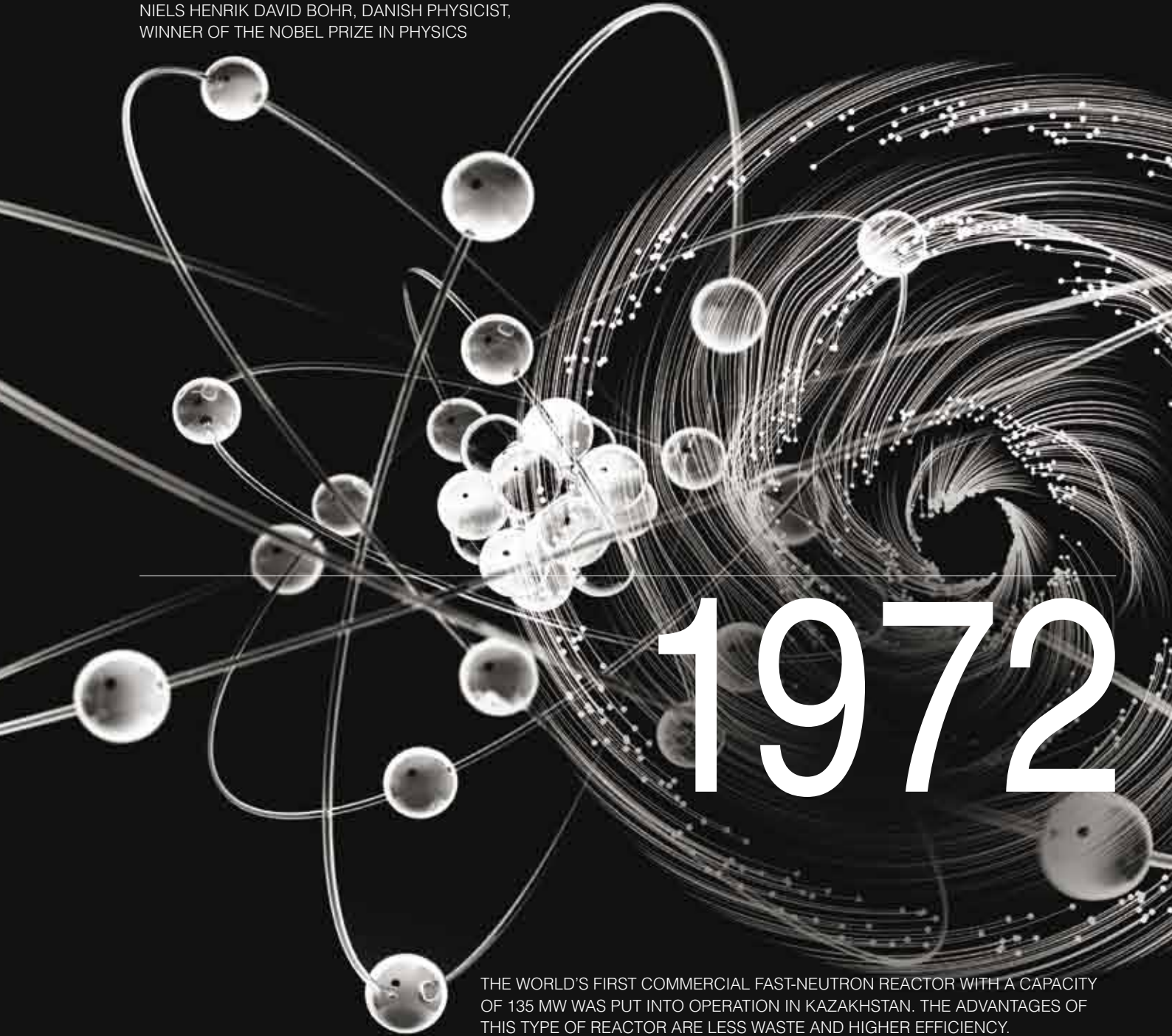
1938

1951

A NUCLEAR REACTOR WAS USED FOR ELECTRICITY GENERATION FOR THE FIRST TIME EVER—THIS WAS AT A RESEARCH STATION IN IDAHO, U.S.A.

ANYONE WHO IS NOT SHOCKED
BY QUANTUM THEORY HAS NOT
UNDERSTOOD IT.

NIELS HENRIK DAVID BOHR, DANISH PHYSICIST,
WINNER OF THE NOBEL PRIZE IN PHYSICS



1972

THE WORLD'S FIRST COMMERCIAL FAST-NEUTRON REACTOR WITH A CAPACITY OF 135 MW WAS PUT INTO OPERATION IN KAZAKHSTAN. THE ADVANTAGES OF THIS TYPE OF REACTOR ARE LESS WASTE AND HIGHER EFFICIENCY.

850

THE CALORIFIC VALUES OF HARD THERMAL COAL AND HYDROGEN ARE ABOUT 20 MJ/kg AND 100 MJ/kg, RESPECTIVELY. ONE PELLET—CYLINDER—MADE OF URANIUM DIOXIDE WEIGHING 4.8 g EQUALS APPROXIMATELY 850 kg OF HARD COAL.

ENVIRONMENTAL PROTECTION

As part of environmental protection, we systematically monitor and assess risks and minimize environmental impacts under an integrated prevention system.

Climate Protection

CEZ Group Emission Intensity

	Unit	2017	2018	2018/2017 Index (%)
CO ₂ emission intensity per generated electricity	t CO ₂ /MWh	0.40	0.39	96.1
CO ₂ emission intensity, including biomass emissions, per generated electricity	t CO ₂ /MWh	0.41	0.40	96.1
CO ₂ emission intensity per generated electricity and heat	t CO ₂ /MWh	0.40	0.38	96.4
CO ₂ emission intensity, including biomass emissions, per generated electricity and heat	t CO ₂ /MWh	0.41	0.40	96.6

There was a year-on-year decrease in both the absolute amount of released CO₂ and the emission intensity of electricity generation, which reduced from 0.40 to 0.39 t CO₂/MWh, that is, by almost 4%.

Distribution system equipment containing sulfur hexafluoride gas as well as other equipment containing fluorinated greenhouse gases is operated and maintained in compliance with applicable legislation.

Long-Term Strategy

CEZ Group is aware of risks associated with climate change and supports efforts to reduce the environmental impacts of electricity generation at coal-fired power plants. That is why it made a commitment already in 2015 to generate electricity without CO₂ emissions no later than by 2050. More than a half of electricity generated by CEZ Group in 2018 originated from zero-emission sources. As further steps to achieving this target, the less efficient coal-fired power plants that have not undergone comprehensive renovation will be phased out. By 2025, the installed capacity of coal-fired power plants will decrease by more than 50% as compared to 2016. CEZ Group has an ambition to become a major player in renewables. It currently operates 742 MW of wind turbines and 130 MW of photovoltaic installations. It also has 212 MW of wind turbines in the development stage in France, up to 193 MW in Germany, and 39 MW ready for construction in Poland.

Greenhouse Gas Emission Allowances

Czechia

Czechia, along with eight other member states of the European Union, is exempted from the obligation to allocate greenhouse gas emission allowances for electricity generation solely at auctions from 2013 on. Allowances for heat generation in Czechia in 2018 were allocated in February 2018.

Under the derogation, CEZ Group can obtain 69.6 million tons of emission allowances for electricity generation in Czechia in 2013–2020 in exchange for investments in greenhouse gas emission reduction. The investments must at least equal the value of the emission allowances allocated for free under the derogations, calculated from their market prices in the previous year.

In 2018, CEZ Group submitted to the Ministry of the Environment of the Czech Republic its Report on Investments for the period from October 1, 2017, to September 30, 2018, according to which the worth of emission allowances allocated to eligible CEZ Group facilities in 2019 on the basis of funds invested in clean, environmentally friendly technologies will be approximately CZK 0.919 billion.

Poland

Poland is also one of the member states of the European Union that are allowed to temporarily allocate a portion of emission allowances for electricity generation in 2013–2019 for free, retroactively against investments made and approved under the National Investment Plan, which should result in the modernization and gradual decarbonization of electricity generation. Allowances for heat generation at the Skawina and Chorzów power plants were allocated in February 2018; the total allocation was 132,472 emission allowances. Only the Skawina plant is eligible to be allocated emission allowances for electricity generation. Emission allowances are allocated according to a plant's emission entitlement in the current year resulting from investments made in the previous year.

Air Protection

Czechia

The generation of electricity and heat from fossil sources, and the extraction of such sources alone, are associated with emissions of pollutants to the air. Dust particles are emitted during brown coal extraction. The combustion of fossil fuels results, in particular, in emissions of sulfur dioxide, nitrogen oxides, carbon monoxide, and particulate matter.

Combustion facilities operated by CEZ Group are fitted with emission reduction equipment to decrease the amounts of atmospheric emissions of pollutants. To decrease the amount of sulfur oxides, most facilities use a highly efficient flue-gas desulfurization method based on wet limestone scrubbing; smaller facilities use a semi-dry method in which pollutants from flue gases are absorbed on lime suspension particles and particles of the resulting product are then dried by the heat in flue gases.

Sulfur oxides from fluidized bed boilers are captured directly in the combustion chamber by dosing limestone to the furnace. Sulfur dioxide emissions are reduced by replacing fossil fuels with biomass combustion in some combustion units, especially fluidized bed boilers.

Particulate matter is captured by electrostatic precipitators or bag filters with separation efficiency of around 99%. A great reduction in sulfur dioxide resulted from the construction of the first stage of a new desulfurization system at the Mělník I power plant operated by Energotrans. Another emission reduction was achieved by the completion of the construction of a new gas boiler plant at Vítkovice in late 2018.

In 2018, emission limits were met at all CEZ Group coal-fired power plants, ČEZ's cumulative emission ceiling was not exceeded, and all other technical conditions for operation relating to air protection, as imposed on the facilities in the operating licenses granted by competent administrative authorities, were fulfilled. Emissions from coal-fired power plants are monitored continually, evaluating the quality of air near the coal-fired power plants. Pollution measurement data is included in the ISKO database run at national level by the Czech Hydrometeorological Institute. CEZ Group monitors the impact of coal-fired power plant and heating plant operations on air pollution on a long-term and systematic basis using its own air pollution measurement network. Monitoring was carried out in 2018 at ten pollution monitoring stations measuring gaseous pollutants (SO_2 , NO_x) and, most importantly, particulate matter of different sizes (PM_{10} and $\text{PM}_{2.5}$), located near coal-fired power plants and heating plants. The public is kept informed about the results of pollution monitoring through a website.

Monitoring stations are located in municipalities affected by mine operations, providing continuous measurement of dust pollution, in particular suspended PM_{10} particles, with remote data transmission, operated by an independent accredited laboratory. The results of the measurement are provided to the affected municipalities and governmental agencies in the form of data reports at regular monthly intervals. Coal storage sites are closely monitored to prevent and eliminate spontaneous heating (mixing of coal dust with water vapor can lead to self-combustion).

Poland

The Skawina power plant did not exceed the pollutant emission limits specified in its license in 2018. The Chorzów power plant met the monthly and daily limits and 95% of hourly limits for such substances.

Water Protection

Czechia

The operations of CEZ Group generation facilities depend on surface water withdrawal. The highest amounts of surface water are used by thermal and nuclear power plants and by heating plants, mostly for aftercooling and thus increasing the efficiency of electricity generation. Therefore, CEZ Group focuses on efficient water management, water pollution prevention and control, and observation of water protection principles. All generating facilities complied with licensing conditions relating to water withdrawal (including minimum residual flow rates), wastewater discharges, and water protection in 2018. Information on compliance with the conditions of integrated permits is regularly published through relevant authorities.

Water protection is ensured through compliance with operating regulations and regular checks of preventive measures aimed at preventing releases of harmful substances to surface water, groundwater, and the rock environment.

Generation by the Poříčí power plant and partially also the Dvůr Králové heating plant was reduced due to scarce precipitation resulting in lowered flow rates in watercourses.

A failure occurred at an expansion piece in absorber discharge piping at the Tušimice power plant in July, resulting in a leak of limestone-gypsum suspension to the power plant's sewer system. Measures were taken immediately after the incident to minimize suspension discharge from the power plant's spill control system, focusing on capturing the suspension onsite. In spite of that, a small amount of contaminated water leaked to the stream of Lužický potok. The incident was immediately reported to the river authority's control center, the water authority, and the Czech Environmental Inspectorate. No fish were killed and, according to the water authority, no environmental damage occurred in the affected part of the Lužický potok.

Fauna Protection and Support

Czechia

Compliance with the legal obligation to install adequate avian protection devices on all medium-voltage lines by 2024 is controlled by a perch guard action plan drawn up by ČEZ Distribuce. A strategic project for the installation of devices protecting birds from threats on medium-voltage power line support structures was launched in 2018 to fulfill this statutory obligation. ČEZ Distribuce has been working intensely for several years to protect birds from electrical injuries. It has been replacing unsatisfactory crossarms in existing lines with new secure crossarms of the "Pařát" type, retrofitting additional protection devices where these crossarms cannot be installed for technical reasons. These protective devices were mounted on 10,269 support structures in 2018. The replacement of inappropriate crossarms and installation of additional protection devices will continue in line with the approved action plan and strategic project in the coming years.

CEZ Group places permanent emphasis on environmental care and protection in the vicinity of its sites. It supported projects worth over CZK 2.4 million through the Temelín Nuclear Power Plant. These included, for example, a project for the Restoration of Grayling Population in South Bohemian Streams in collaboration with the Czech Fishing Union and its South Bohemian Board or projects for collaboration with South Bohemian municipalities in tree avenue planting.

Several important natural sites are located in the protection zone of the Dukovany Nuclear Power Plant. CEZ Group is their long-term partner. For example, beavers returned to this area several years ago; a pair of beavers has long been living in the collection reservoir. The protection of beavers that settled at the junction of the Roučovanka and the Močíněk streams on the route of a planned cycle path from Hrotovice was the reason why a bridge over the Roučovanka was added to the next stage of the cycle path project.

The results of fauna and flora surveys and assessments carried out during the environmental impact assessment (EIA) procedure for a new nuclear power plant at Dukovany underwent expert review in 2018. These findings, including a description of the existing condition of the environment in the power plant's vicinity and possible impacts, were vindicated, under the supervision of the Czech Ministry of the Environment, as part of the EIA report at the level of international expert consultations with representatives from Austria and Germany as well as in discussions with the Czech and foreign public.

Support for the nesting of the peregrine falcon at the sites of most coal-fired power plants and heating plants as well as at nuclear power plants continued in 2018. Since the first falcon nest box in Czechia was installed at a cooling tower walkway at the Tušimice power plant in 2011, 65 young falcons were reared on tall power plant structures, stacks, or cooling towers. Nesting conditions are also created for sand martins, which are found at the disposal sites of some coal-fired power plants. A population of critically endangered butterfly species *Hipparchia semele* was found at a reclaimed waste pond of the Tušimice power plant in previous years. In order to maintain appropriate conditions for preserving the species population, sheep and goat grazing was arranged in cooperation with the regional authority and a private farmer and started experimentally in 2016, positively contributing (according to an entomologist) to the protection of the butterfly population.

Severočeské doly monitored the functionality of mounds for lizard breeding. It was demonstrated especially in the case of insects and smaller vertebrates. Six new stone mounds with a decaying core for reptile breeding were built in 2018. Repeated checks were also performed on small ponds that were built for amphibian breeding in the area of conservation measures in order to increase their biodiversity, and three new ponds were built on the Pokrok waste dump. Additionally, areas around three water bodies on this site were marked out as areas without agricultural activities to protect valuable bird species and water and wetland birds. The border between cultivated and uncultivated land is formed by a newly dug, about 300m long, and partially inundated trench, which will also function as a long pond. Two additional ponds were dug in the Ledvické Svahy restoration area. Five new ponds for amphibian breeding and three new insect habitats were built on the site of the Nástup Tušimice Mines. To protect populations of protected Phengaris butterfly species, meadows were purposefully mowed so as to create a suitable environment for these species. Information boards prohibiting intervention in meadow vegetation were put up in the meadows during the season. A check on the ponds built on the Pokrok waste dump was made, confirming their fast vivification.

Conditions in the zone in front of the face of the Bílina Mine were complicated by prolonged drought. Two major activities were carried out on the site in 2018. One was rescuing amphibians from three concentration ponds under the former Teplice waste dump and relocating them to new ponds on the Pokrok waste dump. The other was partially emptying a water reservoir near the construction of a new road to Razice. Surveys of valuable bird species in 2018 confirmed that the decrease in the populations of the ortolan bunting from 2015 and 2016 stopped; its populations in 2018 were comparable to those of 2017. Due to progressing mining activities, a rescue transfer of purple milk-vetch from one of the places where it was found was prepared in 2018. Biological surveys of the zone in front of the new face continued as part of the EIA procedure for continual mining at the Bílina Mine until 2035. Protection of a large colony of sand martins from ash dumping activities during the nesting season was ensured in collaboration with ČEZ; nesting conditions are also created at the disposal sites of some coal-fired power plants.

Germany

Wind farms comply with stringent requirements for the protection of birds and bats, as documented by environmental impact assessment (EIA). In the first years of operation, monitoring of the actual impact on birds and bats is carried out, and any negative impact will be eliminated by adjusting the operating modes.

Romania

Distribution line poles in the counties of Mehedinți, Argeș, Teleorman, Dolj, Vâlcea, Olt, and Gorj were fitted with 161 stork nests. Protection measures to prevent bird injuries were implemented on medium-voltage lines by installing insulators in the Teleorman and Olt counties.

Regular monitoring of dead birds and bats was carried out in the vicinity of wind farms, determining the cause of death. No connection was found with the operation or existence of the wind turbines in any case.

Bulgaria

CEZ Razpredelenie Bulgaria continued with an avian protection project that is part of the European Union's LIFE program.

Noise Protection

Czechia

Noise sources include power plants and heating plants as well as open-pit mines, especially the operation of turbine-generator units, cooling systems, long-distance belt conveyors, and large-scale mining machinery. CEZ Group facilities meet health limits for noise in compliance with the law and conditions in relevant licenses. An exemption from noise limits was granted for the operation of the Vítkovice and Poříčí heating plants and the Mělník power plant based on an assessment concluding that noise was reduced to an acceptable level and did not pose a risk to human health.

Germany

Wind farm monitoring did not identify any violation of noise limits.

Poland

The Skawina and Chorzów power plants met the required noise limits. Noise from the Chorzów power plant is just below the permitted limit in the nighttime, so fuel is not transported into the boiler area of the power plant during that time.

Romania

Noise generated by wind farms is monitored regularly. No violation of noise limits was found.

Bulgaria

CEZ Razpredelenie Bulgaria performed 15 noise measurements in collaboration with local sanitation authorities in Sofia and Kyustendil. Once noise reduction measures were taken, subsequent measurements demonstrated compliance with the standards. An official protocol documenting the observance of the noise limits was issued.

Water Consumption and Emissions

CEZ Group Water Consumption and Emissions

	Unit	2017	2018	2018/2017 Index (%)
Total water consumption	thousand m ³	772,877	758,157	98.1
Of which: Surface water	thousand m ³	767,172	752,361	98.1
Groundwater	thousand m ³	379	372	98.2
Drinking water from public water utilities	thousand m ³	5,219	5,358	102.7
Water from industrial supply systems	thousand m ³	107	66	61.7
Emissions and specific emissions of air pollutants				
Particulate matter	tons	1,534	1,589	103.6
Sulfur dioxide	tons	27,476	25,677	93.5
Nitrogen oxides	tons	25,905	24,851	95.9
Carbon dioxide from fossil fuel combustion	tons	27,866,642	26,802,633	96.2
Carbon dioxide from biomass combustion	tons	1,051,439	1,048,267	99.7

CHANGES IN CEZ GROUP OWNERSHIP INTERESTS

Year 2018

Czechia

- January 1—ČEZ Distribuční služby, s.r.o., ceased to exist by a merger with ČEZ Distribuce, a. s.
- January 1—ČEZ Inženýring, s.r.o., ceased to exist by a merger with ČEZ, a. s.
- January 2—ČEZ ESCO, a.s., increased its stake in ENESA a.s. from 75% to 100%
- January 10—ČEZ, a. s., sold a 48% stake in Osvětlení a energetické systémy a.s.; stakes in the company's Czech subsidiary ELTODO OSVĚTLENÍ, s.r.o., and Slovak subsidiary ELTODO OSVETLENIE, s.r.o., were disposed of as part of the transaction
- February 1—Transformation of Inven Capital, investiční fond, a.s., into an investment company with variable capital (SICAV) took place, together with the change of the name to Inven Capital, SICAV, a.s.
- July 1—ČEZ Teplárenská, a.s., acquired a 100% stake in AYIN, s.r.o., a company that operates the district heating system for the town of Nejdek under a lease contract effective until the end of 2027
- August 1—ČEZ Asset Holding, a. s., was established as a wholly owned subsidiary of ČEZ, a. s.
- December 3—Acquisition of Domat Holding s.r.o.; its sole member is ČEZ ESCO, a.s.
- December 3—Acquisition of Domat Control System s.r.o.; its sole member is Domat Holding s.r.o.
- December 7—REN Development s.r.o. established as a wholly owned subsidiary of ČEZ, a. s.
- December 10—Acquisition of the remaining 49% stake in ČEZ Bytové domy, s.r.o.; its sole member is ČEZ ESCO, a.s.
- December 12—Acquisition of a stake in TENAUR, s.r.o.; its sole member is ČEZ Prodej, a.s.

Albania

- February 1—Shared Services Albania Sh.A. ceased to exist by liquidation

France

- July 16—Acquisition of a minority stake in Cosmo Tech SAS through Inven Capital, SICAV, a.s.
- October 1—Acquisition of Ferme Eolienne d'Andelaroche SAS; its sole member is France-based CEZ France SAS

Israel

- December 16—Acquisition of a minority stake in Driivz Ltd. through Inven Capital, SICAV, a.s.

Italy

- July 31—Under the acquisition of the German Kofler Energies group, a 100% stake was acquired in Kofler Energies Italia S.r.l.

Hungary

- March 9—An acquisition of TGS Engineering Kft. took place, a 100% stake in the company is held by ETS Efficient Technical Solutions GmbH, a member of the Elevion group
- June 19 and June 28—An acquisition of TFS Hungary Kft. took place; the resulting 100% stake in the company is held by ETS Efficient Technical Solutions GmbH, a member of the Elevion group
- October 31—TFS Hungary Kft. ceased to exist by a merger with ETS Engineering Kft. (originally TGS Engineering Kft.); entered into the Commercial Register on October 11

Germany

- May 14—Acquisition of Kirschbaum & Rohrlack GmbH; its sole member is ETS Efficient Technical Solutions GmbH established in Germany
- June 20—CEZ ESCO II GmbH was established; its sole member is Dutch company CEZ New Energy Investments B.V.
- July 31—CEZ Erneuerbare Energien Beteiligungs II GmbH was established as a wholly owned subsidiary of CEZ New Energy Investments B.V.
- July 31—Acquisition of a 100% stake in the German Kofler Energies group
- October 23—Acquisition of Jäger & Co. GmbH; the resulting 100% stake is owned by EAB Elektroanlagenbau GmbH Rhein/Main of Elevion group
- December 4—CEZ Erneuerbare Energien Beteiligungs II GmbH acquired a 50% stake in GP JOULE PPX Verwaltungs-GmbH; the remaining 50% is owned by GP JOULE projekt Holding GmbH
- December 6—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased a 50% stake in GP JOULE PP1 GmbH & Co. KG; the remaining 50% is owned by GP JOULE projekt Holding GmbH; GP JOULE PP1 GmbH & Co. KG owns a 100% stake in its subsidiary GP JOULE PP SPV Verwaltungs-GmbH
- December 19—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased a 50% stake in Green Wind Deutschland GmbH; the remaining 50% is owned by BayWa r.e. Wind GmbH
- December 28—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased a 50% stake in Windpark Prezelle GmbH & Co. KG; the remaining 50% is owned by BayWa r.e. Wind GmbH
- December 28—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased a 50% stake in Windpark Moringen Nord GmbH & Co. KG; the remaining 50% is owned by BayWa r.e. Wind GmbH

Netherlands

- April 1—CEZ Poland Distribution B.V. was renamed to CEZ Holdings B.V.
- April 1—CEZ ESCO Poland B.V. was renamed to CEZ New Energy Investments B.V.
- December 22—CEZ International Finance B.V. ceased to exist by liquidation

Poland

- January 31—CEZ ESCO Poland B.V. (now CEZ New Energy Investments B.V.) acquired a 100% stake in Metrolog sp. z o.o.
- February 21—CEZ Group increased its stake in OEM Energy sp. z o.o. from 50% to 51%
- May 4—Baltic Green X sp. z o.o. was renamed to CEZ Chorzów II sp. z o.o.
- August 1—ESCO City VI sp. z o.o. established as a wholly owned subsidiary of CEZ Group
- August 8—ESCO City IV sp. z o.o. established as a wholly owned subsidiary of CEZ Group
- August 22—ESCO City V sp. z o.o. established as a wholly owned subsidiary of CEZ Group

Romania

- August 6—CEZ ESCO ROMANIA S.A. was established
- December 12—CEZ New Energy Investments B.V. and CEZ Holdings B.V. acquired a 100% stake in High-Tech Clima S.A.

Slovakia

- July 10—ČEZ LDS s.r.o., a subsidiary of ČEZ ESCO, a.s., acquired a 100% stake in TMT Energy, a.s. (currently renamed to ČEZ Distribučné sústavy a.s.)
- August 31—Acquisition of a 50% stake in KLF-Distribúcia, s.r.o., through ČEZ ESCO, a.s.; the remaining 50% stake is owned by KLF-ENERGETIKA, a.s.
- September 18—Acquisition of Bytkomfort, s.r.o., where a 49% stake is owned by ČEZ ESCO, a.s., and the remaining 51% is owned by the city of Nové Zámky; upon the same date, acquisitions of Bytkomfort - Servis, s.r.o., and Bytkomfort - BA, a.s., (subsidiaries of Bytkomfort, s.r.o.) were carried out
- November 26—Acquisition of SPRAVBYTKOMFORT, a.s., Prešov, where a 55% stake is owned by ČEZ ESCO, a.s.
- December 3—Acquisition of Domat Control System s. r. o., where a 100% stake is owned by Domat Control System s.r.o. registered in Czechia
- December 12—Acquisition of SERVISKOMFORT s.r.o., where a 100% stake is owned by ČEZ ESCO, a.s. (currently renamed to ČEZ SERVIS, s.r.o.)

Serbia

- December 12—Acquisition of a 100% stake in Romanian company High-Tech Clima S.A. resulting in 100% ownership in High-Tech Clima d.o.o. with its registered seat in Novi Sad

Turkey

- December 31—Egemer Elektrik Üretim A.S. ceased to exist by a merger with Akenerji Elektrik Üretim A.S.

2019 until the Annual Report Closing Date**Czechia**

- January 1—ŠKODA PRAHA Invest s.r.o. ceased to exist by a merger with ŠKODA PRAHA a.s.
- January 1—EVČ s.r.o. ceased to exist by a merger with ENESA, a.s.
- January 1—Acquisition of ITX MEDIA a.s., which owns and operates 22 heat pumps in Teplice; ČEZ Teplárenská, a.s., has become its sole shareholder
- January 2—Acquisition of a stake in Caverion Česká republika s.r.o. (renamed to KART TZB, spol. s r.o.); KART, spol. s r.o. is its sole member

France

- January 15—Acquisition of Ferme éolienne de Feuillade et Souffrignac SAS, Ferme éolienne du Blessonnier SAS, Ferme éolienne de Saugon SAS, Ferme éolienne de Genouillé SAS, Ferme éolienne d'Allas-Nieul SAS, Ferme éolienne de la Petite Valade SAS, Ferme éolienne des Besses SAS, and Ferme éolienne de Nueil-sous-Faye SAS; CEZ France SAS owns 100% stakes in all these companies

Germany

- January 7—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased a 50% stake in Windpark Bad Berleburg GmbH & Co. KG; the remaining 50% is owned by BayWa r.e. Wind GmbH
- January 7—Elektro-Decker GmbH (member of the Elevion group) purchased a 100% stake in H & R Elektromontagen GmbH
- January 9—Elevion GmbH purchased a 100% stake in GBM Gesellschaft für Büromanagement mbH
- January 9—CEZ Erneuerbare Energien Beteiligungs II GmbH purchased 50% stake in Windpark Berka GmbH & Co. KG; the remaining 50% is owned by BayWa r.e. Wind GmbH
- January 25—Elevion GmbH purchased a 100% stake in En.plus GmbH

Slovakia

- February 26—SERVISKOMFORT s.r.o. renamed to ČEZ SERVIS, s.r.o.

LEGAL AND OTHER PROCEEDINGS INVOLVING CEZ GROUP COMPANIES

Legal Proceedings

Czechia

ČEZ, a. s.

1. Minority shareholders carry on a lawsuit against ČEZ, a. s., and Severočeské doly a.s. based on an action filed in 2006, seeking declaratory judgment on the adequacy of consideration in compulsory sale of corporate securities. Should the plaintiffs win, the total additional payment could be in the order of hundreds of millions of CZK. The case is heard at first instance. The outcome of the proceeding is impossible to predict.
2. Ultra Plus Holding Limited carries on a lawsuit against ČEZ, a. s., based on an action filed in August 2010, seeking the payment of an amount in excess of CZK 196 million plus interest and costs on grounds of alleged abuse of a dominant position in determining the purchase price of brown coal (lignite) deliveries and the amount of the maximum discount for faulty performance. The court of first instance dismissed the action. The case is heard at second instance. The outcome of the proceeding is impossible to predict.
3. ČEZ, a. s., carries on a lawsuit against the Appellate Financial Directorate based on an administrative action brought against the decision of the Specialized Tax Office imposing a fine of CZK 150 million for violating the Prices Act in the payment of the price of brown thermal coal supplied by Sokolovská uhelná, právní nástupce, a.s., in 2010, 2012, and 2013. The case is heard at first instance. The outcome of the proceeding is impossible to predict.
4. Lesy České republiky, s.p., carries on 33 lawsuits against ČEZ, a. s., and some of its subsidiaries based on actions filed since 1997. The issue in dispute is a claim for compensation for loss caused by the operations of ČEZ, a. s., and its subsidiaries in forest crops in 1997 and 1999–2015. Damages claimed total CZK 295 million plus interest and costs. The outcome of the proceeding is impossible to predict.
5. M8 Slovakia, spol. s r.o., carries on a lawsuit against ČEZ, a. s., based on an action brought in 2013 on grounds of nonpayment of EUR 4 million plus interest and costs. The claims, which were assigned several times, allegedly arose from a consulting services contract made between ČEZ, a. s., and Boston Capital Services Ltd. in connection with the CET Galati project in Romania in 2009. The court of first instance dismissed the action, the court of second instance upheld the ruling, the Supreme Court refused leave to appeal. The Czech Constitutional Court rejected a constitutional complaint. Thus, the final judgment in favor of ČEZ, a. s., cannot be changed at national level.
6. ČEZ, a. s., carries on a lawsuit against Walo Bertschinger AG, registered in Switzerland, based on an action filed in 2016, seeking remedy of defects in performance consisting in repairs of the Dlouhé Stráně hydroelectric power plant or, if the defects are not remedied by the defendant as ruled, payment of CZK 205 million plus interest and costs. The Commercial Court of the Canton of Zürich dismissed the action. ČEZ, a. s., did not appeal but the ruling has not become effective yet.

7. In an insolvency proceeding against PLP a.s., Teplárna Trmice, a.s., the legal predecessor of ČEZ Teplárenská, a. s., submitted claims totaling CZK 220 million. The enterprise of the debtor, PLP a.s., was realized for USD 10 million and the proceeds were rendered to the secured creditor in July 2013. The amount of settlement for ČEZ Teplárenská, a.s., in the insolvency proceeding in question is still nil. The outcome of the proceeding is impossible to predict.
8. ČEZ, a. s., carries on a lawsuit against ŠKODA JS a.s. based on an action filed in 2016, seeking payment of CZK 611 million plus interest and costs. The issue in dispute is damages for lost profits due to wrongly performed radiographic inspections of welded joints at the Dukovany Nuclear Power Plant. The proceeding is pending in first instance and has been stayed on grounds of ongoing negotiations for out-of-court settlement; these negotiations have not been concluded yet. The outcome of the proceeding is impossible to predict.
9. Eleven tenants of apartments carry on a declaratory judgment suit against CIB RENT PÍSNICE s.r.o. concerning title to properties in the cadastral district of Písnice, based on an action filed in 2017. ČEZ, a. s., is an intervenor in the proceeding on grounds of its past title to the properties. The plaintiffs claim that the owner of the properties is the Czech Republic. The court of first instance dismissed the action. The court of second instance upheld the judgment of the court of first instance; in the matter of cost of proceedings, the appellate court returned the case to the court of first instance. The outcome of the proceeding is impossible to predict.
10. ČEZ, a. s., carried on two lawsuits against the Appellate Financial Directorate based on administrative actions filed against decisions of the Appellate Financial Directorate concerning interest on tax authority misconduct in relation to a refunded overpayment of gift tax on emission allowances for 2011 and 2012. The administrative court rescinded the disputed decision of the Appellate Financial Directorate. The Appellate Financial Directorate filed cassation appeals against the administrative court's rulings with the Supreme Administrative Court. During the cassation appeal proceedings, the Appellate Financial Directorate issued decisions in August 2018 awarding ČEZ, a. s., interest on tax authority misconduct in 2011 and 2012 but only for the periods after additional payment assessments; the cassation appeal proceedings are concluded. ČEZ, a. s., filed two analogous actions as the successor to Teplárna Trmice, a.s. The proceedings are pending before an administrative court; during the proceedings, the Appellate Financial Directorate issued decisions in December 2018 awarding ČEZ, a. s., as the successor to Teplárna Trmice, a.s., interest on tax authority misconduct in 2011 and 2012 but also just for the periods after additional payment assessments.
11. ČEZ, a. s., carries on two lawsuits against the Appellate Financial Directorate based on administrative actions filed against the Appellate Financial Directorate's decisions by which the Appellate Financial Directorate awarded ČEZ, a. s., interest on tax authority misconduct in 2011 and 2012 but only for the periods after additional payment assessments. ČEZ, a. s., believes that there was an error in law in the assessment of the periods for which ČEZ, a. s., is entitled to interest on tax authority misconduct. The proceedings are pending before an administrative court. The outcomes of the proceedings are impossible to predict.

ČEZ Distribuce, a. s.

12. SPR a.s. carries on a lawsuit against ČEZ Distribuce, a. s., based on an action filed in May 2013, seeking payment of CZK 213 million plus interest and costs. The matter in dispute is the existence of loss alleged by the plaintiff, which was allegedly incurred due to a breach of obligations by ČEZ Distribuce, a. s., in relation to the connection of the Dubí PV power plant to the distribution grid. The case is heard at first instance and has been stayed. The outcome of the proceeding is impossible to predict.
13. Four electricity generators/local distribution system operators carry on lawsuits against ČEZ Distribuce, a. s., based on actions filed in 2015, 2016, and 2017. The matter in dispute is a claim for recovery of unjust enrichment consisting in the electricity distribution price component to cover costs associated with electricity support that was allegedly incorrectly billed but duly paid by the plaintiffs in relation to local (internal) electricity consumption from January 1, 2013, to October 1, 2013. The total payment claimed exceeds CZK 1 billion plus interest and costs. The court of first instance dismissed the actions in two of the lawsuits; both plaintiffs filed an appeal. In one of the lawsuits, the court of first instance admitted the action in part and ČEZ Distribuce filed an appeal; the court of second instance then overturned the partial judgment and returned the case to the court of first instance for further proceedings. The proceeding in the last lawsuit has been stayed. The outcomes of the proceedings are impossible to predict.
14. ČEZ Distribuce, a. s., carries on three lawsuits against OTE, a.s., based on actions brought in 2016 and 2017, seeking recovery of unjust enrichment amounting to CZK 7.6 billion plus interest and costs, consisting in the electricity distribution price component to cover costs associated with electricity support being incorrectly billed but duly paid by ČEZ Distribuce, a. s., from January 1, 2013, to December 31, 2013. The courts of first and second instance discontinued the proceedings on grounds of lack of jurisdiction over the subject matter. Following two applications for leave to appeal, the Czech Supreme Court concluded that there was court jurisdiction over the subject matter in one case; this case is pending in first instance. The proceeding in the last lawsuit has been stayed. Further steps taken by the courts and the outcomes of the proceedings are impossible to predict.
15. ČEZ Distribuce, a. s., carries on a lawsuit against ŠKO-ENERGO, s.r.o., based on an action filed in 2016, seeking payment in excess of CZK 113 million plus interest and costs. The matter in dispute is additional payment of the electricity distribution price component to cover costs associated with electricity support for the period of April 1, 2013, to October 1, 2013. The courts of first and second instance discontinued the proceedings on grounds of lack of jurisdiction over the subject matter. Both parties applied for leave to appeal to the Czech Supreme Court. The Czech Supreme Court rejected ČEZ Distribuce's application for leave to appeal; consequently, the Energy Regulatory Office is competent to decide the matter. The outcome of the proceeding is impossible to predict.
16. In an insolvency proceeding against Česká energie, a.s., ČEZ Distribuce, a. s., submitted an unsecured claim for approximately CZK 138 million plus interest and costs arising from failure to pay for distribution system services under a contract. The insolvency proceeding commenced in December 2016 and is still pending. The outcome of the proceeding is impossible to predict.
17. ČEZ Distribuce, a. s., filed an insolvency petition combined with a bankruptcy petition against SCP first payment of receivables s.r.o. (formerly ENWOX ENERGY s.r.o.) in December 2017, submitting its matured unsecured claim for approximately CZK 115 million plus interest and costs in the proceeding. The claim arose from failure to pay for distribution system services under a contract. The insolvency proceeding is pending. The outcome of the proceeding is impossible to predict.
18. In an insolvency proceeding against One Energy & One Mobile a.s., ČEZ Distribuce, a. s., submitted an unsecured claim for approximately CZK 154 million plus interest and costs arising from failure to pay for distribution system services under a contract. The insolvency proceeding commenced in 2018 and is still pending. The outcome of the proceeding is impossible to predict.

ČEZ Prodej, a.s.

19. ČEZ Prodej, a.s., carries on a lawsuit against Správa železniční dopravní cesty, státní organizace ("SŽDC"), based on an action filed in 2010, seeking damages in the amount of CZK 805 million plus interest and costs. The matter in dispute is an alleged breach of an electricity supply contract by SŽDC, consisting in failure to take deliveries of an agreed amount of electricity in 2010, and the resulting loss. Following an application for leave to appeal filed by SŽDC, the Czech Supreme Court overturned the rulings of the courts of first and second instance and returned the case to the court of first instance. The court of first instance dismissed the action. The case is heard at second instance but also by the Czech Constitutional Court following a constitutional complaint. SŽDC, which had paid the amount claimed, subsequently brought an action against ČEZ Prodej, seeking recovery of unjust enrichment amounting to the paid sum of CZK 1,116 million plus interest and costs, which the court of first instance admitted by a nonfinal ruling. The outcomes of the two proceedings are impossible to predict.
20. ČEZ Prodej, a.s., carries on a lawsuit against SŽDC based on an action filed in 2013, seeking damages in the amount of CZK 857 million plus interest and costs. The matter in dispute is an alleged breach of an electricity supply contract by SŽDC, consisting in failure to take deliveries of an agreed amount of electricity in 2011, and the resulting loss. After the decision of the court of first instance was overturned by the appellate court, the case is now reheard by the court of first instance. The outcome of the proceeding is impossible to predict.
21. ČEZ Prodej, a.s., carries on a lawsuit against OTE, a.s., seeking substitution of a decision by the Energy Regulatory Office and a decision by the Chairwoman of the Energy Regulatory Office concerning the payment of an amount in excess of CZK 124 million as the outstanding difference in purchase prices paid to solar electricity producers, which were paid by OTE, a.s., to ČEZ Prodej, a.s., as the mandatory purchaser on the basis of an action brought in 2016. The court of first instance dismissed the action. The case is heard at second instance. The outcome of the proceeding is impossible to predict.
22. ČEZ Prodej, a.s., carries on a lawsuit against ACTHERM, spol. s r.o. (a distribution system operator), seeking damages in excess of CZK 185 million plus interest and costs based on an action filed in 2016 (CZK 124 million) and its extension in 2017 concerning loss incurred in the subsequent period (CZK 61 million). The matter in dispute is loss caused by the actions of ACTHERM, spol. s r.o., during the registration of three solar electricity producers in the market operator's system and the delivery of information on the amount of support paid to the producers by ČEZ Prodej, a.s. The proceeding is pending at first instance and is stayed on grounds of the lawsuit against OTE, a.s. (see above). The outcome of the proceeding is impossible to predict.
23. ČEZ Prodej, a.s., carries on three lawsuits with solar electricity producers based on actions filed in March 2017, seeking recovery of unjust enrichment of nearly CZK 160 million. The unjust enrichment consists in the collection of higher purchase prices than those reimbursed to ČEZ Prodej, a.s., by OTE, a.s. Two of the cases are heard at first instance. The action in the third case was dismissed and the case is heard at second instance. The outcomes of the proceedings are impossible to predict.
24. OTE, a.s., carries on a lawsuit against ČEZ Prodej, a.s., based on an action brought in 2018, seeking payment of approximately CZK 104.4 million plus interest and costs. The legal ground for the amount sought is unjust enrichment consisting in the difference between the purchase price and the hourly price paid by OTE, a.s., to ČEZ Prodej, a.s., as a mandatory purchaser from a solar electricity producer in the period from January 1, 2013, to April 30, 2018. The court of first instance issued a nonfinal ruling discontinuing the action and referring the case to the Energy Regulatory Office once the discontinuance ruling becomes final. The outcome of the proceeding is impossible to predict.

ŠKODA PRAHA a.s., Successor to ŠKODA PRAHA Invest s.r.o. since January 1, 2019

25. ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) submitted claims in insolvency proceedings against
- a) Chladičí věže Praha, a. s., namely conditional and unconditional claims relating to the execution of an 880 MW_e CCGT Unit project at the Počeradý power plant totaling CZK 451 million, based on a filing in 2015. The submitted claims were denied by the receiver to the full amount. Therefore, ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) carries on a lawsuit against the receiver based on an action brought in 2016, seeking the determination of the authenticity and amounts of the denied claims. The case is heard at first instance. The outcome of the proceeding is impossible to predict.
 - b) VÍTKOVICE POWER ENGINEERING a.s., namely conditional and unconditional claims relating to the execution of a project for the construction of a new 660 MW_e unit at the Ledvice power plant and comprehensive renovation of the Pruněřov II power plant totaling approximately CZK 9 billion (unconditional claims amounted to approximately CZK 126 million, conditional claims approximately CZK 8.8 billion), based on a filing in 2016. All of the claims were denied by the receiver or the debtor or both. Therefore, ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) carries on lawsuits concerning the denied claims to determine the authenticity and amounts of the denied claims. In view of procedural changes resulting in the unconditional claims relating to the execution of a project for the construction of a new 660 MW_e unit at the Ledvice power plant being deemed established, the incidental action concerning those claims was withdrawn in full and the relevant incidental proceeding was discontinued. The other proceedings are pending at first instance and their outcomes are impossible to predict.
 - c) KRÁLOVOPOLSKÁ RIA, a.s., namely conditional and unconditional claims relating to the execution of a project for the construction of a new 660 MW_e unit at the Ledvice power plant, comprehensive renovation of the Pruněřov II power plant, and a project for the construction of a new 880 MW_e CCGT unit at the Počeradý power plant, totaling approximately CZK 1.89 billion (conditional claims of approximately CZK 1.85 billion, an unconditional claim of approximately CZK 16,600 based on filings in 2017, and a claim for damages of approximately CZK 38.7 million based on a filing in 2018). Conditional claims totaling approximately CZK 1.85 billion were denied by both the receiver and KRÁLOVOPOLSKÁ RIA, a.s. Therefore, ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) carries on a lawsuit concerning the denied claims to determine the authenticity and amounts of the denied claims. The case is heard at first instance. The outcome of the proceeding is impossible to predict. A claim for damages arising from the denial of selected contracts for work by KRÁLOVOPOLSKÁ RIA, a.s., totaling approximately CZK 38.7 million—submitted in case the denial is upheld, although it is challenged by ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.)—was denied by the receiver. ŠKODA PRAHA Invest s.r.o. carries on a lawsuit concerning this denied claim against the receiver based on an action brought in 2018. The outcome of the proceeding is impossible to predict.
26. ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) carries on a lawsuit against PPF banka a.s. based on an action brought in 2016, seeking payment of approximately CZK 43 million plus interest and costs. The matter in dispute is a bank guarantee issued by PPF banka a.s. The court of first instance admitted the action. Following an appeal filed by the defendant, the proceeding is pending at second instance. The outcome of the proceeding is impossible to predict.
27. ŠKODA PRAHA Invest s.r.o. carried on two lawsuits against NOEN, a.s., based on two actions brought in 2017, seeking payment of an amount in excess of CZK 228 million plus interest and costs. The amount claimed was a penalty. Settlement agreements were made in both cases and the actions were abandoned in full in early 2019.

28. The receiver of Chladicí věže Praha, a. s., carries on a lawsuit against ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) based on an action brought in 2018, seeking payment of approximately CZK 43 million plus interest and costs. The legal ground for the amount claimed is an alleged breach of a lien on claims of Chladicí věže Praha, a. s., under a security agreement with PPF banka a.s. The case is heard at first instance. The outcome of the proceeding is impossible to predict.
29. The receiver of VÍTKOVICE POWER ENGINEERING a.s. carries on a lawsuit against ŠKODA PRAHA a.s. (formerly ŠKODA PRAHA Invest s.r.o.) based on an action brought in 2018, seeking payment of approximately CZK 3.4 million plus interest and costs (CZK 5.4 million before the action was abandoned in part). The legal ground for the amount claimed is alleged additional cost relating to a lime suspension accident during the comprehensive renovation of the Pruněřov II power plant. The case is heard at first instance. The outcome of the proceeding is impossible to predict.

Energotrans, a.s.

30. Energotrans, a.s., carries on two lawsuits against the Appellate Financial Directorate based on administrative actions filed against decisions of the Appellate Financial Directorate concerning interest on tax authority misconduct in relation to a refunded overpayment of gift tax on emission allowances for 2011 and 2012. The Appellate Financial Directorate issued decisions in December 2018 awarding Energotrans, a.s., interest on tax authority misconduct in 2011 and 2012 for the periods after additional payment assessments. The administrative court rescinded both disputed decisions of the Appellate Financial Directorate and reopened the proceedings. The proceedings are still pending and their outcomes are impossible to predict.

Abroad

Poland

31. In 2009, Agrowind Kończewo sp. z o.o. (AWK) filed a lawsuit against 7 companies jointly and severally, one of which is Eco-Wind Construction S.A. (EWC), seeking PLN 22.7 million plus interest in compensation because the companies frustrated the installation of wind turbines and transformer stations on land that the claim alleges was held by AWK. On December 4, 2012, the claim was increased to a total of PLN 112.7 million plus interest (approximately CZK 673 million). The case was subsequently suspended on the ground of notified bankruptcy. Another hearing took place on January 9, 2019, but only with six parties that continue in the proceeding.

Germany

32. On June 12, 2017, D-I-E Elektro AG brought an action against Minto GmbH in the regional court in Mönchengladbach, seeking payment of compensation under a contract for work of EUR 6,714,490 plus interest and costs. The case is pending in first instance. The outcome of the proceeding is impossible to predict.

Turkey

33. Starting from 2011, Sakarya Elektrik Dağıtım A.S. (SEDAŞ) filed appeals against administrative decisions of the Turkish energy market regulatory authority (EPDK) that were the basis for reducing the portion of the companies' operating costs that were automatically recognized in tariffs. SEDAŞ appealed against one of the first instance decisions to the Supreme Administrative Court of Turkey. The appeal was dismissed. The remaining lawsuits are in the pleading submission stage.
34. Distribution and sales companies in Turkey are facing lawsuits concerning a refund of the costs of technical and nontechnical losses paid for by the companies' customers. In the case of SEDAŞ, the total amount of pending lawsuits is immaterial and courts have been deciding in favor of the company with regard to legislation passed in 2016 as well as the Constitutional Court's jurisprudence.
35. In March and May 2016, SEDAŞ brought three administrative actions against EPDK's decisions regulating the limits of SEDAŞ's revenue from electricity distribution in the regulatory period of 2016 to 2020, including the method of calculation and application. The case is pending in the appellate court.

Romania

36. Distribuție Energie Oltenia S.A. has been carrying on a lawsuit against the regulatory authority since early 2014, concerning distribution tariffs in the second regulatory period. In April 2016, the court of first instance partially admitted the complaint of Distribuție Energie Oltenia S.A. against the regulatory authority and decided that the correction for the past regulatory period was applied wrongfully. The regulatory authority appealed against the judgment and also disputed a submitted expert opinion. The opinion says that the amount of the negative correction (the primary cause of a decrease in tariffs) is unjustified. The case will be heard by a court of second instance.
37. Distribuție Energie Oltenia S.A. has been carrying on a lawsuit against the regulatory authority (ANRE) since late 2018, concerning administrative regulation No. 169/2018 governing distribution tariff methodology. The case is pending in first instance. The outcome of the proceeding is impossible to predict.

38. Distribuție Energie Oltenia S.A. has been carrying on a lawsuit against the regulatory authority (ANRE) since late 2018, concerning administrative regulation No. 168/2018 governing WACC. The case is pending in first instance. The outcome of the proceeding is impossible to predict.
39. Tomis Team S.A. carries on a lawsuit against the Municipal Authority of Fântânele seeking annulment of the authority's decision No. 11/14.03.2014, based on action brought in 2018. The case is heard at first instance. The outcome of the proceeding is impossible to predict.
40. Tomis Team S.A. carries on a lawsuit against the Municipal Authority of Fântânele concerning its obligation to pay property tax (in 2010–2014) and related penalty (totaling approximately RON 27.5 million, that is, approximately CZK 148 million), based on an action brought in 2016. The case is heard at first instance and has been stayed. The outcome of the proceeding is impossible to predict.
45. As a result of a regulatory audit of compliance with distribution license conditions in the period of July 1, 2008, to November 30, 2013, conducted by the EWRC, CEZ Razpredelenie Bulgaria AD was served 981 administrative decisions on a breach of obligations, which the company submitted written objections to. On the basis of the objections submitted, CEZ Razpredelenie Bulgaria AD subsequently received 206 penalty decisions issued by the EWRC for BGN 20,000 (approximately CZK 260,000) per breach. The company duly appealed against all of the penalty decisions. At the report closing date, there are 197 final court rulings, of which 96 confirmed the imposed penalties and the penalties were paid by the company; 101 rulings definitely dismissed the penalties. Additionally, seven proceedings are awaiting a ruling by the court of first instance, one proceeding is awaiting a ruling by the court of second instance, and one proceeding has recently been concluded in favor of the company.

Bulgaria

41. CEZ Razpredelenie Bulgaria AD and CEZ Elektro Bulgaria AD appealed in 2016, 2017, and 2018 against numerous decisions of the regulatory authority—Energy and Water Regulatory Commission (EWRC)—stipulating prices of electricity. Legal proceedings are underway. The outcomes of the proceedings are impossible to predict.
42. CEZ Razpredelenie Bulgaria AD and CEZ Elektro Bulgaria AD carry on a lawsuit against the EWRC; the matter in dispute is changes affecting electricity price regulation in effect since June 2018. The outcome of the proceeding is impossible to predict.
43. CEZ Razpredelenie Bulgaria and CEZ Elektro Bulgaria appealed against changes in regulation No. 1 concerning electricity price regulation in June 2018. A hearing in the Supreme Administrative Court is scheduled for November 2019. The outcome of the proceeding is impossible to predict.
44. In March 2014, NEK (Natsionalna Elektricheska Kompania EAD) brought an action against CEZ Razpredelenie Bulgaria AD in the City Court of Sofia, seeking payment of BGN 5.9 million (approximately CZK 76 million) for electricity supplies in 2011 and 2012. CEZ Razpredelenie Bulgaria AD responded by submitting objections to NEK's action. In a closed hearing held on June 1, 2015, the court disallowed NEK's claim and called ESO EAD, the transmission system operator, as the plaintiff instead. The court dismissed ESO EAD's action on December 11, 2017, and ESO EAD appealed against the ruling. The appellate court in Sofia issued a ruling on August 17, 2018, ordering CEZ Razpredelenie Bulgaria to make payments of BGN 5.7 million and BGN 2.75 million in interest. The company appealed to the Supreme Administrative Court. Proceeding commencement is awaited. The outcome of the proceeding is impossible to predict.
46. In 2013, the Commission for Protection of Competition (CPC) initiated proceedings on infringements of the Competition Protection Act and Articles 101 and 102 of the Treaty on the Functioning of the European Union (cartel agreements consisting in concerted practices and abuse of a dominant position) by ČEZ companies and other companies in connection with the opening of the electricity market. On December 14, 2017, the CPC made a decision whereby CEZ Elektro Bulgaria AD was fined BGN 1.14 million (approximately CZK 14.3 million) and CEZ Razpredelenie Bulgaria AD was fined BGN 1.06 million (approximately CZK 13.9 million). Both companies appealed against this decision to the Supreme Administrative Court. The Supreme Administrative Court found the fines justified and dismissed both companies' appeals. An appeal was filed against this ruling.
47. The Commission for Protection against Discrimination opened case No. 258/2008 for alleged discrimination based on ethnic origin due to the installation of junction boxes at a height of 6–8 meters in some areas but at a height of 1–2 meters in other areas. The Court of Justice of the European Union in Luxembourg decided on July 16, 2015, that Anelya Nikolova was discriminated against. The Administrative Court in Sofia has taken the case over. On August 10, 2017, the Administrative Court decided to return the case to the Commission for Protection against Discrimination. The case was reopened by the Commission. The issue of its decision is awaited.
48. In April 2017, Piraeus Bank filed an action against Bara Group EOOD concerning pledged claims of SANO EPC EOOD against Bara Group EOOD. The action claiming BGN 50,000 (approximately CZK 0.6 million) is just a portion of the total pledged claim amounting to BGN 3 million (approximately CZK 39 million). Bara Group EOOD submitted its objections to the action in writing. The case is now in the appellate stage as the action was dismissed by the court of first instance and SANO EPC EOOD appealed against the dismissing court ruling.

49. ESO EAD (transmission system operator) carries on two lawsuits against CEZ Razpredelenie Bulgaria AD, seeking payment of claims related to electricity transmission and supply, amounting to approximately BGN 6.33 million (approximately CZK 83 million), for the period from March 2014 to January 2015, based on actions brought in 2014 and 2017. The legal ground for the amount claimed is article 7 of regulation No. 1 concerning electricity price regulation. The proceeding is pending in first instance in one case and in second instance in the other case. The outcomes of the proceedings are impossible to predict.

Other Proceedings

Czechia

As part of an investigation into possible criminal activity related to obtaining a license to operate the Vranovská Ves PV power plant, police authorities issued a resolution to secure a replacement value of the likely proceeds of this criminal activity pursuant to the Code of Criminal Procedure, specifically:

1. Securing of receivables of ČEZ Obnovitelné zdroje, s.r.o., against OTE, a.s., in the form of support paid for the green bonus, totaling nearly CZK 713 million as at February 28, 2019; the amount in question will be deposited on a bank account with the Czech National Bank for the duration of the security, and ČEZ Obnovitelné zdroje, s.r.o., cannot dispose of these funds.
2. Securing of funds on a bank account of ČEZ, a. s., in the amount of approximately CZK 223 million; ČEZ, a. s., cannot dispose of these funds for the duration of the security.

In both cases, these are interlocutory security measures taken by law enforcement authorities in a case where the accused are not employees of CEZ Group companies. ČEZ Obnovitelné zdroje, s.r.o., and ČEZ, a. s., are injured parties in the case.

Bulgaria

On March 19, 2014, the Bulgarian regulatory authority EWRC initiated a procedure for revoking the electricity trading license of CEZ Elektro Bulgaria. The initiation of the procedure was the result of Bulgarian authorities' long-term inactivity in matters concerning RES support regulation in 2012 and 2013. The procedure was discontinued by EWRC decision No. P2-L-135-11 adopted at its meeting on August 6, 2018. There is no information on any appeal from this decision and no further steps are expected in the procedure.

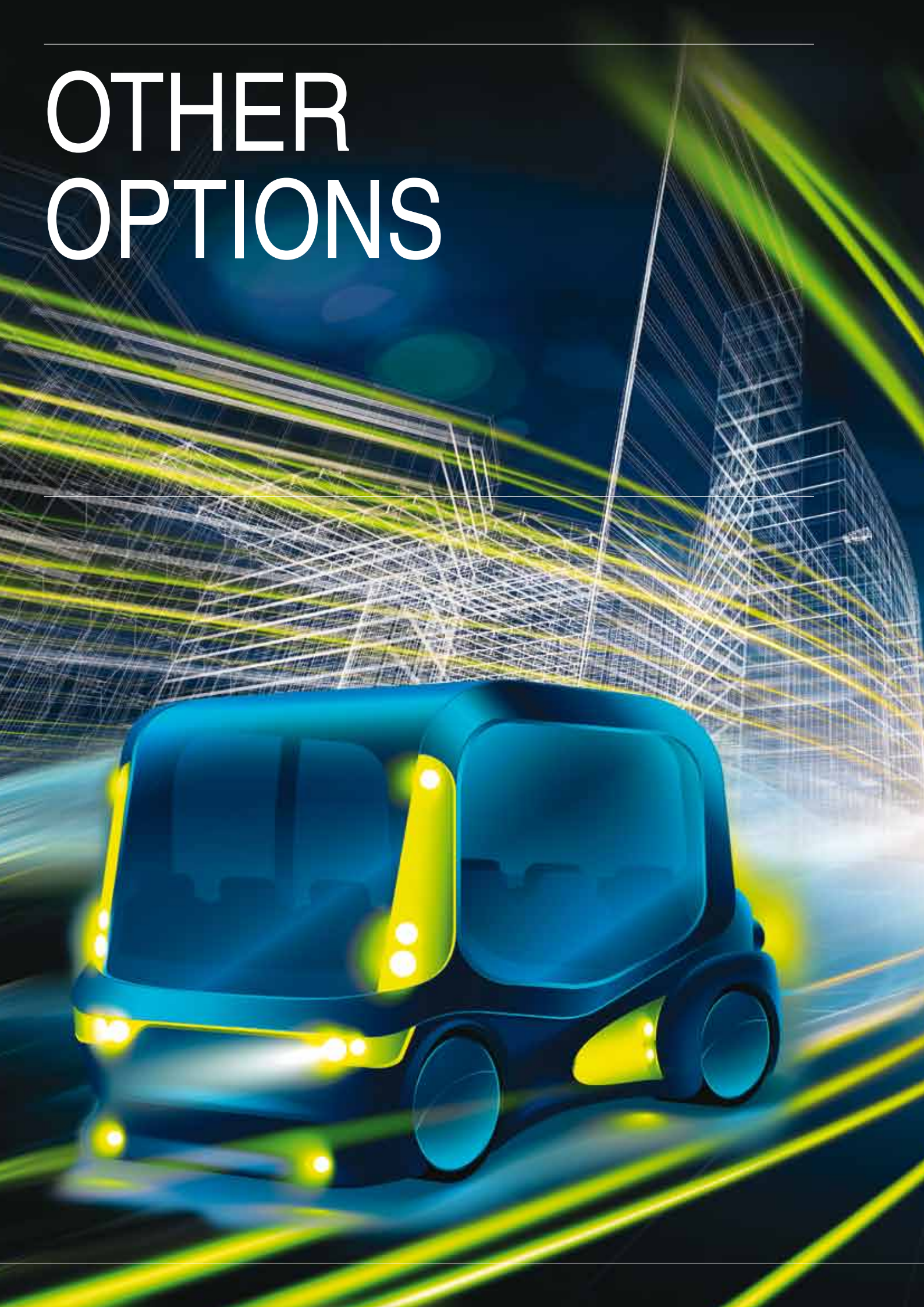
An action was brought against a decision of the Bulgarian antitrust authority denying approval of a transaction to sell CEZ Group's Bulgarian assets to Inercom. In late October 2018, the Bulgarian Supreme Administrative Court ruled ČEZ, a. s., and CEZ Bulgarian Investments B.V. to be legitimate parties to the

lawsuit between Inercom and the KZK concerning an appeal from the denial of authorization to purchase ČEZ's Bulgarian assets. The first hearing in the Supreme Administrative Court is scheduled for May 14, 2019.

An action was brought against a decision of the Bulgarian antitrust authority suspending proceedings concerning Inercom's second application relating to approval of the sale of CEZ Group's Bulgarian assets. The second application was filed after the antitrust authority denied its approval of the transaction according to the first application and after Inercom sold its solar energy generation assets. A court ruling of February 2019 upheld the antitrust authority's decision to suspend the proceedings concerning the second application until a final ruling is made on the first application for approval of the transaction to sell CEZ Group's Bulgarian assets to Inercom. Both Inercom and ČEZ, a. s., filed a cassation appeal against the decision with the Bulgarian Supreme Administrative Court.

On July 12, 2016, ČEZ, a. s., formally filed a Request for Arbitration with the International Centre for Settlement of Investment Disputes (ICSID), officially commencing international investment arbitration against the Republic of Bulgaria under the Energy Charter Treaty on the grounds of non-protection of investment. It decided to do so after a number of interventions by Bulgarian authorities injuring ČEZ companies' business in Bulgaria and as a result of a long-term, non-improving critical situation in the country's energy market. The claim amounts to hundreds of millions of EUR. ČEZ, a. s., repeatedly called upon the Bulgarian government to improve the existing situation speedily and compensate incurred losses. In November 2015, it sent the Bulgarian government a Notice of Dispute in which it asked for amicable settlement and reserved the right to commence investment arbitration. Efforts to initiate an amicable settlement with the Bulgarian government did not result in any official response by the competent authorities after November 2015. After the deadline for an amicable settlement expired in May 2016, ČEZ, a. s., formally notified Bulgaria that it would commence the international arbitration procedure. The arbitration claim is not part of the sale of Bulgarian assets approved by the governance bodies of ČEZ, a. s., in February 2018 and the arbitration is still carried on by ČEZ, a. s. The dispute is decided by a three-member tribunal and each party has already appointed an arbitrator. The tribunal could not be appointed in 2018 because the parties did not agree on its president in spite of many attempts to do so. ČEZ, a. s., officially asked the ICSID to appoint the tribunal at the beginning of 2019. On this basis, the president was elected and the complete tribunal was appointed in February 2019. Further procedural steps are now awaited.

OTHER OPTIONS



THE POINT IS NOT TO
REGENERATE COAL BUT TO
GENERATE ENERGY FROM
ANYTHING THAT COMES UP.

WE RUN ON ELECTRICITY

PROFESSOR SIBRANDUS STRATINGH FROM GRONINGEN, NETHERLANDS, DESIGNED A SMALL ELECTRIC VEHICLE THAT WAS BUILT BY HIS ASSISTANT CHRISTOPHER BECKER.

1835

1899

THE FIRST PROTOTYPE OF A HYBRID VEHICLE POWERED BY AN ELECTRIC MOTOR AND BATTERIES WAS BUILT. ITS BATTERIES WERE RECHARGED BY A DYNAMO DRIVEN BY AN INTERNAL-COMBUSTION ENGINE. IT WAS INVENTED BY FERDINAND PORSCHE, A NATIVE OF VRATISLAVICE NAD NISOU.

CHINA HAS THE HIGHEST NUMBER OF ELECTRIC CARS ON THE ROAD, AS WELL AS AN OVERWHELMING MAJORITY OF ELECTRIC BUSES IN OPERATION. NORWAY IS NUMBER ONE IN EUROPE, FOLLOWED BY FRANCE. THERE ARE OVER 500,000 ELECTRIC VEHICLES IN OPERATION IN THE WHOLE OF EUROPE, INCLUDING APPROXIMATELY 2,000 VEHICLES IN CZECHIA.



COGENERATION/TRIGENERATION

COGENERATION IS A TERM THAT MEANS THE COMBINED GENERATION OF ELECTRICITY AND HEAT. TRIGENERATION INCLUDES THE GENERATION OF COLD.

350

THE TOTAL INSTALLED CAPACITY OF COGENERATION FACILITIES IN CZECHIA WAS ESTIMATED AT 350 MW AT THE END OF 2018.

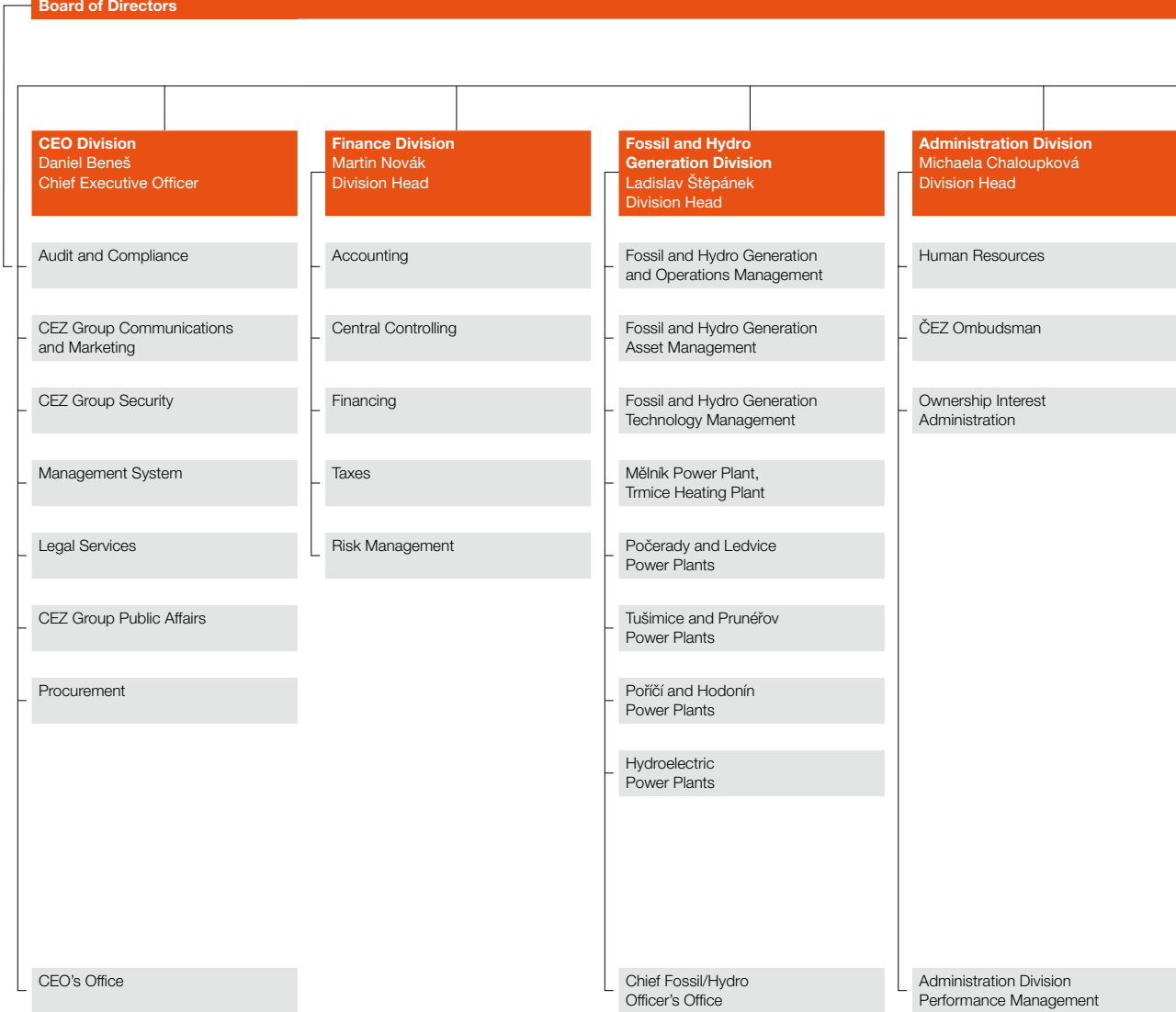
COGENERATION UNITS ALLOW USING WASTE HEAT FROM ELECTRICITY GENERATION TO HEAT BUILDINGS OR WATER, INCREASING THE EFFICIENCY OF THE UTILIZATION OF PRIMARY ENERGY FROM FUELS FROM TODAY'S 40% TO 80-90%.

BASIC ORGANIZATION CHART OF ČEZ, a. s., AS AT MARCH 18, 2019

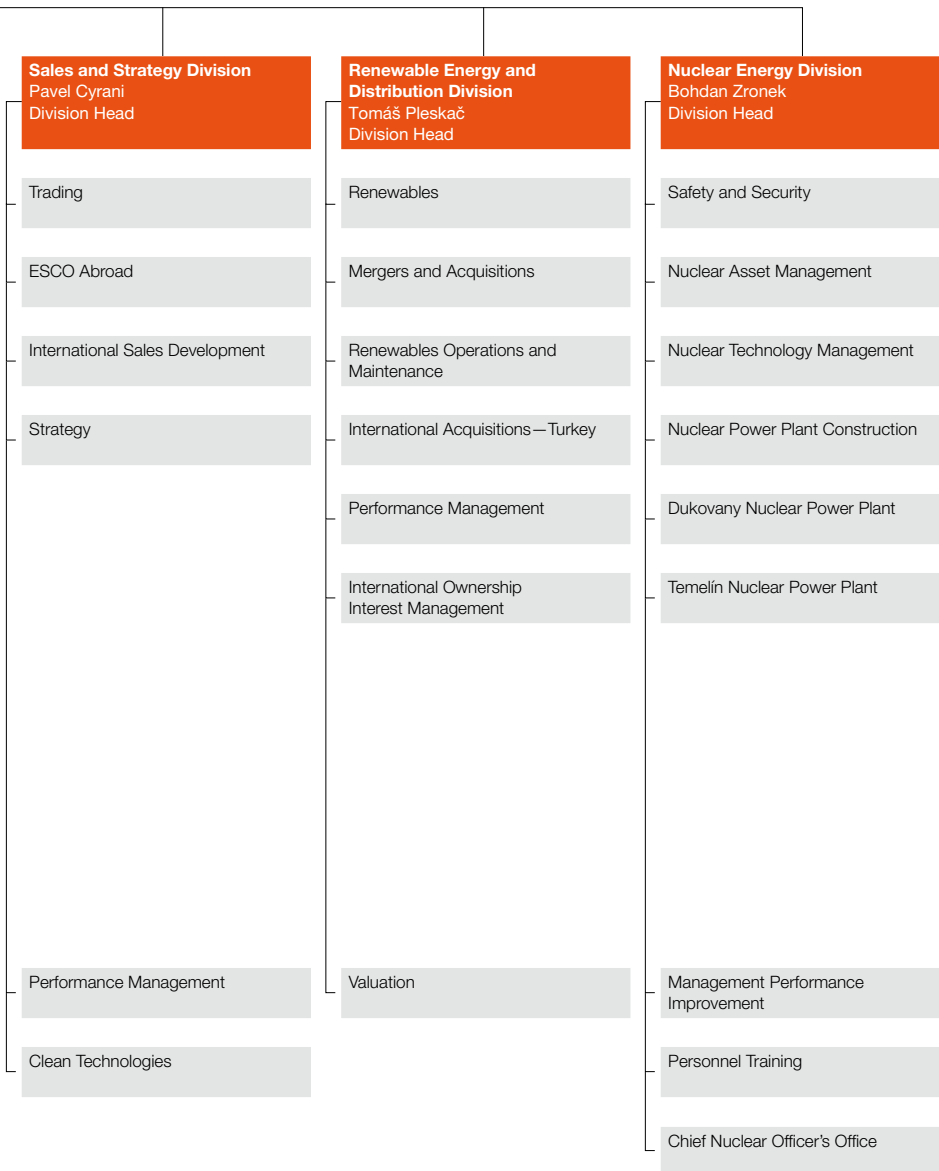
Shareholders' Meeting

Supervisory Board

Board of Directors



Audit Committee



INFORMATION FOR SHAREHOLDERS AND INVESTORS

Financial Calendar

Event	Date
CEZ Group 2018 Annual Report—electronic Czech and English versions	April 18, 2019
CEZ Group 2018 Annual Report—printed Czech version	April 25, 2019
CEZ Group 2018 Annual Report—printed English version	April 29, 2019
CEZ Group non-audited consolidated financial results for Q1 2019 Interim consolidated financial statements Conference call (in English)	May 14, 2019
ČEZ non-audited financial results for Q1 2019	
CEZ Group non-audited consolidated financial results for H1 2019 Interim consolidated financial statements Conference call (in English)	August 13, 2019
ČEZ non-audited financial results for H1 2019	
CEZ Group 2019 Half-Year Report	September 2, 2019
CEZ Group non-audited consolidated financial results for Q1–Q3 2019 Interim consolidated financial statements Conference call (in English)	November 12, 2019
ČEZ non-audited financial results for Q1–Q3 2019	

Contacts

	E-mail/Website	Phone/Fax
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Spokespeople in Individual Geographical Areas of Czechia	http://www.cez.cz/cs/pro-media/kontakt-pro-media.html	
Investor Relations		
Barbara Seidlová	barbara.seidlova@cez.cz	+420 211 042 529
Website		
	www.cez.cz	
Václav Beneš	vaclav.benes@cez.cz	+420 211 043 194
Martin Schreier	martin.schreier@cez.cz	+420 211 042 612
Information Centers	http://www.cez.cz/cs/o-spolecnosti/kontakty-skupina-cez/informacni-centra.html	
Virtual Power Plant Tours	http://virtualniprohlidky.cez.cz/cez-virtualni-prohlidky/	
Customer Care Line in Czechia—Sales	https://www.cez.cz/cs/kontakty.html	+420 800 810 820
Mailing address:		fax: +420 371 102 008
ČEZ Prodej, a.s.		when calling from abroad: +420 371 100 100
Guldenerova 2577/19 326 00 Plzeň		

	E-mail/Website	Phone/Fax
Customer Care Line in Czechia—Distribution Mailing address: ČEZ Distribuce, a. s. Guldenerova 2577/19 326 00 Plzeň	https://www.cez.cz/cs/kontakty.html	+420 800 850 860
Customer Care Line in Czechia— Energy Services Contact address: ČEZ ESCO, a.s. Duhová 1444/2 140 00 Praha 4 Mailing address: ČEZ ESCO, a.s. Guldenerova 2577/19 326 00 Plzeň	www.cezesco.cz obchod@cezesco.cz	+420 371 101 101
Web Sales Office (ČEZ ON_LINE)	https://cezonline.cez.cz	
Current Status of Electricity Distribution at a Particular Address (in Czechia)	www.bezstav.cz	
Customer Care Line in Romania—Sales Mailing address: CEZ Romania S.A. Str. Depozitelor 2 Târgu Jiu, judetul Gorj cod postal 210152	cez_crc@cez.ro	0251 929 (when calling from Romania) fax: 0248 524 834
Customer Care Line in Romania—Distribution Mailing address: Distributie Energie Oltenia S.A. Str. Depozitelor 2 Târgu Jiu, judetul Gorj Cod postal 210238	relatiiclienti@distributieoltenia.ro distributie@distributieoltenia.ro	0800 500 000 0251 408 006 0251 408 007 0251 408 008 fax: 0251 216 471 fax: 0372 526 471
Customer Care Line in Bulgaria—Sales	info@cezelectro.bg	0700 10 010 (when calling from Bulgaria) fax: +359 (0)2 9871 852
Customer Care Line in Bulgaria—Distribution	klienti@cez-rp.bg	0700 10 010 (when calling from Bulgaria) fax: +359 (0)2 8959 667
Customer Care Line in Slovakia Mailing address: CEZ Slovensko, s.r.o. Mlynské nivy 48 821 09 Bratislava	cez@cez.sk , www.cez.sk	0850 888 444 (when calling from Slovakia)
Customer Care Line in Hungary	sales@cez.hu	+36 1 266 9324 fax: +36 1 266 9331
Representation in Germany	info@cezdeutschland.de	+49 (0) 40 999 995 30
Representation in France	info@cezfrance.fr Additional information: www.youtube.com/watch?v=NCd9FC0Q48Q	
ČEZ Foundation	www.nadacecez.cz	+420 211 046 720
CEZ Group Sustainability Report	www.cez.cz/cs/udrzitelny-rozvoj.html	
CEZ Group Ombudsmen In Czechia Josef Sedlák Mailing address: Ombudsman ČEZ Hvězdova 1716/2b 140 62 Praha 4	www.cez.cz/ombudsman.html	Phone contact not possible
In Bulgaria Radoslav Dimitrov Mailing address: Tsarigradsko Shosse 159 1784 Sofia	www.cez.bg/bg/kontakti.html	+359 (0) 28 958 450 fax: +359 (0) 28 959 770

Glossary of Selected Terms and Abbreviations

Term	Commentary
EEX	European Energy Exchange
EFET	European Federation of Energy Traders An association of European energy traders in wholesale electricity and gas markets.
EMEA	The geopolitical region of Europe, Middle East, and Africa
EURATOM	European Atomic Energy Community
EURELECTRIC	A sector association representing the common interests of the European electricity industry in Brussels. Its most important activity is monitoring the preparation of energy legislation at EU level, formulating joint positions, and presenting them actively to EU institutions.
Horizon 2020	European Union Framework Program for Research and Innovation in 2014–2020, defining a framework for EU support of research and innovation activities.
IETA	International Emissions Trading Association A nonprofit business association serving businesses engaged in market solutions to tackle climate change.
LNG	Liquefied Natural Gas
OTC	Over-the-Counter. A term for off-exchange trading in securities and other financial instruments. Trading is done directly between two parties that negotiate the individual terms of each transaction.
RES	Renewable Energy Sources Energy resources that can be naturally replenished, either partially or in full. They include, in particular, solar, wind, and hydro energy, biomass, and biogas.
SÚJB	State Office for Nuclear Safety (Státní úřad pro jadernou bezpečnost)
WANO	World Association of Nuclear Operators
WtE	Waste-to-Energy

List of Units and Abbreviations Used

Abbreviation	Unit	Commentary
t	Ton	A unit of mass
TJ	Terajoule	A unit of work (energy)
V	Volt	A unit of electric potential (voltage)
W	Watt	A unit of power
Wh	Watt-hour	A unit of work

In most chapters of the Annual Report, company names are listed without the abbreviation specifying their legal form. Complete names of companies of CEZ Group are listed in the Report on Relations included in this Annual Report (see pp. 182–219). Complete names of companies outside of CEZ Group are listed in the table below:

Names of Companies Outside of CEZ Group

(Short) Name Used	Full Name according to the Commercial Register
AERO Vodochody	AERO Vodochody a.s.
AKKÖK	Akkök Holding A.S.
Alstom	ALSTOM HOLDINGS SA
ANRE	Autoritatea Națională de Reglementare în domeniul Energiei
Arthur Andersen	Arthur Andersen BV
AWK	Agrowind Kończewo sp. z o.o.
BCPP	Burza cenných papírů Praha, a.s.
BOTAS	BOTAŞ Petroleum Pipeline Corporation
BSE (Българска Фондова Борса)	Bulgarian Stock Exchange Sofia (Българска Фондова Борса)
Burza cenných papírů Praha	Burza cenných papírů Praha, a.s.
Burza cenných papírů ve Varšavě	Giełda Papierów Wartościowych w Warszawie S.A.
Centrální depozitář cenných papírů	Centrální depozitář cenných papírů, a.s.

(Short) Name Used	Full Name according to the Commercial Register
Chimimport	Chimimport AD
Cinergy	Cinergy Corp.
Cloud&Heat Technologies	CLOUD & HEAT Technologies GmbH
ConocoPhillips	ConocoPhillips Company
Cosmo Tech	Cosmo Tech SAS
ČEPS	ČEPS, a.s.
Česká pojišťovna	Česká pojišťovna a.s.
DIAMO	DIAMO, státní podnik
DOVERIE	DOVERIE – United Holding AD
Driivz	Driivz Ltd.
E.ON	E.ON Česká republika, s. r. o.
E.ON	E.ON Energy Projects GmbH
EdF	Électricité de France S.A.
EEX	European Energy Exchange AG
En.plus	En.plus GmbH
European Liability Insurance for the Nuclear Industry	Elini N.V.
Evropská investiční banka	Evropská investiční banka (European Investment Bank)
FVE Dubí	FVE Dubí s.r.o.
FVE Vranovská Ves	FVE Vranovská Ves a.s.
Global Payments Europe	Global Payments Europe, s.r.o.
H & R Elektromontagen	H & R Elektromontagen GmbH
Hochtief	HOCHTIEF CZ a. s.
ICE	Intercontinental Exchange, Inc.
India Power	India Power Corp. Ltd.
Inercom	Inercom Bulgaria EAD
Kaufland	Kaufland Česká republika v.o.s.
McKinsey & Company	Skupina McKinsey & Company
MOL	MOL Nyrt.
OEM Energy	OEM Energy Sp z o.o.
OKD	OKD, a.s.
OTE	OTE, a.s.
PG Silesia Sp. z o.o.	PG Silesia Sp. z o.o. (Przedsiębiorstwo Górnicze „SILESIA“ sp. z o.o.)
Povodí Moravy	Povodí Moravy, s.p.
Povodí Vltavy	Povodí Vltavy, státní podnik
Pražská teplárenská	Pražská teplárenská a.s.
PSE	POLSKIE SIECI ELEKTROENERGETYCZNE SPÓŁKA AKCYJNA
Rockstart	Rockstart Entrepreneurs B.V.
Royal Dutch Shell	ROYAL DUTCH SHELL plc
RTE	RTE SAS
RWE	RWE Energy AG
Sokolovská uhelná	Sokolovská uhelná, právní nástupce, a.s.
sonnen	sonnen GmbH
Standard & Poor's	Standard & Poor's Credit Market Services Europe Limited
SÚJB	Státní úřad pro jadernou bezpečnost
SunFire	SunFire GmbH
SŽDC	Správa železniční dopravní cesty, státní organizace
tado	tado GmbH
Teplárna České Budějovice	Teplárna České Budějovice, a.s.
TGE	Towarowa Gielda Energii S.A.
TVEL	akciová společnost TVEL – акционерное общество «ТВЭЛ»
Vršanská uhelná	Vršanská uhelná a.s.
VU LOG	VU Log SA
Westinghouse Electric Sweden	Westinghouse Electric Sweden AB
ZTE Corporation	ZTE Corporation Company Limited

Totals and subtotals in this Annual Report can differ from the sum of partial values due to rounding.

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 statements or the components of which are not directly available from standardized statements (financial statements). 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 (Net 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 current year, before taxes, per outstanding share (paid in the reported year from the profits of prior periods).
Return on Invested Capital (ROIC)	
Purpose:	This shows the level of appreciation of capital invested in a company's core business. It is used to compare rates of return among similar companies within an industry.
Definition:	$EBIT * (1 - \text{Corporate Income Tax Rate}) / \text{Average Invested Capital}$. An average value calculated from the value of the current period and the value of the period 12 months ago, i.e., the average value at December 31, is used for Invested Capital.
Invested Capital	
Definition:	Property, Plant, and Equipment, Nuclear Fuel, and Construction Work in Progress + Noncurrent Intangible Assets + Net Working Capital.
Net Working Capital	
Definition:	Current Assets – Cash and Cash Equivalents – Current Liabilities + Short-Term Loans + Current Portion of Long-Term Debt + Provisions within Current Liabilities.

Indicator	
Return on Assets (ROA), Net	
Purpose:	This shows how efficiently assets are used to generate profits. It serves for comparing profitability among companies with similar size and products.
Definition:	Net Income / Average Total Assets. The value for the past 12 months is used for Net Income. An average value calculated from the value of the current period and the value of the period 12 months ago, i.e., the average value at December 31, is used for Assets.
Note:	Only published for ČEZ, a. s.
Return on Equity (ROE), Net	
Purpose:	This indicator is the ratio of generated income to shareholders' capital invested in a company. It allows investors to compare the appreciation of their investment (ROE achieved in a prior period) to their expectations.
Definition:	Net income attributable to parent company shareholders / average equity attributable to parent company shareholders. The value for the past 12 months is used for Net Income. An average value calculated from the value of the current period and the value of the period 12 months ago, i.e., the average value at December 31, is used for Equity.
Note:	For ČEZ, a. s., Net Income is used in the numerator and Equity is used in the denominator. The other calculation parameters are identical with the calculation for CEZ Group.

Most of the components used in the calculation of an indicator (including EBITDA and Net Debt) 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	2017	2018
Net income	CZK millions	18,959	10,500
Impairments of property, plant, and equipment and intangible assets, including goodwill	CZK millions	(142)	1,766
Impairments of developed projects*	CZK millions	523	0
Impairments of property, plant, and equipment and intangible assets, including goodwill, at joint ventures**	CZK millions	1,251	0
Effects of additions to or reversals of impairments on income tax***	CZK millions	107	(150)
Other extraordinary effects****	CZK millions	0	938
Adjusted net income	CZK millions	20,698	13,055

* Included in the row Other operating expenses (impairments of inventories) 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.

**** 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 million) and in the row Impairments of financial assets (CZK 513 million).

SUPPLEMENTARY INFORMATION ON CEZ GROUP MEMBERS ACCORDING TO IFRS

Individual Results of Fully Consolidated Companies (CZK Millions)

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2017	2018	2017	2018
ČEZ, a. s.	77,257	79,749	15,468	13,530
A.E. Wind S.A.	–	6	(2)	(2)
AirPlus, spol. s r.o.	144	212	21	32
Areál Třeboradice, a.s.	12	11	3	5
AYIN, s.r.o.	–	90	–	9
AZ KLIMA a.s.	682	827	60	71
AZ KLIMA SK, s.r.o.	214	138	8	4
Baltic Green Construction sp. z o.o.	–	–	(1)	(1)
Baltic Green I sp. z o.o.	–	1	–	(9)
Baltic Green II sp. z o.o.	–	–	–	–
Baltic Green III sp. z o.o.	–	–	–	–
Baltic Green V sp. z o.o.	–	–	–	–
Baltic Green VI sp. z o.o.	–	–	–	–
Baltic Green VIII sp. z o.o.	–	–	–	–
Baltic Green IX sp. z o.o.	–	–	–	–
BANDRA Mobilienengesellschaft mbH & Co. KG	119	96	81	66
Bara Group EOOD	–	34	(4)	4
CASANO Mobilienengesellschaft mbH & Co. KG	124	94	88	65
Centrum výzkumu Řež s.r.o.	682	611	37	24
CEZ Bulgaria EAD	634	252	11	9
CEZ Bulgarian Investments B.V.	1	3	(23)	(5)
CEZ Deutschland GmbH	82	123	(5)	13
CEZ Elektro Bulgaria AD	16,672	6,829	547	149
CEZ Erneuerbare Energien Beteiligungs GmbH	–	11	(9)	(8)
CEZ Erneuerbare Energien Beteiligungs II GmbH	–	–	–	(1)
CEZ Erneuerbare Energien Verwaltungs GmbH	7	1	(2)	(1)
CEZ ESCO Bulgaria EOOD	–	3	(2)	–
CEZ ESCO I GmbH	–	–	(31)	(1)
CEZ ESCO II GmbH	–	–	–	(29)
CEZ ESCO Polska sp. z o.o.	56	490	(58)	(22)
CEZ ESCO Romania S.A.	–	10	–	(1)
CEZ France SAS	–	3	(2)	(12)
CEZ Holdings B.V.	40	2	(32)	(29)
CEZ Hungary Ltd.	1,631	1,946	(96)	(34)
CEZ Chorzów S.A.	2,562	2,636	899	914
CEZ Chorzów II sp. z o.o.	–	–	–	–
CEZ ICT Bulgaria EAD	244	242	119	82
CEZ MH B.V.	–	–	(10)	(3)
CEZ New Energy Investments B.V.	9	25	(255)	(298)
CEZ Polska sp. z o.o.	186	187	17	17
CEZ Produkty Energetyczne Polska sp. z o.o.	167	153	26	18
CEZ Razpredelenie Bulgaria AD	5,832	4,606	1,335	994
CEZ Romania S.A.	863	834	108	84
CEZ Skawina S.A.	2,003	2,008	225	69
CEZ Slovensko, s.r.o.	6,813	4,014	(108)	(329)
CEZ Srbija d.o.o.	269	74	10	–
CEZ Towarowy Dom Maklerski sp. z o.o.	15	13	1	3
CEZ Trade Bulgaria EAD	5,825	5,862	67	51
CEZ Trade Polska sp. z o.o.	4,176	4,800	(30)	(131)
CEZ Trade Romania S.R.L.	39	20	5	6
CEZ Ukraine LLC	–	–	–	–
CEZ Vanzare S.A.	8,704	6,479	46	191
CEZ Windparks Lee GmbH	–	–	(1)	(1)

	Depreciation and Amortization		Net Income		Total Assets		Equity	
	2017	2018	2017	2018	2017	2018	2017	2018
	(15,555)	(14,310)	5,105	23,776	532,770	626,075	187,507	183,212
	-	-	(231)	2	5	10	(159)	(154)
	(1)	(2)	15	24	57	79	27	49
	(16)	(15)	(10)	(8)	209	197	173	164
	-	(9)	-	(3)	-	86	-	58
	(12)	(14)	38	44	380	444	175	200
	(1)	(1)	6	2	97	56	16	14
	-	-	(311)	29	207	233	207	233
	-	-	-	(9)	184	193	5	(4)
	-	-	(19)	3	8	2	(95)	(90)
	-	-	(2)	(2)	3	2	(27)	(29)
	-	-	(5)	(2)	3	1	(21)	(23)
	-	-	(1)	(1)	1	1	(8)	(9)
	-	-	-	-	1	-	1	-
	-	-	(42)	-	7	4	(42)	(41)
	(64)	(50)	(35)	(21)	776	732	(48)	(69)
	-	-	(18)	(10)	42	15	(352)	(365)
	(64)	(50)	(28)	(22)	794	746	(45)	(67)
	(26)	(28)	(7)	(7)	667	667	372	369
	(4)	(3)	6	(2)	252	499	109	106
	-	-	(138)	3	520	526	518	524
	-	(1)	(6)	11	148	174	135	147
	-	-	489	129	4,270	4,228	1,642	1,755
	-	-	(89)	(93)	1,709	1,893	(19)	(125)
	-	-	-	(1)	-	219	-	219
	-	-	(2)	(1)	12	1	2	-
	-	-	(2)	1	46	35	1	1
	-	-	(63)	(99)	5,002	5,030	3,497	3,387
	-	-	-	(48)	-	815	-	3
	-	-	(48)	(28)	86	245	57	28
	-	-	-	(1)	-	25	-	21
	-	-	(3)	(15)	318	878	7	(9)
	-	-	(502)	(1,123)	12,905	12,762	7,254	6,770
	-	(1)	(96)	(31)	377	570	14	21
	(196)	(197)	597	597	11,309	10,643	6,200	6,112
	-	-	-	-	6	11	-	(1)
	(88)	(50)	26	23	426	318	136	160
	-	-	4,430	16	1,402	1,429	1,401	1,428
	-	-	(255)	(297)	4,006	4,390	3,838	4,199
	(7)	(7)	447	32	16,069	15,972	10,373	10,482
	-	-	21	14	81	58	46	39
	(865)	(933)	412	17	11,724	11,775	7,881	7,882
	(56)	(62)	32	10	2,537	3,578	219	228
	(239)	(207)	(27)	(380)	4,101	3,808	2,147	1,721
	-	-	(94)	(323)	1,760	2,242	520	199
	-	-	8	-	44	74	33	34
	-	-	3	17	455	1,061	49	136
	-	(1)	57	39	1,131	1,490	369	412
	-	(1)	(31)	(112)	1,259	1,640	126	221
	-	-	4	5	21	28	17	22
	-	-	-	-	-	-	-	-
	-	-	50	131	1,840	2,282	418	458
	-	-	(1)	(1)	91	95	(1)	(1)

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2017	2018	2017	2018
CEZ Windparks Luv GmbH	-	-	(1)	(1)
CEZ Windparks Nordwind GmbH	-	-	(1)	(1)
ČEZ Asset Holding, a. s.	-	-	-	-
ČEZ Bohunice a.s.	-	-	(4)	(4)
ČEZ Bytové domy, s.r.o.	-	21	(6)	-
ČEZ Distribuce, a. s.	47,484	31,849	15,569	17,166
ČEZ Distribuční systavy a.s.**	-	35	-	6
ČEZ Energetické produkty, s.r.o.	1,302	1,345	83	81
ČEZ Energetické služby, s.r.o.	1,737	1,769	137	164
ČEZ Energo, s.r.o.	938	1,037	253	303
ČEZ ENERGOSERVIS spol. s r.o.	1,213	1,232	15	25
ČEZ ESCO, a.s.	545	12,415	(121)	43
ČEZ ICT Services, a. s.	2,420	2,320	755	639
ČEZ Korporátní služby, s.r.o.	1,851	1,848	437	450
ČEZ LDS s.r.o.	22	78	(3)	5
ČEZ Obnovitelné zdroje, s.r.o.	2,259	2,446	157	24
ČEZ OZ uzavřený investiční fond a.s.	1,705	1,871	1,645	1,376
ČEZ Prodej, a.s.	61,167	33,174	3,988	3,458
ČEZ Recyklace, s.r.o.	2	2	-	-
ČEZ Solární, s.r.o.	140	88	38	(65)
ČEZ Teplárenská, a.s.	2,800	2,705	374	322
D-I-E ELEKTRO AG*	474	1,076	36	100
Distributie Energie Oltenia S.A.	4,849	4,488	1,694	1,587
Domat Control System s.r.o.**	-	61	-	7
Domat Holding s.r.o.**	-	-	-	-
EASY POWER s.r.o.	43	12	10	-
EAB Automation Solutions GmbH*	84	200	(3)	3
EAB Elektroanlagenbau GmbH Rhein/Main*	657	1,104	82	80
EGP INVEST, spol. s r.o.	4	3	(16)	(1)
Elektrárna Dětmorovice, a.s.	2,665	2,309	(36)	(62)
Elektrárna Dukovany II, a. s.	-	1	(7)	(1)
Elektrárna Mělník III, a. s.	-	-	(2)	(2)
Elektrárna Počeradý, a.s.	5,419	5,746	826	959
Elektrárna Temelín II, a. s.	-	1	(5)	(2)
Elektro-Decker GmbH*	367	655	2	(1)
Elevion GmbH*	61	136	5	5
Energetické centrum s.r.o.	175	194	31	63
Energocentrum Vítkovice, a. s.	260	247	(47)	(84)
Energotrans, a.s.	3,597	3,843	1,192	1,131
ENESA a.s.	140	92	20	(18)
ESCO City I sp. z o.o.	-	-	-	-
ESCO City II sp. z o.o.	-	-	-	-
ESCO City III sp. z o.o.	-	-	-	-
ESCO City IV sp. z o.o.	-	-	-	-
ESCO City V sp. z o.o.	-	-	-	-
ESCO City VI sp. z o.o.	-	-	-	-
ETS Efficient Technical Solutions GmbH*	886	2,022	15	39
ETS Efficient Technical Solutions Shanghai Co. Ltd.*	16	45	-	-
ETS Engineering Kft.	-	164	-	19
EVČ s.r.o.	276	465	(29)	23
Ferme Eolienne d'Andelaroché SAS	-	-	-	-
Ferme Eolienne de la Piballe SAS	-	-	-	-
Ferme Eolienne de Neuville-aux-Bois SAS	-	-	-	-
Ferme Eolienne de Saint-Aulaye SAS	-	-	-	-
Ferme Eolienne de Saint-Laurent-de-Ceris SAS	-	-	-	-
Ferme Eolienne de Seigny SAS	-	-	-	-
Ferme Eolienne de Thorigny SAS	-	-	-	-
Ferme Eolienne des Breuils SAS	-	-	-	(2)
Ferme Eolienne des Grands Clos SAS	-	-	(2)	-
Ferme Eolienne du Germancé SAS	-	-	-	-
Free Energy Project Oreshets EAD	38	37	31	29
HAU.S GmbH*	212	275	9	7
High-Tech Clima d.o.o.	-	194	-	23
High-Tech Clima S.A.	-	360	-	17
HORMEN CE a.s.	202	210	13	16
Hybridkraftwerk Culemeyerstraße Projekt GmbH	-	4	-	1

	Depreciation and Amortization		Net Income		Total Assets		Equity	
	2017	2018	2017	2018	2017	2018	2017	2018
	-	-	(2)	(3)	282	295	(1)	(2)
	-	-	-	1	172	183	9	10
	-	-	-	-	-	9	-	9
	-	-	(14)	(3)	3,196	3,193	3,195	3,192
	(1)	(14)	(6)	(13)	17	21	(6)	(19)
	(6,979)	(7,309)	6,793	7,834	136,820	140,044	101,668	91,744
	-	(1)	-	3	-	43	-	7
	(13)	(26)	55	45	622	748	350	380
	(64)	(61)	57	84	1,554	1,675	1,094	1,175
	(173)	(186)	53	46	2,119	2,054	1,027	923
	(6)	(10)	5	12	455	650	85	95
	-	-	(48)	93	3,690	9,760	3,463	5,226
	(574)	(544)	150	128	4,492	4,967	3,607	3,615
	(205)	(212)	195	163	4,281	4,427	3,740	3,639
	(1)	(5)	(4)	(6)	87	255	13	17
	-	(1)	151	17	1,256	1,429	773	787
	(749)	(748)	695	262	9,860	9,278	9,350	8,408
	(401)	(401)	2,829	2,475	23,632	23,181	8,600	8,198
	-	-	-	-	99	123	-	-
	(2)	(2)	29	(56)	144	153	73	17
	(284)	(282)	113	55	3,720	3,742	2,937	2,862
	(4)	(8)	29	86	398	488	114	181
	(1,149)	(1,118)	423	299	15,343	15,405	10,172	11,024
	-	(2)	-	4	-	71	-	52
	-	-	-	-	-	98	-	98
	(3)	-	5	-	40	23	16	6
	(2)	(3)	(5)	(1)	80	93	12	18
	(3)	(6)	74	69	584	555	220	185
	-	-	(17)	(1)	12	1	2	-
	(75)	(57)	(41)	(59)	2,410	2,369	1,584	1,524
	(1)	(2)	(8)	(2)	1,068	1,063	1,037	1,035
	-	-	(2)	(2)	11	9	11	9
	(573)	(195)	202	652	9,295	10,086	7,656	7,992
	(5)	(5)	(9)	(5)	2,121	2,112	2,057	2,051
	(3)	(7)	(3)	(13)	249	294	20	13
	(1)	(2)	(95)	(14)	1,463	1,944	633	748
	(25)	(26)	3	29	315	331	202	231
	3	3	(44)	(81)	287	219	137	56
	(235)	(228)	818	723	4,979	5,259	3,929	4,154
	(1)	(1)	10	(13)	87	70	56	44
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	(8)	(18)	2	1	829	1,111	56	69
	-	-	-	-	24	42	5	6
	-	(2)	-	17	-	153	-	50
	(4)	(4)	(18)	15	201	180	62	77
	-	-	-	-	-	5	-	-
	-	-	-	-	-	2	-	-
	-	-	-	-	3	6	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	3	-	-
	-	-	-	-	-	2	-	-
	-	-	-	-	-	3	-	-
	-	-	-	(4)	-	85	-	(4)
	-	-	(1)	-	1	2	(1)	(1)
	-	-	-	-	-	4	-	-
	(13)	(13)	14	13	153	168	65	79
	(3)	(7)	4	(4)	121	263	26	21
	-	-	-	18	-	42	-	18
	-	(2)	-	7	-	127	-	45
	(5)	(4)	6	7	105	72	32	27
	-	-	-	1	-	74	-	4

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2017	2018	2017	2018
Inven Capital, SICAV, a.s.	–	58	(41)	(35)
Jäger & Co. GmbH	–	61	–	8
KART, spol. s r.o.	141	148	17	9
Kofler Energies Energieeffizienz GmbH	–	288	–	134
Kofler Energies Ingenieurgesellschaft mbH	–	551	–	(83)
Kofler Energies International GmbH	–	3	–	–
Kofler Energies Italia S.r.l.	–	7	–	(5)
Kofler Energies Systems GmbH	–	165	–	(10)
M.W. Team Invest S.R.L.	345	258	276	165
MARTIA a.s.	810	814	25	14
Metrolog sp. z o.o.	–	618	–	60
NEK Facility Management GmbH	–	5	–	1
OEM Energy sp. z o.o.	105	709	8	69
OSC, a.s.	143	95	35	27
Ovidiu Development S.R.L.	1,984	1,247	1,132	584
PRODECO, a.s.	1,363	2,001	66	161
REN Development s.r.o.	–	–	–	–
Revitrans, a.s.	1,549	2,039	466	496
Rudolf Fritz GmbH*	1,055	2,705	57	159
SD - Kolejová doprava, a.s.	1,133	1,038	425	413
SERVISKOMFORT s.r.o.	–	116	–	9
Severočeské doly a.s.	9,548	9,532	4,056	3,749
SPRAVBYTKOMFORT, a.s. Prešov	–	405	–	86
ŠKODA PRAHA a.s.	123	157	(75)	(75)
ŠKODA PRAHA Invest s.r.o.	2,280	352	91	(28)
Telco Pro Services, a. s.	645	650	176	171
Tepelné hospodářství města Ústí nad Labem s.r.o.	526	497	40	36
TENAUR, s.r.o.	–	55	–	11
TMK Hydroenergy Power S.R.L.	157	193	98	147
Tomis Team S.A.	2,652	1,565	1,404	486
ÚJV Řež, a. s.	1,695	1,632	240	219
Windpark Baben Erweiterung GmbH & Co. KG	44	41	39	33
Windpark Badow GmbH & Co. KG	116	109	96	88
Windpark Cheinitz-Zethlingen GmbH & Co. KG	100	92	76	69
Windpark Frauenmark III GmbH & Co. KG	8	7	7	6
Windpark Fohren-Linden GmbH & Co. KG	52	50	40	38
Windpark Gremersdorf GmbH & Co. KG	32	27	28	22
Windpark Mengeringhausen GmbH & Co. KG	68	58	53	43
Windpark Naundorf GmbH & Co. KG	37	31	32	25
Windpark Zagelsdorf GmbH & Co. KG	42	36	32	27
WPG Projekt GmbH	–	–	–	(1)

* Data for 2017 are given for the period of the relevant portion of the applicable fiscal year from July 1, 2017, to December 31, 2017; data for 2018 are given for the full year 2018 and as such are not comparable year-on-year.

** Data for 2018 are given for the period of the relevant portion of the applicable fiscal year from July 1, 2018, to December 31, 2018.

	Depreciation and Amortization		Net Income		Total Assets		Equity	
	2017	2018	2017	2018	2017	2018	2017	2018
	-	-	(41)	113	2,200	3,347	2,185	3,298
	-	-	-	6	-	30	-	22
	-	-	15	7	64	58	48	42
	-	(4)	-	98	-	320	-	116
	-	(8)	-	(95)	-	163	-	(31)
	-	-	-	-	-	1	-	(12)
	-	-	-	(5)	-	4	-	1
	-	-	-	(13)	-	123	-	(10)
	(81)	(79)	187	94	1,745	1,831	1,581	1,685
	(11)	(10)	13	3	320	371	63	64
	-	(6)	-	43	-	319	-	234
	-	-	-	1	-	4	-	1
	-	-	6	55	61	162	47	101
	(6)	(5)	24	19	152	159	98	91
	(265)	(275)	821	522	8,055	8,551	7,620	8,190
	(25)	(26)	37	111	1,387	1,086	449	535
	-	-	-	-	-	5	-	5
	(203)	(194)	236	258	1,806	1,517	1,174	1,141
	(7)	(18)	43	131	749	859	87	192
	(82)	(89)	277	260	1,015	987	708	777
	-	-	-	7	-	33	-	14
	(2,382)	(2,401)	1,842	1,574	33,130	33,510	22,205	21,958
	-	(43)	-	32	-	446	-	237
	-	-	(79)	(85)	680	574	628	543
	(1)	(1)	57	(71)	1,249	707	246	173
	(144)	(140)	25	26	1,158	1,285	952	978
	(15)	(16)	22	17	440	330	217	222
	-	(1)	-	10	-	25	-	18
	(66)	(63)	9	50	834	762	205	257
	(260)	(248)	561	433	9,138	9,400	8,037	8,502
	(103)	(113)	67	62	3,036	2,884	1,768	1,826
	(22)	(22)	5	(1)	424	409	5	4
	(56)	(55)	7	(1)	1,011	974	(26)	(27)
	(34)	(34)	27	22	694	674	14	35
	(5)	(5)	1	-	89	86	-	(1)
	(29)	(30)	(2)	1	568	551	(16)	(7)
	(18)	(17)	(2)	(5)	329	312	(7)	(12)
	(34)	(33)	3	(4)	673	648	(11)	(15)
	(15)	(15)	8	2	310	302	19	22
	(16)	(16)	7	2	325	318	1	7
	-	-	-	(3)	-	33	-	(2)

Individual Results of Joint Ventures and Affiliates (in CZK Millions)

Joint Ventures and Affiliates	Operating Revenues		EBITDA	
	2017	2018	2017	2018
Akcez Enerji A.S.	-	-	(15)	(34)
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	-	-	(1)	(162)
AK-EL Yalova Elektrik Üretim A.S.	-	-	(1)	(15)
Akenerji Dogal Gaz İthalat İhracat ve Toptan Ticaret A.S.	-	-	(2)	(3)
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.S.	5,782	5,157	(104)	46
Akenerji Elektrik Üretim A.S.	1,240	1,700	757	1,289
Bytkomfort, s.r.o.	-	243	-	45
Elevion Co-Investment GmbH & Co. KG	-	-	-	-
GP JOULE PPX Verwaltungs-GmbH	-	-	-	-
GP JOULE PP1 GmbH & Co. KG	-	-	-	-
Green Wind Deutschland GmbH	-	-	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	18	16	(63)	(40)
juwi Wind Germany 100 GmbH & Co. KG	20	15	5	4
KLF-Distribúcia, s.r.o.	-	-	-	(3)
LOMY MOŘINA spol. s r.o.	217	224	37	38
Sakarya Elektrik Dagitim A.S.	4,167	4,254	1,121	1,382
Sakarya Elektrik Perakende Satis A.S.	17,991	21,988	208	298
Windpark Moringen Nord GmbH & Co. KG	-	-	-	-
Windpark Prezelle GmbH & Co. KG	-	-	-	-

Individual Results of Joint Ventures and Affiliates (in CZK Millions)

	2017			2018		
	ČEZ, a. s.	Fully Consolidated Companies	CEZ Group, Total	ČEZ, a. s.	Fully Consolidated Companies	CEZ Group, Total
Auditor's fees for statutory audit of annual financial statements	22.5	55.2	77.7	21.5	57.0	78.5
Fees charged by auditors for other audit services	5.4	1.2	6.6	6.7	1.0	7.7
Fees charged by auditors for tax consultancy	2.2	1.2	3.4	2.5	2.9	5.4
Fees charged by auditors for other nonaudit services	12.4	0.7	13.1	5.6	7.7	13.3
CEZ Group, total	42.5	58.3	100.8	36.3	68.6	104.9

	Depreciation and Amortization		Net Income		Total Assets		Equity	
	2017	2018	2017	2018	2017	2018	2017	2018
	-	-	133	(1,374)	5,446	4,186	1,112	(414)
	-	-	42	(140)	491	170	487	168
	-	-	11	(3)	57	5	56	5
	-	-	1	-	23	15	22	15
	(1)	(2)	(102)	27	510	399	166	151
	(305)	(221)	(535)	(762)	12,125	12,766	4,280	(8,692)
	-	(22)	-	18	-	271	-	214
	-	-	2	7	397	404	397	404
	-	-	-	-	-	1	-	1
	-	-	-	(10)	-	74	-	64
	-	-	-	-	-	1	-	1
	(16)	(15)	(72)	(53)	5,425	5,410	5,413	5,399
	(5)	(4)	-	-	83	77	-	-
	-	-	-	(3)	-	33	-	23
	(25)	(23)	10	12	389	387	343	345
	-	(6)	660	600	4,843	4,839	662	910
	(10)	(27)	125	70	3,749	5,420	693	603
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR THE ACCOUNTING PERIOD OF JANUARY 1, 2018 TO DECEMBER 31, 2018

Prepared by the Board of Directors of ČEZ, a. s., ID No.: 45274649, having its registered office at Prague 4, Duhová 2/1444, postcode 140 53, registered in the Commercial Register kept by the Municipal Court in Prague, Section B, File 1581, pursuant to Section 82 of Act No. 90/2012 Sb., on business corporations

In compliance with the applicable provisions of the Business Corporations Act, the Board of Directors of ČEZ, a. s., has prepared and approved the following report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity (the "Related Parties Report") for the accounting period of January 1, 2018, to December 31, 2018 (the "relevant period"), as follows. When preparing this Related Parties Report, the Board of Directors applied knowledge and information available to members of the Company's Board of Directors on the date of this Related Parties Report.

1. Structure of Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity

Controlled entity and author of the Related Parties Report:

ČEZ, a. s.

Company Identification No.: 45274649
Registered office: Prague 4, Duhová 2/1444, postcode 140 53
Registered in the Commercial Register
kept by the Municipal Court in Prague, Section B, File 1581

Controlling entity:

Czech Republic—Ministry of Finance

Name: Ministry of Finance of the Czech Republic
Company Identification No.: 00006947
Registered office: Prague 1, Letenská 525/15, postcode 118 10
("Controlling Entity")
As at December 31, 2018, the Controlling Entity owned shares of stock corresponding to a 69.78% share in the stated capital of ČEZ, a. s.

Entities controlled and managed by ČEZ, a. s.:

In the relevant period, ČEZ, a. s., was the controlling entity of the following companies belonging to CEZ Group:

1	A.E. Wind S.A.	51	CEZ Skawina S.A.
2	AirPlus, spol. s r.o.	52	CEZ Slovensko, s.r.o.
3	Akcez Enerji A.Ş.	53	CEZ Srbija d.o.o.
4	AK-EL Kemah Elektrik Üretim ve Ticaret A.Ş.	54	CEZ Towarowy Dom Maklerski sp. z o.o.
5	AK-EL Yalova Elektrik Üretim A.Ş.	55	CEZ Trade Bulgaria EAD
6	Akenerji Doğal Gaz İthalat İhracat ve Toptan Ticaret A.Ş.	56	CEZ Trade Polska sp. z o.o.
7	Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.	57	CEZ Trade Romania S.R.L.
8	Akenerji Elektrik Üretim A.Ş.	58	CEZ Ukraine LLC
9	Areál Třeboradice, a.s.	59	CEZ Vanzare S.A.
10	AYIN, s.r.o.	60	CEZ Windparks Lee GmbH
11	AZ KLIMA a.s.	61	CEZ Windparks Luv GmbH
12	AZ KLIMA SK, s.r.o.	62	CEZ Windparks Nordwind GmbH
13	AZ VENT s.r.o.	63	ČEZ Asset Holding, a. s.
14	Baltic Green Construction sp. z o.o.	64	ČEZ Bohunice a.s.
15	Baltic Green I sp. z o.o.	65	ČEZ Bytové domy, s.r.o.
16	Baltic Green II sp. z o.o.	66	ČEZ Distribuce, a. s.
17	Baltic Green III sp. z o.o.	67	ČEZ Distribuční systavy a.s.
18	Baltic Green V sp. z o.o.	68	ČEZ Distribuční služby, s.r.o.
19	Baltic Green VI sp. z o.o.	69	ČEZ Energetické produkty, s.r.o.
20	Baltic Green VIII sp. z o.o.	70	ČEZ Energetické služby, s.r.o.
21	Baltic Green IX sp. z o.o.	71	ČEZ Energo, s.r.o.
22	BANDRA Mobilienengesellschaft mbH & Co. KG	72	ČEZ ENERGOSERVIS spol. s r.o.
23	Bara Group EOOD	73	ČEZ ESCO, a.s.
24	CASANO Mobilienengesellschaft mbH & Co. KG	74	ČEZ ICT Services, a. s.
25	Centrum výzkumu Řež s.r.o.	75	ČEZ Inženýring, s.r.o.
26	CEZ Bulgaria EAD	76	ČEZ Korporátní služby, s.r.o.
27	CEZ Bulgarian Investments B.V.	77	ČEZ LDS s.r.o.
28	CEZ Deutschland GmbH	78	ČEZ Obnovitelné zdroje, s.r.o.
29	CEZ Elektro Bulgaria AD	79	ČEZ OZ uzavřený investiční fond a.s.
30	CEZ Erneuerbare Energien Beteteiligungs GmbH	80	ČEZ Prodej, a.s.
31	CEZ Erneuerbare Energien Beteteiligungs II GmbH	81	ČEZ Recyklace, s.r.o.
32	CEZ Erneuerbare Energien Verwaltungs GmbH	82	ČEZ Solární, s.r.o.
33	CEZ ESCO Bulgaria EOOD	83	ČEZ Teplárenská, a.s.
34	CEZ ESCO I GmbH	84	D-I-E Elektro AG
35	CEZ ESCO II GmbH	85	Distributie Energie Oltenia S.A.
36	CEZ ESCO Polska sp. z o.o.	86	Domat Control System s.r.o.
37	CEZ ESCO Romania S.A.	87	Domat Control System s. r. o.
38	CEZ France SAS	88	Domat Holding s.r.o.
39	CEZ Holdings B.V.	89	EAB Automation Solutions GmbH
40	CEZ Hungary Ltd.	90	EAB Elektroanlagenbau GmbH Rhein/Main
41	CEZ Chorzów II sp. z o.o.	91	EASY POWER s.r.o.
42	CEZ Chorzów S.A.	92	Eco-Wind Construction S.A. w upadłości
43	CEZ ICT Bulgaria EAD	93	Egemer Elektrik Üretim A.Ş.
44	CEZ International Finance B.V. i.l.	94	EGP INVEST, spol. s r.o.
45	CEZ MH B.V.	95	Elektrárna Dětmárovice, a.s.
46	CEZ New Energy Investments B.V.	96	Elektrárna Dukovany II, a. s.
47	CEZ Polska sp. z o.o.	97	Elektrárna Mělník III, a. s.
48	CEZ Produkty Energetyczne Polska sp. z o.o.	98	Elektrárna Počerady, a.s.
49	CEZ Razpredelenie Bulgaria AD	99	Elektrárna Temelín II, a. s.
50	CEZ Romania S.A.		

100	Elektro-Decker GmbH	145	Kofler Energies Systems GmbH
101	Elevion GmbH	146	LOMY MOŘINA spol. s r.o.
102	Energetické centrum s.r.o.	147	M.W. Team Invest S.R.L.
103	Energocentrum Vítkovice, a. s.	148	MARTIA a.s.
104	Energotrans, a.s.	149	Metrolog sp. z o.o.
105	ENESA a.s.	150	NEK Facility Management GmbH
106	ESCO City I sp. z o.o.	151	Nuclear Safety & Technology Centre s.r.o., v likvidaci
107	ESCO City II sp. z o.o.	152	OEM Energy sp. z o.o.
108	ESCO City III sp. z o.o.	153	OSC, a.s.
109	ESCO City IV sp. z o.o.	154	Ovidiu Development S.R.L.
110	ESCO City V sp. z o.o.	155	PRODECO, a.s.
111	ESCO City VI sp. z o.o.	156	REN Development s.r.o.
112	ETS Efficient Technical Solutions GmbH	157	Revitrans, a.s.
113	ETS Efficient Technical Solutions Shanghai Co. Ltd.	158	Rudolf Fritz GmbH
114	ETS Engineering Kft.	159	Sakarya Elektrik Dağıtım A.Ş.
115	EVČ s.r.o.	160	Sakarya Elektrik Perakende Satış A.Ş.
116	Ferme Eolienne d'Andelaroche SAS	161	SD - Kolejová doprava, a.s.
117	Ferme Eolienne de la Piballe SAS	162	SERVISKOMFORT s.r.o.
118	Ferme Eolienne de Neuville-aux-Bois SAS	163	Severočeské doly a.s.
119	Ferme Eolienne de Saint-Aulaye SAS	164	Shared Services Albania Sh.A.
120	Ferme Eolienne de Saint-Laurent-de-Céris SAS	165	SPRAVBYTKOMFORT, a.s. Prešov
121	Ferme Eolienne de Seigny SAS	166	ŠKODA PRAHA a.s.
122	Ferme Eolienne de Thorigny SAS	167	ŠKODA PRAHA Invest s.r.o.
123	Ferme Eolienne des Breuils SAS	168	ŠKO-ENERGO FIN, s.r.o.
124	Ferme Eolienne des Grands Clos SAS	169	ŠKO-ENERGO, s.r.o.
125	Ferme Eolienne du Germancé SAS	170	Telco Pro Services, a. s.
126	Free Energy Project Oreshets EAD	171	TENAUR, s.r.o.
127	HAu.S GmbH	172	Tepelné hospodářství města Ústí nad Labem s.r.o.
128	High-Tech Clima d.o.o.	173	Teplo Klášterec s.r.o.
129	High-Tech Clima S.A.	174	TFS Hungary Kft.
130	HORMEN CE a.s.	175	TMK Hydroenergy Power S.R.L.
131	HORMEN SK s. r. o.	176	Tomis Team S.A.
132	Horst Heinzl Kommunikationssysteme GmbH	177	ÚJV Řež, a. s.
133	Hybridkraftwerk Culemeyerstraße Projekt GmbH	178	Ústav aplikované mechaniky Brno, s.r.o.
134	in PROJEKT LOUNY ENGINEERING s.r.o.	179	Výzkumný a zkušební ústav Plzeň s.r.o.
135	Inven Capital, SICAV, a.s.	180	Windpark Baben Erweiterung GmbH & Co. KG
136	Jadrová energetická spoločnosť Slovenska, a. s.	181	Windpark Badow GmbH & Co. KG
137	Jäger & Co. GmbH	182	Windpark FOHREN-LINDEN GmbH & Co. KG
138	juwi Wind Germany 100 GmbH & Co. KG	183	Windpark Frauenmark III GmbH & Co. KG
139	KART, spol. s r.o.	184	Windpark Gremersdorf GmbH & Co. KG
140	Kirschbaum & Rohrlack GmbH	185	Windpark Cheinitz-Zethlingen GmbH & Co. KG
141	Kofler Energies Energieeffizienz GmbH	186	Windpark Mengerlinghausen GmbH & Co. KG
142	Kofler Energies Ingenieurgesellschaft mbH	187	Windpark Naundorf GmbH & Co. KG
143	Kofler Energies International GmbH	188	Windpark Zagelsdorf GmbH & Co. KG
144	Kofler Energies Italia S.r.l.	189	WPG Projekt GmbH

CEZ Group includes also the CEZ Concern, which is headed by ČEZ, a. s., as the controlling entity and the members of which were the following controlled entities in the relevant period:

Areál Třeboradice, a.s., ČEZ Bohunice a.s., ČEZ Distribuce, a. s., ČEZ Distribuční služby, s.r.o. (ceased to exist as a result of its merger with ČEZ Distribuce, a. s., with effect from January 1, 2018), ČEZ Energetické produkty, s.r.o., ČEZ Energetické služby, s.r.o., ČEZ ENERGOSERVIS spol. s r.o., ČEZ ESCO, a.s., ČEZ ICT Services, a. s., ČEZ Inženýring, s.r.o. (ceased to exist as a result of its merger with ČEZ, a. s., with effect from January 1, 2018), ČEZ Korporátní služby, s.r.o., ČEZ Obnovitelné zdroje, s.r.o., ČEZ Prodej, a.s., ČEZ Teplárenská, a.s., Elektrárna Dětmárovice, a.s., Elektrárna Dukovany II, a. s., Elektrárna Mělník III, a. s., Elektrárna Počeradý, a.s., Elektrárna Temelín II, a. s., Energetické centrum s.r.o., Energocentrum Vítkovice, a. s., Energotrans, a.s., MARTIA a.s., PRODECO, a.s., Revitrans, a.s., Severočeské doly a.s., SD - Kolejová doprava, a.s., and Telco Pro Services, a. s.

ČEZ Distribuce, a. s., and ČEZ Energetické služby, s.r.o., are subjected to concern management in full compliance with all requirements of unbundling rules resulting from the Energy Act and Directive 2009/72/EC of the European Parliament and of the Council.

The membership of the ČEZ, a. s., of the CEZ Concern was made public on the Company's website in the relevant accounting period.

The following changes in the structure of relations between entities controlled and/or managed by ČEZ, a. s., occurred between January 1, 2019, and the preparation of this Related Parties Report:

- EGP INVEST, spol. s r.o., was wound up with liquidation with effect from January 1, 2019 (consequently, the company's full name as at the date of this Report is EGP INVEST, spol. s r.o., v likvidaci)
- ŠKODA PRAHA Invest s.r.o. ceased to exist as a result of its merger with ŠKODA PRAHA a.s. as the acquiring company with effect from January 1, 2019
- EVČ s.r.o. ceased to exist as a result of its merger with ENESA a.s. as the acquiring company with effect from January 1, 2019
- a 100% stake in ITX MEDIA a.s. was acquired by ČEZ Teplárenská, a.s., with effect from January 1, 2019
- Windpark FOHREN-LINDEN GmbH & Co. KG changed its registered office address from Hamburg, Am Sandtorkai 74, postcode 20457, to Bremen, Stephanitorsbollwerk 3, postcode 28217, with effect from January 1, 2019
- a 100% stake in KART TZB, spol. s r.o., was acquired by KART, spol. s r.o., with effect from January 2, 2019
- a 100% stake in H&R Elektromontagen GmbH was acquired by Elektro-Decker GmbH with effect from January 7, 2019
- a 100% stake in GBM Gesellschaft für Büromanagement mbH was acquired by Elevion GmbH with effect from January 9, 2019

- a 100% stake in each of Ferme éolienne de Feuillade et Souffrignac SAS, Ferme éolienne du Blessonnier SAS, Ferme éolienne de Saugon SAS, Ferme éolienne de Genouillé SAS, Ferme éolienne d'Allas-Nieul SAS, Ferme éolienne de la Petite Valade SAS, Ferme éolienne des Besses SAS, and Ferme éolienne de Nueil-sous-Faye SAS was acquired by CEZ France SAS with effect from January 15, 2019
- Nuclear Safety & Technology Centre s.r.o., v likvidaci, ceased to exist upon being struck off the Commercial Register with effect from January 23, 2019

Other entities controlled by the Controlling Entity:

According to information provided to the Company by the Controlling Entity, other entities controlled by the same Controlling Entity in the relevant period were:

- 1 B. aircraft, a.s.
- 2 Czech Airlines Handling, a.s.
- 3 Czech Airlines Technics, a.s.
- 4 ČEPRO, a.s.
- 5 Česká exportní banka, a.s.
- 6 České aerolinie a.s.
- 7 Český Aeroholding, a.s.
- 8 ENOVIP d.o.o.
- 9 Exportní garanční a pojišťovací společnost, a.s.
- 10 GALILEO REAL, k.s.
- 11 HOLDING KLADNO a.s.“v likvidaci“
- 12 IMOB a.s.
- 13 Kongresové centrum Praha, a.s.
- 14 Letiště Praha, a. s.
- 15 LEVAS d.o.o.
- 16 MERO ČR, a.s.
- 17 MERO Germany AG
- 18 MUFIS a.s.
- 19 OKD, a.s.
- 20 OKD, HBZS, a.s.
- 21 Ormilk, a.s.v likvidaci
- 22 PRISKO a.s.
- 23 Realitní developerská, a.s.
- 24 SERENUM, a.s.
- 25 Severočeské mlékárny, a.s. Teplice
- 26 Sky Venture a.s.
- 27 STROJÍRNY TATRA PRAHA,a.s.v likvidaci
- 28 THERMAL-F, a.s.
- 29 VIPAP Vertriebs und Handels GmbH
- 30 VIPAP VIDEM KRŠKO d.d.
- 31 Výzkumný a zkušební letecký ústav, a.s.
- 32 VZLU TECHNOLOGIES, a.s.
- 33 VZLU TEST, a.s.
- 34 Whitelines Industries a.s.
- 35 ZEL-EN d.o.o.

The Board of Directors of ČEZ, a. s., has prepared a chart showing the structure of relations between entities controlled by the same Controlling Entity, which also shows the structure of entities controlled and/or managed by ČEZ, a. s. The chart showing the structure of relations in the whole group of businesses controlled by the Controlling Entity in the relevant period constitutes Annex 1 to the Related Parties Report.

2. Role of the Controlled Entity

ČEZ, a. s., is the controlling company of CEZ Group. The core business as well as the role of companies within CEZ Group is the generation, distribution, trade in, and sales of electricity and heat, trade in and sales of natural gas, and coal extraction. ČEZ, a. s., is a crucial state-controlled energy company. Its primary role is to ensure safe and reliable fulfillment of the energy needs of its customers and society at large.

ČEZ, a. s., also intermediates the Controlling Entity's control over the other companies within CEZ Group.

3. Method and Means of Control

The Controlling Entity controls ČEZ, a. s., by being its majority shareholder and thus holding a majority share in voting rights. Because of its share in voting rights, the Controlling Entity can enforce the appointment or removal of most members of the supervisory and/or statutory governing body of ČEZ, a. s.

4. List of Acts pursuant to Section 82(2)(d) of the Business Corporations Act

In the relevant period, ČEZ, a. s., did not perform any acts that would have been performed at the instigation or in the interest of the Controlling Entity or entities controlled by it and concerned assets exceeding 10% of the equity of ČEZ, a. s., as identified by its latest financial statements.

5. List of Mutual Contracts

The Board of Directors of ČEZ, a. s., has prepared a list of mutual contracts¹⁾ effective in the relevant period and made between ČEZ, a. s., and the Controlling Entity and/or between ČEZ, a. s., and other entities controlled by the Controlling Entity, which constitutes Annex 2 to the Related Parties Report. No contract made between ČEZ, a. s., and the Controlling Entity was effective in the relevant period. All mutual contracts between ČEZ, a. s., and other entities controlled by the Controlling Entity were made in the ordinary course of business. The list does not include further details on contractual relations in order to keep trade secrets and meet the contractual obligation of confidentiality of information.

¹⁾ Each contract is defined by its name, date of contract and/or contract number, and the subject matter of the contract if not identified by the name of the contract.

6. Assessment of Whether the Controlled Entity Incurred a Loss and Assessment of Its Settlement pursuant to Sections 71 and 72 of the Business Corporations Act

Having analyzed and taken into consideration the circumstances and terms and conditions under which dealings between related parties occurred in the relevant period (that is, terms and conditions common in standard business relations), the Board of Directors of ČEZ, a. s., came to the conclusion that ČEZ, a. s., did not suffer any loss as a result of its control. Therefore, the Board of Directors has not included its comments on any settlement of loss, or on the manner and period of such settlement, in this Related Parties Report.

7. Lack of Information for the Preparation of the Related Parties Report

The Related Parties Report was prepared on the basis of all information available. In spite of reasonably made efforts that may be justly expected from the author, the companies listed below did not provide requested information:

- HOLDING KLADNO a.s. "v likvidaci"
- Ormilk, a.s.v likvidaci
- Severočeské mlékárny, a.s. Teplice

8. Conclusion

Based on available information, the Board of Directors of ČEZ, a. s., assessed the advantages and disadvantages arising from the position of ČEZ, a. s., as described above and came to the conclusion that ČEZ, a. s., did not derive any special advantages and/or disadvantages or material risks from its position, especially with respect to minimum links with other entities controlled by the Controlling Entity due to their significantly different core business. After careful consideration, the Board of Directors of ČEZ, a. s., declares that it is not aware of any risks resulting from relations between the above entities against which standard safeguards would not be in place.

Annexes:

1 Relation Structure Diagram for the Period of January 1, 2018, to December 31, 2018

2 List of Mutual Contracts

Annex 2 List of Mutual Contracts

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
A.E. Wind S.A.	2015/2	Loan Facility Agreement (Agreement Subject: Loan)
AirPlus, spol. s r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of December 21, 2017
AirPlus, spol. s r.o.	4101894476	Agreement on Work (Technical Assistance for a Cooling Machine Room Reconstruction)
Akcez Enerji A.Ş.		Compensation Agreement of May 20, 2016 (Agreement Subject: Reward for Provided Guarantee)
Akcez Enerji A.Ş.		Compensation Agreement of December 6, 2010 (Agreement Subject: Reward for Provided Guarantee)
Akcez Enerji A.Ş.	5600004321	Framework Agreement on the Provision and Coordination of Services (Agreement Subject: Provision of Services)
Akcez Enerji A.Ş.	5600004322	Individual Agreement on the Provision of Services No. I (Agreement Subject: Provision of Services)
Akcez Enerji A.Ş.	5600004323	Individual Agreement on the Provision of Services No. II (Agreement Subject: Provision of Services)
Akcez Enerji A.Ş.	TR2018/1	Loan Facility Agreement (Agreement Subject: Loan)
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.		General Agreement on Power Supply and Consumption (EFET) of December 1, 2013
Akenerji Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş.		General Agreement on Financial Market Trading (ISDA) of October 3, 2017
Akenerji Elektrik Üretim A.Ş.	5600001690	Framework Agreement on the Provision and Coordination of Services (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	5600001691	Individual Agreement on the Provision of Services No. I (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	5600001692	Individual Agreement on the Provision of Services No. II (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	4100503098	Agreement on Non-Residential Facility Lease
Areál Třeboradice, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Areál Třeboradice, a.s.	5600009170	Service Provision Agreement
AZ KLIMA a.s.		Agreement on the Issuance of Guarantees of March 15, 2017 (Agreement Subject: Provision of Guarantees)
AZ KLIMA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of October 17, 2016
AZ KLIMA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of November 21, 2016
AZ KLIMA a.s.	4101689777	Air-Conditioning Remodeling
AZ KLIMA a.s.	4101883652	Mobile Air-Conditioning System Supply
AZ KLIMA a.s.	4101886684	Ensuring Cooling System Replenishment
AZ KLIMA a.s.	4101888826	Air-Conditioning Systems Maintenance and Repairs
AZ KLIMA SK, s.r.o.		Agreement on the Issuance of Guarantees of March 15, 2017 (Agreement Subject: Provision of Guarantees)
AZ KLIMA SK, s.r.o.		Mutual Credit Facility Agreement of February 25, 2017 (Agreement Subject: Mutual Credit Facilities)
AZ VENT s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of June 7, 2017
Baltic Green Construction sp. z o.o.	4/2015	Loan Facility Agreement (Agreement Subject: Loan)
Bara Group EOOD	4101618304	Agreement on Provision of Information (Agreement Subject: Provision of Information)
Bara Group EOOD	5600005110	Agreement on the Provision of Advisory Services (Agreement Subject: Advisory Services in Connection with the Biomass Power Plant Construction)
Centrum výzkumu Řež s.r.o.	4400039660	Agreement on Work – Experimental Verification of Fixtures
Centrum výzkumu Řež s.r.o.	4101878340	Agreement on Work (Turbine Generator Impeller 3D Scan Completion)
Centrum výzkumu Řež s.r.o.	4400039586	Agreement on Work (Bushing Samples Thermal Disintegration Completion)
Centrum výzkumu Řež s.r.o.	4400041169	Agreement on Work of the Independent Consultant
Centrum výzkumu Řež s.r.o.	4400041376	Verification of the Geometry of the Geometric Safety Valve Spiral Seal
Centrum výzkumu Řež s.r.o.	5600008930	Agreement on the Sale of 2 Neutron Detector Units
Centrum výzkumu Řež s.r.o.	4400036427	Technical Assistance Provision Agreement
Centrum výzkumu Řež s.r.o.	69988100_1	Agreement on Thermal Energy Supply
Centrum výzkumu Řež s.r.o.	18NO01636	Verification of the HF - 350 Device
Centrum výzkumu Řež s.r.o.	18NO00577	Calibration of Gauges
Centrum výzkumu Řež s.r.o.	18NO00669	Calibration of Gauges
Centrum výzkumu Řež s.r.o.	000334_2017	Lease Agreement
CEZ Bulgaria EAD	4101618197	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ Bulgaria EAD	HS30023140	Framework Agreement on the Provision and Coordination of Services (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	HS30023141	Individual Agreement on the Provision of Services No. I (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	5600002751	Individual Agreement on the Provision of Services No. II (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	4100088819	Individual Agreement on the Provision of Services No. VII (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	4101263303	Agreement on the Provision of Legal Services (Agreement Subject: Provision of Legal Services)
CEZ Bulgaria EAD	4101313450	Agreement on the Provision of Advisory Services (Agreement Subject: Representation before the Bulgarian Administrative Bodies)
CEZ Bulgaria EAD	4101726434	Agreement on the Provision of Advisory Services (Agreement Subject: Representation before the Bulgarian Tax Authorities)
CEZ Bulgaria EAD	5600002132	Agreement on the Provision of Advisory Services (Network Provision and Renewal)
CEZ Bulgaria EAD	5600002632	Agreement on Providing Calculations of Line Differential Protection Settings
CEZ Bulgaria EAD	5600009730	Agreement on Securing of the Liability Insurance
CEZ Bulgarian Investments B.V.		Agreement on Provision of Services of December 20, 2011 (Agreement Subject: Provision of Services)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
CEZ Bulgarian Investments B.V.		Mutual Credit Facility Agreement of March 1, 2011 (Agreement Subject: Mutual Credit Facilities)
CEZ Deutschland GmbH		Mutual Credit Facility Agreement of January 12, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Deutschland GmbH	5600008310	Agreement on the Provision of Services (in the Purchase Activity Area)
CEZ Deutschland GmbH	5600007930	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Deutschland GmbH	5600005921	Agreement on the Provision of Advisory Services (Agreement Subject: Provision of Advisory Services)
CEZ Elektro Bulgaria AD	4101617381	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ Erneuerbare Energien Beteiligungs GmbH		Mutual Credit Facility Agreement of June 29, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ Erneuerbare Energien Beteiligungs GmbH	5600007561	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Erneuerbare Energien Beteiligungs II GmbH	5600009810	Agreement on Provision of Services (Agreement Subject: Provision of Services)
CEZ Erneuerbare Energien Beteiligungs II GmbH		Mutual Credit Facility Agreement of September 27, 2018 (Agreement Subject: Mutual Credit Facilities)
CEZ Erneuerbare Energien Verwaltungs GmbH	5600007562	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Erneuerbare Energien Verwaltungs GmbH		Mutual Credit Facility Agreement of June 29, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ Erneuerbare Energien Verwaltungs GmbH		Mutual Credit Facility Agreement of June 29, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ ESCO I GmbH	5600008731	Agreement on Provision of Services (Agreement Subject: Provision of Services)
CEZ ESCO I GmbH		Mutual Credit Facility Agreement of October 4, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ ESCO II GmbH	DE2018/5	Loan Facility Agreement (Agreement Subject: Loan)
CEZ ESCO Polska sp. z o.o.		Agreement on the Issuance of Guarantees of January 20, 2017 (Agreement Subject: Provision of Guarantees)
CEZ France SAS		Mutual Credit Facility Agreement of July 25, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ France SAS	5600008420	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ France SAS	5600008980	Agreement on Provision of Project Support Services (Agreement Subject: Advisory Services in Connection with the Project Purchases)
CEZ Holdings B.V.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities, Cash Pool)
CEZ Holdings B.V.		Agreement on Provision of Services of December 23, 2011 (Agreement Subject: Provision of Services)
CEZ Holdings B.V.	2016/5	Loan Facility Agreement (Agreement Subject: Loan)
CEZ Hungary Ltd.		License Agreement on Provision of the Right to Use ČEZ Trademarks on Hungary's Territory of December 30, 2014
CEZ Hungary Ltd.		Profit Sharing Agreement of December 13, 2018 (Renewables Prediction)
CEZ Hungary Ltd.		General Agreement on Power Supply and Consumption (EFET) of June 1, 2006
CEZ Hungary Ltd.		General Agreement on Financial Market Trading (ISDA) of September 30, 2013
CEZ Hungary Ltd.		General Agreement on Power Certificate Supply and Consumption (EFET) of October 15, 2014
CEZ Hungary Ltd.		Comprehensive Power Supply Agreement of October 15, 2009
CEZ Hungary Ltd.	4100060555	Agreement on Provision of Services (ICT Services)
CEZ Hungary Ltd.	5600004735	Agreement on Provision of Services (Trading Services)
CEZ Hungary Ltd.		Agreement on Provision of Services in Connection with Wholesale Electricity Trading in Hungary of April 14, 2010
CEZ Hungary Ltd.		Profit Distribution Agreement of December 30, 2016 (Origin Guarantees)
CEZ Hungary Ltd.		Mutual Credit Facility Agreement of February 1, 2010 (Agreement Subject: Mutual Credit Facilities)
CEZ Hungary Ltd.		Agreement on the Issuance of Guarantees of August 30, 2006
CEZ Chorzów S.A.		Support Service Agreement of April 27, 2018 (Agreement Subject: Support for Provided Services)
CEZ Chorzów S.A.		3 Agreements on Individual Supply of Origin Guarantees
CEZ Chorzów S.A.	XVIII/857	General Agreement on Power Supply and Consumption (EFET)
CEZ Chorzów S.A.		Agreement on Provision of Services in Connection to Wholesale Electricity Trading in Poland of January 9, 2017
CEZ Chorzów S.A.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of November 30, 2006
CEZ Chorzów S.A.		Agreement on the Issuance of Guarantees of December 12, 2018 (Agreement Subject: Provision of Guarantees)
CEZ ICT Bulgaria EAD	4101616584	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ International Finance B.V. i.l.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities, Cash Pool)
CEZ International Finance B.V. i.l.		Agreement on Provision of Services of December 23, 2011 (Agreement Subject: Provision of Services)
CEZ MH B.V.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities, Cash Pool)
CEZ MH B.V.		Agreement on Provision of Services of December 27, 2011 (Agreement Subject: Provision of Services)
CEZ New Energy Investments B.V.	5600007350	Agreement on Provision of Services (Agreement Subject: Provision of Services)
CEZ New Energy Investments B.V.	5600008921	Agreement on the Provision of Project Support Services (Agreement Subject: Advisory Services in Connection with the Project Purchases)
CEZ New Energy Investments B.V.		Mutual Credit Facility Agreement of June 20, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ Polska sp. z o.o.	CP/U/17/00007	License Agreement (Agreement Subject: Provision of the Right to Use ČEZ Trademarks)
CEZ Polska sp. z o.o.		Mutual Credit Facility Agreement of November 24, 2011 (Agreement Subject: Mutual Credit Facilities)
CEZ Polska sp. z o.o.	HS30034973/ 5600000350	Framework Agreement on the Provision and Coordination of Services (Agreement Subject: Provision of Services)
CEZ Polska sp. z o.o.	5600007223	New Individual Agreement on the Provision of Services No. I (Agreement Subject: Provision of Services)
CEZ Polska sp. z o.o.	HS30023143/ 560006086	Individual Agreement on the Provision of Services No. III (Agreement Subject: Provision of Services)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
CEZ Polska sp. z o.o.	5600005695	Agreement on Advisory Services in the Wind Project Area (Agreement Subject: Provision of Advisory Services)
CEZ Polska sp. z o.o.	4101309869	Agreement on the Provision of Advisory Services (Agreement Subject: Representation before the Polish Administrative Bodies)
CEZ Polska sp. z o.o.		Support Service Agreement dated April 27, 2018 (Agreement Subject: Support for Provided Services)
CEZ Razpredelenie Bulgaria AD	4101618084	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ Razpredelenie Bulgaria AD	2018/6	Loan Facility Agreement (Agreement Subject: Loan)
CEZ Razpredelenie Bulgaria AD		Subordination Deed of November 29, 2018 (Agreement Subject: Subordination of Loan 2018/6 to a Loan Provided by the European Bank for Reconstruction and Development)
CEZ Romania S.A.	HS30025510/ 5600001690	Framework Agreement on the Provision and Coordination of Services (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30025518	Individual Agreement on the Provision of Services No. I (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30025524	Individual Agreement on the Provision of Services No. II (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30043446/ 5600005086	Individual Agreement on the Provision of Services No. III (Agreement Subject: Provision of Services)
CEZ Romania S.A.	88/2016	Agreement on the Provision of Services (Agreement Subject: Provision of Services)
CEZ Romania S.A.	4100020296	Agreement on the Provision of Services No. IV (Agreement Subject: GPS Lease)
CEZ Romania S.A.	4101311920	Agreement on the Provision of Advisory Services (Agreement Subject: Representation before the Romanian Administrative Bodies)
CEZ Romania S.A.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities)
CEZ Skawina S.A.		3 Agreements on Individual Supply of Origin Guarantees
CEZ Skawina S.A.	1012/2006	General Agreement on Power Supply and Consumption (EFET)
CEZ Skawina S.A.	1012/2006	Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET)
CEZ Skawina S.A.		General Agreement on Power Supply of November 28, 2008
CEZ Skawina S.A.		Agreement on Provision of Services in Connection to Wholesale Electricity Trading in Poland of January 5, 2017
CEZ Skawina S.A.		Agreement on Provision of Services of April 27, 2018 (EMIR Reporting)
CEZ Skawina S.A.		Agreement on the Issuance of Guarantees of October 30, 2018 (Agreement Subject: Provision of Guarantees)
CEZ Slovensko, s.r.o.		General Agreement on Power Supply and Consumption (EFET) of December 1, 2007
CEZ Slovensko, s.r.o.		General Agreement on Natural Gas Supply and Consumption (EFET) of June 1, 2010
CEZ Slovensko, s.r.o.		General Agreement on Power Certificate Supply and Consumption (EFET) of November 21, 2014
CEZ Slovensko, s.r.o.		9 Agreements on Individual Supply of Origin Guarantees
CEZ Slovensko, s.r.o.		Comprehensive Power Supply Agreement of December 22, 2015
CEZ Slovensko, s.r.o.	5600002650	Agreement on Provision of Services (ICT Services)
CEZ Slovensko, s.r.o.	5600003070	General Agreement on the Provision of Services (Financial Services, Risk Management Services, Trading Services)
CEZ Slovensko, s.r.o.		Agreement on Provision of Services in Connection with Power and Natural Gas Wholesale in Slovakia of August 12, 2013
CEZ Slovensko, s.r.o.		License Agreement on Provision of the Right to Use ČEZ Trademarks on Slovakia's Territory of December 30, 2014
CEZ Slovensko, s.r.o.		General Agreement on Financial Market Trading (ISDA) of May 11, 2016
CEZ Slovensko, s.r.o.		Agreement on Access to Virtual Gas Reservoir and Gas Storage – Flexible Service of December 5, 2017
CEZ Slovensko, s.r.o.		Agreement on Access to Virtual Gas Reservoir and Gas Storage of March 23, 2017
CEZ Slovensko, s.r.o.		Mutual Credit Facility Agreement of February 1, 2010 (Agreement Subject: Mutual Credit Facilities)
CEZ Slovensko, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
CEZ Slovensko, s.r.o.		Agreement on the Issuance of Guarantees of December 21, 2007
CEZ Srbija d.o.o.		License Agreement on Provision of the Right to Use ČEZ Trademarks on Serbia's Territory of December 30, 2014
CEZ Srbija d.o.o.		General Agreement on Power Supply and Consumption (EFET) of August 1, 2007
CEZ Srbija d.o.o.	4100012777	Agreement on Provision of Services (ICT Services)
CEZ Srbija d.o.o.		Agreement on Provision of Services in Connection with Wholesale Electricity Trading in Serbia of August 1, 2017
CEZ Srbija d.o.o.		Agreement on the Issuance of Guarantees of November 5, 2006
CEZ Towarowy Dom Maklerski sp. z o.o.		Agreement on the Provision of Brokerage Services on Markets Organized by TGE (Towarową Giełdą Energii, the Polish Commodity Exchange) of July 30, 2014
CEZ Trade Bulgaria EAD	4101618611	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ Trade Bulgaria EAD		8 Letter Agreement on Commodity Swap – Cash Settled (Agreement Subject: Commodity Trading with Financial Settlement)
CEZ Trade Bulgaria EAD		Individual Contract for Purchase/Sale of Electric Energy of December 21, 2017 and December 21, 2018
CEZ Trade Bulgaria EAD		Agreement on Securing of Market Access of April 30, 2018
CEZ Trade Bulgaria EAD		General Agreement on Power Supply and Consumption (EFET) of November 1, 2007
CEZ Trade Bulgaria EAD		Agreement on Business Cooperation in Power Wholesale in Bulgaria of July 16, 2008
CEZ Trade Bulgaria EAD	5600007360	Agreement on Provision of Services (Trading Services)
CEZ Trade Bulgaria EAD	5600008721	Agreement on Provision of Services No. II (ICT Services)
CEZ Trade Bulgaria EAD		EECS Appendix to the General Agreement on Power Supply and Consumption (EFET) of March 24, 2017
CEZ Trade Bulgaria EAD	2018/4	Loan Facility Agreement (Agreement Subject: Loan)
CEZ Trade Polska sp. z o.o.		General Agreement on Power Supply and Consumption (EFET) of December 15, 2007
CEZ Trade Polska sp. z o.o.		General Agreement on Natural Gas Supply and Consumption (EFET) of August 1, 2015
CEZ Trade Polska sp. z o.o.		EECS Appendix to the General Agreement on Power Supply and Consumption (EFET) of November 1, 2015
CEZ Trade Polska sp. z o.o.		Agreement on Comprehensive Power Supply of December 21, 2009

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
CEZ Trade Polska sp. z o.o.		Agreement on Provision of Services in Connection with Power Wholesale in Poland of June 8, 2010 (Supporting Services)
CEZ Trade Polska sp. z o.o.	5600004736	Agreement on Provision of Services (Trading Services)
CEZ Trade Polska sp. z o.o.		Agreement on Provision of Services of December 29, 2008 (Reports on Power Supply/Consumption Provided to Transmission System Operator)
CEZ Trade Polska sp. z o.o.	5600006070	Agreement on Provision of Services (ICT Services)
CEZ Trade Polska sp. z o.o.		Agreement on the Issuance of Guarantees of June 9, 2008
CEZ Trade Polska sp. z o.o.		Warranty Agreement of August 1, 2007 for the Polish Energy Regulator (URE)
CEZ Trade Romania S.R.L.		Agreement on Compensation of Costs relating to Cross Border Capacities No. 354.2 of February 15, 2013 (Agreement Subject: Cost Reimbursement)
CEZ Trade Romania S.R.L.		General Agreement on Power Supply and Consumption (EFET) of March 1, 2009
CEZ Trade Romania S.R.L.		Agreement on Provision of Services in Connection with Power Wholesale in Romania of January 29, 2015
CEZ Trade Romania S.R.L.	5600007770	Agreement on Provision of Services (Trading Services)
CEZ Trade Romania S.R.L.		Agreement on Provision of Services in Connection with Electricity Trading Balancing in Romania of December 27, 2012
CEZ Trade Romania S.R.L.		Agreement on the Issuance of Guarantees of June 10, 2007
CEZ Vanzare S.A.	91_1	Agreement on the Issuance of Guarantees (Agreement Subject: Provision of Guarantees)
CEZ Vanzare S.A.		General Agreement on Power Supply and Consumption (EFET) of September 1, 2010
CEZ Vanzare S.A.		Agreement on Comprehensive Supply of September 1, 2010
CEZ Windparks Lee GmbH	5600008360	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Windparks Lee GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Windparks Luv GmbH	5600008361	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Windparks Luv GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Windparks Nordwind GmbH	5600008362	Agreement on Provision of Services (Agreement Subject: Payment Transactions)
CEZ Windparks Nordwind GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
ČEPRO, a.s.	4101730536	Gasoline Purchase Agreement
ČEPRO, a.s.	4101740067	Diesel Purchase Agreement
ČEPRO, a.s.	4101740068	Diesel Purchase Agreement
ČEPRO, a.s.	4101770945	Gasoline Purchase Agreement
ČEPRO, a.s.	4101771137	Diesel Purchase Agreement
ČEPRO, a.s.	4101771138	Diesel Purchase Agreement
ČEPRO, a.s.	4101774849	Diesel Purchase Agreement
ČEPRO, a.s.	4101787050	Diesel Purchase Agreement
ČEPRO, a.s.	4101801539	Diesel Purchase Agreement
ČEPRO, a.s.	4101813126	Diesel Purchase Agreement
ČEPRO, a.s.	4400011154	Agreement on the Fuel Storage, Purchase, and Sale
ČEZ Asset Holding, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of September 5, 2018
ČEZ Asset Holding, a. s.	5600009770	Service Provision Agreement
ČEZ Bohunice a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Bohunice a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Bohunice a.s.		Agreement on Personal Data Processing of June 28, 2011
ČEZ Bohunice a.s.	5600006022	Service Provision Agreement (Provision of Media Services)
ČEZ Bohunice a.s.	5600001497	Agreement of Provision of Services (Purchase Services – Selection and Award Proceedings)
ČEZ Distribuce, a. s.	P3A18000014311	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	P3A18000014308	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	P3A18000014309	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	P3A18000014492	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	5600007540	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Distribuce, a. s.		34 Agreements on Transformer Station Ownership Right Transfer
ČEZ Distribuce, a. s.		Consent of the Support Service Provider and the Distribution System Operator to whose Distribution System is Connected Equipment of the Provider of the Support Services to ČEPS, a. s. – Mělník II Power Plant (EME3) of March 16, 2018
ČEZ Distribuce, a. s.		Consent of the Support Service Provider and the Distribution System Operator to whose Distribution System is Connected Equipment of the Provider of the Support Services to ČEPS, a. s. – Štěchovice II Pumped-Storage Hydroelectric Power Plant (EST2) of March 16, 2018
ČEZ Distribuce, a. s.		Consent of the Support Service Provider and the Distribution System Operator to whose Distribution System is Connected Equipment of the Provider of the Support Services to ČEPS, a. s. – Pruněřov I Power Plant (EPRU I) of March 16, 2018
ČEZ Distribuce, a. s.		Consent of the Support Service Provider and the Distribution System Operator to whose Distribution System is Connected Equipment of the Provider of the Support Services to ČEPS, a. s. – Levice II + III Power Plant (ELE) of March 16, 2018
ČEZ Distribuce, a. s.		Consent of the Support Service Provider and the Distribution System Operator to whose Distribution System is Connected Equipment of the Provider of the Support Services to ČEPS, a. s. – Trmice Heating Plant (ETR) of March 16, 2018
ČEZ Distribuce, a. s.		General Agreement on Emergency Assistance (Pořící Island) of December 19, 2017
ČEZ Distribuce, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Distribuce, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Distribuce, a. s.		2 Agreements on Credit Facilities No. 2012/9, 2015/1
ČEZ Distribuce, a. s.	2018/3	Loan Facility Agreement (Agreement Subject: Loan)
ČEZ Distribuce, a. s.	2018/5	Loan Facility Agreement (Agreement Subject: Loan)
ČEZ Distribuce, a. s.	4101729647	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747053	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747093	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747126	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747159	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747165	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747217	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747273	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101747278	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101751643	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101755174	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101766780	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101767146	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101767185	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101775238	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101775251	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101798520	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101798550	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101804580	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101815963	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101829211	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101829212	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101845027	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101849479	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101852506	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101869554	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101871708	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101875048	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101880130	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101880982	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101886039	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101891298	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101897375	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101899069	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101907595	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101726084	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4101726088	Electric Power Supplies for Electromobility
ČEZ Distribuce, a. s.	4400040672	Agreement on Work – Performing Diagnostic Cable Measurements
ČEZ Distribuce, a. s.	5600002270	Agreement on the Settlement of Costs for Providing Consulting Services
ČEZ Distribuce, a. s.	5600002271	Agreement on the Settlement of Costs for Providing Consulting Services
ČEZ Distribuce, a. s.	4400040639	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
ČEZ Distribuce, a. s.	4400040761	Distribution Network Repairs and Maintenance
ČEZ Distribuce, a. s.	4400041484	Agreement on Providing Professional Psychological Examinations
ČEZ Distribuce, a. s.	279281	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Distribuce, a. s.	30034054	Contract for Facility Connection to the Distribution Grid
ČEZ Distribuce, a. s.	4101492251	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Distribuce, a. s.	4400022032	Non-Residential Facility Lease
ČEZ Distribuce, a. s.	4400029943	Non-Residential Facility Lease
ČEZ Distribuce, a. s.	5600008722	General Agreement on the Provision of Services at Hydroelectric Power Plant Substations
ČEZ Distribuce, a. s.	4400022264	Non-Residential Facility Lease
ČEZ Distribuce, a. s.	4400022272	Land Lease
ČEZ Distribuce, a. s.	4400019020	Service Provision Agreement
ČEZ Distribuce, a. s.	4400037612	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	4400037593	Service Provision Agreement
ČEZ Distribuce, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of March 2, 2017
ČEZ Distribuce, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of April 28, 2017
ČEZ Distribuce, a. s.	410216_2011	4 Non-Residential Premise Rental Agreements
ČEZ Distribuce, a. s.	000100_2018	Lease Agreement
ČEZ Distribuce, a. s.		Agreement on the Provision of Supporting Services in Voltage and Reactive Power of December 15, 2014
ČEZ Distribuce, a. s.	P3A18000014490	Agreement on the Mutual Rights and Obligations of Joint Administrators

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Distribuce, a. s.		Agreement on Collaboration in the Performance of the "Delivery of Utility Vehicles" Public Contract of November 8, 2016
ČEZ Distribuce, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award and Performance of the "Fuel Supply for the CEZ Group" Public Contract of June 20, 2017
ČEZ Distribuce, a. s.		Agreement on Coordinated Action in the Award and Performance of the "Tire Supply for the CEZ Group" Public Contract of November 29, 2018
ČEZ Distribuce, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award and Performance of Public Contracts (Association Agreement) of September 22, 2016
ČEZ Energetické produkty, s.r.o.	5600009631	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energetické produkty, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Energetické produkty, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Energetické produkty, s.r.o.	4100029620	Agreement on the Provision of Works Associated with the Rear Fuel Cycle
ČEZ Energetické produkty, s.r.o.	4100419693	Restoration of the Tušimice Power Plant's Wastepond
ČEZ Energetické produkty, s.r.o.	4100751524	Restoration of the Tušimice Power Plant's Wastepond
ČEZ Energetické produkty, s.r.o.	4101184566	Zbrod Landscaping
ČEZ Energetické produkty, s.r.o.	4101235218	Water Pumping Solution for the Residual Lake
ČEZ Energetické produkty, s.r.o.	4101288828	Landscaping, Revitalization, Humanization of Panský les Wastepond Area
ČEZ Energetické produkty, s.r.o.	4101300008	Contract for Work Concerning the Biocorridor III Completion
ČEZ Energetické produkty, s.r.o.	4101307199	Restoration of Fučík Wastepond
ČEZ Energetické produkty, s.r.o.	4101317927	Territory Restoration Upon the Removal of the Railway Corridors of the Pruněvov Power Plant
ČEZ Energetické produkty, s.r.o.	4101331489	Scrap Metal Sale Support
ČEZ Energetické produkty, s.r.o.	4101401701	Subsequent Wastepond Restoration
ČEZ Energetické produkty, s.r.o.	4101437064	Securing the Fučík Wastepond after Flotation
ČEZ Energetické produkty, s.r.o.	4101508224	Replacement Tree Planting
ČEZ Energetické produkty, s.r.o.	4400032756	Scrap Yard Operation Support
ČEZ Energetické produkty, s.r.o.	4400032758	Scrap Yard Operation Support
ČEZ Energetické produkty, s.r.o.	4400032760	Scrap Yard Operation Support
ČEZ Energetické produkty, s.r.o.	4400034432	Equipment Servicing
ČEZ Energetické produkty, s.r.o.	5600003720	Purchase Agreement for the Sale of Unnecessary Certificated Coal Combustion Products
ČEZ Energetické produkty, s.r.o.	5600001489	Service Provision Agreement
ČEZ Energetické produkty, s.r.o.	4400036795	Provision of Maintenance and Repairs for Logic Units
ČEZ Energetické produkty, s.r.o.	4400036803	Provision of Maintenance and Repairs for Logic Units
ČEZ Energetické produkty, s.r.o.	4400037956	Agreement on Maintenance and Repairs for Coal and Coal Combustion Products Logic Units
ČEZ Energetické produkty, s.r.o.	4400038005	Agreement on Maintenance and Repairs for Coal and Coal Combustion Products Logic Units
ČEZ Energetické produkty, s.r.o.	4400038032	Agreement on Maintenance and Repairs for Coal and Coal Combustion Products Logic Units
ČEZ Energetické produkty, s.r.o.	4400038038	Agreement on Maintenance and Repairs for Coal and Coal Combustion Products Logic Units
ČEZ Energetické produkty, s.r.o.	4400040032	Provision of Maintenance and Repairs for Logic Units
ČEZ Energetické produkty, s.r.o.	5600008290	Diesel Fuel Sales
ČEZ Energetické produkty, s.r.o.	5600008291	Diesel Fuel Sales
ČEZ Energetické produkty, s.r.o.	5600008292	Diesel Fuel Sales
ČEZ Energetické produkty, s.r.o.	5600008850	FGD Gypsum Sales
ČEZ Energetické produkty, s.r.o.	4101532300	Performing the Biological Restoration
ČEZ Energetické produkty, s.r.o.	4101571114	Building Restoration Completion
ČEZ Energetické produkty, s.r.o.	4101579892	Replacement Tree Planting
ČEZ Energetické produkty, s.r.o.	4101599156	Landscape Silvicultural Care
ČEZ Energetické produkty, s.r.o.	4101599288	Biological Restoration of Containers
ČEZ Energetické produkty, s.r.o.	4101628131	Building Forest Road Networks
ČEZ Energetické produkty, s.r.o.	4101686935	Tensioning Drum Roller Renovation
ČEZ Energetické produkty, s.r.o.	4101705128	Reconstruction of the Fly Ash Pneumatic Transport
ČEZ Energetické produkty, s.r.o.	4101708956	Restoration— Construction of Part A of the Container
ČEZ Energetické produkty, s.r.o.	4101716840	Purchase Agreement (Hydrocyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101723258	Purchase Agreement (Hydrocyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4100266998	Restoration of the Vysočany Wastepond
ČEZ Energetické produkty, s.r.o.	4101730174	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101730270	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101737075	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101745767	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101745811	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101746186	Agreement on Work (Distribution of Flooding Piping)
ČEZ Energetické produkty, s.r.o.	4101752849	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101756179	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101760970	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101762395	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101764819	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101768307	Purchase Agreement (Hydrocyclone Spare Parts)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Energetické produkty, s.r.o.	4101772396	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101776702	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101777897	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101782760	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101784818	Agreement on Work (Slag Removers Replacement)
ČEZ Energetické produkty, s.r.o.	4101786607	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101788016	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101790678	Agreement on Work (Revitalization)
ČEZ Energetické produkty, s.r.o.	4101794166	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101795741	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101798407	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101801705	Reconstruction of the Fly Ash Pneumatic Transport
ČEZ Energetické produkty, s.r.o.	4101802779	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101803533	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101808594	Addition and Modification of Technology for the Use of the Coal Combustion Products
ČEZ Energetické produkty, s.r.o.	4101812905	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101813323	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101813998	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101816056	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101818168	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101822328	Agreement on Work (Modernization of the Pumps and Protection of the Slag Drainage Shipping Silos)
ČEZ Energetické produkty, s.r.o.	4101829417	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101832669	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101834218	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101837723	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101838957	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101839721	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101842523	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101843151	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101844559	Agreement on the Provision of Services – Registration, Evaluation (Assessment), Authorization (Licensing), and Restriction of Chemical Substances (REACH) 2018
ČEZ Energetické produkty, s.r.o.	4101847243	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101854223	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101856886	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101864816	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101864839	Preventing Landfill Water Spread
ČEZ Energetické produkty, s.r.o.	4101865598	Electric Drum Replacement
ČEZ Energetické produkty, s.r.o.	4101866753	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101868374	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101872034	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101872832	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101876004	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101886117	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101891911	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101892968	Conveyor Spare Part Renovation
ČEZ Energetické produkty, s.r.o.	4101897412	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101897827	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101899645	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101900062	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101902338	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101903934	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101904803	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101908300	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101908806	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101915941	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101916887	Agreement on Work (Service Platform Superstructures)
ČEZ Energetické produkty, s.r.o.	4101917847	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4101919222	Purchase Agreement (Hydrocyclone Spare Parts)
ČEZ Energetické produkty, s.r.o.	4400039894	Hoisting Equipment Repair and Maintenance Provision
ČEZ Energetické produkty, s.r.o.	4400041654	Agreement on Work (Revamping and Checking the State of the Operation Data Collection and Evaluation Application)
ČEZ Energetické produkty, s.r.o.	5600009392	Purchase Agreement (FGD Gypsum)
ČEZ Energetické produkty, s.r.o.	5600009620	Purchase Agreement (FGD Gypsum)
ČEZ Energetické produkty, s.r.o.	5600001330	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energetické produkty, s.r.o.	5690002698	Agreement on the Financial Share in Repairs and Maintenance of the Purpose-Built Roads
ČEZ Energetické produkty, s.r.o.	4400041653	Agreement on Work (Conveyor Transports of Coal Combustion Products)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Energetické produkty, s.r.o.	5600004760	License Agreement
ČEZ Energetické produkty, s.r.o.	5600009160	Web Presentation Creation and Administration
ČEZ Energetické produkty, s.r.o.	000001_2016	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000085_2018	Lease Agreement
ČEZ Energetické produkty, s.r.o.	001139_2014	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000285_2016	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000389_2016	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000151_2018	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000487_2016	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000264_2018	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000549_2016	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000233_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000293_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000514_2018	Preliminary Easement Agreement and Building Right Agreement
ČEZ Energetické produkty, s.r.o.	000442_2015	Preliminary Easement Agreement and Building Right Agreement
ČEZ Energetické produkty, s.r.o.	000274_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000408_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000524_2018	Agreement on Establishment of the Common Right
ČEZ Energetické produkty, s.r.o.	000125_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	000560_2015	Preliminary Easement Agreement and Building Right Agreement
ČEZ Energetické produkty, s.r.o.	000420_2017	Agreement on a Future Engineering Network Service Agreement
ČEZ Energetické produkty, s.r.o.	000315_2017	Lease Agreement
ČEZ Energetické produkty, s.r.o.	69928300_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69968400_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69933500_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69959600_2	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69959600_3	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69988200_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	EPR/20170020	Agreement on Power Supply from the ČEZ, a. s., Pruněřov Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	69984500_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69991101_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	ELE/20150094	Agreement on Power Supply from the ČEZ, a. s., Ledvice Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	EPR/20170021	Agreement on Power Supply from the ČEZ, a. s., Pruněřov Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	69988300_2	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	ETU/2016/EE001	Agreement on Power Supply from the ČEZ, a. s., Tušimice Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	EME/20140036	Agreement on Power Supply from the ČEZ, a. s., Mělník Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	69988600_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69988700_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69978400_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	EHO/2015/001	Agreement on Power Supply from the ČEZ, a. s., Hodonín Power Plant, Distribution Network
ČEZ Energetické produkty, s.r.o.	69978500_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69978300_1	Agreement on Thermal Energy Supply
ČEZ Energetické produkty, s.r.o.	69968400_2	Agreement on Thermal Energy Supply
ČEZ Energetické služby, s.r.o.	5600005741	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energetické služby, s.r.o.		General Agreement on Power Supply and Consumption (EFET) of July 4, 2014
ČEZ Energetické služby, s.r.o.		Allowances Appendix to General Agreement on Power Supply and Consumption (EFET) of July 4, 2014
ČEZ Energetické služby, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Energetické služby, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of October 25, 2016
ČEZ Energetické služby, s.r.o.		Mutual Credit Facility Agreement of November 25, 2016 (Agreement Subject: Mutual Credit Facilities)
ČEZ Energetické služby, s.r.o.		Agreement on the Issuance of Guarantees of November 11, 2014
ČEZ Energetické služby, s.r.o.		Agreement on the Issuance of Guarantees of September 15, 2014
ČEZ Energetické služby, s.r.o.	4400022435	Agreement on Handling, Transportation, Crane, and Slinger Works
ČEZ Energetické služby, s.r.o.	4400027717	Agreement on Technological Equipment Maintenance
ČEZ Energetické služby, s.r.o.	4400039554	Agreement on Provision of Services (Electrical Equipment Maintenance and Repairs)
ČEZ Energetické služby, s.r.o.	4400039839	Agreement on Provision of Services (Electrical Equipment Maintenance and Repairs)
ČEZ Energetické služby, s.r.o.	4400039931	Agreement on Provision of Services (Electrical Equipment Maintenance and Repairs)
ČEZ Energetické služby, s.r.o.	4101727124	Purchase Agreement for the Surface Water Supply
ČEZ Energetické služby, s.r.o.	4101727126	Purchase Agreement for the Surface Water Supply
ČEZ Energetické služby, s.r.o.	4400042405	Purchase of Machinery and Equipment
ČEZ Energetické služby, s.r.o.	4400042984	Electrical Equipment Operation, Maintenance, and Repair
ČEZ Energetické služby, s.r.o.	4400032918	Website Operation Provision
ČEZ Energetické služby, s.r.o.	5600001490	Service Provision Agreement
ČEZ Energetické služby, s.r.o.	4101116484	Agreement on Non-Residential Facility Lease
ČEZ Energetické služby, s.r.o.	4400032502	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Energetické služby, s.r.o.	4101634206	Agreement on Work (Reconstruction of Cable Tracks, Including Cables)
ČEZ Energetické služby, s.r.o.	4101852177	Agreement on Work (Rectifier Reconstruction)
ČEZ Energetické služby, s.r.o.	4101845665	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101845666	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101829394	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101823398	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101823075	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101871883	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101884838	Electromobility Charging Station Construction
ČEZ Energetické služby, s.r.o.	4101747624	Producing Energy Performance Certificates of Buildings
ČEZ Energetické služby, s.r.o.	4101025234	Agreement on Thermal Energy Supply
ČEZ Energetické služby, s.r.o.	4101818382	Security System Supply and Installation
ČEZ Energetické služby, s.r.o.	4101798054	Employee Training
ČEZ Energetické služby, s.r.o.	4101861424	Employee Training
ČEZ Energetické služby, s.r.o.	4101802464	Employee Training
ČEZ Energo, s.r.o.	5600007397	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energo, s.r.o.	5600006555	Service Provision Agreement
ČEZ ENERGOSERVIS spol. s r.o.	103647	Agreement on Canteens
ČEZ ENERGOSERVIS spol. s r.o.	104338	Maintenance and Repairs
ČEZ ENERGOSERVIS spol. s r.o.	15429	Agreement on Canteens
ČEZ ENERGOSERVIS spol. s r.o.	30007884	Provision of Decontamination Work for Equipment Maintenance Purposes
ČEZ ENERGOSERVIS spol. s r.o.	4100137624	Fire Protection
ČEZ ENERGOSERVIS spol. s r.o.	4100479604	Material Sorting
ČEZ ENERGOSERVIS spol. s r.o.	4100732323	Provision of Alternative Power Supplies (Diesel-Aggregate Stations) Upon the Loss of All the Project Power Supplies of the Power Plant
ČEZ ENERGOSERVIS spol. s r.o.	4100914247	Oil Sets Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4100980543	Modification of the Film Rotary Evaporator
ČEZ ENERGOSERVIS spol. s r.o.	4101050008	Barriers Against Objects Falling from the Stands
ČEZ ENERGOSERVIS spol. s r.o.	4101112762	Pressure Surges in the TVD (Critical Technical Water) Pipeline during a TVD Pump Outage
ČEZ ENERGOSERVIS spol. s r.o.	4101134482	Handling, Crane, and Slinger Works
ČEZ ENERGOSERVIS spol. s r.o.	4101150236	Seismic Reinforcement
ČEZ ENERGOSERVIS spol. s r.o.	4101175493	Acceleration of the Stabilization of the PERZIK Installation of Multiple Holes in the Constructions (PERZIK – Equipment Test Name)
ČEZ ENERGOSERVIS spol. s r.o.	4101201012	Replacement of Electric Motors
ČEZ ENERGOSERVIS spol. s r.o.	4101211013	Material Sorting
ČEZ ENERGOSERVIS spol. s r.o.	4101240152	Repair of the Canteen Facility
ČEZ ENERGOSERVIS spol. s r.o.	4101259574	Biofouling Monitoring
ČEZ ENERGOSERVIS spol. s r.o.	4101281472	Addition of Shorting Trucks
ČEZ ENERGOSERVIS spol. s r.o.	4101283064	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101288495	Emergency Sump Level Measuring
ČEZ ENERGOSERVIS spol. s r.o.	4101327865	Installation of a Throttle Aperture into the Pump
ČEZ ENERGOSERVIS spol. s r.o.	4101340251	Transfer Station Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101353400	Pump Lifting Equipment
ČEZ ENERGOSERVIS spol. s r.o.	4101353816	Covering the Overflow Holes of Critical Technical Water Sumps
ČEZ ENERGOSERVIS spol. s r.o.	4101375860	Securing the Suction of Diesel Fuel from the Inserted Tanks to Tank Trucks and Securing the Emergency Tank Filling
ČEZ ENERGOSERVIS spol. s r.o.	4101387936	Modification of Bridges
ČEZ ENERGOSERVIS spol. s r.o.	4101403011	Turbine Spare Part
ČEZ ENERGOSERVIS spol. s r.o.	4101407999	Surface Anti-Slip Treatment
ČEZ ENERGOSERVIS spol. s r.o.	4101411666	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101418071	Preservation of Drainages
ČEZ ENERGOSERVIS spol. s r.o.	4101420805	Pipeline Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4101422701	Installation of Firm Measuring Points
ČEZ ENERGOSERVIS spol. s r.o.	4101428755	Turbine Spare Part
ČEZ ENERGOSERVIS spol. s r.o.	4101430701	Screen Node Solution
ČEZ ENERGOSERVIS spol. s r.o.	4101431450	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101431524	Crane Verification Alignment
ČEZ ENERGOSERVIS spol. s r.o.	4101432574	Renovation of 3 Electric Motors
ČEZ ENERGOSERVIS spol. s r.o.	4101440966	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101443273	Assembly for Handling
ČEZ ENERGOSERVIS spol. s r.o.	4101458906	Assistance during Storage and Handling Activities
ČEZ ENERGOSERVIS spol. s r.o.	4101462889	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101466025	Securing Project Implementation Documentation
ČEZ ENERGOSERVIS spol. s r.o.	4101470376	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101472828	Pin Equipment Lifting
ČEZ ENERGOSERVIS spol. s r.o.	4101478601	Agreement on Work (Documentation Processing and the Aggregate Replacement Realization)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4101478653	Optimization of Injection Flows
ČEZ ENERGOSERVIS spol. s r.o.	4101486481	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101491019	Air-Conditioning Unit Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4101499769	Seismic Reinforcement of the Cooling System
ČEZ ENERGOSERVIS spol. s r.o.	4101500683	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101511035	Addition of Check Valves
ČEZ ENERGOSERVIS spol. s r.o.	4101515214	Confidentiality Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4101517703	Supply and Installation of 2 Sets of Spare Storage Grids in a Compact Design for Nuclear Unit Spent Fuel Pools
ČEZ ENERGOSERVIS spol. s r.o.	4101527496	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101527947	Replacing the Heating Water Heater on a Unit Exchange Station
ČEZ ENERGOSERVIS spol. s r.o.	4101538694	Production of Turbine Dividing Covers
ČEZ ENERGOSERVIS spol. s r.o.	4101540965	Warehouse Operation 2017–2021
ČEZ ENERGOSERVIS spol. s r.o.	4101545690	Turbine Spare Parts
ČEZ ENERGOSERVIS spol. s r.o.	4101545700	Steam Generator Spare Parts
ČEZ ENERGOSERVIS spol. s r.o.	4101545738	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101552500	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101554439	Auxiliary Work for Promotional Material Installations
ČEZ ENERGOSERVIS spol. s r.o.	4101558414	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101562719	Pipeline Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101562901	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101565598	Replacement of the Position Indicator on the Backflow Valve
ČEZ ENERGOSERVIS spol. s r.o.	4101567255	Pump Installation
ČEZ ENERGOSERVIS spol. s r.o.	4101573953	Motor Rack Supply
ČEZ ENERGOSERVIS spol. s r.o.	4101577301	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101578094	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101580597	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101585966	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101586752	Raw Water Pipeline Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101588134	Sealing of Lower Flanges of Manual Control Fixtures
ČEZ ENERGOSERVIS spol. s r.o.	4101589672	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101591141	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101599979	Hose Replacements
ČEZ ENERGOSERVIS spol. s r.o.	4101605714	Valve Replacements
ČEZ ENERGOSERVIS spol. s r.o.	4101616490	Pipeline Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4101620596	Machinery Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101620815	Bypass Fixture Replacements
ČEZ ENERGOSERVIS spol. s r.o.	4101649585	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101651390	Replacing Sealed Shutting Flaps
ČEZ ENERGOSERVIS spol. s r.o.	4101653953	Adding a Manual Closing Fixture
ČEZ ENERGOSERVIS spol. s r.o.	4101654981	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101657548	Total Reconstruction of the Existing Rack Stackers
ČEZ ENERGOSERVIS spol. s r.o.	4101660329	Replacement of the Existing Flush Machines
ČEZ ENERGOSERVIS spol. s r.o.	4101663715	Replacement of Catch Tanks
ČEZ ENERGOSERVIS spol. s r.o.	4101667412	Heterogeneous Weld Joint
ČEZ ENERGOSERVIS spol. s r.o.	4101672446	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101673706	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101675328	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101675484	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101679281	Reconstruction of Critical Technical Water Pump Discharge Node
ČEZ ENERGOSERVIS spol. s r.o.	4101679326	Control Weld Joints
ČEZ ENERGOSERVIS spol. s r.o.	4101681562	Replacement of the Electrical Fire Alarm Signalization Type
ČEZ ENERGOSERVIS spol. s r.o.	4101683520	Agreement on Work—Processing of the Documentation Section and Subsequent Realization of the Work
ČEZ ENERGOSERVIS spol. s r.o.	4101686140	Elimination of Radioactive Waste Treatment Pipeline Clogging Risk
ČEZ ENERGOSERVIS spol. s r.o.	4101687187	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101687967	Raw Water Pipeline Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101692709	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101693150	Analysis Processing
ČEZ ENERGOSERVIS spol. s r.o.	4101698267	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101702082	Routing Modification
ČEZ ENERGOSERVIS spol. s r.o.	4101705236	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101717386	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101725885	Provision of Training
ČEZ ENERGOSERVIS spol. s r.o.	4101727191	Steam Turbine Spare Parts Revitalization
ČEZ ENERGOSERVIS spol. s r.o.	4101731832	Control and Management System Renewal
ČEZ ENERGOSERVIS spol. s r.o.	4101738034	Laundry Service

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4101740009	Purchase Agreement on Flange Seals
ČEZ ENERGOSERVIS spol. s r.o.	4101747121	Purchase Agreement (Turbine Spare Parts)
ČEZ ENERGOSERVIS spol. s r.o.	4101753023	Diesel Aggregate Spare Part Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101755089	Agreement on Work (Piping Repair Using the Loctite Method)
ČEZ ENERGOSERVIS spol. s r.o.	4101757424	Renovation of Supporting Cages
ČEZ ENERGOSERVIS spol. s r.o.	4101758122	Sludge Pump Node Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101759232	Securing all the Activities Associated with the Charging Machine Transfer
ČEZ ENERGOSERVIS spol. s r.o.	4101767221	Purchase Agreement (Steam Generator Spare Parts)
ČEZ ENERGOSERVIS spol. s r.o.	4101769255	Physical Protection Technical System Power Supply Equipment Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101769960	Purchase Agreement (Turbine Spare Parts)
ČEZ ENERGOSERVIS spol. s r.o.	4101772138	Pump Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101774137	Agreement on Work (Documentation Processing and the Heterogeneous Weld Joint Realization)
ČEZ ENERGOSERVIS spol. s r.o.	4101774671	Operating Staff Training
ČEZ ENERGOSERVIS spol. s r.o.	4101774672	Operating Staff Training
ČEZ ENERGOSERVIS spol. s r.o.	4101778306	Agreement on Work (Documentation Processing and the Compensator Supplementation)
ČEZ ENERGOSERVIS spol. s r.o.	4101778307	Agreement on Work (Documentation Preparation and Replacement of the Critical Technical Water System Piping and Components)
ČEZ ENERGOSERVIS spol. s r.o.	4101787587	Purchase Agreement (Turbine Spare Parts)
ČEZ ENERGOSERVIS spol. s r.o.	4101787968	Agreement on Work (Documentation Processing to Optimize the Critical Technical Water Flow)
ČEZ ENERGOSERVIS spol. s r.o.	4101789510	Installation of the Gas Container Measuring Points
ČEZ ENERGOSERVIS spol. s r.o.	4101789622	Reconstruction of Brass Generator Lubricating Oil Coolers
ČEZ ENERGOSERVIS spol. s r.o.	4101789625	Agreement on Work (Generator Sealing Oil Filling Technology Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101791847	Purchase Agreement (Storage Tank Spare Parts)
ČEZ ENERGOSERVIS spol. s r.o.	4101795712	Agreement on Work (Heat Exchanger Replacement Preparatory Work)
ČEZ ENERGOSERVIS spol. s r.o.	4101795914	Agreement on Work (Preparation of Documentation for the Implementation of Cabling and Cableway Modifications for Fire Protection Purposes)
ČEZ ENERGOSERVIS spol. s r.o.	4101796907	Installation of Sealing Bags for the Third Storage Pool Pump
ČEZ ENERGOSERVIS spol. s r.o.	4101797960	Agreement on the Provision of Additional Works (Promotional Services)
ČEZ ENERGOSERVIS spol. s r.o.	4101799047	Agreement on Work (Diesel Aggregate Valves Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101801270	Agreement on Work (Diesel Aggregate Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101801497	Agreement on Work (Turbine Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101805632	Agreement on Work (Implementation of Piping Route Corrective Measures)
ČEZ ENERGOSERVIS spol. s r.o.	4101815290	Agreement on Work (Critical Technical Water Pump Discharge Node Reconstruction)
ČEZ ENERGOSERVIS spol. s r.o.	4101823559	Agreement on Cooperation in Contractors Audit Implementation
ČEZ ENERGOSERVIS spol. s r.o.	4101826778	Agreement on Work (Shutting Flap Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101827759	Agreement on Work (Piping Fixture Relocation)
ČEZ ENERGOSERVIS spol. s r.o.	4101832655	Purchase Agreement for Welding Wire
ČEZ ENERGOSERVIS spol. s r.o.	4101832727	Agreement on Work (Seismic Reinforcement of Supporting Structures)
ČEZ ENERGOSERVIS spol. s r.o.	4101833035	Agreement on Work (Turbine Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101833543	Agreement on Work (Critical Technical Water Piping Membrane Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101834570	Agreement on Work (Execution of Control Welded Joints and their Documenting)
ČEZ ENERGOSERVIS spol. s r.o.	4101834634	Purchase Agreement for Exchanger Spare Parts
ČEZ ENERGOSERVIS spol. s r.o.	4101839834	Agreement on Work (Drainage Routes Expansion, Flushing Water Supply Socket Installation, and Piping Layout Modification)
ČEZ ENERGOSERVIS spol. s r.o.	4101841079	Agreement on Work (Fixture Regulation Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101846167	Agreement on Work (Diesel Aggregate Valves Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101850453	Agreement on Work (Generator Sealing Oil Filling Technology Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101850663	Agreement on Work (Shutter Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101854677	Agreement on Work (Establishment of Sampling Points for TriboDiagnostics on Rotary Machines)
ČEZ ENERGOSERVIS spol. s r.o.	4101854781	Purchase Agreement for Lid Sealing
ČEZ ENERGOSERVIS spol. s r.o.	4101856227	Agreement on Work (Fixture Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101858304	Agreement on Work (Diesel Aggregate Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101861086	Agreement on Work (Placing an Extension Line to the Low Air Pressure System in the Transport Container Well)
ČEZ ENERGOSERVIS spol. s r.o.	4101866956	Agreement on Work (Bearing Guide Body Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101876026	Agreement on Work (Preparation of a Binding Means Storage Site)
ČEZ ENERGOSERVIS spol. s r.o.	4101878191	Employees Training Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4101880473	Agreement on Work (Safety Valve Exhaust Drainage Addition)
ČEZ ENERGOSERVIS spol. s r.o.	4101891022	Agreement on Work (Pump Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101891408	Agreement on Work (Preparation of an Administrative Building and its Engineering Network Connections Feasibility Study)
ČEZ ENERGOSERVIS spol. s r.o.	4101893581	Agreement on Work (Adjustment of the Concentrate Drainage Pumps)
ČEZ ENERGOSERVIS spol. s r.o.	4101894609	Agreement on Work (Turbine Spare Parts Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101895263	Agreement on Work (Modification of the Load-Bearing Structure of the Routes on Both Main Production Blocks and Associated Revisions of Relevant Documentation)
ČEZ ENERGOSERVIS spol. s r.o.	4101900435	Purchase Agreement for a Removable Platform
ČEZ ENERGOSERVIS spol. s r.o.	4101904987	Agreement on the Provision of Assistance during Storage and Handling Activities and Inventory Works in Warehouse

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4101905209	Agreement on Work (Ultrasound Bath Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101906373	Agreement on Work (Turbine Generator Turning Unit Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101906638	Agreement on Work (Diesel Generator Spare Part Renovation)
ČEZ ENERGOSERVIS spol. s r.o.	4101912295	Agreement on Work (Oil Coolers Replacement)
ČEZ ENERGOSERVIS spol. s r.o.	4101915282	Agreement on Providing Personnel for the Repairs of a Heterogeneous Socket Weld Joint
ČEZ ENERGOSERVIS spol. s r.o.	4101915542	Agreement on Work (Electric Fire Alarm Modernization)
ČEZ ENERGOSERVIS spol. s r.o.	4400001167	URAO (Radioactive Waste Storage Site) Operation
ČEZ ENERGOSERVIS spol. s r.o.	4400004102	Measuring of the Activities (Mass Activities) of Objects, Material, and Waste
ČEZ ENERGOSERVIS spol. s r.o.	4400006321	Repair and Replacement of Chemical Substance Plastic Piping, Polyfusion Welding, and Repair of the Fitting Welds of Demineralization Water Lines
ČEZ ENERGOSERVIS spol. s r.o.	4400010732	Repair of the Washroom Anti-Slip Floors
ČEZ ENERGOSERVIS spol. s r.o.	4400013393	Replacement of the Aftercooler, Intercooler, and Overflow Cooler
ČEZ ENERGOSERVIS spol. s r.o.	4400013744	ZRAO (Radioactive Waste Processing) Operation
ČEZ ENERGOSERVIS spol. s r.o.	4400021321	Readiness to Provide Emergency Assistance
ČEZ ENERGOSERVIS spol. s r.o.	4400021721	Readiness to Provide Emergency Assistance
ČEZ ENERGOSERVIS spol. s r.o.	4400022091	Patrols and Checking Activities
ČEZ ENERGOSERVIS spol. s r.o.	4400023692	Completion of Inspections and Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400024064	Replacement of the Cooling Water Distribution System
ČEZ ENERGOSERVIS spol. s r.o.	4400025342	Screen Cleaning
ČEZ ENERGOSERVIS spol. s r.o.	4400026314	Project Support for FURMANITE
ČEZ ENERGOSERVIS spol. s r.o.	4400027621	Overhaul of the Condensation Pumps
ČEZ ENERGOSERVIS spol. s r.o.	4400030368	Securing Sleeve Distribution
ČEZ ENERGOSERVIS spol. s r.o.	4400032144	Processing and Engraving of Plastic Labels
ČEZ ENERGOSERVIS spol. s r.o.	4400032293	Readiness to Provide Emergency Assistance
ČEZ ENERGOSERVIS spol. s r.o.	4400033035	General Agreement on Equipment Maintenance, Repairs, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400033069	Logical Unit Maintenance and Repair
ČEZ ENERGOSERVIS spol. s r.o.	4400033324	Logical Unit Maintenance and Repair
ČEZ ENERGOSERVIS spol. s r.o.	4400033781	Measuring of the Fire Pump Parameters
ČEZ ENERGOSERVIS spol. s r.o.	4400034254	Leak Measuring
ČEZ ENERGOSERVIS spol. s r.o.	4400034280	Agreement on Tool Crib Operation
ČEZ ENERGOSERVIS spol. s r.o.	4400034434	Technical Assistance during the Container Works Coordination
ČEZ ENERGOSERVIS spol. s r.o.	4400034675	Air, Multispectral, and Ground Measurements
ČEZ ENERGOSERVIS spol. s r.o.	4400034985	Generator Diagnostic Measuring
ČEZ ENERGOSERVIS spol. s r.o.	4400036026	Repair of Water Chambers of One-Body Coolers
ČEZ ENERGOSERVIS spol. s r.o.	4400036413	Provision of Transport Services and Cleaning
ČEZ ENERGOSERVIS spol. s r.o.	4400036268	General Agreement on the Provision of Maintenance
ČEZ ENERGOSERVIS spol. s r.o.	4400036702	Logical Unit Repairs, Maintenance, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400036703	Logical Unit Repairs, Maintenance, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400036712	Logical Unit Repairs, Maintenance, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400036713	Logical Unit Repairs, Maintenance, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400036722	Logical Unit Repairs, Maintenance, and Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4400037161	Operation and Handling of Foreign Material Exclusion (FME) Boxes
ČEZ ENERGOSERVIS spol. s r.o.	4400037453	Fire Alarm System Emergency Service Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4400037585	Pump Recirculation Piping Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4400038268	Quick-Release Board Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400038934	Agreement on Securing Readiness for Environmental Event Responses
ČEZ ENERGOSERVIS spol. s r.o.	4400039054	Processing of the Spare Technical Documentation of Preparations for the Transport-Technological Part
ČEZ ENERGOSERVIS spol. s r.o.	4400039292	Repairing Damaged Rack Screens in Critical Technical Water Pools
ČEZ ENERGOSERVIS spol. s r.o.	4400039322	Technical Assistance during the Reactor Hall Works Coordination
ČEZ ENERGOSERVIS spol. s r.o.	4400039327	Feeder Overhauls
ČEZ ENERGOSERVIS spol. s r.o.	4400039613	Replacement of Circulation Pumps
ČEZ ENERGOSERVIS spol. s r.o.	4400039765	Rectification of the Safety Defect
ČEZ ENERGOSERVIS spol. s r.o.	4400039959	Agreement on Work (Assessment of an Angled Goods Lift Repair)
ČEZ ENERGOSERVIS spol. s r.o.	4400040065	Test Body Storage Manager
ČEZ ENERGOSERVIS spol. s r.o.	4400040117	Production of a Suspension Transverse Beam
ČEZ ENERGOSERVIS spol. s r.o.	4400040332	Location of Foreign Material Exclusion (FME) Boxes
ČEZ ENERGOSERVIS spol. s r.o.	4400040406	Repair of Slide Valves in the Suction Apparatus Well
ČEZ ENERGOSERVIS spol. s r.o.	4400040485	Emergency Service Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4400040643	Crane Work
ČEZ ENERGOSERVIS spol. s r.o.	4400041001	Agreement on Work (Restoration of Anticorrosive Surface Protection of Stop-Log Plates)
ČEZ ENERGOSERVIS spol. s r.o.	4400041272	Agreement on Work (Equipment Disassembly and Disposal)
ČEZ ENERGOSERVIS spol. s r.o.	4400041342	Agreement on Work (Carbon Seal Repair)
ČEZ ENERGOSERVIS spol. s r.o.	4400041469	Agreement on Work (Concrete Samples Collection and Diagnostics)
ČEZ ENERGOSERVIS spol. s r.o.	4400041673	Agreement on Work (Underground and Hall Ventilation Repair Study)
ČEZ ENERGOSERVIS spol. s r.o.	4400041696	Agreement on Work (Fixture and Equipment Repairs at Mechanical Workshops)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4400041761	Agreement on Work (Spare Technical Documentation Preparation)
ČEZ ENERGOSERVIS spol. s r.o.	4400041940	Agreement on Work (Project Documentation Preparation)
ČEZ ENERGOSERVIS spol. s r.o.	4400042191	Agreement on Completion of X-Ray Testing of Bandage Piping Samples
ČEZ ENERGOSERVIS spol. s r.o.	4400042420	Agreement on Work (Production of Stop-Log Plates)
ČEZ ENERGOSERVIS spol. s r.o.	4400042603	Agreement on Work (Clearance of Tripping Valve Manhole and Preparation of Plate Installation)
ČEZ ENERGOSERVIS spol. s r.o.	4400042656	Agreement on Textile Cover Distribution
ČEZ ENERGOSERVIS spol. s r.o.	4400043160	Agreement on Work (Project Documentation Preparation)
ČEZ ENERGOSERVIS spol. s r.o.	4400043323	Agreement on Securing Readiness
ČEZ ENERGOSERVIS spol. s r.o.	5600007260	General Agreement on the Sale of Stock Goods
ČEZ ENERGOSERVIS spol. s r.o.	5600007560	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ENERGOSERVIS spol. s r.o.	7221	Agreement on the Provision of Special Services
ČEZ ENERGOSERVIS spol. s r.o.	90000549	Provision of Laundry Services
ČEZ ENERGOSERVIS spol. s r.o.	90001073	Provision of Waste Management Services
ČEZ ENERGOSERVIS spol. s r.o.	90014065	Provision of Laundry Services
ČEZ ENERGOSERVIS spol. s r.o.	90102710	Waste Measuring
ČEZ ENERGOSERVIS spol. s r.o.	93007097	Waste Management
ČEZ ENERGOSERVIS spol. s r.o.	93007098	Waste Management
ČEZ ENERGOSERVIS spol. s r.o.	93008550	Technical Support Provision
ČEZ ENERGOSERVIS spol. s r.o.	4400043060	Agreement on Work
ČEZ ENERGOSERVIS spol. s r.o.		Agreement on the Issuance of Guarantees of February 10, 2017 (Agreement Subject: Provision of Guarantees)
ČEZ ENERGOSERVIS spol. s r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ ENERGOSERVIS spol. s r.o.	69904477_1	Agreement on Thermal Energy Supply
ČEZ ENERGOSERVIS spol. s r.o.	69906356_1	Agreement on Thermal Energy Supply
ČEZ ENERGOSERVIS spol. s r.o.	5600004210	Service Provision Agreement
ČEZ ENERGOSERVIS spol. s r.o.	150180519	Approval of Depreciation of Technical Appreciation by the Lessee
ČEZ ENERGOSERVIS spol. s r.o.	350180518	Approval of Depreciation of Technical Appreciation by the Lessee
ČEZ ENERGOSERVIS spol. s r.o.	4101692371	Accommodation Provision
ČEZ ENERGOSERVIS spol. s r.o.	OVS-645/2013	Provision of Occupational Psychological Examinations
ČEZ ENERGOSERVIS spol. s r.o.	OVS-644/2013	Provision of Initial Psychological Tests
ČEZ ENERGOSERVIS spol. s r.o.	25/96	Provision of Bus Transportation
ČEZ ENERGOSERVIS spol. s r.o.	30016528	Crane Rental
ČEZ ENERGOSERVIS spol. s r.o.	30016533	Crane Rental
ČEZ ENERGOSERVIS spol. s r.o.	4101692325	Accommodation Provision
ČEZ ENERGOSERVIS spol. s r.o.	4101692371	Accommodation Provision
ČEZ ENERGOSERVIS spol. s r.o.	000015_2016	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000080_2014	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000091_2012	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000197_2014	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000217_2018	Agreement on the Future Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000358_2012	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	000701_2012	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	100078	Operation of the Heat Exchanger Stations
ČEZ ENERGOSERVIS spol. s r.o.	001299_2012	Lease Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4101816277	Inspection of Electrical Tooling and Equipment
ČEZ ENERGOSERVIS spol. s r.o.	EDU/2012/EE018	Agreement on Electric Power Supply
ČEZ ENERGOSERVIS spol. s r.o.	4101911175	Accommodation Provision
ČEZ ENERGOSERVIS spol. s r.o.	4101911179	Accommodation Provision
ČEZ ESCO, a.s.		Agreement on Surcharge of August 28, 2017
ČEZ ESCO, a.s.		Agreement on Surcharge of November 27, 2017
ČEZ ESCO, a.s.		Agreement on Surcharge of February 17, 2017
ČEZ ESCO, a.s.		Agreement on Non-Monetary Surcharge of March 13, 2017
ČEZ ESCO, a.s.		Agreement on Surcharge of September 11, 2018
ČEZ ESCO, a.s.		Agreement on Surcharge of November 8, 2018
ČEZ ESCO, a.s.	P3A18000001357	Agreement on Personal Data Processing
ČEZ ESCO, a.s.	5600007090	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ESCO, a.s.		General Agreement on Power Supply and Consumption (EFET) of February 11, 2016
ČEZ ESCO, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of February 11, 2016
ČEZ ESCO, a.s.		EECS Appendix to the General Agreement on Power Supply and Consumption (EFET) of February 28, 2017
ČEZ ESCO, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ ESCO, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of February 1, 2016
ČEZ ESCO, a.s.		Agreement on Mutual Credit Facilities (ČSOB) of August 16, 2018

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ESCO, a.s.		Agreement on Mutual Credit Facilities Related to the Agreement on Provision of the Multilevel Real Cash Pooling (ČS) of August 16, 2018
ČEZ ESCO, a.s.		Mutual Credit Facility Agreement of August 16, 2018 (Agreement Subject: Mutual Credit Facilities)
ČEZ ESCO, a.s.		Agreement on the Issuance of Guarantees of August 28, 2018
ČEZ ESCO, a.s.	4101864290	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101865636	Agreement on Combined Natural Gas Supplies
ČEZ ESCO, a.s.	4101871603	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101871624	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101871703	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101873398	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101874922	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101874930	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101879936	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101880171	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101880172	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101880173	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101880956	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101880960	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101881668	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101881816	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101882041	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101883095	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883100	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883127	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883130	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883134	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883140	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883151	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883154	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883171	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101883193	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101885034	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101885062	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101885969	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101885994	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101885997	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101886021	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101887587	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888467	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888468	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888469	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888470	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888481	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888482	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888542	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888548	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888564	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888566	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888585	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888603	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888614	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888617	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888619	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888662	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888666	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888683	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888685	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888711	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888716	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888720	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888754	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888759	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888792	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888828	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888867	Supply of Electric Power, Gas, Heat, Water/Sewer Fees

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ESCO, a.s.	4101888894	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888912	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101888917	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101890581	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101891031	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101891274	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101893463	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893499	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893513	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893561	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893596	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893653	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893660	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893696	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893822	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893825	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101893861	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101894991	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101894992	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101894993	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101894994	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101896488	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101896567	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101896597	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101903555	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101905225	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101905412	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101919142	Electric Power Supplies for Electromobility
ČEZ ESCO, a.s.	4101856381	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4101920452	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ESCO, a.s.	4400037110	Provision of Accident Insurance
ČEZ ESCO, a.s.	4400043040	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ESCO, a.s.	5600005880	Service Provision Agreement
ČEZ ESCO, a.s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of March 2, 2017
ČEZ ESCO, a.s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of April 28, 2017
ČEZ ESCO, a.s.	1550030137	Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract
ČEZ ESCO, a.s.	1550040181	Agreement on Cooperation during a Public Contract Execution during License Administration
ČEZ ICT Services, a. s.	P3A18000014172	Agreement on Personal Data Processing
ČEZ ICT Services, a. s.	P3A18000001317	Agreement on Personal Data Processing
ČEZ ICT Services, a. s.	5600009640	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ICT Services, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ ICT Services, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ ICT Services, a. s.		Mutual Credit Facility Agreement of August 27, 2012 (Agreement Subject: Mutual Credit Facilities)
ČEZ ICT Services, a. s.	4100017278	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100024933	Agreement on the Provision of Services—Bulgaria
ČEZ ICT Services, a. s.	4100051248	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100090828	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100773622	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100804289	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100871029	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100871057	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100872622	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100875649	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100875771	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100888337	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100888563	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100891309	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100894825	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4100901203	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101027840	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101082582	Agreement on Future Agreement Concerning the "Configuration Management Information System for the ČEZ Group" Project
ČEZ ICT Services, a. s.	4101082629	Agreement on Future Agreement Concerning the Asset Suite System Upgrade Project
ČEZ ICT Services, a. s.	4101129964	Agreement on Non-Residential Facility Lease

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ ICT Services, a. s.	4101299780	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101300009	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101314263	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101317820	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101317916	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101348177	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4400012688	PC Repair
ČEZ ICT Services, a. s.	4400015314	Service Contract Concerning the Electronic Fire Alarm System
ČEZ ICT Services, a. s.	4400022101	Metric Cabling Replacement
ČEZ ICT Services, a. s.	4400025654	General Agreement on the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	5600002300	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	5600005750	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	5600005941	Letter of Intent – Receipt of Services for a Corporate Data Center
ČEZ ICT Services, a. s.	5600006053	Agreement on Future Agreement on Easement Establishment
ČEZ ICT Services, a. s.	4400039767	Repair Service Agreement
ČEZ ICT Services, a. s.	4400039787	Repair Service Agreement
ČEZ ICT Services, a. s.	4101673186	Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101701197	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4101703596	Land Lease
ČEZ ICT Services, a. s.	4101756129	Agreement on the Provision of Information Technology and Telecommunication Services
ČEZ ICT Services, a. s.	4101758081	Agreement on the Use of Low Energy Sensors
ČEZ ICT Services, a. s.	4101766756	Agreement on the Provision of Information Technology and Telecommunication Services
ČEZ ICT Services, a. s.	4101767776	Agreement on the Provision of Telecommunication Services
ČEZ ICT Services, a. s.	4101794092	Cooperation Provision Agreement
ČEZ ICT Services, a. s.	4101837730	Agreement on a Future Agreement
ČEZ ICT Services, a. s.	4101837741	Agreement on a Future Agreement
ČEZ ICT Services, a. s.	4101850195	Agreement on the Provision of System Administration Services
ČEZ ICT Services, a. s.	4101852119	Agreement on the Provision of System Administration Services
ČEZ ICT Services, a. s.	4101855018	Provision of Computer Technical Support for the Shareholders' Meeting
ČEZ ICT Services, a. s.	4101862527	Provision of Computer Technical Support for the Shareholders' Meeting
ČEZ ICT Services, a. s.	4101864019	Provision of Project IT Support
ČEZ ICT Services, a. s.	4101868619	Provision of Project Application Support
ČEZ ICT Services, a. s.	4101884948	Re-Invoicing of the Data Analysis Contract Costs
ČEZ ICT Services, a. s.	4101885807	Agreement on a Future Agreement
ČEZ ICT Services, a. s.	4101917128	Provision of Project Application Support
ČEZ ICT Services, a. s.	4101293730	Securing a Data Point Migration
ČEZ ICT Services, a. s.	4101383920	Delivery of Equipment and Its Accessories
ČEZ ICT Services, a. s.	4101580640	Agreement on Providing Support during a New Customer System Implementation
ČEZ ICT Services, a. s.	4101671411	Delivery of Equipment and Its Accessories
ČEZ ICT Services, a. s.	4101719906	Agreement on the Provision of Information Technology and Telecommunication Services
ČEZ ICT Services, a. s.	4100174463	Receivable Payment Agreement
ČEZ ICT Services, a. s.	5600000620	Security Services Agreement
ČEZ ICT Services, a. s.	4400013288	Agreement on the Provision of Information Technology Services
ČEZ ICT Services, a. s.	4400025184	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ICT Services, a. s.	4400032919	Agreement on the Provision of Services Concerning the Company's Website
ČEZ ICT Services, a. s.	4400034473	Securing a Construction Site Safety Supervision
ČEZ ICT Services, a. s.	5600001488	Agreement on the Provision of Information Technology Services
ČEZ ICT Services, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of March 2, 2017
ČEZ ICT Services, a. s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of April 28, 2017
ČEZ ICT Services, a. s.	4100464851	Lease Agreement
ČEZ ICT Services, a. s.	4100465515	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100465555	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100472347	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100698200	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100698302	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4100702763	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4101309698	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	P3A18000014491	Agreement on Personal Data Processing
ČEZ Korporátní služby, s.r.o.	P3A18000014076	Agreement on Personal Data Processing
ČEZ Korporátní služby, s.r.o.	P3A18000014126	Agreement on Personal Data Processing
ČEZ Korporátní služby, s.r.o.		Agreement on the Processing of Personal Data and Confidential Information and Its Protection of February 1, 2006
ČEZ Korporátní služby, s.r.o.		Agreement on Personal Data Processing of June 28, 2011
ČEZ Korporátní služby, s.r.o.	5600007401	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Korporátní služby, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Korporátní služby, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Korporátní služby, s.r.o.	4101525029	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4101525082	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4100817505	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4100897734	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4101258495	Lease of Land for Electromobility
ČEZ Korporátní služby, s.r.o.	4101470888	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400003202	Agreement on the Provision of Services—Asset Management
ČEZ Korporátní služby, s.r.o.	4400012492	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400012997	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400012999	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400018935	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400020808	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400020809	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400024525	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400026107	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026183	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026253	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400026274	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026275	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026279	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026339	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026360	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400026890	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400027195	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400027730	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400029451	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400029873	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400030449	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400032073	Agreement on the Provision of Services—Dining Services
ČEZ Korporátní služby, s.r.o.	4400033351	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400033541	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400034160	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400036650	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	5600005821	Agreement on the Provision of Electromobility Services
ČEZ Korporátní služby, s.r.o.	4400035704	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400035705	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	5600007620	Agreement on the Future Sublease Contract
ČEZ Korporátní služby, s.r.o.	4101614565	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4101711287	Land Lease
ČEZ Korporátní služby, s.r.o.	4101754434	Lease Agreement
ČEZ Korporátní služby, s.r.o.	4101757474	Lease Agreement
ČEZ Korporátní služby, s.r.o.	4400013002	Agreement on Lounge Rental and Refreshments
ČEZ Korporátní služby, s.r.o.	4400013024	Agreement on Securing an Information Center Operation
ČEZ Korporátní služby, s.r.o.	4400020604	Agreement on the Provision of External Car Rental Services
ČEZ Korporátní služby, s.r.o.	4400022140	Agreement on the Provision of Accounting and Personnel Services
ČEZ Korporátní služby, s.r.o.	4400039611	Agreement on the Provision of Press Services
ČEZ Korporátní služby, s.r.o.	4400039674	Agreement on the Administration of Non-Technological Assets
ČEZ Korporátní služby, s.r.o.	4400040894	Lease Agreement
ČEZ Korporátní služby, s.r.o.	4400041241	Agreement on the Provision of Press and Reprographic Services
ČEZ Korporátní služby, s.r.o.	4400042460	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400012926	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400012965	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400031280	Electric Mobility Card Rental
ČEZ Korporátní služby, s.r.o.	4400031470	Service Provision Agreement
ČEZ Korporátní služby, s.r.o.	4400032917	Agreement on the Provision of Website Services
ČEZ Korporátní služby, s.r.o.	4400029912	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400028168	Parking Space Rental
ČEZ Korporátní služby, s.r.o.	HS/00254571	General Agreement on the Provision and Securing of Services
ČEZ Korporátní služby, s.r.o.	4400034212	Supply, Assembly, and Service of Protection Systems and Electric Fire Alarm Systems
ČEZ Korporátní služby, s.r.o.	001289_2007	Agreement on the Issuance of Guarantees
ČEZ Korporátní služby, s.r.o.	4100100787	Short-Term Car Rental (Car Rental)
ČEZ Korporátní služby, s.r.o.		Agreement on Contracting Entities' Coordinated Action in the Award and Performance of Public Contracts (Association Agreement) of September 22, 2016

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Korporátní služby, s.r.o.		Agreement on the Collaboration in the Performance of the "Delivery of Utility Vehicles" Public Contract of November 8, 2016
ČEZ Korporátní služby, s.r.o.		Agreement on the Adjustment of Rights and Obligations for Access to the SAP Information System of May 18, 2017
ČEZ Korporátní služby, s.r.o.		Agreement on Coordinated Action in the Award and Performance of a Public Contract of June 20, 2017
ČEZ Korporátní služby, s.r.o.		Agreement on Coordinated Action in the Award and Performance of a Public Contract of November 29, 2018
ČEZ Korporátní služby, s.r.o.		General Agreement on Cession of Receivables in the CEZ Group of June 1, 2017
ČEZ Korporátní služby, s.r.o.	000359_2018	Lease Agreement
ČEZ Korporátní služby, s.r.o.	000833_2018	Sublease Agreement
ČEZ Korporátní služby, s.r.o.	4101913225	Purchase Agreement
ČEZ Korporátní služby, s.r.o.	4101913224	Purchase Agreement
ČEZ Korporátní služby, s.r.o.	4101917161	Purchase Agreement
ČEZ Obnovitelné zdroje, s.r.o.	5600007396	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Obnovitelné zdroje, s.r.o.		Agreement on Electric Power Supply of June 27, 2016
ČEZ Obnovitelné zdroje, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Obnovitelné zdroje, s.r.o.	4400032623	Agreement on the Provision of Services Concerning the Company's Website
ČEZ Obnovitelné zdroje, s.r.o.	5600001484	Service Provision Agreement
ČEZ Obnovitelné zdroje, s.r.o.	4400035278	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Obnovitelné zdroje, s.r.o.	4400039384	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
ČEZ Obnovitelné zdroje, s.r.o.	4400040758	Agreement on the Cooperation in Securing a Small Hydroelectric Power Plant's Operation
ČEZ OZ uzavřený investiční fond a.s.	5600008751	License Agreement on the Provision of the Right to Use Trademarks
ČEZ OZ uzavřený investiční fond a.s.		Agreement on Mutual Credit Facilities Related to the Agreement on Provision of Multilevel Real Cash Pooling (ČS) of November 25, 2011
ČEZ OZ uzavřený investiční fond a.s.	4101353364	Lease Agreement
ČEZ OZ uzavřený investiční fond a.s.		Agreement on Establishment of an Easement of March 20, 2013
ČEZ OZ uzavřený investiční fond a.s.	5600003042	Agreement on the Provision of Services (Financial Services and Internal Audit)
ČEZ OZ uzavřený investiční fond a.s.	5600006621	Outsourcing Agreement
ČEZ OZ uzavřený investiční fond a.s.	5600005985	Agreement on the Provision of Services (Internet Profile Editing)
ČEZ Prodej, a.s.	P3A18000014326	Agreement on Personal Data Processing
ČEZ Prodej, a.s.	P3A18000014492	Agreement on Personal Data Processing
ČEZ Prodej, a.s.	5600005170	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Prodej, a.s.		Partial Agreement Confirmation - Natural Gas Virtual Reservoir with Fixed Output of January 31, 2018
ČEZ Prodej, a.s.		Agreement on the Provision of Services of December 30, 2005
ČEZ Prodej, a.s.		Agreement on Providing Comprehensive Gas Supply of December 22, 2009
ČEZ Prodej, a.s.		Agreement on the Provision of Services of February 10, 2010
ČEZ Prodej, a.s.		Agreement on Providing Comprehensive Power Supply of August 29, 2008
ČEZ Prodej, a.s.		Partial Agreement on a Virtual Natural Gas Reservoir with Constant Output Related to the Agreement on the Securing of Comprehensive Gas Supplies of April 3, 2017
ČEZ Prodej, a.s.		Agreement on Securing the Supply Safety Standard in 2017–2018 of June 20, 2017
ČEZ Prodej, a.s.		Agreement on Electric Power Supply of December 29, 2010
ČEZ Prodej, a.s.		Agreement on Securing the Supply Safety Standard in 2018–2019 of August 6, 2018
ČEZ Prodej, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Prodej, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Prodej, a.s.		Agreement on the Issuance of Bank Guarantees of October 15, 2009
ČEZ Prodej, a.s.		Agreement on Mutual Credit Facilities (ČSOB) of June 29, 2006
ČEZ Prodej, a.s.		Agreement on the Mutual Credit Facilities Related to the Agreement on Provision of the Multilevel Real Cash Pooling (ČS) of June 29, 2006
ČEZ Prodej, a.s.		Agreement on the Issuance of Guarantees of November 30, 2009
ČEZ Prodej, a.s.	4400038630	Billing Service Agreement
ČEZ Prodej, a.s.	4101514073	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101514190	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517085	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517178	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517200	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517230	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517250	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517292	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517295	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517298	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101519042	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101519090	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101555970	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101668190	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101670946	Electric Power Supplies for Electromobility

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Prodej, a.s.	4101672825	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101704187	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101527823	Agreement on Combined Gas Supplies
ČEZ Prodej, a.s.	250768	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100439321	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100568495	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100614746	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100664077	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100671802	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100675275	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676277	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681462	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681463	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100980587	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100983232	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101044337	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101331171	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101509790	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512709	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512743	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512747	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512770	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512775	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512782	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101512803	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	5600006368	Agreement on the Provision of Electromobility Services
ČEZ Prodej, a.s.	4400036706	Service Provision Agreement
ČEZ Prodej, a.s.	4400038845	Agreement on the Provision of Electromobility Services
ČEZ Prodej, a.s.	4101784666	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101858039	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101860154	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101860157	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101865834	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101900695	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101726189	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101726412	Electric Power Supply
ČEZ Prodej, a.s.	4101757290	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101757330	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101789324	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101817440	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101817462	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101820180	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101833698	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101852504	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101852505	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4100042451	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100082692	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100439343	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676106	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676166	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676229	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676253	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100676256	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100677797	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100677799	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100677890	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100677893	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100677894	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679063	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679065	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679066	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679068	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679069	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679091	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679092	Supply of Electric Power, Gas, Heat, Water/Sewer Fees

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Prodej, a.s.	4100679093	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100679094	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681442	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681443	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681445	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681446	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681447	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681448	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681449	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681460	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681461	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100681464	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100697083	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4100888245	Natural Gas Supply
ČEZ Prodej, a.s.	4101713582	Agreement on Combined Gas Supplies
ČEZ Prodej, a.s.	4400040118	Agreement on the Provision of Billing Services
ČEZ Prodej, a.s.	4400041237	Website Administration Agreement
ČEZ Prodej, a.s.	5600009270	Agreement on the Provision of Electromobility Services
ČEZ Prodej, a.s.	5600009320	Sensor Functionality Testing Agreement
ČEZ Prodej, a.s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of March 2, 2017
ČEZ Prodej, a.s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of April 28, 2017
ČEZ Prodej, a.s.	4400028061	Electric Vehicle Rental Agreement
ČEZ Prodej, a.s.	4400028313	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Prodej, a.s.	4400036134	Service Provision Agreement
ČEZ Prodej, a.s.	4400037480	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Prodej, a.s.	5600001485	Service Provision Agreement
ČEZ Prodej, a.s.	4400039725	Agreement on Combined Gas Supplies
ČEZ Prodej, a.s.	4100749502	Electric Power Supplies
ČEZ Prodej, a.s.	4100835348	Electric Power Supplies
ČEZ Recyklace, s.r.o.	5600008281	Service Provision Agreement
ČEZ Recyklace, s.r.o.	5600006556	Agreement on the Provision of Services Concerning the Company's Website
ČEZ Recyklace, s.r.o.	5600006580	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Recyklace, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Recyklace, s.r.o.	4400029589	Securing the Obligations of the Solar Power Plant Operator
ČEZ Solární, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of March 21, 2016
ČEZ Solární, s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of March 21, 2016
ČEZ Solární, s.r.o.		Agreement on the Issuance of Guarantees of December 19, 2018
ČEZ Solární, s.r.o.	4101700133	Verification
ČEZ Solární, s.r.o.	4101750326	Supply of Charging Stations
ČEZ Teplárenská, a.s.	P3A18000014324	Agreement on Personal Data Processing
ČEZ Teplárenská, a.s.	P3A18000014135	Agreement on Personal Data Processing
ČEZ Teplárenská, a.s.	5600008870	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Teplárenská, a.s.	000852_2018	Purchase Agreement (Agreement Subject: Hot Water System Sale)
ČEZ Teplárenská, a.s.	4101916795	Purchase Agreement (Agreement Subject: Steam Piping Purchase)
ČEZ Teplárenská, a.s.		General Agreement on Power Supply and Consumption (EFET) of April 1, 2013
ČEZ Teplárenská, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of April 1, 2013
ČEZ Teplárenská, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Teplárenská, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
ČEZ Teplárenská, a.s.	4100672987	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4101067636	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4101122809	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4101471845	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4400019297	Service Provision Agreement
ČEZ Teplárenská, a.s.	4400027760	Heating Plant Operation
ČEZ Teplárenská, a.s.	4400027762	Power Plant Equipment Maintenance Management
ČEZ Teplárenská, a.s.	4400028522	Gas Boiler Room Operation
ČEZ Teplárenská, a.s.	4400031149	Water Supply Chemical Analyses
ČEZ Teplárenská, a.s.	5600001112	Service Provision Agreement
ČEZ Teplárenská, a.s.	5600005275	Agreement on Gas Supply
ČEZ Teplárenská, a.s.	5600007911	Technical Assistance Agreement – Welding Process Inspection
ČEZ Teplárenská, a.s.	4400039269	Service Provision Agreement

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ČEZ Teplárenská, a.s.	4101705066	Agreement on Drinking Water Sales, and Drainage and Disposal of Sewage Water
ČEZ Teplárenská, a.s.	4100099638	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4400040776	Steam Piping Section Rental Agreement
ČEZ Teplárenská, a.s.	4400042665	Agreement on the Completion of a Building Energy Performance Certificate
ČEZ Teplárenská, a.s.	4400019264	Service Provision Agreement
ČEZ Teplárenská, a.s.	5600009155	Service Provision Agreement
ČEZ Teplárenská, a.s.	4100276773	Agreement on Electric Power Supply
ČEZ Teplárenská, a.s.	4100297851	Non-Residential Facility Lease
ČEZ Teplárenská, a.s.	4100298692	Non-Residential Facility Lease
ČEZ Teplárenská, a.s.	4100305339	Non-Residential Facility Lease
ČEZ Teplárenská, a.s.	4100470611	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100470617	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100470640	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100471083	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100471103	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100471110	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100471114	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100471119	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100576636	Agreement on Electric Power Supply
ČEZ Teplárenská, a.s.	4100664299	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100827117	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4100936354	Heat-Exchanger Station Equipment Lease
ČEZ Teplárenská, a.s.	4100984414	Agreement on Electric Power Supply
ČEZ Teplárenská, a.s.	4100984418	Agreement on Electric Power Supply
ČEZ Teplárenská, a.s.	4101029346	Land Lease
ČEZ Teplárenská, a.s.	4101050489	Agreement on Demineralized Water Supply
ČEZ Teplárenská, a.s.	4101050543	Agreement on Electric Power Supply
ČEZ Teplárenská, a.s.	4101075916	Agreement on Ammonia Water Supply
ČEZ Teplárenská, a.s.	4101092828	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4101097367	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4101102226	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4101103043	Agreement on Thermal Energy Supply
ČEZ Teplárenská, a.s.	4101123713	Non-Residential Facility Lease
ČEZ Teplárenská, a.s.	4400017657	Mandate Contract
ČEZ Teplárenská, a.s.	4400030836	Agreement on the Provision of Services (Media Services)
ČEZ Teplárenská, a.s.	000265_2017	Agreement on Change of the Legal Easement Scope
ČEZ Teplárenská, a.s.	001128_2011	Agreement on Personal Data Processing
ČEZ Teplárenská, a.s.	000395_2017	Agreement on Establishment of the Common Right
ČEZ Teplárenská, a.s.	000267_2017	Agreement on Establishment of the Common Right
ČEZ Teplárenská, a.s.	000266_2017	Agreement on Establishment of the Common Right
ČEZ Teplárenská, a.s.	000026_2018	Agreement on the Joint Public Contract Execution
ČEZ Teplárenská, a.s.	4101813849	Supply of Cleaning Cloths
ČEZ Teplárenská, a.s.	4101781456	Agreement on Work (Inspection of a Boiler and Heat Energy Distribution System)
ČEZ Teplárenská, a.s.	4101729567	Agreement concerning Utility Easement Agreement
ČEZ Teplárenská, a.s.	000144_2017	Utility Easement Agreement
Distributie Energie Oltenia S.A.		General Agreement on Power Supply and Consumption (EFET) of June 1, 2014
Distributie Energie Oltenia S.A.		Agreement on the Issuance of Guaranties of April 5, 2013 (Agreement Subject: Provision of Guaranties)
Eco-Wind Construction S.A. w upadłości	2012/2	Loan Facility Agreement (Agreement Subject: Loan)
Eco-Wind Construction S.A. w upadłości	4101540388	Agreement on the Provision of Advisory Services (Agreement Subject: Advisory Services)
Eco-Wind Construction S.A. w upadłości		Support Service Agreement of April 27, 2018 (Agreement Subject: Support for Provided Services)
Eco-Wind Construction S.A. w upadłości	4101722315	Conference Participation Fee Payment
Eco-Wind Construction S.A. w upadłości	4101540388	Agreement on the Provision of Advisory Services (Agreement Subject: Mutual (Bilateral) Advisory Services in Connection with the Project Purchases)
Elektrárna Dětmarovice, a.s.	5600005241	License Agreement on the Provision of the Right to Use Trademarks
Elektrárna Dětmarovice, a.s.		General Agreement on Power Supply and Consumption (EFET) of December 10, 2012
Elektrárna Dětmarovice, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of December 10, 2012
Elektrárna Dětmarovice, a.s.		9 Agreements on the Completion of Technical Compensation for the Provision of Supporting Services
Elektrárna Dětmarovice, a.s.		General Agreement on Provision of Services Concerning Transfers of Contracts on Provision of Supporting Services of December 29, 2015
Elektrárna Dětmarovice, a.s.		Agreement on the Acceptance of Responsibility for Deviation, Deviation Payment Rebooking, and Regulation Energy of December 2, 2015
Elektrárna Dětmarovice, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Elektrárna Dětmarovice, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Elektrárna Dětmarovice, a.s.	4100731793	Agreement on Non-Residential Facility Lease

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Elektrárna Dětmorovice, a.s.	4100732656	Agreement on Thermal Energy Supply
Elektrárna Dětmorovice, a.s.	4400028376	Agreement on Securing Psychological Examinations
Elektrárna Dětmorovice, a.s.	4400040068	Agreement on the Provision of Technical Support Services
Elektrárna Dětmorovice, a.s.	4400029875	Partial Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
Elektrárna Dětmorovice, a.s.	4400032921	Agreement on the Provision of Services Internet Profile Editing
Elektrárna Dětmorovice, a.s.	4400023052	Service Provision Agreement
Elektrárna Dětmorovice, a.s.	P3A18000014016	Agreement on Personal Data Processing
Elektrárna Dukovany II, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of February 2, 2016
Elektrárna Dukovany II, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of September 21, 2016
Elektrárna Dukovany II, a. s.	4101598808	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Elektrárna Dukovany II, a. s.	4101706830	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Elektrárna Dukovany II, a. s.	4101486029	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Dukovany II, a. s.	4101488233	Non-Residential Facility Lease
Elektrárna Dukovany II, a. s.	4400035963	Service Provision Agreement
Elektrárna Dukovany II, a. s.		Agreement on Surcharge of June 4, 2018
Elektrárna Dukovany II, a. s.	4101742756	Secured Area Establishment and Rental
Elektrárna Dukovany II, a. s.	5600008301	General Agreement on Cession of Receivables
Elektrárna Dukovany II, a. s.	32016069	Agreement on Securing Bus Transportation
Elektrárna Dukovany II, a. s.	000533_2017	Agreement on the Access and Use of Geodetic Points
Elektrárna Dukovany II, a. s.	000534_2017	Land Access Agreement
Elektrárna Dukovany II, a. s.	000540_2017	Preliminary Utility Easement Agreement
Elektrárna Dukovany II, a. s.	000538_2017	Preliminary Utility Easement Agreement
Elektrárna Dukovany II, a. s.	000536_2017	Preliminary Utility Easement Agreement
Elektrárna Dukovany II, a. s.	000539_2017	Preliminary Utility Easement Agreement
Elektrárna Mělník III, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Elektrárna Mělník III, a. s.	5600006003	Agreement on the Provision of Services (Website Administration)
Elektrárna Mělník III, a. s.	5600003421	Service Provision Agreement
Elektrárna Počeradý, a.s.	P3A18000014322	Agreement on Personal Data Processing
Elektrárna Počeradý, a.s.	5600008831	License Agreement on the Provision of the Right to Use Trademarks
Elektrárna Počeradý, a.s.	940052_2014	General Agreement on the Provision of Services Related to the Transfer of Contracts for the Provision of Supporting Services
Elektrárna Počeradý, a.s.	940074_2013	Agreement on Rework (Agreement Subject: Electric Power Generation and Sale)
Elektrárna Počeradý, a.s.		General Agreement on Power Supply and Consumption (EFET) of August 1, 2012
Elektrárna Počeradý, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of August 1, 2012
Elektrárna Počeradý, a.s.		12 Agreements on Completion of Technical Compensation for Provision of Supporting Services
Elektrárna Počeradý, a.s.	940041_2014	Agreement on the Issuance of Guarantees
Elektrárna Počeradý, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Elektrárna Počeradý, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Elektrárna Počeradý, a.s.	4100701057	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Elektrárna Počeradý, a.s.	4400021652	Service Provision Agreement
Elektrárna Počeradý, a.s.	4400032915	Agreement on the Provision of Website Services
Elektrárna Počeradý, a.s.	4400040035	Agreement on the Provision of Technical Support Services
Elektrárna Počeradý, a.s.	4100653933	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počeradý, a.s.	4100657233	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počeradý, a.s.	4400021314	Purchase Agreement for Diesel Fuel (Forklifts)
Elektrárna Počeradý, a.s.	4400021319	Activities Associated with the CCGT Cycle
Elektrárna Počeradý, a.s.	4400021372	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počeradý, a.s.	4400021373	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počeradý, a.s.	4400031242	Rotor Loan
Elektrárna Počeradý, a.s.	4400035634	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
Elektrárna Počeradý, a.s.	4100725904	Agreement on Non-Residential Facility Lease
Elektrárna Temelín II, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of February 2, 2016
Elektrárna Temelín II, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of September 21, 2016
Elektrárna Temelín II, a. s.	4101486083	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Temelín II, a. s.	4101488258	Non-Residential Facility Lease
Elektrárna Temelín II, a. s.	4101720237	Deponie Land Lease
Elektrárna Temelín II, a. s.	4400035992	Service Provision Agreement
Elektrárna Temelín II, a. s.	5600008302	General Agreement on Cession of Receivables
Elektrárna Temelín II, a. s.	000553_2017	Preliminary Utility Easement Agreement
Elektrárna Temelín II, a. s.	000552_2017	Agreement on the Access and Use of Geodetic Points

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Elektrárna Temelín II, a. s.	000555_2017	Land Access Agreement
Elektrárna Temelín II, a. s.	000554_2017	Preliminary Utility Easement Agreement
Elektrárna Temelín II, a. s.	000697_2016	Preliminary Utility Easement Agreement
Elevion GmbH	2017/1	Loan Facility Agreement (Agreement Subject: Loan)
Elevion GmbH	4101765354	Employees Accommodation Agreement
Energetické centrum s.r.o.	5600009641	License Agreement on the Provision of the Right to Use Trademarks
Energetické centrum s.r.o.	2017/2	Loan Facility Agreement (Agreement Subject: Loan)
Energetické centrum s.r.o.	2011/04	Loan Facility Agreement (Agreement Subject: Loan)
Energetické centrum s.r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Energetické centrum s.r.o.	4101232014	Partial Payment of Vehicle Costs
Energetické centrum s.r.o.	5600007990	Service Provision Agreement
Energocentrum Vítkovice, a. s.	5600007960	License Agreement on the Provision of the Right to Use Trademarks
Energocentrum Vítkovice, a. s.		General Agreement on Power Supply and Consumption (EFET) of January 4, 2016
Energocentrum Vítkovice, a. s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of January 4, 2016
Energocentrum Vítkovice, a. s.		Agreement on Rework (Agreement Subject: Electric Power Generation and Sale) of December 21, 2015
Energocentrum Vítkovice, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Energocentrum Vítkovice, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Energocentrum Vítkovice, a. s.	4400033658	Service Provision Agreement
Energocentrum Vítkovice, a. s.	4400033721	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
Energocentrum Vítkovice, a. s.	4101312065	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Energocentrum Vítkovice, a. s.	4101869697	Lease Agreement
Energocentrum Vítkovice, a. s.	4400033464	Agreement on the Provision of Website Services
Energocentrum Vítkovice, a. s.	4400037010	License Agreement on the Provision of the Right to Use Trademarks
Energotrans, a.s.	5600005630	License Agreement on the Provision of the Right to Use Trademarks
Energotrans, a.s.		General Agreement on Power Supply and Consumption (EFET) of June 1, 2010
Energotrans, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of August 1, 2012
Energotrans, a.s.		12 Agreements on Completion of Technical Compensation for Provision of Supporting Services
Energotrans, a.s.		Agreement on Responsibility Acceptance and Rebooking of Deviation Payment of December 22, 2015
Energotrans, a.s.		General Agreement on Provision of Services Concerning Transfers of Contracts on Provision of Supporting Services of December 29, 2015
Energotrans, a.s.		Agreement on Responsibility Acceptance and Rebooking of Deviation Payment of December 5, 2018
Energotrans, a.s.		General Agreement on the Provision of Services Concerning the Transfer of Contracts on the Provision of Supporting Services of December 17, 2018
Energotrans, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Energotrans, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Energotrans, a.s.	4100814690	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4101023453	Land Lease
Energotrans, a.s.	4101082607	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4101107641	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4101109868	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4400029382	Service Provision Agreement
Energotrans, a.s.	5600004960	Agreement on the Joint Use of the Dining Facilities
Energotrans, a.s.	5600006460	Pump Station Lease
Energotrans, a.s.	4101684360	Purchase of Laboratory Equipment
Energotrans, a.s.	4400039887	Service Provision Agreement
Energotrans, a.s.	4101555787	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Energotrans, a.s.	4400030423	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Energotrans, a.s.	5600009800	Vehicle Sharing Agreement
Energotrans, a.s.	4400032922	Agreement on the Provision of Website Services
Energotrans, a.s.	4400040111	Agreement on the Provision of Technical Support Services
Energotrans, a.s.	5600009154	Agreement on the Provision of Engineering Services
Energotrans, a.s.	4400028243	Service Contract
Energotrans, a.s.		Agreement on the Transfer of a Part of the Employer's Activities of November 29, 2017
Energotrans, a.s.	4101893979	Land Purchase Agreement
Energotrans, a.s.	4101749399	Lease Agreement
Energotrans, a.s.	4101681031	Lease Agreement
Energotrans, a.s.	4101771855	Agreement on Thermal Energy Supply
Energotrans, a.s.	4101722131	Purchase Agreement (Brown Thermal Coal)
Energotrans, a.s.		Agreement on Coordinated Action in the Award of a Public Contract of May 31, 2016
Energotrans, a.s.		Agreement on Coordinated Action in the Award and Performance of a Public Contract of September 22, 2016
Energotrans, a.s.		Agreement on the Cooperation in the Performance of the Public Contract of January 5, 2016
Energotrans, a.s.		Agreement on the Cooperation in the Work Preparation and Execution of November 20, 2012

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Energotrans, a.s.		Purchase Agreement (Heat Energy in Heat Conducting Medium) of January 1, 2005
ENESA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of May 16, 2016
ENESA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of May 16, 2016
ENESA a.s.		Agreement on the Issuance of Guarantees of June 22, 2016
ENESA SK, organizačná zložka		Mutual Credit Facility Agreement of August 25, 2016 (Agreement Subject: Mutual Credit Facilities)
EVČ s.r.o.		Agreement on the Issuance of Guarantees of August 17, 2015
EVČ s.r.o.	4101665393	Charging Station Parking Space Lease
Free Energy Project Oreshets EAD	4101618240	Agreement on Provision of Information (Agreement Subject: Provision of Information)
High-Tech Clima S.A.		Agreement on the Issuance of Guarantees of December 12, 2018 (Agreement Subject: Provision of Guarantees)
HORMEN CE a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of April 9, 2018
HORMEN CE a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of April 9, 2018
in PROJEKT LOUNY ENGINEERING s.r.o.	4101454997	Author Supervision – Container Building
in PROJEKT LOUNY ENGINEERING s.r.o.	4101640273	Documentation Processing
in PROJEKT LOUNY ENGINEERING s.r.o.	4101693819	Traffic Signs around the Power Plant
in PROJEKT LOUNY ENGINEERING s.r.o.	4101703424	Processing of the Project Implementation Documentation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101715482	Processing of the Project Implementation Documentation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101749126	Agreement on Work (Tender Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101750667	Agreement on the Reconstruction Conceptual Study Preparation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101767734	Agreement on Work (Sewerage Completion)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101793289	Agreement on Supervision during a Project Execution
in PROJEKT LOUNY ENGINEERING s.r.o.	4101802781	Agreement on Work (Traffic Signage Documentation Editing)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101820571	Agreement on Work (Building Permit Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101820990	Agreement on the Securing of Author Supervision
in PROJEKT LOUNY ENGINEERING s.r.o.	4101823465	Agreement on Work (Preparation of Project Documentation for the Restoration of Land in a Former Wastepond Area)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101833848	Agreement on Work (Building Modification Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101855905	Agreement on Work (Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101855927	Agreement on Work (Land Forestation Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101855929	Agreement on Work (Drainage Ditches Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101856048	Agreement on Work (Restoration and Revitalization Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101856071	Agreement on Work (Restoration and Revitalization Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101863740	Agreement on Work (Slag Drainage Study)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101867630	Agreement on Work (Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101873818	Agreement on Work (Restoration Plan Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101875759	Agreement on Work (Sidewalk Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101876246	Agreement on Work (Fire Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101883647	Agreement on Work (Wastepond Site Road Network Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4101904321	Agreement on Work (Building Permit Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400040526	Agreement on Work (Technical Assistance during the Liquidation of Coal Combustion Products)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400040596	Agreement on Work (Wastepond Restoration)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400040874	Agreement on Work (Floor Reconstruction Project Implementation Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400040928	Agreement on Work (Slag Dry Removal Study)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400041030	Agreement on Work (Technical Assistance during a Sanitary Facility Modification)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400041304	Agreement on Work (Project Documentation Preparation)
in PROJEKT LOUNY ENGINEERING s.r.o.	4400042612	Agreement on Work (Comprehensive Restoration Project Update)
in PROJEKT LOUNY ENGINEERING s.r.o.	5600008350	Agreement on the Provision of Corporate Compliance Services
Inven Capital, SICAV, a.s.		Agreement on Subscription, Issuance and Buyback of Shares of February 21, 2018
Inven Capital, SICAV, a.s.	5600005630	License Agreement on the Provision of the Right to Use Trademarks
Inven Capital, SICAV, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Inven Capital, SICAV, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Inven Capital, SICAV, a.s.		Loan Agreement of September 12, 2016
Inven Capital, SICAV, a.s.	5600007217	Agreement on Authorizing Another Party to Complete Individual Activities that Include Investment Fund Administration (Internal Audit Authorization)
Inven Capital, SICAV, a.s.	5600005989	Agreement on the Provision of Services – Media Services (Websites)
Inven Capital, SICAV, a.s.	5600008710	Service Provision Agreement
KART, spol. s r.o.	4400019855	Agreement on Work – Inspections and Malfunction Rectifications on the Ventilation Equipment
KART, spol. s r.o.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of September 18, 2017
Kofler Energies Energieeffizienz GmbH	DE2018/5	Loan Facility Agreement (Agreement Subject: Loan)
Kofler Energies Ingenieurgesellschaft mbH	DE2018/5	Loan Facility Agreement (Agreement Subject: Loan)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Kofler Energies International GmbH	DE2018/5	Loan Facility Agreement (Agreement Subject: Loan)
Kofler Energies Systems GmbH	DE2018/5	Loan Facility Agreement (Agreement Subject: Loan)
Kongresové centrum Praha, a.s.	4101812633	Rental of Premises and Services Associated with the Shareholders' Meeting
LOMY MOŘINA spol. s r.o.	216964	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	216983	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	217393	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101707873	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101707874	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101707875	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101710481	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101710546	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101730693	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101730732	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101761466	Additive Purchase Agreement
LOMY MOŘINA spol. s r.o.	4101822987	Agreement on Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101888592	Agreement on Limestone Supplies
M.W. Team Invest S.R.L.		Agreement on the Issuance of Guarantees of June 02, 2017 (Agreement Subject: Provision of Guarantees)
MARTIA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
MARTIA a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
MARTIA a.s.		Agreement on the Issuance of Guarantees of June 17, 2010
MARTIA a.s.	4400024993	Pump Station Operation
MARTIA a.s.	4400027337	Securing of the Logical Unit Repairs and Maintenance
MARTIA a.s.	4400028640	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400032201	Operating Mechanics Activities
MARTIA a.s.	4400032307	Operating Mechanics Activities
MARTIA a.s.	4400032347	Operating Mechanics Activities
MARTIA a.s.	4400032349	Operating Mechanics Activities
MARTIA a.s.	4400033366	Maintenance and Repairs
MARTIA a.s.	4400033368	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400033369	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400033391	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400033392	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400033672	Agreement on the Provision of Services of Technical Control Information Systems
MARTIA a.s.	4400034300	Completion of Inspections, Checks, and Revisions of Restricted Electrical Equipment and Lightning Conductors
MARTIA a.s.	4400036252	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4400036253	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	5600005590	Agreement on the Assignment of the Agreement on Cooperation during Operation Support
MARTIA a.s.	5600006810	Purchase Contract (Diesel Fuel)
MARTIA a.s.	4101634929	Modernization of the Control System and Protection of the Kamyk Power Plant
MARTIA a.s.	4101655662	Modernization of Substations and Low Voltage Distributions in the Kamyk Power Plant
MARTIA a.s.	4101656681	Supply and Replacement of Station Transformers for the Kamyk Power Plant's Own Consumption
MARTIA a.s.	4101715403	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101721245	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101592786	Handling
MARTIA a.s.	4101632945	Handling
MARTIA a.s.	4101721188	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101742873	Agreement on Work (Renovation on Breakers)
MARTIA a.s.	4101747404	Securing of Handling Works
MARTIA a.s.	4101750568	Securing the Employees' Training Participation
MARTIA a.s.	4101754949	Agreement on Work (Revision Completion)
MARTIA a.s.	4101759350	Service Provision Agreement (Height Works Securing)
MARTIA a.s.	4101774934	Agreement on the Provision of Services (Warehouse Operation)
MARTIA a.s.	4101778685	Training Agreement
MARTIA a.s.	4101780537	Agreement on Work (Compressor Oil Cooler Renovation)
MARTIA a.s.	4101781716	Securing the Employees' Training Event Participation
MARTIA a.s.	4101785158	Agreement on Work (Disassembly and Assembly of an Electrical Switchboard, including an Inspection Report)
MARTIA a.s.	4101789984	Agreement on Work (Implementation of the Third Line of Limestone Dosing into the Fluid Boiler)
MARTIA a.s.	4101797254	Agreement on Work (Removal of Electrical Equipment Defects)
MARTIA a.s.	4101797774	Agreement on Work (Washing Box Inspection)
MARTIA a.s.	4101809732	Agreement on Work (Sliding Floors Reconstruction)
MARTIA a.s.	4101818162	Agreement on Work (Premises Power Supply)
MARTIA a.s.	4101823134	Agreement on Work (Fiber Optic Cable Laying)
MARTIA a.s.	4101831944	Agreement on Work (Control System Upgrade)
MARTIA a.s.	4101836516	Agreement on Work (Feasibility Study Completion)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
MARTIA a.s.	4101841701	Agreement on Work (Addition of Swirl Turbine Service Meters)
MARTIA a.s.	4101853188	Agreement on Work (Delivery, Installation, and Interconnection of Communication Lines by Optical Cable)
MARTIA a.s.	4101865186	Agreement on Work (Project Documentation Preparation)
MARTIA a.s.	4101869148	Agreement on Work (Securing Own Consumption Coverage through a Diesel Aggregate)
MARTIA a.s.	4101877683	Securing the Employees' Training Event Participation
MARTIA a.s.	4101886489	Agreement on Work (Pumping Station Computer Reconstruction)
MARTIA a.s.	4101889755	Agreement on Work (HVAC Installation in the Coal Distribution Switching Room)
MARTIA a.s.	4101897810	Agreement on Work (Backup Supply Completion)
MARTIA a.s.	4101898154	Agreement on Work (Fuel Sample Data Insertion)
MARTIA a.s.	4101811104	Agreement on Work (Heat Exchange Renovation)
MARTIA a.s.	4400036655	General Agreement on Work (Provision of Maintenance)
MARTIA a.s.	4400036661	General Agreement on Work (Provision of Maintenance)
MARTIA a.s.	4400040001	Agreement on the Provision of Services (Handling and Cleaning Works)
MARTIA a.s.	4400040604	Agreement on Work (Short Coupling Replacement)
MARTIA a.s.	4400040661	Agreement on Work (Maintenance and Repairs)
MARTIA a.s.	4400040694	Agreement on the Provision of Services (Handling and Cleaning Works)
MARTIA a.s.	4400040695	Agreement on the Provision of Services (Handling Works)
MARTIA a.s.	4400041004	Agreement on Work (Inspection)
MARTIA a.s.	4400041013	Agreement on Work (Inspection)
MARTIA a.s.	4400041384	Agreement on Work (Replacement of Breakers)
OEM Energy sp. z o.o.		Agreement on the Issuance of Guarantees of April 13, 2018 (Agreement Subject: Provision of Guarantees)
OKD, a.s.	4101648516	Purchase Agreement on Black Thermal Coal Supplies
OKD, a.s.	4101821581	Purchase Agreement on Coarse Dust Supplies
OKD, a.s.	4101758487	Purchase Agreement on Black Thermal Coal Supplies
OKD, HBZS, a.s.	215029	Rental of Insulating Self-Rescue Equipment
OSC, a.s.	90002132	Agreement on Work
OSC, a.s.	4100918614	Comprehensive Upgrade of the Simulator Models
OSC, a.s.	4101087373	Simulator Modification
OSC, a.s.	4101166515	Simulator Modification
OSC, a.s.	4101188145	Modifications of the Main Coolant Pumps Protection
OSC, a.s.	4101188571	Information on Below-Limit Levels
OSC, a.s.	4101188656	Pump Algorithm Change
OSC, a.s.	4101188690	Level Change
OSC, a.s.	4101189249	Change of the Air Temperature Alarm Levels
OSC, a.s.	4101189310	Elimination of the Control Circuit Oscillations
OSC, a.s.	4101203963	Position Indicator Signaling Cancellation
OSC, a.s.	4101217559	Contract for Work – Algorithm Modification
OSC, a.s.	4101217698	Security System Modernization
OSC, a.s.	4101286409	Change of the Turbine Generator Over-Speed Protection Setting
OSC, a.s.	4101328324	Reduction Station
OSC, a.s.	4101406238	Simulator
OSC, a.s.	4101425079	Temperature Processing Modification
OSC, a.s.	4101425113	Alarm Addition
OSC, a.s.	4101457112	Generational Renewal of the RTISZ System (Real Time/Source Information System)
OSC, a.s.	4101493171	Failure Signal Addition
OSC, a.s.	4101496863	Temperature Measuring Modification
OSC, a.s.	4101497022	Replacement of the Oil Tube Coolers
OSC, a.s.	4101498461	Measurement Cancellation
OSC, a.s.	4101498566	Change of the Discharge Pressure "Decision-Making" Alarm Values
OSC, a.s.	4101498570	Section Switchboard
OSC, a.s.	4101498911	Alarming Optimization
OSC, a.s.	4101499056	Replacement of the Current Humidification System
OSC, a.s.	4101499169	Optimization of the Limiting Control Acting Speed
OSC, a.s.	4101499252	Agreement on Work – System Modification
OSC, a.s.	4101499279	Creation of Alarms and Alarm Setting Change
OSC, a.s.	4400016749	Terminal Service
OSC, a.s.	4101524127	Implementation of At-Risk Changes of the Plant Control System on Both Main Production Units of the Temelin Nuclear Power Plant
OSC, a.s.	4101541226	Simulator Modification
OSC, a.s.	4101603618	Modernization of the Containment Hermetic Seals
OSC, a.s.	4101603643	Modifications of Online Chemical Monitoring System
OSC, a.s.	4101603664	Project Change of the Inserted Generator Cooling Circuit
OSC, a.s.	4101659409	Turbine Generator Security System Reinforcement
OSC, a.s.	4101668918	Optimization of the Low Level Alarm in the Reactor
OSC, a.s.	4101684424	Modernization of the PEEKEL Measuring System

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
OSC, a.s.	4101685801	Alarm Optimization with the Alarm Management System
OSC, a.s.	4101718213	Incorporation of the Primary Production Unit Changes into the Current Simulator Model
OSC, a.s.	4400037252	Repair of the Undervoltage Switching Wiring
OSC, a.s.	4400037301	Repair of the Undervoltage Switching Wiring
OSC, a.s.	4101697927	Realtime Information Resource Management System
OSC, a.s.	4101711378	Prophylactics of the Realtime Information Resource Management System
OSC, a.s.	4101714656	Development Concept of the Realtime Information Resource Management System
OSC, a.s.	4101723878	Certification Execution
OSC, a.s.	4101761566	Agreement on Work (Certification of Turbine Generator Support Services)
OSC, a.s.	4101797598	Agreement on Work (Prevention of the Volume Compensator Safety Valve Unsealing)
OSC, a.s.	4101797784	Agreement on Work (Re-Implementation of the Outage System)
OSC, a.s.	4101830550	Agreement on Work (Measuring System Modernization)
OSC, a.s.	4101840623	Agreement on Work (Certification of the Turbine Generator Supporting Service Measuring)
OSC, a.s.	4101846740	Agreement on Work (Control Room Simulator Renewal)
OSC, a.s.	4101847713	Agreement on Work (Gas Panel Upgrade)
OSC, a.s.	4101859651	Ensuring of Employees Training
OSC, a.s.	4101864424	Agreement on Work (Display Simulator Modification)
OSC, a.s.	4101870443	Agreement on Work (Implementation of the New Technical Requirements in Connection with the Amendment of the Atomic Energy Act in the Physical Protection Context)
OSC, a.s.	4101884793	Agreement on Work (Premises Sampling Implementation)
OSC, a.s.	4101887048	Agreement on Work (Implementation of Data Transmission from the Terminal to the Block Information System)
OSC, a.s.	4101888657	Agreement on Work (Modifications due to Legislative Changes)
OSC, a.s.	4101891394	Agreement on Work (Certification of the Turbine Generator Supporting Service Measuring)
OSC, a.s.	4101896197	Agreement on Work (Technical Consultations and Verification of the Battery's Ability to Provide Supporting Service)
OSC, a.s.	4101898337	Agreement on Work (Determination of the Turbine Generator Zone 2 Adjustment Impacts)
OSC, a.s.	4101904511	Agreement on Work (Premises Sampling Implementation)
OSC, a.s.	4101917360	Agreement on Work (Implementation of Data Transmission from the Terminal to the Block Information System)
OSC, a.s.	14299	Agreement on Work (Technical Assistance during Hardware and Software Changes, Changes of the User Software and Its Installation)
OSC, a.s.	122742	Agreement on Work (Maintenance and Repairs)
OSC, a.s.	90181014	Agreement on Work (Hardware and Software Service Repairs)
OSC, a.s.	4400042037	Equipment Repairs Agreement
OSC, a.s.	4400042431	Agreement on Work (Completion of Operational Analyses for the Simulator Operation)
Ovidiu Development S.R.L.		Settlement Agreement of March 22, 2018
Ovidiu Development S.R.L.	CZWOD5007	General Agreement on Power Supply and Consumption (EFET)
Ovidiu Development S.R.L.		General Agreement on Financial Market Trading (ISDA) of December 20, 2013
Ovidiu Development S.R.L.		Agreement on the Issuance of Guarantees of April 10, 2013 (Agreement Subject: Provision of Guarantees)
PRODECO, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
PRODECO, a.s.		Agreement on the Issuance of Guarantees of September 1, 2013
PRODECO, a.s.	4101823308	Purchase Agreement for a Manual Quaternary
PRODECO, a.s.	4400021765	Service Provision Agreement
PRODECO, a.s.	88025785	Guarantee Fee Billing
PRODECO, a.s.	P3A18000014022	Agreement on Personal Data Processing
Revitrans, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Revitrans, a.s.	4100101361	Subsequent Restoration of the Dump
Revitrans, a.s.	5600005760	Purchase Contract (Diesel Fuel)
Revitrans, a.s.	4101033234	Contract for Work—Building of Blocks for Coal Combustion Products Storage
Revitrans, a.s.	00032_2009	Agreement on Easement
Revitrans, a.s.	5600008682	Agreement on Surface Water Sale
Revitrans, a.s.	P3A18000014021	Agreement on Personal Data Processing
Revitrans, a.s.	4400021763	Service Provision Agreement
Sakarya Elektrik Dağıtım A.Ş.		Compensation Agreement of May 20, 2016 (Agreement Subject: Reward for Provided Guarantee)
Sakarya Elektrik Perakende Satış A.Ş.		Compensation Agreement of May 20, 2016 (Agreement Subject: Reward for Provided Guarantee)
SD - Kolejová doprava, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
SD - Kolejová doprava, a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
SD - Kolejová doprava, a.s.	231232	Siding Operation
SD - Kolejová doprava, a.s.	4100660503	Mandate Agreement for the Securing of Coordination of Coal and Sorbent Transportation to the Power Plants of ČEZ, a. s.
SD - Kolejová doprava, a.s.	4101341606	Measuring of the Coal and Limestone Supplies
SD - Kolejová doprava, a.s.	4400000386	Mandate Agreement—Railway Operation
SD - Kolejová doprava, a.s.	4400004994	Siding Operation and Maintenance
SD - Kolejová doprava, a.s.	4400013836	Fuel Storage Site Thermography Measuring

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
SD - Kolejová doprava, a.s.	4400016432	Operating a Railway and Railway Transportation, Coal Handling, Fuel Storage Site, and Other Activities
SD - Kolejová doprava, a.s.	4400017554	Fuel Storage Site Thermography Measuring
SD - Kolejová doprava, a.s.	4400017901	Agreement on the Operation of Railway and Train Transportation
SD - Kolejová doprava, a.s.	4400020004	Agreement on Railway Goods Transportation
SD - Kolejová doprava, a.s.	4400027228	Operating a Railway and Railway Transportation, Coal Handling, Fuel Storage Site, and Other Activities
SD - Kolejová doprava, a.s.	4400030786	Agreement on Coal Handling and Transportation
SD - Kolejová doprava, a.s.	5600000852	Diesel Fuel Sale
SD - Kolejová doprava, a.s.	5600000910	Diesel Fuel Sale
SD - Kolejová doprava, a.s.	5600001981	Agreement on the Transport Road Use
SD - Kolejová doprava, a.s.	5600002812	Diesel Fuel Sale
SD - Kolejová doprava, a.s.	4400036636	Provision of Powder Limestone and Burnt Lime Barreling
SD - Kolejová doprava, a.s.	4101691473	Advertising Partnership Agreement (Locomotives)
SD - Kolejová doprava, a.s.	4101720252	Utility Easement Agreement
SD - Kolejová doprava, a.s.	4101699354	Agreement on Coal Transportation
SD - Kolejová doprava, a.s.	4101699373	Agreement on Coal Transportation
SD - Kolejová doprava, a.s.	4101703019	Agreement on Coal Transportation
SD - Kolejová doprava, a.s.	4101709180	Agreement on Limestone Transportation
SD - Kolejová doprava, a.s.	4101709941	Agreement on Limestone Transportation
SD - Kolejová doprava, a.s.	4101709944	Agreement on Limestone Transportation
SD - Kolejová doprava, a.s.	4101710579	Agreement on Limestone Transportation
SD - Kolejová doprava, a.s.	4101743535	Securing the Employees' Training Event Participation
SD - Kolejová doprava, a.s.	4101785509	Securing the Employees' Training Event Participation
SD - Kolejová doprava, a.s.	4101837904	Utility Easement Agreement
SD - Kolejová doprava, a.s.	4101848895	Hydraulic Dredger Rental Agreement
SD - Kolejová doprava, a.s.	4101863867	Securing the Employees' Training Event Participation
SD - Kolejová doprava, a.s.	4101875806	Securing the Employees' Training Event Participation
SD - Kolejová doprava, a.s.	4101914944	Securing the Employees' Training Event Participation
SD - Kolejová doprava, a.s.	4101916375	Agreement on Establishment of the Common Right
SD - Kolejová doprava, a.s.	4400041721	Siding Operation
SD - Kolejová doprava, a.s.	4400042782	Agreement on Work (Assessment of a Track Section Technical Condition)
SD - Kolejová doprava, a.s.	5600009541	Purchase Agreement for the Sale of Earthmoving Machines
SD - Kolejová doprava, a.s.	5600001542	Service Provision Agreement
SD - Kolejová doprava, a.s.	5600009206	Purchase Agreement for Diesel Fuel
SD - Kolejová doprava, a.s.	5600009202	Purchase Agreement for Diesel Fuel
SD - Kolejová doprava, a.s.	5600009190	Purchase Agreement for Diesel Fuel
SD - Kolejová doprava, a.s.	69934700_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	69936101_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	69943200_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	EPO/2011/021	Agreement on Electric Power Supply
SD - Kolejová doprava, a.s.	69958300_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	69959500_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	TETR/20180020	Agreement on Electric Power Supply
SD - Kolejová doprava, a.s.	69992200_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.	000294_2011	Lease Agreement
SD - Kolejová doprava, a.s.	000362_2015	Lease Agreement
SD - Kolejová doprava, a.s.	000888_2018	Lease Agreement
SD - Kolejová doprava, a.s.	000730_2018	Lease Agreement
SD - Kolejová doprava, a.s.	69964900_1	Agreement on Heat Supply
SD - Kolejová doprava, a.s.		Agreement on the Transfer of a Part of the Employer's Activities of July 4, 2018
Severočeské doly a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Severočeské doly a.s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Severočeské doly a.s.		2 Agreements on Bill Trading and Bill Deposits of August 1, 2007 and April 6, 2010
Severočeské doly a.s.	2018/1	Loan Facility Agreement (Agreement Subject: Loan)
Severočeské doly a.s.	2018/2	Loan Facility Agreement (Agreement Subject: Loan)
Severočeské doly a.s.	4100038885	Subsequent Restoration of the Dump
Severočeské doly a.s.	4100314894	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4100670482	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4100979534	Agreement on the Provision of Services of IT and Telecommunication Services
Severočeské doly a.s.	4400027605	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4400031323	Service Provision Agreement
Severočeské doly a.s.	4100981693	Parking Space Lease
Severočeské doly a.s.	4400037008	Establishment of a Shared Fire Protection Brigade
Severočeské doly a.s.	4400031844	Mid-Term Purchase Agreement (Coal)
Severočeské doly a.s.	4100033393	Contract on the Administration of Assets in Blocked Accounts

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Severočeské doly a.s.	4101102373	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4101723729	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4101723769	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4101731277	Agreement on Permitted Entrance of Vehicles to the Mine Premises
Severočeské doly a.s.	4101813002	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4101853986	Lease Agreement
Severočeské doly a.s.	4101888475	Purchase Agreement
Severočeské doly a.s.	4101912998	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4101918219	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4101923431	Lease Agreement for Land
Severočeské doly a.s.	4400033211	Purchase Agreement for Chip Cards
Severočeské doly a.s.	4400035142	Agreement on the Future Rent Agreement
Severočeské doly a.s.	4400040045	Lease Agreement
Severočeské doly a.s.	4400040569	Agreement on Training Completion
Severočeské doly a.s.	4400042193	Purchase Agreement for Chip Cards
Severočeské doly a.s.	5600002203	Agreement on the Co-Financing and Cooperation during the Rented Land Restoration
Severočeské doly a.s.	5600006920	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Severočeské doly a.s.	5600007141	Purchase Agreement for Surface Water
Severočeské doly a.s.	5600007575	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Severočeské doly a.s.	5600005510	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Severočeské doly a.s.	90181235	Lease Agreement
Severočeské doly a.s.	90256035	Lease Agreement
Severočeské doly a.s.	4400001270	Lease Agreement
Severočeské doly a.s.	4400027879	Land Lease Agreement
Severočeské doly a.s.	4400027900	Land Lease Agreement
Severočeské doly a.s.		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract of March 2, 2017
Severočeské doly a.s.	000369_2017	Lease Agreement
Severočeské doly a.s.	000311_2018	Agreement on Easement
Severočeské doly a.s.	VTN 62-2003	Agreement on Heat Energy Supply and Consumption
Severočeské doly a.s.	5600001494	Service Provision Agreement
Severočeské doly a.s.	000846_2015	Lease Agreement
Severočeské doly a.s.		Agreement on Power Supply of May 22, 2017
Severočeské doly a.s.		Agreement on Work (Transmission of Borehole Level Measuring Data) of June 20, 2018
Severočeské doly a.s.		Agreement on Power Supply from the ČEZ, a. s., Ledvice Power Plant, Distribution Network of December 20, 2018
Severočeské doly a.s.		Agreement on Power Supply of November 29, 2018
Severočeské doly a.s.	4101690508	Consulting Services
Shared Services Albania Sh.A.	5600001701	Agreement on the Provision of Consulting Services
Shared Services Albania Sh.A.	5600001843	Agreement on the Provision of Consulting Services
Shared Services Albania Sh.A.	5600001844	Agreement on the Provision of Consulting Services
ŠKODA PRAHA a.s.	4101353504	Completion of Supporting Information on Raw Landscaping and 3D Visualizations for EIA Documentation (Environmental Impact Assessment)
ŠKODA PRAHA a.s.	4101820033	Agreement on Work (Preparation of Technical Documentation for a Power Supply Source Construction Project)
ŠKODA PRAHA a.s.	4400041478	Service Agreement (Engineering-Consulting Services in the Power Supply Area)
ŠKODA PRAHA a.s.	4400009303	Service Provision Agreement
ŠKODA PRAHA a.s.	001079_2014	Lease Agreement
ŠKODA PRAHA Invest s.r.o.		Agreement on the Issuance and Duration of Guarantee of June 17, 2008
ŠKODA PRAHA Invest s.r.o.	4100719207	Increase of the Post-Accident Hydrogen Liquidation Performance
ŠKODA PRAHA Invest s.r.o.	4100813391	Reconstruction of the Raw Water Supply Systems
ŠKODA PRAHA Invest s.r.o.	4101424051	Replacement of Defective Piping Segments
ŠKODA PRAHA Invest s.r.o.	4400005523	Project Reserves Utilization
ŠKODA PRAHA Invest s.r.o.	4101718545	Delivery of a Turbine Reassembly Fixture
ŠKODA PRAHA Invest s.r.o.	4101802314	Non-Disclosure Agreement
ŠKODA PRAHA Invest s.r.o.	4101845247	Purchase Agreement for Used Furniture
ŠKODA PRAHA Invest s.r.o.	4100266774	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4100315381	Heat Supply
ŠKODA PRAHA Invest s.r.o.	4100316056	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4100316876	Rental and Service Provision Agreement
ŠKODA PRAHA Invest s.r.o.	4100317834	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4100574553	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4100575099	Heat Supply
ŠKODA PRAHA Invest s.r.o.	4101524704	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4101681226	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4101711388	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4101713006	Heat Supply
ŠKODA PRAHA Invest s.r.o.	4101713040	Transportation Agreement

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ŠKODA PRAHA Invest s.r.o.	4101716190	Electric Power Supply
ŠKODA PRAHA Invest s.r.o.	4101722037	Transportation Agreement
ŠKODA PRAHA Invest s.r.o.	4101722058	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	4101745628	Insurance Securing
ŠKODA PRAHA Invest s.r.o.	4101748128	Heat Supply
ŠKODA PRAHA Invest s.r.o.	4101752578	Agreement on the Provision of Services in the Area of Accounting, Taxes, Finances, and Risk Management
ŠKODA PRAHA Invest s.r.o.	4101795715	Insurance Securing
ŠKODA PRAHA Invest s.r.o.	4101799003	Insurance Securing
ŠKODA PRAHA Invest s.r.o.	4101884451	Agreement on Work (Absorber Gypsum Suspension Analysis)
ŠKODA PRAHA Invest s.r.o.	4400038701	Contract on the Cession of Receivables
ŠKODA PRAHA Invest s.r.o.	5600001493	Service Provision Agreement
ŠKODA PRAHA Invest s.r.o.	4100493455	Contract for Work—Construction General Completion
ŠKODA PRAHA Invest s.r.o.	4100268641	Contract for Work—Construction General Completion
ŠKODA PRAHA Invest s.r.o.	5600007940	General Loan Agreement
ŠKODA PRAHA Invest s.r.o.	4400005534	Contract for Work—Construction General Completion
ŠKODA PRAHA Invest s.r.o.	4100782179	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100901491	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4400034637	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100605098	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100562352	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100757023	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100886554	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100949115	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4101380444	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4101601171	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100849024	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	000394_2017	Lease Agreement
ŠKODA PRAHA Invest s.r.o.	69989200_1	Agreement on Thermal Energy Supply
ŠKODA PRAHA Invest s.r.o.	4100418916	Agreement on Work
ŠKODA PRAHA Invest s.r.o.	4100771661	Agreement on Work
ŠKODA PRAHA Invest s.r.o.		Work Agency Agreement with the User of December 4, 2017
ŠKODA PRAHA Invest s.r.o.		Work Agency Agreement with the User of December 20, 2017
ŠKODA PRAHA Invest s.r.o.		Work Agency Agreement with the User of January 2, 2018
Telco Pro Services, a. s.	P3A18000014318	Agreement on Personal Data Processing
Telco Pro Services, a. s.	5600008760	License Agreement on the Provision of the Right to Use Trademarks
Telco Pro Services, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral CZK Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Telco Pro Services, a. s.		Mutual Credit Facility Agreement Based on the Multilevel Flexible Online Real Bilateral EUR Cash Pooling Agreement for the Economically Linked Group of January 28, 2016
Telco Pro Services, a. s.		Mutual Credit Facility Agreement of July 29, 2013 (Agreement Subject: Mutual Credit Facilities)
Telco Pro Services, a. s.	4100771352	Non-Residential Facility Lease
Telco Pro Services, a. s.	4400039928	Lease Agreement
Telco Pro Services, a. s.	4101624083	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Telco Pro Services, a. s.	4101661422	Supply of Electric Power, Gas, Heat, Water/Sewer Fees
Telco Pro Services, a. s.	4101667947	Non-Residential Facility Lease
Telco Pro Services, a. s.	4400023736	Service Provision Agreement
Telco Pro Services, a. s.	4400024013	Lease Agreement for Land
Telco Pro Services, a. s.	4400025390	License Agreement on the Provision of the Right to Use Trademarks
Telco Pro Services, a. s.	4400031250	Agreement on the Provision of Website Services
Telco Pro Services, a. s.	4100765357	Lease Agreement
Telco Pro Services, a. s.	4101756925	Non-Residential Facility Lease
Tepló Klášterec s.r.o.	5600008660	Service Provision Agreement
Tepló Klášterec s.r.o.	000280-2017	Agreement on Easement
TMK Hydroenergy Power S.R.L.		General Agreement on Power Supply and Consumption (EFET) of November 28, 2014
TMK Hydroenergy Power S.R.L.		Agreement on the Issuance of Guarantees of July 25, 2017 (Agreement Subject: Provision of Guarantees)
Tomis Team S.A.	CZWTT6714	General Agreement on Power Supply and Consumption (EFET)
Tomis Team S.A.		General Agreement on Financial Market Trading (ISDA) of December 20, 2013
Tomis Team S.A.		Agreement on the Issuance of Guarantees of April 10, 2013 (Agreement Subject: Provision of Guarantees)
ÚJV Řež, a. s.	4400036727	Documentation of Selected Buildings
ÚJV Řež, a. s.	4101429893	Author Supervision Agreement
ÚJV Řež, a. s.	4400037695	Agreement on Work (Development and Updating of Operating Diagrams and Creation and Updating of Equipment Alphanumeric Data)
ÚJV Řež, a. s.	4101105397	Completion of Analyses and Processing of Sections of the Pre-Operation Safety Report for the Nuclear Fuel Replacement Permit
ÚJV Řež, a. s.	4101105451	Securing of Participation in and Transfer of Results of the Studsvik Cladding Integrity Project 2015–2019 of the Organization for Economic Cooperation and Development

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ÚJV Řež, a. s.	4101303571	Agreement on Cooperation in the Area of Joint Supplier Audit Completion
ÚJV Řež, a. s.	4101419972	Project Documentation – Supervision (Insufficient Capacities of the Distribution Point Work Area)
ÚJV Řež, a. s.	4101481052	Remedy of Nonconforming Fire Safety Equipment
ÚJV Řež, a. s.	4400001861	Containment Works
ÚJV Řež, a. s.	4400034008	Provision of Equipment Inspections
ÚJV Řež, a. s.	4400036637	Executing Reliability Analysis and Sensitivity Analysis of the Own Consumption Power Supply
ÚJV Řež, a. s.	4400039469	Determination of Critical Points of Possible Interactions of Machinery and Electrical Systems and Components
ÚJV Řež, a. s.	4400039547	Analysis of the Drainage Water Chemical Mode
ÚJV Řež, a. s.	4400039610	Documentation Revision
ÚJV Řež, a. s.	4101548387	Selectivity Database Update
ÚJV Řež, a. s.	4101650278	Provision of Work of the Engineering Solutions Group
ÚJV Řež, a. s.	4101663328	Modification of Console Cranes
ÚJV Řež, a. s.	4101668125	Reevaluation
ÚJV Řež, a. s.	4101686734	Facility Reconstruction
ÚJV Řež, a. s.	4101707522	Moisture Solution at the Anchor Points of the Cylindrical Pretensioning Cables
ÚJV Řež, a. s.	4101713764	Study Processing
ÚJV Řež, a. s.	4101714800	Resealing of the Compensation Box Node
ÚJV Řež, a. s.	4101555159	Aerodynamic Model Assessment
ÚJV Řež, a. s.	4101599335	McSAFE Project, Horizon2020 Program
ÚJV Řež, a. s.	4101713730	Sealant Supply
ÚJV Řež, a. s.	4101667236	Processing the “Decommissioning Plan and the Decommissioning Cost Estimates for Decommissioning of the Waste Isolation Pilot Plant of the Temelin Nuclear Power Plant and the Dukovany Nuclear Power Plant” Document
ÚJV Řež, a. s.	4101382334	Analyses Processing
ÚJV Řež, a. s.	4100534338	Agreement on Work (Technical Assistance in Securing Additional Packaging Files)
ÚJV Řež, a. s.	4101282678	Agreement on Work (Technical Assistance for Packaging Files)
ÚJV Řež, a. s.	4101359690	Agreement on Work (Technical Assistance in Securing Additional Packaging Files)
ÚJV Řež, a. s.	4101742903	Agreement on Work (Selectivity and Protection Setting Project Preparation)
ÚJV Řež, a. s.	4101764974	Agreement on Work (Documentation Completion)
ÚJV Řež, a. s.	4101774371	Agreement on Work (Rubber Compensator Lifetime Analysis)
ÚJV Řež, a. s.	4101779394	Agreement on Work (Processing of the Construction Realization Documentation)
ÚJV Řež, a. s.	4101781384	Supply of Supporting Documentation for the Change of Equipment Configuration Enabling the Cooling Water Stabilization
ÚJV Řež, a. s.	4101781494	Purchase Agreement for Adhesive Sealant
ÚJV Řež, a. s.	4101787595	Agreement on Work (Final Marking and Creation of a Piping Line Registry, Including the Addition of Selected Attributes and Links to Selected Weld Joints, Piping Hinges, and Supports and Checkpoints)
ÚJV Řež, a. s.	4101790413	Agreement on Work (Reconstruction of the Critical Technical Water Piping, Project Documentation Completion)
ÚJV Řež, a. s.	4101790606	Agreement on Work (Control of the Motor Starter Selectivity to Protect the Valve Actuator)
ÚJV Řež, a. s.	4101802330	Agreement on Work (Assessment of Cable Type Tests Qualification Documents)
ÚJV Řež, a. s.	4101809224	Purchase Agreement for an Alpha Nuclide Determination Agent
ÚJV Řež, a. s.	4101810174	Non-Disclosure Agreement
ÚJV Řež, a. s.	4101829581	Agreement on Work (Author Supervision Completion)
ÚJV Řež, a. s.	4101836876	Agreement on Work (Fuel Rod Evaluation Methodology Completion)
ÚJV Řež, a. s.	4101840032	Purchase Agreement for an Auxiliary Adhesive Sealant Fixture
ÚJV Řež, a. s.	4101841800	Purchase Agreement for Pump Spare Parts
ÚJV Řež, a. s.	4101859685	Purchase Agreement for an Alpha Nuclide Determination Agent
ÚJV Řež, a. s.	4101861822	Agreement on Work (Securing Critical Defect Size Calculations)
ÚJV Řež, a. s.	4101873323	Agreement on Work (Material Expert Evaluation)
ÚJV Řež, a. s.	4101876665	Agreement on Work (Analysis)
ÚJV Řež, a. s.	4101877344	Agreement on Work (Technical Condition Assessment)
ÚJV Řež, a. s.	4101899067	Lease Agreement
ÚJV Řež, a. s.	4101902300	Purchase Agreement for an Auxiliary Adhesive Sealant Fixture
ÚJV Řež, a. s.	4101913330	Electric Power Supplies for Electromobility
ÚJV Řež, a. s.	4101917297	Agreement on Work (Compact Breaker Selectivity Check)
ÚJV Řež, a. s.	4101917567	Purchase Agreement for Non-Destructive Inspection Equipment
ÚJV Řež, a. s.	4101822994	Agreement on Cooperation in the Area of Supplier Audit Completion
ÚJV Řež, a. s.	4400008210	Agreement on the Provision of Services (Press Services)
ÚJV Řež, a. s.	4400033725	Agreement on Work (Steam Generator Stand Maintenance)
ÚJV Řež, a. s.	4400034318	Agreement on Work (Qualification Procedure Drafting, Establishing of Qualification Criteria, Inspection Procedure Update)
ÚJV Řež, a. s.	4400039548	Agreement on Work (Completion and Evaluation of Raw Water Evaporation Tests)
ÚJV Řež, a. s.	4400039723	Agreement on Work (Selected Equipment List Revision)
ÚJV Řež, a. s.	4400039780	Agreement on Work (Tank Concentrate Radiochemical Analysis)
ÚJV Řež, a. s.	4400040058	Agreement on Work (Calibration of Gauges)
ÚJV Řež, a. s.	4400040139	Agreement on Work (New Legislation Impact Analysis)
ÚJV Řež, a. s.	4400040160	Agreement on Work (Selected Equipment List Revision)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
ÚJV Řež, a. s.	4400040300	Agreement on Work (Development and Updating of Operating Diagrams and Creation and Updating of Equipment Alphanumerical Data)
ÚJV Řež, a. s.	4400040444	Agreement on Work (Analysis of Heterogeneous Weld Joints Damage)
ÚJV Řež, a. s.	4400040445	Agreement on Work (Stainless Piping Damage Analysis)
ÚJV Řež, a. s.	4400040570	Agreement on Work (Taking Samples from the Steam Generator Heat-Exchanging Tubes Surface)
ÚJV Řež, a. s.	4400040602	Agreement on Work (Preparation of a New Fuel Assembly Inspection Stand)
ÚJV Řež, a. s.	4400040740	Agreement on Work (Detailed Engine Plan Completion)
ÚJV Řež, a. s.	4400040901	Agreement on Work (Evaluation of the Calculation Programs for Nuclear Facility Safety Evaluation)
ÚJV Řež, a. s.	4400041023	Agreement on Work (Revision of the Actual Implementation Documentation and Diagram Completion)
ÚJV Řež, a. s.	4400041047	Agreement on Work (Analysis of the Diesel Generator Piston Cooling Rings)
ÚJV Řež, a. s.	4400041509	Agreement on Work (Evaluation of the Calculation Programs for Nuclear Facility Safety Evaluation)
ÚJV Řež, a. s.	4400041558	Agreement on Work (Administrative Building Entrance Hall Interior Study Completion)
ÚJV Řež, a. s.	4400041606	Agreement on Work (Fire-Safety Solution Completion–Heated Warehouse)
ÚJV Řež, a. s.	4400041732	Agreement on Work (Visual Inspections of the Used Fuel Storage Pool and Fuel Change Pool)
ÚJV Řež, a. s.	4400041921	Agreement on Work (Analysis of Samples Cut Out From Critical Technical Water Piping)
ÚJV Řež, a. s.	4400041953	Agreement on Work (Design and Plotting of the Integrity Boundary, including the Boundary Links to Other Systems)
ÚJV Řež, a. s.	4400042013	Agreement on Work (Analysis and Evaluation of Surface Oxide Layers on the Steam Generator Heat-Exchanging Tubes)
ÚJV Řež, a. s.	4400042073	Agreement on Work (Preparation of Supporting Documents and Data for Long-Term Operation)
ÚJV Řež, a. s.	4400042106	Agreement on Work (Calculation Comparison in the MOBY-DICK Program)
ÚJV Řež, a. s.	4400042278	Agreement on Work (Reduction of the Concentrations of Hazardous Substances from Large Industrial Sources)
ÚJV Řež, a. s.	4400042391	Agreement on Work (Assessment of the Current Condition of the Exhaust Piping from the Safety Valve and Its Drainage)
ÚJV Řež, a. s.	4400042408	Agreement on Work (Piping and Systems Temperature Fatigue Analysis)
ÚJV Řež, a. s.	4400042457	Agreement on Work (Project Documentation Preparation)
ÚJV Řež, a. s.	4400042481	Agreement on Work (Final Measuring of Corrosion Disorders of Hermetic Lining)
ÚJV Řež, a. s.	4400042536	Agreement on Work (Setting the 1st Category Inverter By-Pass Frequency)
ÚJV Řež, a. s.	4400042660	Agreement on Work (Graphical Diagram of Explosion Hazard Areas Near Hydrogen Piping)
ÚJV Řež, a. s.	4400042704	Agreement on Work (Completion and Evaluation of Raw Water Evaporation Tests)
ÚJV Řež, a. s.	4400042706	Agreement on Work (Collection of Values and Chemical Parameters of Steam Generator Water)
ÚJV Řež, a. s.	4400042874	Agreement on Work (Comprehensive Verification of the Thermal Stability of the Process of Modification of the Real Product Resulting from the Tank Concentrate Bitumenation)
ÚJV Řež, a. s.	4400042900	Agreement on Work (Completion of a Radiochemical Analysis from a Radioactive Concentrate Sample Taken from a Tank)
ÚJV Řež, a. s.	4400042945	Agreement on Work (Piping Route Rubber Compensator Lifetime Analyses)
ÚJV Řež, a. s.	4400042953	Agreement on Work (Analysis of Titanium Chippings)
ÚJV Řež, a. s.	4400043030	Agreement on Work
ÚJV Řež, a. s.	4400043127	Agreement on Work (Analysis of the Metallic Dust Material from the Critical Technical Water Pumps)
ÚJV Řež, a. s.	4400043128	Agreement on Work (Building Facility Passporting)
ÚJV Řež, a. s.	4400043173	Agreement on Work (Comparison of Hermetic Valve Seals)
ÚJV Řež, a. s.	4400043208	Agreement on Work (Supporting Data Preparation)
ÚJV Řež, a. s.	4400043238	Agreement on Work (Analysis of the Possibilities of Drifting a Foreign Object in the Primary Circuit Coolant)
ÚJV Řež, a. s.	5600009020	Agreement on Work (Verification and Calibration of Ionizing Radiation Meters)
ÚJV Řež, a. s.	5600009690	Agreement on Work (Waste Disposal)
ÚJV Řež, a. s.	4101876515	Agreement on Work (Inspection Completion)
ÚJV Řež, a. s.	4101876516	Agreement on Work
ÚJV Řež, a. s.	4400043346	Agreement on Work (Analysis)
ÚJV Řež, a. s.	4400045158	Agreement on Work (Administrative Building Entrance Hall Interior Study Completion)
ÚJV Řež, a. s.		Non-Disclosure Agreement of November 1, 2018
ÚJV Řež, a. s.	18SML113	Non-Disclosure Agreement
ÚJV Řež, a. s.		Agreement on the Transfer of Some of the Employer's Activities of December 21, 2018
Ústav aplikované mechaniky Brno, s.r.o.	4100067835	Modernization of Rotors
Ústav aplikované mechaniky Brno, s.r.o.	4100142728	Expert Assessment of the Boilers' Residual Lifetime
Ústav aplikované mechaniky Brno, s.r.o.	4101320144	Project Documentation Completion
Ústav aplikované mechaniky Brno, s.r.o.	4400006180	Continuous Evaluation of Low-Cycle Fatigue
Ústav aplikované mechaniky Brno, s.r.o.	4400030293	Technical Assistance in Troubleshooting
Ústav aplikované mechaniky Brno, s.r.o.	4400036004	Elimination of Weld Joint Nonconformities
Ústav aplikované mechaniky Brno, s.r.o.	4400039942	Measurement and Evaluation of Pressure Flush Measures on the Main Production Unit
Ústav aplikované mechaniky Brno, s.r.o.	4101630450	Creation of New Software Tools
Ústav aplikované mechaniky Brno, s.r.o.	4101684024	Completion of Measurements of Material Properties
Ústav aplikované mechaniky Brno, s.r.o.	4101707506	Processing of Evidential Documentation for Individual Selected Machine System Equipment
Ústav aplikované mechaniky Brno, s.r.o.	4101503174	Agreement on Project Implementation Work
Ústav aplikované mechaniky Brno, s.r.o.	4101224994	Agreement on Technical Support Provision
Ústav aplikované mechaniky Brno, s.r.o.	4101748291	Agreement on Work (Independent Confirmatory Documentation Verification)
Ústav aplikované mechaniky Brno, s.r.o.	4101771722	Agreement on Work (Sealing Tests Completion)
Ústav aplikované mechaniky Brno, s.r.o.	4101869023	Agreement on Work (Calculation Assessment of the Actual Socket Condition Upon the Heterogeneous Weld Joint Repair Completion)

Company Name (Contracting Party)	Agreement Registration Number	Agreement Title
Ústav aplikované mechaniky Brno, s.r.o.	4101894876	Purchase Agreement for Non-Destructive Test Qualification Bodies
Ústav aplikované mechaniky Brno, s.r.o.	4101916357	Agreement on Work (Calculation of the Critical Defect Sizes)
Ústav aplikované mechaniky Brno, s.r.o.	4400031025	Agreement on Work (Monitoring of Temperatures on the Horizontal Piping Section and Measuring of Displacements and Tensions and Completion of an Accredited Measuring Test Results Protocol)
Ústav aplikované mechaniky Brno, s.r.o.	4400041110	Agreement on Work (Installation of Sensors and Temperature Measurement on the Volume Compensator Piping)
Ústav aplikované mechaniky Brno, s.r.o.	4400041188	Agreement on Work (Test Measuring)
Ústav aplikované mechaniky Brno, s.r.o.	4400041568	Agreement on Work (Assessment of the Suitability of Replacing the Existing Spherical Valves with Shut-Off Flaps)
Ústav aplikované mechaniky Brno, s.r.o.	4400041569	Agreement on Work (Assessment of the Suitability of Replacing the Pump Motor Cooling through Their External Source with Their Own Discharge Cooling)
Ústav aplikované mechaniky Brno, s.r.o.	4400041570	Agreement on Work (Measurement of the Actual Operating Parameters during a Pump Station Operation)
Ústav aplikované mechaniky Brno, s.r.o.	4400041737	Agreement on Work (Analysis of the Damage of Heterogeneous Welds in the Top Emergency Power Supply Piping)
Ústav aplikované mechaniky Brno, s.r.o.	4400041783	Agreement on Work (Completion of Material Analyses, Destructive Tests, Inspections, and Measurements)
Ústav aplikované mechaniky Brno, s.r.o.	4400042061	Agreement on Work (Evaluation of the Steam Generator Lifetime by Stochastic Methods)
Ústav aplikované mechaniky Brno, s.r.o.	4400042393	Agreement on Work (Evaluation of the Weld Joint Risky Locations)
Ústav aplikované mechaniky Brno, s.r.o.	4400042693	Agreement on Work (Analysis of the Steam Generator Damaged Heterogeneous Weld Joint)
Ústav aplikované mechaniky Brno, s.r.o.	4400042827	Agreement on Work (Assessment of the Supply Water Distribution System Condition)
Ústav aplikované mechaniky Brno, s.r.o.	4400042886	Agreement on Work (Periodic Evaluation of Steam Generator Lifetimes)
Ústav aplikované mechaniky Brno, s.r.o.	4400042909	Agreement on Work (Period Evaluation of the Weld Joint Risky Locations)
Výzkumný a zkušební ústav Plzeň s.r.o.	4100970009	Equipment Material Diagnostics
Výzkumný a zkušební ústav Plzeň s.r.o.	4400028805	Rotary Machinery Vibration Measuring
Výzkumný a zkušební ústav Plzeň s.r.o.	4400037382	Technical Assistance—Monitoring Temperature Distribution in the Turbine Generator Base, Thermal Deformations
Výzkumný a zkušební ústav Plzeň s.r.o.	4400038142	Technical Assistance—Assessment of Status of the Steam Turbines
Výzkumný a zkušební ústav Plzeň s.r.o.	4101549794	Agreement on Utilization of Research and Development Results
Výzkumný a zkušební ústav Plzeň s.r.o.	4400040284	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400040511	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400040634	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400040654	Agreement on Work (Measurement of Noise and Evaluation of the Internal Vibrations in Generators)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400040968	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400041000	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400041324	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400041727	Agreement on Work (Monitoring the Level of Changes of Absolute and Relative Vibration Levels)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400041791	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400042001	Agreement on Work (Analyses of the Turbines Condition Based on Diagnostic Data, Inspections and Tests, and External Measurements)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400042485	Agreement on Work (Calibration of Gauges)
Výzkumný a zkušební ústav Plzeň s.r.o.	4400042837	Agreement on Work (Technical Support in the Area of Durability and Reliability of Vibro-Diagnostics Measurements, Material Diagnostics, Stressing, and Noise Measuring)

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CEZ GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2018

in CZK Millions

ASSETS:	Note	2018	2017*	Jan 1, 2017*
Plant in service		830,955	833,359	775,181
Less accumulated depreciation and impairment		(445,926)	(437,210)	(418,981)
Net plant in service		385,029	396,149	356,200
Nuclear fuel, at amortized cost		14,427	15,218	14,892
Construction work in progress, net		16,452	16,652	55,803
Total property, plant and equipment	3	415,908	428,019	426,895
Investments in associates and joint-ventures	9	3,361	3,520	5,309
Restricted financial assets, net	4	18,834	18,468	19,011
Other non-current financial assets, net	5	9,948	9,845	14,460
Intangible assets, net	6	31,127	26,804	21,983
Deferred tax assets	35	1,269	1,297	1,596
Total other non-current assets		64,539	59,934	62,359
Total non-current assets		480,447	487,953	489,254
Cash and cash equivalents, net	10	7,278	12,623	11,226
Trade receivables, net	11	72,234	50,559	47,407
Income tax receivable		352	1,171	1,181
Materials and supplies, net	12	8,737	8,325	7,520
Fossil fuel stocks		1,066	1,021	996
Emission rights	13	16,655	9,370	3,958
Other current financial assets, net	5	93,303	43,098	56,886
Other current assets, net	14	9,874	9,756	9,411
Assets classified as held for sale	15	17,497	30	647
Total current assets		226,996	135,953	139,232
TOTAL ASSETS		707,443	623,906	628,486

EQUITY AND LIABILITIES:	Note	2018	2017*	Jan 1, 2017*
Stated capital		53,799	53,799	53,799
Treasury shares		(3,534)	(4,077)	(4,246)
Retained earnings and other reserves		184,456	200,296	207,259
Total equity attributable to equity holders of the parent	16	234,721	250,018	256,812
Non-controlling interests	9	4,560	4,304	4,548
Total equity		239,281	254,322	261,360
Long-term debt, net of current portion	17	142,440	132,475	142,265
Provisions	20	75,798	73,291	66,360
Other long-term financial liabilities	21	15,054	12,509	7,246
Deferred tax liability	35	16,699	19,993	20,213
Other long-term liabilities	22	31	3,335	3,957
Total non-current liabilities		250,022	241,603	240,041
Short-term loans	23	11,783	11,073	8,344
Current portion of long-term debt	17	6,743	10,759	19,393
Trade payables		63,093	48,087	46,264
Income tax payable		253	176	392
Provisions	20	12,323	9,226	8,160
Other short-term financial liabilities	21	110,287	42,864	38,816
Other short-term liabilities	24	7,461	5,796	5,146
Liabilities associated with assets classified as held for sale	15	6,197	-	570
Total current liabilities		218,140	127,981	127,085
TOTAL EQUITY AND LIABILITIES		707,443	623,906	628,486

* The way of presentation was changed in 2018 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these consolidated financial statements.

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	2018	2017*
Sales of electricity, heat, gas and coal		121,450	122,738
Sales of services and other revenues		59,868	76,262
Other operating income		3,168	6,092
Total revenues and other operating income**	25	184,486	205,092
Gains and losses from commodity derivative trading	26	575	1,213
Purchase of electricity, gas and other energies	27	(52,168)	(57,353)
Fuel and emission rights	28	(19,064)	(16,039)
Services	29	(26,092)	(47,812)
Salaries and wages	30	(25,620)	(22,086)
Material and supplies		(8,240)	(5,922)
Capitalization of expenses to the cost of assets and change in own inventories		3,446	2,751
Depreciation and amortization	3, 6	(28,139)	(29,305)
Impairment of property, plant and equipment and intangible assets	7	(1,766)	(230)
Impairment of trade and other receivables		(559)	830
Other operating expenses	31	(7,100)	(5,519)
Income before other income (expenses) and income taxes		19,759	25,620
Interest on debt		(5,177)	(3,761)
Interest on provisions		(1,800)	(1,618)
Interest income	32	315	235
Share of profit (loss) from associates and joint-ventures	9	(308)	(2,387)
Impairment of financial assets		(508)	(1)
Other financial expenses	33	(1,051)	(1,977)
Other financial income	34	2,287	6,642
Total other income (expenses)		(6,242)	(2,867)
Income before income taxes		13,517	22,753
Income taxes	35	(3,017)	(3,794)
Net income		10,500	18,959
Net income attributable to:			
Equity holders of the parent		10,327	18,765
Non-controlling interests		173	194
Net income per share attributable to equity holders of the parent (CZK per share):	38		
Basic		19.3	35.1
Diluted		19.3	35.1

* The way of presentation was changed in 2018 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis. However, year-on-year comparability is significantly affected by the adoption of IFRS 15 as at January 1, 2018 (see Note 2.3.1).

** Total revenues and other operating income for the year 2017 in accordance with IFRS 15 would have been in amount of CZK 173,731 million (see Note 2.3.1).

The accompanying notes are an integral part of these consolidated financial statements.

CEZ GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	2018	2017*
Net income		10,500	18,959
Change in fair value of cash flow hedges		(16,016)	(3,950)
Cash flow hedges reclassified to statement of income		3,927	4,026
Cash flow hedges reclassified to assets		(972)	(394)
Change in fair value of debt instruments		(363)	(1,178)
Disposal of debt instruments		–	(52)
Change in fair value of equity instruments		–	(105)
Disposal of equity instruments	34	–	(5,490)
Translation differences – subsidiaries		107	(3,412)
Translation differences – associates and joint-ventures		115	1,340
Disposal of translation differences		1	751
Share on other equity movements of associates and joint-ventures		–	54
Deferred tax related to other comprehensive income	35	2,555	300
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(10,646)	(8,110)
Change in fair value of equity instruments		87	–
Re-measurement gains (losses) on defined benefit plans		(22)	(5)
Deferred tax related to other comprehensive income	35	(11)	1
Net other comprehensive income not to be reclassified from equity in subsequent periods		54	(4)
Total other comprehensive income, net of tax		(10,592)	(8,114)
Total comprehensive income, net of tax		(92)	10,845
Total comprehensive income attributable to:			
Equity holders of the parent		(291)	10,848
Non-controlling interests		199	(3)

* The way of presentation was changed in 2018 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these consolidated financial statements.

CEZ GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings			Total
January 1, 2017*		53,799	(4,246)	(10,779)	(7,499)	1,666	6,173	217,698	256,812	4,548	261,360
Net income		-	-	-	-	-	-	18,765	18,765	194	18,959
Other comprehensive income		-	-	(1,124)	(258)	(988)	(5,597)	50	(7,917)	(197)	(8,114)
Total comprehensive income		-	-	(1,124)	(258)	(988)	(5,597)	18,815	10,848	(3)	10,845
Dividends		-	-	-	-	-	-	(17,586)	(17,586)	(241)	(17,827)
Sale of treasury shares		-	169	-	-	-	-	(101)	68	-	68
Share options	30	-	-	-	-	-	28	-	28	-	28
Transfer of exercised and forfeited share options within equity		-	-	-	-	-	(34)	34	-	-	-
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	-	255	255
Acquisition of non-controlling interests	8	-	-	-	-	-	-	(7)	(7)	(10)	(17)
Put options held by non-controlling interest		-	-	(3)	-	-	-	(142)	(145)	(245)	(390)
December 31, 2017*		53,799	(4,077)	(11,906)	(7,757)	678	570	218,711	250,018	4,304	254,322
Adoption of IFRS 9 and IFRS 15	2.3.1	-	-	143	-	-	(493)	2,800	2,450	(26)	2,424
January 1, 2018 (restated)		53,799	(4,077)	(11,763)	(7,757)	678	77	221,511	252,468	4,278	256,746
Net income		-	-	-	-	-	-	10,327	10,327	173	10,500
Other comprehensive income		-	-	198	(10,580)	(290)	75	(21)	(10,618)	26	(10,592)
Total comprehensive income		-	-	198	(10,580)	(290)	75	10,306	(291)	199	(92)
Dividends		-	-	-	-	-	-	(17,604)	(17,604)	(17)	(17,621)
Sale of treasury shares		-	543	-	-	-	-	(333)	210	-	210
Share options	30	-	-	-	-	-	33	-	33	-	33
Transfer of exercised and forfeited share options within equity		-	-	-	-	-	(45)	45	-	-	-
Transfer of measurement of equity instruments		-	-	-	-	-	(27)	27	-	-	-
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	-	756	756
Acquisition of non-controlling interests	8	-	-	-	-	-	-	(4)	(4)	(1)	(5)
Sale of non-controlling interests		-	-	-	-	-	-	1	1	4	5
Put options held by non-controlling interests		-	-	-	-	-	-	(92)	(92)	(659)	(751)
December 31, 2018		53,799	(3,534)	(11,565)	(18,337)	388	113	213,857	234,721	4,560	239,281

* The way of presentation was changed in 2018 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these consolidated financial statements.

CEZ GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	2018	2017
OPERATING ACTIVITIES:			
Income before income taxes		13,517	22,753
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	3, 6	28,139	29,305
Amortization of nuclear fuel	3	4,027	3,725
(Gains) and losses on non-current asset retirements		(312)	(5,792)
Foreign exchange rate loss (gain)		776	(959)
Interest expense, interest income and dividend income		4,685	3,263
Provisions		2,780	1,081
Impairment of property, plant and equipment and intangible assets	7	1,766	230
Valuation allowances and other adjustments		(2,017)	2,355
Share of (profit) loss from associates and joint-ventures	9	308	2,387
Changes in assets and liabilities:			
Receivables and contract assets		(27,469)	(1,951)
Materials, supplies and fossil fuel stocks		905	(798)
Receivables and payables from derivatives		1,527	(1,269)
Other assets		(4,369)	(4,610)
Trade payables		17,429	3,687
Other liabilities		1,581	(583)
Cash generated from operations		43,273	52,824
Income taxes paid		(3,327)	(4,207)
Interest paid, net of capitalized interest		(5,091)	(3,511)
Interest received		314	225
Dividends received		182	481
Net cash provided by operating activities		35,351	45,812
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	8	(2,214)	(5,070)
Disposal of subsidiaries and joint-ventures, net of cash disposed of	8	155	2,037
Additions to non-current assets, including capitalized interest		(26,018)	(30,688)
Proceeds from sale of non-current assets		3,118	13,913
Loans made		(227)	(21)
Repayment of loans		22	371
Change in restricted financial assets		(737)	(754)
Total cash used in investing activities		(25,901)	(20,212)
FINANCING ACTIVITIES:			
Proceeds from borrowings		125,213	150,032
Payments of borrowings		(119,978)	(156,182)
Proceeds from other long-term liabilities		51	70
Payments of other long-term liabilities		(583)	(76)
Dividends paid to Company's shareholders		(17,596)	(17,618)
Dividends paid to non-controlling interests		(17)	(241)
Sale of treasury shares		210	68
(Acquisition) sale of non-controlling interests, net	8	5	(160)
Total cash used in financing activities		(12,695)	(24,107)
Net effect of currency translation and allowances in cash		(133)	(200)
Net increase (decrease) in cash and cash equivalents		(3,378)	1,293
Cash and cash equivalents at beginning of period		12,623	11,330
Cash and cash equivalents at end of period	10	9,245	12,623
Supplementary cash flow information:			
Total cash paid for interest		5,344	5,090

The accompanying notes are an integral part of these consolidated financial statements.

CEZ GROUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

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1. The Company

ČEZ, a. s. (ČEZ or the Company), business registration number 45274649, is a Czech Republic joint stock company, owned 69.8% (70.2% of voting rights) at December 31, 2018 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are publicly held. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group (the Group, see Note 9). Main business of the Group is the production, distribution, trade and sale of electricity and heat, trade and sale of natural gas and coal mining. ČEZ is an electricity generation company, which in 2018 generated approximately 57% of the electricity in the Czech Republic. In the Czech Republic the Company operates twelve fossil fuel plants, sixteen hydroelectric plants, one combined cycle gas turbine plant and two nuclear plants. The Company also operates through its subsidiaries several power plants (fossil fuel, hydro, wind, solar, biogas, biomass) in the Czech Republic, eleven wind power plants in Germany, two fossil fuel plants and two hydroelectric plants in Poland, one solar plant in Bulgaria and a wind farm and a complex of hydroelectric plants in Romania. Further the Group also controls certain electricity distribution companies in the Czech Republic, Bulgaria and Romania. The average number of employees of the Company and its consolidated subsidiaries was 30,545 and 27,659 in 2018 and 2017, respectively.

Responsibility for public administration in the energy sector is exercised by the Ministry of Industry and Trade (the Ministry), the Energy Regulatory Office and the State Energy Inspection Board.

The Ministry, as the central public administration body for the energy sector, issues state approval to construct new energy facilities in accordance with specified conditions, develops the energy policy of the state and ensures fulfillment of obligations resulting from international treaties binding on the Czech Republic or obligations resulting from membership in international organizations.

The Energy Regulatory Office was established as the administrative office to exercise regulation in the energy sector of the Czech Republic, to support economic competition and to protect consumers' interests in sectors where competition is not possible. The Energy Regulatory Office decides on the granting of a license, imposition of the supply obligation beyond the scope of the license, imposition of the obligation to let another license holder use energy facilities in cases of emergency, to exercise the supply obligation beyond the scope of the license and price regulation based on special legal regulations. The State Energy Inspection Board is the inspection body supervising the activities in the energy sector. All customers can select their suppliers of electricity.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

These consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

The financial statements are prepared under the historical cost convention, except when IFRS require other measurement basis as disclosed in the accounting policies below.

2.2. Group Accounting

2.2.1. Group Structure

The financial statements of CEZ Group include the accounts of ČEZ, a. s., its subsidiaries, associates and joint-ventures, which are shown in the Note 9.

2.2.2. Subsidiaries

Subsidiaries are those entities which the Group controls. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability are recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Changes in the fair value of contingent consideration classified as equity are not recognized.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired ("negative goodwill"), then the Group first reassesses the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination. Any excess remaining after the reassessment is recognized immediately in profit or loss.

A change in the ownership interest of a subsidiary, without loss of control, is accounted as an equity transaction.

Losses within a subsidiary incurred are attributed to the non-controlling interest even if that results in a deficit balance.

Put options held by non-controlling interests are recorded as a derecognition of non-controlling interest and recognition of a liability at the end of the reporting period. The liability is recognized at the present value of the amount payable on exercise, and any difference between the amount of non-controlling interest derecognized and this liability is accounted for within equity. Subsequent changes to the present value of the amount payable on exercise are recorded directly in equity.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

2.2.3. Associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for by the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of associates is recognized in the income statement and its share of other post-acquisition movements in equity of associates is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated impairment losses) on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses. In such a case, the Group recognizes its full share on net loss and its share on other comprehensive income only to the extent to recognize nil interest in an associate. This amount is included in the item Translation differences – associates and joint-ventures in the statement of comprehensive income. Then the Group discontinues of using equity method of accounting. However, additional losses are provided for, and a liability is recognized on the balance sheet in the item Other long-term liabilities, after the Group's interest is reduced to zero, only to the extent that the Group has incurred legal or constructive obligations (e.g. provided guarantees) or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

2.2.4. Joint-ventures

A joint-venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint-venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary considerations to determine control over subsidiaries. The Group recognizes its interest in the joint-venture using the equity method of accounting (see Note 2.2.3).

The financial statements of the joint-venture are prepared for the same reporting period as the parent company. Adjustments are made where necessary to bring the accounting policies into line with those of the Group. Adjustments are made in the Group's financial statements to eliminate the Group's share of unrealized gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

2.2.5. Transactions Involving Entities under Common Control

Acquisitions of subsidiaries from entities under common control are recorded using a method similar to pooling of interests.

The assets and liabilities of the acquired subsidiaries are included in the consolidated financial statements at their book values. The difference between the cost of acquisition of subsidiaries from entities under common control and the share of net assets acquired in book values is recorded directly in equity.

2.3. Changes in Accounting Policies

2.3.1. Adoption of New IFRS Standards in 2018

The accounting policies adopted are consistent with those of the previous financial year, except for as follows. The Group has adopted the following new or amended and endorsed by EU IFRS and IFRIC interpretations as of January 1, 2018:

IFRS 9 Financial Instruments – Classification and Measurement

The IFRS 9 was originally issued in November 2009 and is intended to replace IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities and derecognition of financial assets and liabilities. Most of the requirements in IAS 39 for classification and measurement of financial liabilities and derecognition of financial assets and liabilities were carried forward unchanged to IFRS 9. The standard eliminates categories of financial instruments which existed in IAS 39: available-for-sale and held-to-maturity. According to IFRS 9 all financial assets and liabilities are initially recognized at fair value plus transaction costs.

Financial Assets

Debt instruments may, if the fair value option (FVO) is not applied, be subsequently measured at amortized cost if the following both conditions are met:

- the asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments, where the above mentioned conditions are not met, are subsequently measured at fair value.

All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity instruments held for trading must be measured at fair value through profit or loss. Entities have an irrevocable choice of recognizing changes in fair value either in OCI or profit or loss by instrument for all other equity investment financial assets.

Financial Liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortized cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognize either 12-months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognized.

Hedge Accounting

The Group decided not to use the option to delay the application of IFRS 9 to hedging accounting. The Group applies the IFRS 9 policy for all hedging designated relationships.

New chapter on hedge accounting has been added to IFRS 9. This represents a major overhaul of hedge accounting and puts in place a new model that introduces improvements principally by aligning the accounting more closely with risk management. There are also improvements to the disclosures about hedge accounting and risk management.

The Group has adopted IFRS 9 retrospectively, with the initial application date of January 1, 2018 and adjusting the presentation of the comparative information for the period beginning January 1, 2017. Under IFRS 9, the Group split category of Available-for-sale financial assets, presented in previous period, into new categories Debt instruments and Equity instruments. The impact of the change in the presentation affected the layout of the statement of changes in equity and the statement of comprehensive income for the actual and previous period.

Due to the application of IFRS 9, some assets were reclassified from category Available-for-sale to category Fair value through profit or loss and accumulated reserve from revaluation of Available-for-sale financial assets amounting to CZK 350 million was transferred to retained earnings. Impact of creation of new allowances on receivables and other assets is stated in the table below together with the impact of IFRS 15.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Clarification IFRS 15 Revenue from Contracts with Customers

The Clarifications apply for annual periods beginning on or after January 1, 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The effect as of the date of application, resulting from recognition of deferred connection fees received from customers prior 2009 in retained earnings, is disclosed in the table below.

The Group recognized as of the date of adoption of IFRS 9 and IFRS 15 the following impact affecting amount of equity (in CZK millions):

	IFRS 9	IFRS 15	Total
Trade receivables, net	(93)	–	(93)
Other assets, net	(3)	–	(3)
Total assets	(96)	–	(96)
Deferred tax liability	14	(579)	(565)
Other long-term liabilities	–	3,085	3,085
Total liabilities	14	2,506	2,520
Increase (decrease) in total equity	(82)	2,506	2,424
Impact on total equity attributable to:			
Equity holders of the parent	(73)	2,523	2,450
Non-controlling interests	(9)	(17)	(26)

In addition to above mentioned effect of IFRS 15 related to connection fees, the Group as a result of application of IFRS 15 changed from January 1, 2018 also the way of presentation revenue and costs in situation when the Group acts as energy provider without distributing it. In these circumstances the Group acts as an agent under IFRS 15 and no revenue and costs for distribution services is recognized, with no effect to net income. The table below presents amounts for selected items of statement of income for year 2017 comparing previously reported figures according to IAS 18, which was replaced from January 1, 2018 by IFRS 15, and adjustments which would be necessary for compliance with IFRS 15 (in CZK millions):

	2017 according to IAS 18	Effect of connection fees	Effect of agent vs. principal	2017 according to IFRS 15
Sales of electricity, heat, gas and coal	122,738	–	(6,419)	116,319
Sales of services and other revenues	76,262	(557)	(24,331)	51,374
Other operating income	6,092	–	(54)	6,038
Total revenues and other operating income	205,092	(557)	(30,804)	173,731
Purchase of electricity, gas and other energies	(57,353)	–	7,400	(49,953)
Services	(47,812)	–	23,350	(24,462)
Other operating expenses	(5,519)	–	54	(5,465)
Income before income taxes	22,753	(557)	–	22,196
Income taxes	(3,794)	98	–	(3,696)
Net income	18,959	(459)	–	18,500

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendment to IFRS 2

The IASB issued amendment to IFRS 2 Share-based Payment that addresses three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendment is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The amendment did not have material impact on Group's financial statements.

Amendment IAS 40 Transfers to Investment Property

The Amendment is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendment clarifies when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendment states that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment did not have impact on Group's financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have material impact on Group's financial statements.

Annual Improvements to IFRSs 2014–2016

In December 2017 the IASB issued a collection of amendments to IAS and IFRS for annual periods beginning on or after January 1, 2018 in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. These annual improvements have been endorsed by the EU on February 8, 2018. The following standards were amended:

IFRS 1 First-time Adoption of International Financial Reporting Standards:

This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first time adopters.

IAS 28 Investments in Associates and Joint-Ventures:

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint-venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint-venture on an investment-by-investment basis, upon initial recognition.

These improvements did not have significant impact to the Group's financial statements.

2.3.2. New IFRS Standards and IFRIC Interpretations either not yet Effective or not yet Adopted by EU

The Group is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the EU from January 1, 2019 or later. Standards and interpretations most relevant to the Group's activities are detailed below:

IFRS 16 Leases

The new standard is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The standard deals with accounting, measurement and presentation of leases and disclosure requirements for the notes of the financial statements for both contract parties, i.e. for customer (lessee) and for supplier (lessor). Lessees will use single accounting model for all leases (with certain exceptions). Accounting by lessor is substantially unchanged. The Group will apply IFRS 16 from January 1, 2019.

The Group assessed the impact of the adoption of this standard and expects the impact on Net plant in service in the approximate amount of CZK 5,563 million and on long-term debts, which include lease liabilities (following the change in balance sheet structure in 2018), in the approximate amount of CZK 5,411 million. The Group assumes that lease liability will be paid as follows (in CZK million):

Due within 1 year	625
Between 1 and 5 years	2,531
Thereafter	2,255

The Group also expects an increase in assets and associated liabilities held for sale in the amount of CZK 186 million.

Amendment IAS 19 Plan Amendment, Curtailment or Settlement

The Amendment is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The amendment requires entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendment also clarifies how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. This Amendment has not yet been endorsed by the EU. This amendment is not expected to have significant impact to the Group's financial statements.

Amendment IFRS 9 Prepayment Features with Negative Compensation

The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. These Amendments have not yet been endorsed by the EU. These amendments are not expected to have significant impact to the Group's financial statements.

Amendment IAS 28 Long-term Interests in Associates and Joint-Ventures

The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment relates to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint-ventures that, in substance, form part of the 'net investment' in the associate or joint-venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendment clarifies that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. This Amendment has not yet been endorsed by the EU. This amendment is not expected to have significant impact to the Group's financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint-venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint-venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint-venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments do not have material impact on Group's financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. This Interpretation is not expected to have significant impact to the Group's financial statements.

IFRS 17 Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. This standard is not expected to have significant impact to the Group's financial statements.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. These amendments are not expected to have significant impact to the Group's financial statements.

Amendment IFRS 3 Business Combinations

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. This amendment is not expected to have significant impact to the Group's financial statements.

Amendments IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. These amendments are not expected to have significant impact to the Group's financial statements.

The Group does not expect early adoption of any of the above mentioned standards, improvements or amendments.

Annual Improvements to IFRSs 2015–2017

In December 2017 the IASB issued a collection of amendments to IAS and IFRS for annual periods beginning on or after January 1, 2019 in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. These annual improvements have not yet been endorsed by the EU. The following standards were amended:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes:

The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

IAS 23 Borrowing Costs:

The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

These improvements are not expected to have significant impact to the Group's financial statements.

2.3.3. Changes in the Presentation of the Financial Statements

The way of presentation of items in balance sheet and in statement of income was changed in 2018. The main goal of the changes was to enhance relevancy of information contained on the face of the financial statements and reflect the developments in the best practice of financial reporting in the industry with regard to all IFRS requirements. As a result, reclassifications for the prior period have been made to provide fully comparative information on the same basis. The reclassifications have also been made to the balance sheet at the beginning of the earliest comparative period, i.e. at January 1, 2017.

One of the main changes in the balance sheet is the transfer of accrued interest to debt and borrowings that were reported on the lines of Other current assets and Accrues liabilities directly to the line where the debt or loan is reported. Other current assets and Other short-term liabilities (previously Accrued liabilities) include only receivables and payables of a non-financial nature such as accruals, prepayments or contractual assets and liabilities. Other long-term and short-term financial assets are newly reported only assets of a financial nature (for example: financial investments, debt securities and derivatives) that are not presented separately in the balance sheet. Similarly, other long-term and short-term financial liabilities are presented on the lines of financial liabilities (for example derivatives) that are not shown in a separate line in the balance sheet.

There were the following two primary objectives for the changes made to the statement of income: (a) consistently separate commodities and services in operating revenues and costs (sale and purchase of electricity was presented together with the related distribution, system and ancillary services) and (b) change the presentation of emission rights and green and similar certificates – the original line Emission rights, net was removed and its items were reclassified into the lines:

- Fuel and emission rights – cost of emission rights for generation
- Other operating income – income from granted green and similar certificates
- Other operating expenses – consumption of green and similar certificates
- Gains and losses from commodity derivative trading – commodity derivative trading with emission rights and emission rights and green and similar certificated for trading

The following tables summarize the effect of reclassifications on prior period presented (in CZK millions):

	Reclassifications 2017	Reclassifications Jan 1, 2017
ASSETS:		
Trade receivables, net	(7,207)	(8,924)
Materials and supplies, net	(1,212)	-
Other short-term financial assets, net	46	385
Other current assets, net	6,072	6,184
Total assets	(2,301)	(2,355)
EQUITY AND LIABILITIES:		
Other long-term financial liabilities	12,509	7,246
Other long-term liabilities	(12,509)	(7,246)
Total non-current liabilities	-	-
Short-term loans	1	1
Current portion of long-term debt	2,137	2,185
Trade payables	(39,149)	(34,252)
Other short-term financial liabilities	42,864	38,816
Other short-term liabilities	(8,154)	(9,105)
Total current liabilities	(2,301)	(2,355)
Total equity and liabilities	(2,301)	(2,355)

	Reclassifications 2017
CONSOLIDATED STATEMENT OF INCOME:	
Sales of electricity, heat, gas and coal	122,738
Sales of services and other revenues	76,262
Sales of electricity and related services*	(167,758)
Sales of gas, coal, heat and other revenues*	(30,757)
Other operating income	2,701
Total revenues and other operating income	3,186
Gains and losses from commodity derivative trading	293
Purchase of electricity, gas and other energies	(57,353)
Fuel and emission rights	(16,039)
Fuel*	12,703
Purchase power and related services*	86,872
Services	(47,812)
Repairs and maintenance*	4,714
Capitalization of expenses to the cost of assets and change in own inventories	2,751
Impairment of trade and other receivables	830
Emission rights, net*	1,620
Other operating expenses	8,235
Income before other income (expenses) and income taxes	-
Impairment of financial assets	(1)
Other financial expenses	(13)
Other financial income	959
Foreign exchange rate gains (losses), net*	(959)
Gain on sale of subsidiaries and joint-ventures*	14
Total other income (expenses)	-
Net income	-

* These items are not presented separately on the face of the financial statements.

2.4. Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Explanation of key assumptions is included in relevant sections of notes where significant estimates are being described. Significant estimates are made by the Group while determining recoverable amounts for property, plant and equipment and intangible assets (see Note 7), accounting for the nuclear provisions (see Note 20.1), provisions for reclamation of mines, mining damages and waste storage reclamation (see Note 20.2), unbilled electricity and gas (see Note 2.6), fair value of commodity contracts (see Notes 2.16 and 18) and financial derivatives (see Notes 2.15 and 18).

2.5. Revenues

The Group recognizes revenue from supplies of electricity, heat, gas and coal based on contract terms. Differences between contracted amounts and actual supplies for electricity and gas are settled through the market operator.

Revenues are recognized, when the Group has satisfied a performance obligation and the amount of revenue can be reliably measured. The Group will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer.

Sales are recognized net of value added tax.

Revenue from sale of assets is recognized when they are delivered and related significant risks and rewards of ownership have passed to the buyer.

Contract revenue and contract costs associated with the construction contracts is recognized as revenue and expenses respectively by reference to the stage of completion of the contract activity. The stage of completion is determined by reference to the share of incurred contract costs to total expected full contract costs. However, an expected loss on the construction contract is recognized as an expense immediately regardless the stage of completion of such a construction contract.

Connection fees received from customers are recognized in income in the period when this performance obligation is satisfied.

2.6. Unbilled Electricity and Gas

Electricity and gas supplied to customers, which is not yet billed, is recognized in revenues at estimated amounts. The estimate of monthly change in unbilled electricity and gas is derived from the measured quantity after deduction of invoiced amounts and estimated grid losses. The estimate of total unbilled balance is also supported by extrapolation of consumption in the last measured period for individual locations. The ending balance of contract assets and liabilities is disclosed net in the balance sheet after deduction of advances received from customers and is included in the line item of Other current assets, net or Other short-term liabilities, net.

2.7. Fuel Costs

Fuel costs are expensed as fuel is consumed. Fuel expense includes the amortization of the cost of nuclear fuel (see Note 2.10).

2.8. Interest

The Group capitalizes all interest incurred in connection with its construction program that theoretically could have been avoided if expenditures for the qualifying assets had not been made. The qualifying assets include assets, for which the construction represents a substantial period of time.

2.9. Property, Plant and Equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and impairment in value. Cost of plant in service includes materials, labor, payroll-related costs and the cost of debt financing used during construction. The cost also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that is recognized as a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Government grants received for construction of certain items of property, plant and equipment decrease the acquisition cost of the respective items.

Internally developed property, plant and equipment are recorded at their accumulated cost. The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense when incurred. Renewals and improvements are capitalized. Upon sale, retirement or replacement of part of an item of property, plant and equipment, the cost, related accumulated depreciation and eventual impairment of the disposed item or its replaced part are derecognized from the balance sheet. Any resulting gains or losses are included in profit or loss.

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group reviews the recoverable amounts of its property, plant and equipment to determine whether such amounts continue to exceed the assets' carrying values. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Identified impairment of property, plant and equipment is recognized directly in profit or loss in the line item Impairment of property, plant and equipment and intangible assets including goodwill.

At each reporting date, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the line item Impairment of property, plant and equipment and intangible assets including goodwill.

The Group depreciates the original cost of property, plant and equipment less its residual value by using the straight-line method over the estimated economic lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciable useful lives used for property, plant and equipment are as follows:

	Useful lives (years)
Buildings and structures	20–50
Machinery and equipment	4–35
Vehicles	8–25
Furniture and fixtures	4–15

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

2.10. Nuclear Fuel

The Group presents nuclear fuel as part of property, plant and equipment, because its useful life exceeds 1 year. Nuclear fuel is recorded at cost, net of accumulated amortization and possible impairment in value. Nuclear fuel includes the capitalized portion of the provision for interim storage of nuclear fuel. Amortization of fuel in the reactor is based on the amount of power generated and is recognized in the income statement in the line item Fuel and Emission rights. The amortization of nuclear fuel includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel.

2.11. Intangible Assets

Intangible assets are valued at their acquisition costs and related expenses. Intangible assets are amortized over their useful lives using the straight-line method. The estimated useful life of intangible assets ranges from 3 to 25 years. The assets' residual values, useful lives and amortization methods are reviewed, and adjusted if appropriate, at each financial year end. Improvements are capitalized.

Intangible assets are tested for impairment (for goodwill see Note 2.12) whenever facts or changes in circumstances indicate that the carrying amount could be impaired. The recoverable amount of an intangible asset not yet available for use is tested for impairment annually, irrespective of whether there is any indication that it may be impaired. Identified impairment of intangible assets is recognized directly in profit or loss in the line item Impairment of property, plant and equipment and intangible assets including goodwill.

For assets excluding goodwill an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the line item Impairment of property, plant and equipment and intangible assets including goodwill.

2.12. Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed (see Note 2.2). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates and joint-ventures is included in investments in associates and joint-ventures. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Impairment losses of goodwill cannot be reversed in subsequent periods. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.13. Emission Rights

Emission right represents the right of the operator of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plans certain companies of the Group have been granted emission rights. These companies are responsible for determining and reporting the amount of greenhouse gases produced by its facilities in the calendar year and this amount has to be audited by an authorized person.

On April 30 of the following year, at the latest, these companies are required to remit a number of allowances representing the number of tones of CO₂ actually emitted in previous year.

The emission rights which were granted free of charge are stated at their nominal value, i.e. at zero. Purchased emission rights are carried at cost (except for emission rights for trading). Emission rights acquired in a business combination are initially recognized at their fair value at the date of acquisition and subsequently treated similarly to purchased emission rights. The Group recognizes a provision to cover emissions made, which corresponds to the difference between emissions made and amount of the emission rights which were granted free. This provision is measured firstly with regard to the cost of emission rights and credits purchased with the intention of covering the greenhouse gases emissions of the reporting period. The provision for emissions made above the amount of these emissions rights and credits is measured at the market price ruling at the balance sheet date. The emission rights purchased for own use purpose in the next year are presented within current assets in the line Emission rights. The emission rights with an expected later use are presented as part of the intangible assets.

The Group also holds emission rights and credits for trading purposes. The portfolio of emission rights and credits held for trading is measured at fair value. The changes in fair value of the emission rights held for trading are recognized directly in profit or loss in the line Gains and losses from commodity derivative trading. The emission rights and credits for the trading purposes are presented within current assets in the line Emission rights.

At each reporting date, the Group assesses whether there is any indication that emission rights may be impaired. Where an indicator of impairment exists, the Group reviews the recoverable amounts of the cash-generating units, to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. Any identified impairment of emission rights is recognized directly in profit or loss in the line item of Other operating expenses.

Sale and repurchase agreements with emission rights are accounted for as collateralized borrowing.

Green and similar certificates which were granted free are initially recognized at fair value and subsequently treated similarly to purchased emission rights.

2.14. Classification of Financial Instruments

A financial asset is mainly cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset.

A financial liability is mainly a contractual obligation to deliver cash or another financial asset.

Financial liabilities and assets are presented as current (short-term) or non-current (long-term). Financial assets are presented as current when the Group expects to realize them within 12 months of the balance sheet date or if there is no reasonable certainty that the Group will hold the financial assets for more than 12 months of the balance sheet date.

Financial liabilities are presented as current when they are due within 12 months of the balance sheet date. The financial assets and liabilities for trading are presented as current.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.14.1. Financial Assets

Financial assets are classified into two main categories (a) at amortized cost and (b) at fair value depending on whether the financial assets are held for trading or are held within a business model whose objective is to hold assets to collect contractual cash flows.

The Group defines financial assets to the following categories:

a) financial assets at amortized cost

This category includes the financial assets held with strategy to collect contractual cash flows, which consists of both principal and interest payments. Examples for such financial assets are loans, securities held to maturity, trade receivables.

Expected credit losses, foreign exchange rate differences and interest revenues are recognized in the income statement.

b) financial assets at fair value through other comprehensive income

This category includes the financial assets held with strategy to collect contractual cash flows or to sell financial assets. This model distinguishes two types of accounting treatment:

- no recycling to the income statement – used for equity financial assets

Expected credit loss is not calculated and recognized. Changes in the fair value are recognized in other comprehensive income.

When the financial asset is derecognized no profit or loss is recognized in the income statement – it never affects profit or loss. In case that equity instrument was sold, an accumulated revaluation reserve is reclassified to retained earnings. Foreign exchange rate differences are recognized in other comprehensive income (part of revaluation reserve). Dividends from these financial assets are recognized in the income statement providing it does not result in an impairment loss of investment at the same time.

- recycling to the income statement – used for debt financial assets

Expected credit loss is recognized in the income statement. Changes in the fair value are recognized in other comprehensive income. When the financial asset is derecognized, profit or loss is recognized in the income statement (profit or loss is reclassified from other comprehensive income to the income statement). Foreign exchange rate differences in relation to revaluation reserve are recognized in other comprehensive income. Foreign exchange rate differences in relation to impairment are recognized in the income statement. Interest revenues are recognized in the income statement.

c) financial assets at fair value through profit or loss

This category includes the financial assets held with strategy of active trading with financial assets. Contractual cash flow collection is not the primary objective of business model.

Examples for such financial assets are securities for trading, derivatives not used for hedging.

Expected credit losses are not calculated and recognized. Changes in the fair value and foreign exchange rate differences are recognized in the income statement.

Changes in the fair values are included in lines Other financial expenses or Other financial income.

2.14.2. Financial Liabilities

Financial liabilities are classified into two main categories (a) at amortized cost and (b) at fair value through profit or loss. Classification into these categories is similar to the financial assets above. For "Fair Value Option" liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be recognized in other comprehensive income. The remainder of the change in fair value is recognized in profit or loss. However, when recognition of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, all changes in fair value are then recognized in profit or loss.

2.14.3. Derivatives

Specific category of the financial assets and liabilities are derivatives. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The presentation of derivatives is described in the Note 2.15.

2.14.4. Impairment of Financial Assets

Impairment of financial assets by applying the IFRS 9 requirements is based on expected credit loss (ECL) model which applies to the following financial assets:

- a) debt assets at amortized cost (trade receivables, loans, debt securities),
- b) debt assets at fair value through other comprehensive income,
- c) lease receivables,
- d) contract assets and financial guarantee contracts,
- e) bank accounts and term deposits.

An impairment analysis of receivables is performed by the Group at each reporting date on an individual basis for significant specific receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively where the individual approach is not applicable.

The Group recognizes either 12-months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach are applied whereby the lifetime expected credit losses are always recognized.

For the purposes of ECL model calculation, the portfolio of financial assets is split into 3 stages. At the date of the first recognition, the financial assets are included in stage 1, with the lowest allowance which is determined using percentage of unpaid receivables in the past. Subsequent reclassification to the stages 1 and 2 is carried out according to the definition of significant increase in credit risk of a debtor. The interest revenue from receivables in the stage 3 is based on the net carrying amount.

2.15. Derivative Financial Instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. In the balance sheet such derivatives are presented as part of other current and non-current financial assets or as part of other long-term and short-term financial liabilities.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges when they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.15.1. Fair Value Hedge

Gain or loss from re-measuring the hedging instrument at fair value is recognized immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortized to profit or loss over the remaining term to maturity.

2.15.2. Cash Flow Hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are initially recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement in the line item Other financial expenses or Other financial income.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recorded to the income statement when the forecast transaction is ultimately recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

2.15.3. Other Derivatives

Certain derivative instruments are not designated for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

2.16. Commodity Contracts

According to IFRS 9, certain commodity contracts are treated as financial instruments and fall into the scope of the standard. Most commodity purchase and sales contracts entered into by the Group provide for physical delivery of quantities intended to be consumed or sold as part of its ordinary business; such contracts are thus excluded from the scope of IFRS 9.

In particular, forward purchases and sales for physical delivery of energy are considered to fall outside the scope of application of IFRS 9, when the contract concerned is considered to have been entered into as part of the Group's normal business activity. This is demonstrated to be the case when all the following conditions are fulfilled:

- A physical delivery takes place under such contracts;
- The volumes purchased or sold under the contracts correspond to the Group's operating requirements;
- The contract cannot be considered as a written option as defined by the standard IFRS 9. In the specific case of electricity sales contracts, the contract is substantially equivalent to a firm forward sale or can be considered as a capacity sale.

The Group thus considers that transactions negotiated with a view to balancing the volumes between electricity purchases and sale commitments are part of its ordinary business as an integrated electric utility company and do not therefore come under the scope of IFRS 9.

Commodity contracts which fall under the scope of IFRS 9 are carried at fair value with changes in the fair value recognized in the income statement. The Group presents revenues and expenses related to commodity trading net in the line Gains and losses from commodity derivative trading.

2.17. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, current accounts with banks and short-term bank notes with a maturity of 6 months or less.

2.18. Financial Assets Restricted in Use

Restricted balances of cash and other financial assets, which are shown as restricted funds (see Note 4), relate to funding of nuclear decommissioning liabilities, mining reclamation and damages, deposits for waste storage reclamation and cash guarantees given to transaction partners. The non-current classification is based on the expected timing of the release of the funds to the Group.

2.19. Contract Assets and Liabilities

Contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

Contract liability is the Group's obligation to transfer goods or provide services to a customer for which the Group has received consideration from the customer.

Contract assets where work is in progress (consisting of cost incurred plus recognized profits) are presented on the balance sheet net of received billings and advances as a net asset or a net liability.

Contract assets and liabilities are presented in the line Other current assets, net and Other short-term liabilities.

2.20. Materials and Supplies

Purchased inventories are valued at actual cost, using the weighted average method. Costs of purchased inventories comprise expenses which have been incurred in respect of the acquisition of materials and supplies including transportation costs. When consumed, inventories are charged to income or capitalized as part of property, plant and equipment. Work-in-progress is valued at actual cost. Costs of inventories produced internally include direct material and labor costs. Obsolete inventories are reduced to their realizable value by a provision charged to the income statement.

2.21. Fossil Fuel Stocks

Fossil fuel stocks are stated at actual cost using weighted average cost method.

2.22. Income Taxes

The provision for corporate tax is calculated in accordance with the tax regulations of the states of residence of the Group companies and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis as the Czech tax laws do not permit consolidated tax returns. For companies located in the Czech Republic income taxes are provided at a rate of 19% for the years ended December 31, 2018 and 2017, respectively, from income before income taxes after adjustments for certain items which are not deductible, or taxable, for taxation purposes. The Czech corporate income tax rate enacted for 2019 and on is 19%.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognized regardless of when the temporary difference is likely to reverse. Deferred tax assets and liabilities are not discounted. A deferred tax liability is recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the reported net income nor taxable profit or loss
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint-ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities of Group companies are not offset in the balance sheet.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Change in the carrying amount of deferred tax assets and liabilities due to change in tax rate is recognized in the income statement, except to the extent that it relates to items previously charged or credited to equity.

2.23. Long-term Debt

Borrowings are initially recognized at the amount of the proceeds received, net of transaction costs. They are subsequently carried at amortized cost using the effective interest rate method, the difference between net proceeds and redemption value is being recognized in the net income over the life of the borrowings as interest expense.

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

The carrying amount of long-term debt, which is hedged against the changes in its fair value, is adjusted by the changes in the fair value attributable to the hedged risk. The changes in the fair value of the hedged long-term debt are recognized in profit or loss and are included in the income statement line Other financial expenses or Other financial income. The adjustment to the carrying amount of the hedged long-term debt in a fair value hedge is subsequently amortized to profit or loss using the effective interest rate method.

2.24. Nuclear Provisions

The Group has recognized provisions for its obligations to decommission its nuclear power plants at the end of their operating lives, to store the related spent nuclear fuel and other radioactive waste initially on an interim basis and provision for its obligation to provide financing for subsequent permanent storage of spent fuel and irradiated parts of reactors (see Note 20.1).

The provisions recognized represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted at December 31, 2018 and 2017 using a long-term real rate of interest to take into account the timing of payments in amount of 1.25% per annum. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the period when the nuclear power plants generate electricity. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being presented in the income statement on the line Interest on provisions. At December 31, 2018 and 2017 the estimate for the effect of inflation is 1.25%.

The decommissioning process is expected to continue for approximately a fifty-year period subsequent to the final operation of the plants. It is currently anticipated that the permanent storage facility for spent nuclear fuel will become available in 2065 and the process of final disposal of the spent nuclear fuel will then continue until approximately 2090. While the Group has made its best estimate in establishing its nuclear provisions, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and fuel storage activities, the ultimate provision requirements could vary significantly from the Group's current estimates.

Changes in a decommissioning liability and in liability for final storage of spent nuclear fuel that result from a change in the current best estimate of timing and/or amount of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognized as the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognized in the income for the current period.

2.25. Provisions for Decommissioning and Reclamation of Mines and Mining Damages

The Group has recognized provisions for obligations to decommission and reclaim mines at the end of their operating lives (see Note 20.2). The provisions recognized represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels, are discounted at December 31, 2018 and 2017 using a long-term real rate of interest to take into account the timing of payments in amount of 1.25% per annum. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the mines. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being presented in the income statement on the line Interest on provisions. At December 31, 2018 and 2017 the estimate for the effect of inflation is 1.25%.

Changes in a decommissioning liability that result from a change in the current best estimate of timing and/or amount of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognized as the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognized in the income for the current period.

2.26. Exploration for and Evaluation of Mineral Resources

Expenditures on exploration for and evaluation of mineral resources are charged to expense when incurred.

2.27. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date or whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys the right to use the asset. A reassessment is made after inception of the lease only if one of the following conditions applies:

- There is a change in contractual terms, other than a renewal or extension of the arrangement;
- A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- There is a change in determination of whether fulfillment is dependent on a specified asset; or
- There is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2018 amounted to CZK 2,347 million.

2.28. Treasury Shares

Treasury shares are presented in the balance sheet as a deduction from equity. The acquisition of treasury shares is presented in the statement of equity as a reduction in equity. No gain or loss is recognized in the income statement on the sale, issuance, or cancellation of treasury shares. Consideration received is presented in the financial statements as an addition to equity.

2.29. Share Options

Members of Board of Directors and selected managers have been granted options to purchase common shares of the Company. Expense related to the share option plan is measured on the date of the grant by reference to the fair value of the share options granted. The expense is accrued over the vesting period of the equity instruments granted. The expense recognized reflects the best estimate of the number of share options, which will ultimately vest.

2.30. Translation of Foreign Currencies

The consolidated financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity for qualifying cash flow hedges.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equity instruments held for trading are reported as part of the fair value gain or loss. Translation differences on equity securities available-for-sale are included in equity.

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The income statements items of foreign subsidiaries are translated at average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

Exchange rates used as at December 31, 2018 and 2017 for the translation of assets and liabilities denominated in foreign currencies were as follows:

	2018	2017
CZK per 1 EUR	25.725	25.540
CZK per 1 USD	22.466	21.291
CZK per 1 PLN	5.980	6.114
CZK per 1 BGN	13.153	13.058
CZK per 1 RON	5.516	5.482
CZK per 100 JPY	20.447	18.915
CZK per 1 TRY	4.247	5.617

2.31. Non-current Assets Held for Sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

3. Property, Plant and Equipment

Property, plant and equipment at December 31, 2018 is as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2018	297,677	527,125	8,557	833,359	23,436	18,248	875,043
Additions	17	215	14	246	–	24,026	24,272
Disposals	(568)	(2,718)	(31)	(3,317)	(3,171)	(453)	(6,941)
Bring into use	8,768	10,805	68	19,641	2,856	(22,496)	1
Transfer to assets held for sale	(14,210)	(9,314)	(280)	(23,804)	–	(1,253)	(25,057)
Acquisition of subsidiaries	698	1,797	43	2,538	–	67	2,605
Change in capitalized part of provisions	(107)	2,184	240	2,317	–	–	2,317
Reclassification and other	58	(79)	–	(21)	–	(3)	(24)
Currency translation differences	(32)	30	(2)	(4)	–	(15)	(19)
Cost at December 31, 2018	292,301	530,045	8,609	830,955	23,121	18,121	872,197
Accumulated depreciation and impairment at January 1, 2018	(130,883)	(305,191)	(1,136)	(437,210)	(8,218)	(1,596)	(447,024)
Depreciation and amortization of nuclear fuel ¹⁾	(7,579)	(19,041)	(81)	(26,701)	(3,647)	–	(30,348)
Net book value of assets disposed	45	(96)	–	(51)	–	–	(51)
Disposals	568	2,718	–	3,286	3,171	–	6,457
Transfer to assets held for sale	8,570	6,504	153	15,227	–	6	15,233
Reclassification and other	(42)	52	–	10	–	–	10
Impairment losses recognized	(131)	(595)	(94)	(820)	–	(92)	(912)
Impairment losses reversed	247	62	1	310	–	4	314
Currency translation differences	25	(3)	1	23	–	9	32
Accumulated depreciation and impairment at December 31, 2018	(129,180)	(315,590)	(1,156)	(445,926)	(8,694)	(1,669)	(456,289)
Total property, plant and equipment at December 31, 2018	163,121	214,455	7,453	385,029	14,427	16,452	415,908

¹⁾ The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 380 million.

Property, plant and equipment at December 31, 2017 is as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2017	284,812	482,200	8,169	775,181	22,286	56,894	854,361
Additions	13	1,833	13	1,859	1	27,457	29,317
Disposals	(998)	(2,250)	(47)	(3,295)	(2,676)	(17)	(5,988)
Bring into use	17,698	44,061	270	62,029	3,825	(65,854)	–
Acquisition of subsidiaries	8	125	16	149	–	7	156
Disposal of subsidiaries	(1,017)	(1,707)	(90)	(2,814)	–	(48)	(2,862)
Change in capitalized part of provisions	(61)	6,342	265	6,546	–	–	6,546
Reclassification and other	(192)	158	(3)	(37)	–	(80)	(117)
Currency translation differences	(2,586)	(3,637)	(36)	(6,259)	–	(111)	(6,370)
Cost at December 31, 2017	297,677	527,125	8,557	833,359	23,436	18,248	875,043
Accumulated depreciation and impairment at January 1, 2017	(126,318)	(291,544)	(1,119)	(418,981)	(7,394)	(1,091)	(427,466)
Depreciation and amortization of nuclear fuel ¹⁾	(7,506)	(20,301)	(66)	(27,873)	(3,499)	–	(31,372)
Net book value of assets disposed	(350)	(44)	–	(394)	–	–	(394)
Disposals	998	2,250	3	3,251	2,676	–	5,927
Disposal of subsidiaries	944	1,683	50	2,677	–	48	2,725
Reclassification and other	177	(176)	–	1	(1)	(5)	(5)
Impairment losses recognized	(789)	(518)	(17)	(1,324)	–	(557)	(1,881)
Impairment losses reversed	728	1,344	1	2,073	–	1	2,074
Currency translation differences	1,233	2,115	12	3,360	–	8	3,368
Accumulated depreciation and impairment at December 31, 2017	(130,883)	(305,191)	(1,136)	(437,210)	(8,218)	(1,596)	(447,024)
Total property, plant and equipment at December 31, 2017	166,794	221,934	7,421	396,149	15,218	16,652	428,019

¹⁾ The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 225 million.

As at December 31, 2018 and 2017 a composite depreciation rate of Plant in service was 3.2% and 3.5%, respectively.

As at December 31, 2018 and 2017 capitalized interest costs amounted to CZK 260 million and CZK 1,608 million, respectively, and the interest capitalization rate was 4.3% and 4.1%, respectively.

Group's plant in service pledged as security for liabilities at December 31, 2018 and 2017 is CZK 14,827 million and CZK 13,121 million, respectively.

The net book value of assets leased under finance leases included in property, plant and equipment at December 31, 2018 amounted to CZK 65 million. Financial lease contracts were acquired to the Group mainly through acquisitions of subsidiaries during 2018.

Construction work in progress contains mainly refurbishments performed on nuclear plants and the electricity distribution network of subsidiary ČEZ Distribuce, a. s. It also contains costs of CZK 2,577 million for the preparation of new nuclear power sources.

4. Restricted Financial Assets, Net

Restricted financial assets at December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Czech government bonds	15,205	13,971
Cash in banks, net	3,629	4,497
Total restricted financial assets, net	18,834	18,468

The Czech government bonds are measured at fair value through other comprehensive income. The restricted financial assets contain in particular restricted funds related to accumulated provision for nuclear decommissioning and related to accumulated provision for mine reclamation and mining damages and waste storage reclamation.

5. Other Financial Assets, Net

Other financial assets, net at December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018			2017		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Term deposits	–	505	505	500	503	1,003
Other financial receivables	505	35	540	269	43	312
Investment in finance lease	302	51	353	–	–	–
Debt financial assets	10	–	10	10	–	10
Total financial assets at amortized cost	817	591	1,408	779	546	1,325
Fair value of cash flow hedge derivatives	2,185	126	2,311	1,581	2	1,583
Total hedge derivatives at fair value	2,185	126	2,311	1,581	2	1,583
Equity financial assets – investments in Inven Capital, SICAV, a.s.	2,139	–	2,139	–	–	–
Commodity and other derivatives	1,249	91,299	92,548	933	39,743	40,676
Total financial assets at fair value through profit or loss	3,388	91,299	94,687	933	39,743	40,676
Financial assets in progress	–	–	–	6	–	6
Debt financial assets	503	1,287	1,790	1,777	2,807	4,584
Investments in Inven Capital, SICAV, a.s.	–	–	–	1,658	–	1,658
Veolia Energie ČR, a.s.	2,790	–	2,790	–	–	–
Other financial assets	265	–	265	–	–	–
Equity financial assets total	3,055	–	3,055	1,658	–	1,658
Total financial assets at fair value through other comprehensive income	3,558	1,287	4,845	3,441	2,807	6,248
Veolia Energie ČR, a.s.	–	–	–	2,732	–	2,732
Other	–	–	–	379	–	379
Total equity financial assets at purchase price	–	–	–	3,111	–	3,111
Total	9,948	93,303	103,251	9,845	43,098	52,943

Investments owned by sub-fund ČEZ of the company Inven Capital, SICAV, a.s., were reclassified from category Available-for-sale to category Fair value through profit or loss as at January 1, 2018.

Investment in Veolia Energie ČR, a.s. was reclassified to category Fair value through profit or loss as at January 1, 2018.

Derivatives balance comprises mainly the positive fair values of commodity trading contracts.

ČEZ, a. s. concluded two put option agreements with Vršanská uhelná a.s. in March 2013. Under these contracts the Company has the right to transfer 100% of the shares of its subsidiary Elektrárna Počeradý, a.s. to Vršanská uhelná a.s. First option for the year 2016 was not exercised, second option can be exercised in 2024 for cash consideration of CZK 2 billion. The option agreement can be inactivated until December 31, 2019. The contracts represent derivatives that will be settled by the delivery of unquoted equity instrument. Elektrárna Počeradý, a.s. is not quoted on any market. There is significant variability in the range of reasonable fair values for this equity instrument (there is no similar power plant in the Czech Republic for sale and also no similar transaction took place) and thus it is difficult to reasonably assess the probabilities of various estimates. As a result the fair value cannot be reliably measured. Consequently, the put option is measured at cost. There was no option premium paid on the options and therefore the cost of these instruments is zero.

Movements in impairment provisions of other financial assets (in CZK millions):

	2018	2017
Balance as at January 1	–	–
Creation	(196)	–
Balance as at December 31	(196)	–

Creation of the impairment provisions represent in particular the value of 100% impairment provision to the loan provided to the company Akcezer Enerji A.S. The creation of this impairment provision is presented in the income statement in the line Impairment of financial assets.

Debt financial assets at December 31, 2018 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Investment in finance lease	Other financial receivables
Current portion	1,287	–	51	35
Between 1 and 2 years	402	–	49	186
Between 2 and 3 years	101	–	46	61
Between 3 and 5 years	–	10	41	53
Thereafter	–	–	166	205
Total	1,790	10	353	540

Debt financial assets at December 31, 2017 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Other financial receivables
Current portion	2,807	–	43
Between 1 and 2 years	1,277	–	70
Between 2 and 3 years	400	–	41
Between 3 and 5 years	100	–	52
Thereafter	–	10	106
Total	4,584	10	312

Debt financial assets at December 31, 2018 have following effective interest rate structure (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Investment in finance lease	Other financial receivables
Less than 2.00%	1,790	10	1	532
2.00% to 2.99% p. a.	–	–	3	–
3.00% to 3.99% p. a.	–	–	269	–
4.00% to 4.99% p. a.	–	–	8	8
5% p. a. and more	–	–	72	–
Total	1,790	10	353	540

Debt financial assets at December 31, 2017 have following effective interest rate structure (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Other financial receivables
Less than 2.00% p. a.	4,584	10	312
Total	4,584	10	312

The following table analyses the debt financial assets at December 31, 2018 by currency (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Investment in finance lease	Other financial receivables
CZK	503	10	84	398
EUR	1,287	–	269	104
Other	–	–	–	38
Total	1,790	10	353	540

The following table analyses the debt financial assets at December 31, 2017 by currency (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Debt financial assets at amortized cost	Other financial receivables
CZK	3,306	10	285
EUR	1,278	–	26
Other	–	–	1
Total	4,584	10	312

6. Intangible Assets, Net

Intangible assets, net at December 31, 2018 are as follows (in CZK millions):

	Software	Rights and other	Emission rights, green and similar certificates	Goodwill	Intangibles in progress	Total
Cost at January 1, 2018	13,943	13,039	3,517	12,940	662	44,101
Additions	31	10	2,759	–	1,483	4,283
Disposals	(342)	(43)	–	–	(181)	(566)
Bring to use	1,166	24	–	–	(1,190)	–
Acquisition of subsidiaries	–	222	–	1,598	–	1,820
Disposal of subsidiaries	–	(4)	–	(7)	–	(11)
Impairment of goodwill	–	–	–	(727)	–	(727)
Transfer to assets held for sale	(497)	(1,310)	–	–	(42)	(1,849)
Reclassification and other	7	3	866	–	(3)	873
Currency translation differences	11	(52)	22	11	4	(4)
Cost at December 31, 2018	14,319	11,889	7,164	13,815	733	47,920
Accumulated amortization and impairment at January 1, 2018	(11,748)	(5,530)	–	–	(19)	(17,297)
Amortization	(865)	(573)	–	–	–	(1,438)
Net book value of assets disposed	(1)	–	–	–	–	(1)
Disposals	342	43	–	–	–	385
Disposal of subsidiaries	–	4	–	–	–	4
Transfer to assets held for sale	444	857	–	–	19	1,320
Reclassification and other	(9)	–	–	–	–	(9)
Impairment losses recognized	(26)	(53)	–	–	–	(79)
Impairment losses reversed	–	291	–	–	–	291
Currency translation differences	–	31	–	–	–	31
Accumulated amortization and impairment at December 31, 2018	(11,863)	(4,930)	–	–	–	(16,793)
Net intangible assets at December 31, 2018	2,456	6,960	7,164	13,815	732	31,127

Intangible assets, net at December 31, 2017 are as follows (in CZK millions):

	Software	Rights and other	Emission rights, green and similar certificates	Goodwill	Intangibles in progress	Total
Cost at January 1, 2017	13,442	11,555	2,847	9,558	660	38,062
Additions	24	128	942	32	1,123	2,249
Disposals	(397)	(42)	–	(10)	(2)	(451)
Bring to use	933	78	–	–	(1,011)	–
Acquisition of subsidiaries	5	1,486	–	3,662	–	5,153
Disposal of subsidiaries	(1)	(31)	–	–	(14)	(46)
Reclassification and other	21	–	–	–	(86)	(65)
Currency translation differences	(84)	(135)	(272)	(302)	(8)	(801)
Cost at December 31, 2017	13,943	13,039	3,517	12,940	662	44,101
Accumulated amortization and impairment at January 1, 2017	(11,267)	(4,776)	–	–	(36)	(16,079)
Amortization	(941)	(491)	–	–	–	(1,432)
Net book value of assets disposed	–	(1)	–	–	–	(1)
Disposals	397	42	–	–	–	439
Disposal of subsidiaries	1	31	–	–	14	46
Reclassification and other	(4)	(1)	–	–	–	(5)
Impairment losses recognized	(1)	(422)	–	–	–	(423)
Currency translation differences	67	88	–	–	3	158
Accumulated amortization and impairment at December 31, 2017	(11,748)	(5,530)	–	–	(19)	(17,297)
Net intangible assets at December 31, 2017	2,195	7,509	3,517	12,940	643	26,804

Research and development costs, net of grants and subsidies received, that are not eligible for capitalization have been expensed in the period incurred and amounted to CZK 396 million in 2018 and CZK 413 million in 2017.

Group's intangible assets, net pledged as security for liabilities at December 31, 2018 and 2017 is CZK 199 million and CZK 200 million, respectively.

At December 31, 2018 and 2017 goodwill allocated to cash-generating units is as follows (in CZK millions):

	2018	2017
Elevion Group	3,535	3,385
Czech distribution	2,200	2,200
Polish power plants (Chorzów, Skawina)	1,173	1,199
Romanian distribution	1,824	1,813
Energotrans	1,675	1,675
Companies of ČEZ ESCO Group	1,040	427
Kofler Energies Group	621	–
Romanian sale	513	510
Severočeské doly	292	292
TMK Hydroenergy Power	270	268
Energetické centrum	261	261
Metrolog	118	–
ČEZ Teplárenská	–	727
Other	293	183
Total	13,815	12,940

7. Impairment of Property, Plant and Equipment and Intangible Assets

The following table summarizes the impairments of property, plant and equipment and intangible assets by cash-generating units in 2018 (in CZK millions):

	Impairment losses					Impairment reversals			Total
	Goodwill	Intangible assets other than goodwill	Property, plant and equipment	Property, plant and equipment held for sale	Total	Intangible assets other than goodwill	Property, plant and equipment	Total	
ČEZ Teplárenská	(727)	(53)	(2)	–	(782)	–	–	–	(782)
Bulgarian distribution	–	–	–	(621)	(621)	–	–	–	(621)
Romanian wind power farms	–	(1)	(109)	–	(110)	291	219	510	400
Polish power plants (Chorzów, Skawina)	–	–	(279)	–	(279)	–	–	–	(279)
ČEZ OZ uzavřený investiční fond	–	–	(222)	–	(222)	–	30	30	(192)
ČEZ	–	–	(188)	–	(188)	–	–	–	(188)
Romanian distribution	–	–	(71)	–	(71)	–	23	23	(48)
Other	–	(26)	(52)	(22)	(100)	–	44	44	(56)
Total	(727)	(80)	(923)	(643)	(2,373)	291	316	607	(1,766)

The following table summarizes the impairments of property, plant and equipment and intangible assets by cash-generating units in 2017 (in CZK millions):

	Impairment losses			Impairment reversals	Total
	Intangible assets other than goodwill	Property, plant and equipment	Total	Property, plant and equipment	
CEZ – CCGT Počerady	–	–	–	1,588	1,588
CEZ – other	–	(199)	(199)	–	(199)
Bulgarian distribution	(26)	(956)	(982)	–	(982)
Polish wind projects	–	(372)	(372)	–	(372)
Romanian wind power farms	(397)	(166)	(563)	421	(142)
Other	–	(190)	(190)	67	(123)
Total	(423)	(1,883)	(2,306)	2,076	(230)

In 2018 and 2017 the Group performed impairment tests of goodwill and tests of other non-current assets where there was an indication that the carrying amounts could be impaired.

Recognized impairment of non-current assets of cash-generating unit ČEZ Teplárenská in 2018 was caused mainly due to increase of the rate used for discounting of cash flows from 3.2% in 2017 to 4.0% in 2018. The impairment loss of property, plant and equipment of cash-generating unit Bulgarian distribution in 2018 was recognized with regard to the fact that the assets are classified as held for sale (Note 15) and the contracted sale price is fixed and denominated in EUR (so-called "locked box") and the carrying amount of assets as of the December 31, 2018 exceeded the contracted amount. The Group reversed impairment of the property, plant and equipment and intangible assets of the cash-generating unit Romanian wind power farms in 2018 mainly due to increase in market prices of electricity and due to positive effect of the development of RON/EUR exchange rate to the green certificates classified as intangible assets. Recognized impairment of property, plant and equipment of cash-generating unit Polish power plants in 2018 was caused mainly by decrease in planned profitability of CEZ Skawina S.A. and increased amount of capital expenditures for refurbishments. Recognized impairment of cash-generating unit ČEZ OZ uzavřený investiční fond in 2018 was caused mainly in relation to the expected decrease in future regulated revenues.

The Group reversed all remaining impairment losses for CCGT Počerady cash-generating unit in 2017 due to increase in its recoverable amount caused mainly by increase in market prices of electricity. Recognized impairment of property, plant and equipment of cash-generating unit Bulgarian distribution in 2017 was caused mainly by decrease in expected future cash flows due to current outlook of electricity distribution regulation in Bulgaria. Recognized impairment of property, plant and equipment of cash-generating unit Polish wind projects in 2017 was caused mainly by negative EIA assessments reports concluded after changes in relevant legislation in Poland from 2016. The Group recognized reversal of impairment of property, plant and equipment of cash-generating unit Romanian wind power farms in 2017 mainly due to increase in market prices of electricity while at the same time in 2017 the Group recognized impairment of green certificates classified as intangible assets mainly due to different timing of related cash flows.

Description of Selected Parameters Related to Testing and Determination of Recoverable Amounts

The impairment test involves determining the recoverable amount of the cash-generating unit, which corresponds to the value in use except for Bulgarian distribution and Bulgarian sale as at December 31, 2018 when fair value less costs of disposal was used. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit and is assessed from a company internal perspective.

Values in use are determined based on a complex projection of cash flows or on the medium-term budget for a period of 5 years and on the anticipated development of the expected cash flows in the long-term, which is valid when the impairment test is performed. These budgets are based on the past experience, as well as on the anticipated future market trends and on the macroeconomic development of the respective region.

- a. The value in use based on complex projection of cash flows of respective companies for the period covering remaining useful life of tested assets was used for determination of the recoverable amounts of the following cash-generating units:

ČEZ, a. s. generation assets are tested for any possible impairment as a single cash-generating unit with the exception of specific assets, e.g. the gas fired power plant in Počerady. Company's cash-generating unit of generation assets is characterized by portfolio management in the deployment and maintenance of various power plants and the cash flows generated from these activities.

As part of testing the recoverable value of fixed assets of the cash generating unit of ČEZ, a. s. (hereinafter the ČEZ Value), we performed a sensitivity analysis of the test results to changes in certain key parameters of the used model – changes in wholesale power prices (hereinafter the EE Prices), changes in the discount rate used in the calculation of the present value of future cash flows and changes in CZK/EUR exchange rate.

The development of commodity prices and, in particular, the development of wholesale power prices in Germany (as German power prices have a major impact on the development of wholesale power prices in the Czech Republic) are the key assumptions used for the ČEZ Value model. The developments of wholesale prices are primarily determined by the EU political decisions, the development of global demand and supply of commodities and the technological progress.

The development of EE price is influenced by a number of external factors, including, in particular, changes in the structure and availability of generation capacity in the Czech Republic and neighboring countries, the macroeconomic development of the Central European region and the regulation of the energy sector in the EU and Germany (fundamental impacts of premature decommissioning of German nuclear power plants in 2020–2022 and impacts of the EU approved climate and energy targets for 2030) and also by development of the Czech Republic State Energy Concept. The model was constructed for a period adequate to the useful life of the power plants, i.e. for a period that significantly exceeds the period for which commodities, including wholesale power price contracts, are traded on public liquid markets. In addition, the power market is subject to structural changes (the Market Design) and major industry regulation; consequently, complete abandonment of market-based power pricing mechanisms and implementation of alternative, centrally regulated payments for the availability and supply of power plants within the period of useful life of the power plants is actually possible.

With respect to the fact that we are using a long-term model, there are certain internal factors and assumptions that affect the ČEZ Value sensitivity to the development of power prices, such as varying deployment of the generation portfolio depending on the development of power prices, emission allowances and variable generation costs and, in a longer perspective, also the development of fixed costs reflecting the development of the power plants gross margin.

The sensitivity test results reflect expert estimates of the status and development of the above factors in the period of the model and the status of commercial securing of the generation portfolio as at December 31, 2018.

The test considers long-term EE prices at the level used to prepare Company's business plan for 2019–2023. The plan was prepared in the fourth quarter 2018 whereas the plan was based on the active market parameters observed in August and September 2018 (power prices on EEX energy exchange in Germany, prices on PXE energy exchange in the Czech Republic, price of CO₂ emission rights, FX rate CZK/EUR, interest rates etc.). There is a liquidity for power contracts traded on EEX for the period covering the horizon of the business plan and with regard to links between German and Czech power transmission network, the EEX prices are basic market price indicator for EE prices in the Czech Republic. For the purposes of the sensitivity analysis, the input EE prices, emission rights prices and foreign exchange rates were applied to the relevant opened positions of the Company.

A change of the assumed EE prices as per the models by 1%, with other parameters remaining unchanged, would have an impact of approximately CZK 6.7 billion on the ČEZ Value test results. Future cash flows of the model were discounted using a 4.5% rate. A change of 0.1 percentage point in the discount rate, with other parameters remaining unchanged, would change the ČEZ Value by approximately CZK 4.6 billion. A change of 1% in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 5.8 billion in the ČEZ Value.

The cash flow projections of Romanian wind power farms are based on approved renewable energy support in the form of granted green certificates and a discount rate of 6.2%. The projection of the cash flows includes assumption of receiving one green certificate as approved by Romanian Energy Regulatory Authority ANRE. The recovery of deferred green certificates and other green certificates classified as intangible assets is expected till 2028. One of the main factors influencing the value of future cash flows is the price of green certificates. Current value of the green certificate in the model is EUR 29.4, which is the floor price set by regulation. Change of the discount rate by 1 percentage point, all other variables held constant, would result in change of value in use by approximately CZK 0.9 billion.

The generation sources in Poland (power plants Chorzów and Skawina) including wind farm projects classified as property, plant and equipment under construction also belong among tested non-current assets where cash flow projects covering remaining useful life were used. Future cash flows were discounted using rate of 5.2% for power plants Chorzów and Skawina and using rate 6.17% to 6.75% for wind farm projects in construction.

- b. The value in use derived from the projection of cash flows based on financial budget for a period of 5 years and on the expected future development of cash flows generated from the respective assets was applied when determining the recoverable amount of the following cash-generating units:

The discount rate of 3.5% was used for Czech distribution. Cash flows beyond the five-year period for Czech distribution were based on the terminal value of regulatory asset base.

The discount rate of 4.0% was used for Energotrans and ČEZ Teplárenská. No growth rate is considered for cash flows beyond five-year period for Energotrans and ČEZ Teplárenská.

The discount rate of 4.0% was used for Energetické centrum. Cash flows beyond the five-year period are extrapolated using 2.0% growth rate.

The discount rate of 6.2% was used for Romanian distribution. Cash flows beyond the five-year period for Romanian distribution were based on the terminal value of regulatory asset base.

The discount rate of 6.8% was used for TMK Hydroenergy Power. There is no growth rate considered for cash flows beyond five-year period.

- c. The calculations of value in use for all cash-generating units are most sensitive to the following assumptions:

Gross margins – Gross margins are based on experience from historical trends in the preceding periods, current outlook of market and non-market parameters, eventually with regard to operational efficiency improvements. Gross margins are affected especially by wholesale electricity prices, prices of emission rights and prices of green and similar certificates.

Raw materials price inflation – Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is available, otherwise past actual raw material price movements have been used as an indicator of future price movements.

Discount rate – Discount rates reflect management's estimate of the risk specific to each unit. The basis used to determine the value assigned is weighted average cost of capital (WACC) of the related subsidiaries.

Estimated growth rate – The basis used to determine the value assigned to estimated growth rate is the anticipated future development of the market, gross domestic product, nominal wages and interest rates and the forecast of regulatory environment, where subsidiaries conduct the business.

8. Changes in the Group Structure

8.1. Changes in the Group Structure in 2018

Acquisitions of Subsidiaries from Third Parties in 2018

On January 31, 2018 the Group acquired a 100% interest in the Polish company Metrolog sp. z o.o. The company is an engineering firm that focuses on complex services related to heat management and decentralized heat and electricity generation.

On March 9, 2018 the Group acquired 100% share in Hungarian company ETS Engineering Kft., which operates in the field of technical equipment for buildings with a focus on heating, sanitary and cooling systems, compressed air systems, ventilation and industrial air-conditioning systems.

On May 14, 2018 the Group acquired 100% share (effective interest 95%) in the company Kirschbaum & Rohrlack GmbH, which deals with buildings automation systems.

On June 19 and June 28, 2018 the Group acquired 100% share (effective interest 95%) in the company TFS Hungary Kft., which deals with installation and servicing of electrical and mechanical equipment in buildings.

On July 1, 2018 the Group gained control over ČEZ Energo, s.r.o. The control of the Group resulted from a new amendment of the shareholders' agreement. In this regard, there was no change in the ownership interest or in the voting rights interest (these interests remain on 50.1% share) and the amendment was concluded without any transfer of consideration. The shareholder agreement includes put option held by non-controlling interest. ČEZ Energo, s.r.o. deals with the installation and subsequent operation of cogeneration units for the combined production of electricity and heat with installed power from hundreds of kW_e to units of MW_e.

On July 1, 2018 the Group acquired 100% share in the company AYIN, s.r.o., which deals with heat distribution for the city Nejdeč.

On July 10, 2018 the Group acquired 100% share (effective interest 51%) in Slovak company ČEZ Distribučné systémy a.s. which owns and operates electric and gas local distribution systems.

On July 31, 2018 the Group acquired 100% share in German companies Kofler Energies Ingenieurgesellschaft mbH, Kofler Energies Energieeffizienz GmbH, Kofler Energies Systems GmbH and Kofler Energies International GmbH (together as Kofler Energies). Kofler Energies deals with energy efficiency projects, designing decentralized devices and battery systems. In addition, Kofler Energies operates the energy devices. Kofler Energies customers are both German industry and public administration.

On October 23, 2018 the Group acquired 100% share (effective interest 95%) in the company Jäger & Co. GmbH. The company is engaged in the development and installation of technical systems for measurement, control and regulation in the field of building automation.

On November 26, 2018 the Group acquired 55% share in the Slovak company SPRÁVBYTKOMFORT, a.s. Prešov. The company SPRÁVBYTKOMFORT, a.s. Prešov owns and operates the municipal heating system in Prešov (further also HS Prešov) and provides related energy services.

On December 3, 2018 the Group acquired 100% share in the company Domat Holding s.r.o., which owns 100% interest in the company Domat Control System s.r.o. The company Domat Control System s.r.o. deals with the development, supply and operation of control systems for the buildings, industrial sites and energy sector.

On December 12, 2018 the Group acquired 100% share in the company TENAUR, s.r.o., which deals with the installation of heat pumps with autonomous remote access for monitoring.

On December 12, 2018 the Group acquired 100% share in the Romanian company High-Tech Clima S.A., which supplies air conditioning, ventilation and heating to factories, logistics parks, offices, shopping centers and residential buildings.

In the case of acquisition of Kofler Energies, the fair values of acquired identifiable assets and liabilities and the purchase consideration have been stated provisionally and could be adjusted in the subsequent period. The following table presents the current best estimate of fair values of acquired identifiable assets and liabilities as of the date of acquisitions (in CZK millions):

	Kofler Energies	ČEZ Energo	HS Prešov	Metrolog	Other	Total
Share of the Group being acquired	100%	–	55%	100%		
Property, plant and equipment	20	2,035	364	83	103	2,605
Intangible assets, net	131	1	1	51	38	222
Investment in financial lease, net of current portion	236	–	–	–	–	236
Deferred tax assets	44	–	2	3	2	51
Other non-current assets	8	3	–	–	11	22
Cash and cash equivalents	37	131	58	99	165	490
Receivables, net	140	31	27	44	215	457
Other financial assets, net	44	–	–	–	18	62
Other current assets	69	103	13	46	128	359
Long-term debt, net of current portion	(239)	(733)	(74)	–	(42)	(1,088)
Deferred tax liability	(62)	(135)	(1)	(13)	(15)	(226)
Other long-term liabilities	(2)	–	(1)	–	(11)	(14)
Trade payables	(130)	(49)	(17)	(45)	(135)	(376)
Other current liabilities	(151)	(83)	(123)	(20)	(194)	(571)
Total net assets	145	1,304	249	248	283	2,229
Share of net assets acquired	145	653	144	248	283	1,473
Goodwill	618	49	372	120	439	1,598
Negative goodwill	–	–	–	–	(1)	(1)
Total purchase consideration	763	702	516	368	721	3,070
Liabilities from acquisition of the subsidiary	–	–	–	(40)	(110)	(150)
Book value of previously held investment in joint-venture	–	(601)	–	–	–	(601)
Gain from remeasurement of previously held investment to fair value*	–	(101)	–	–	–	(101)
Cash outflow on acquisition of the subsidiary in 2018	763	–	516	328	611	2,218
Less: Cash and cash equivalents in the subsidiary acquired	(37)	(131)	(58)	(99)	(165)	(490)
Cash outflow on acquisition of the subsidiary in 2018, net	726	(131)	458	229	446	1,728

* Gain from remeasurement of previously held investment in ČEZ Energo, s.r.o. to fair value was included in statement of income in the line Share of profit (loss) from associates and joint-ventures.

If the combinations had taken place at the beginning of the year 2018, net income for CEZ Group as of December 31, 2018 would have been CZK 10,539 million and the revenues and other operating income from continuing operations would have been CZK 186,689 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

From the acquisition date, the newly acquired subsidiaries have contributed the following balances to the Group's statement of income (in CZK millions):

	Kofler Energies	ČEZ Energo	HS Prešov	Metrolog	Other	Total
Revenues and other operating income	491	430	68	579	234	1,802
Income (loss) before other income (expense) and income taxes	36	10	8	39	36	129
Net income (loss)	29	(23)	(3)	32	31	66
Net income (loss) attributable:						
Equity holders of the parent	29	(12)	(2)	32	28	75
Non-controlling interests	–	(11)	(1)	–	3	(9)

New Investments in Associates and Joint-Ventures in 2018

On August 31, 2018 the Group acquired 50% share in Slovak company KLF-Distribúcia, s.r.o. The aim of KLF-Distribúcia, s.r.o. is to build and operate 110 kV substations for a local distribution system in the industrial area in Kysucké Nové Mesto.

On September 18, 2018 the Group acquired 49% share in Slovak company Bytkomfort, s.r.o., which owns and operates the municipal heating system in Nové Zámky and provides related energy services, including maintenance and operational activities.

On December 4, 2018 the Group acquired 50% share in the company GP JOULE PPX Verwaltungs-GmbH. On December 6, 2018 the Group acquired 50% share in the company GP JOULE PP1 GmbH & Co. KG. The intention of the joint-venture is the development and construction of wind farm projects in Germany.

On December 19, 2018 the Group acquired 50% share in the company Green Wind Deutschland GmbH. On December 28, 2018 the Group acquired 50% share in the companies Windpark Moringen Nord GmbH & Co. KG and Windpark Prezelle GmbH & Co. KG. The intention of the joint-venture is the development and construction of wind farm projects in Germany.

Overview about these transactions provides the following table (in CZK millions):

	Bytkomfort	Other	Total
Share acquired in 2018	49%	50%	
Total net assets	208	91	299
Share of net assets acquired	102	45	147
Goodwill	136	179	315
Total purchase consideration	238	224	462
Related outstanding payables	-	(8)	(8)
Cash outflow on investment	238	216	454

The following table summarizes the cash flows related to acquisitions in 2018 (in CZK millions):

Cash outflow on acquisitions of the subsidiaries	2,218
Cash outflow on investments in joint-ventures	454
Advanced payments for investments in joint-ventures	14
Payments of payables from acquisitions in previous periods	18
Less: Cash and cash equivalents acquired	(490)
Total cash outflows on acquisitions	2,214

Acquisitions and Sale of Non-controlling Interests in 2018

On January 2, 2018 the Group acquired remaining non-controlling 25% share in the company ENESA a.s. On December 10, 2018 the Group acquired remaining non-controlling 49% share in the company ČEZ Bytové domy, s.r.o.

On January 2, 2018 the Group sold 0.04% share in the company ČEZ OZ uzavřený investiční fond a.s.

Loss of Control in the Company Eco-Wind Construction S.A.

On September 13, 2018 the bankruptcy of the company Eco-Wind Construction S.A. was announced. As a result of taking control over the company by a bankruptcy trustee appointed by the court, the Group lost control over the company. Due to the loss of control, the net assets were derecognized from the consolidated balance sheet and the related gain from the loss of control of CZK 157 million was recognized in the statement of income on the line Other financial income.

8.2. Changes in the Group Structure in 2017

Acquisitions of Subsidiaries from Third Parties in 2017

The fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	Elevation Group	OEM Energy	Other	Total
Share of the Group being acquired	100%	51%		
Property, plant and equipment	99	1	56	156
Intangible assets	1,385	105	1	1,491
Other non-current assets	2	–	–	2
Materials and supplies, net	1,437	13	55	1,505
Receivables, net	877	33	80	990
Cash and cash equivalents	370	14	40	424
Other current assets	57	–	11	68
Non-current provisions	(51)	–	–	(51)
Deferred tax liability	(488)	(20)	(1)	(509)
Other long-term financial liabilities	–	–	(21)	(21)
Trade payables	(925)	(16)	(48)	(989)
Income tax payable	(68)	–	(3)	(71)
Current provisions	(375)	–	(1)	(376)
Other current liabilities	(754)	(2)	(54)	(810)
Total net assets	1,566	128	115	1,809
Share of net assets acquired	1,566	65	100	1,731
Goodwill	3,460	57	145	3,662
Total purchase consideration	5,026	122	245	5,393
Liabilities from acquisition of the subsidiary	–	(15)	(33)	(48)
Cash outflow on acquisition of the subsidiary in 2017	5,026	107	212	5,345
Less: Cash and cash equivalents in the subsidiary acquired	(370)	(14)	(40)	(424)
Cash outflow on acquisition of the subsidiary in 2017, net	4,656	93	172	4,921

If the combinations had taken place at the beginning of the year 2017, net income for CEZ Group as of December 31, 2017 would have been CZK 18,984 million and the revenues and other operating income from continuing operations would have been CZK 212,027 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

From the acquisition date, the newly acquired subsidiaries have contributed the following balances to the Group's statement of income for 2017 (in CZK millions):

	Elevation Group	OEM Energy	Other	Total
Revenues and other operating income	3,314	43	119	3,476
Income (loss) before other income (expense) and income taxes	88	(1)	11	98
Net income (loss)	47	(1)	9	55
Net income (loss) attributable:				
Equity holders of the parent	45	(1)	8	52
Non-controlling interests	2	–	1	3

The following table summarizes the cash flows related to acquisitions in 2017 (in CZK millions):

Investment in subsidiaries	5,393
Cash contributions to joint-ventures	75
Change in payables from acquisitions	26
Less: Cash and cash equivalents acquired	(424)
Total cash outflows on acquisitions	5,070

Acquisitions of Non-controlling Interests from Third Parties in 2017

On December 20, 2017 the Group increased the ownership interest from 95% to 100% in company Areál Třeboradice, a.s.

The cash flows from acquisition and sale of non-controlling interests in 2017 were as follows (in CZK millions):

Outflow on acquisition of 25% interest in Eco-Wind Construction S.A.	259
Outflow on acquisition of 5% interest in Areál Třeboradice, a.s.	17
Outflow on acquisition of 25% interest in Elektro-Decker GmbH	18
Cash received from sale of 5% effective interest in CEZ ESCO I GmbH (Elevion's direct parent)	(134)
Total cash outflows, net	160

Sale of Subsidiaries and Disposal of Investment in a Joint-Venture in 2017

The sale of 100% interest in Elektrárna Tisová, a.s. took place on January 2, 2017.

ČEZ concluded an agreement to sell its 100% interest in the subsidiary TEC Varna EAD (power plant in Bulgaria) with company SIGDA OOD on October 31, 2017. The transaction took place on December 20, 2017.

In December 2017, settlement of liquidation of joint-venture CM European Power International B.V. was completed.

As a result of the sales of subsidiaries, the Group recorded the following items (in CZK millions):

	Elektrárna Tisová	TEC Varna
Derecognized balance sheet items:		
Net plant in service	194	137
Restricted financial assets	13	-
Cash and cash equivalents	104	1
Receivables, net	99	1
Other current assets	205	13
Non-current provisions	(328)	(130)
Deferred tax liability	-	(2)
Current provisions	(129)	(18)
Trade payables	(61)	(6)
Other current liabilities	(52)	-
Net assets derecognized from balance sheet	45	(4)
Effect of intercompany balances:		
Receivables, net	(36)	-
Other current assets, net	(56)	-
Trade payables	381	-
Payables from group cash pooling and other financial liabilities	335	493
Accrued liabilities	67	-
Total	691	493
Translation differences reclassified from equity	-	757
Total cost of sale of the Group	736	1,246
Revenue on sale	736	1,232
Gain (loss) on sale	-	(14)

The following table summarizes the cash flows related to sale of subsidiaries in 2017 (in CZK millions):

Total receivable from the sale of the subsidiary	736	1,232
Unpaid receivable as of December 31, 2017	-	(20)
Loan received and payables from cash pooling set off	(335)	(493)
Current proceeds from the sale of the subsidiaries	401	719
Less: Cash and cash equivalents disposed on sale	(104)	(1)
Total proceeds from disposal of subsidiaries, net	297	718

The following table summarizes the cash flows related to sale of subsidiaries and disposal of joint-ventures in 2017 (in CZK millions):

Proceeds from disposal of subsidiaries	1,015
Proceeds from disposal (liquidation) of CM European Power International B.V.	948
Change in receivables from sale of subsidiaries	74
Total cash flows disposal of subsidiaries and joint-ventures	2,037

9. Investments in Subsidiaries, Associates and Joint-Ventures

The consolidated financial statements include the financial figures of ČEZ, a. s. and its subsidiaries, associates and joint-ventures listed in the following table:

Subsidiaries	Country	Operating segment	% equity interest*		% voting interest
			Change in 2018	2018	2018
New acquisitions in 2018					
AYIN, s.r.o.	CZ	GT	100.00	100.00	100.00
ČEZ Distribuční systavy a.s.	SK	GN	51.00	51.00	100.00
ČEZ Energo, s.r.o.	CZ	S	-	50.10	50.10
Domat Control System s.r.o.	CZ	S	100.00	100.00	100.00
Domat Holding s.r.o.	CZ	S	100.00	100.00	100.00
ETS Engineering Kft.	HU	S	95.00	95.00	100.00
High-Tech Clima d.o.o.	RS	S	100.00	100.00	100.00
High-Tech Clima S.A.	RO	S	100.00	100.00	100.00
Hybridkraftwerk Culemeyerstraße Projekt GmbH	DE	S	100.00	100.00	100.00
Jäger & Co. GmbH	DE	S	95.00	95.00	100.00
Kirschbaum & Rohrlack GmbH	DE	S	100.00	-	-
Kofler Energies Energieeffizienz GmbH	DE	S	100.00	100.00	100.00
Kofler Energies Ingenieurgesellschaft mbH	DE	S	100.00	100.00	100.00
Kofler Energies International GmbH	DE	S	100.00	100.00	100.00
Kofler Energies Italia S.r.l.	IT	S	100.00	100.00	100.00
Kofler Energies Systems GmbH	DE	S	100.00	100.00	100.00
Metrolog sp. z o.o.	PL	S	100.00	100.00	100.00
NEK Facility Management GmbH	DE	S	100.00	100.00	100.00
SERVISKOMFORT s.r.o. ¹⁾	SK	S	100.00	100.00	100.00
SPRAVBYTKOMFORT, a.s. Prešov	SK	S	55.00	55.00	55.00
TENAUR, s.r.o.	CZ	S	100.00	100.00	100.00
TFS Hungary Kft.	HU	S	100.00	-	-
WPG Projekt GmbH	DE	S	100.00	100.00	100.00
Asset deals in 2018					
Ferme Eolienne d'Andelaroche SAS	FR	GN	100.00	100.00	100.00
Changes of non-controlling interests in 2018					
ČEZ Bytové domy, s.r.o.	CZ	S	49.00	100.00	100.00
ČEZ OZ uzavřený investiční fond a.s.	CZ	GN	(0.04)	99.96	99.96
ENESA a.s.	CZ	S	25.00	100.00	100.00
OEM Energy sp. z o.o.	PL	S	1.00	51.00	51.00
Newly established subsidiaries in 2018					
CEZ Erneuerbare Energien Beteiligungs II GmbH	DE	GN	100.00	100.00	100.00
CEZ ESCO II GmbH	DE	S	100.00	100.00	100.00
CEZ ESCO Romania S.A.	RO	S	100.00	100.00	100.00
ČEZ Asset Holding, a. s.	CZ	O	100.00	100.00	100.00
ESCO City IV sp. z o.o.	PL	S	100.00	100.00	100.00
ESCO City V sp. z o.o.	PL	S	100.00	100.00	100.00
ESCO City VI sp. z o.o.	PL	S	100.00	100.00	100.00
REN Development s.r.o.	CZ	GN	100.00	100.00	100.00
Liquidations, mergers and loss of control					
ČEZ Distribuční služby, s.r.o.	CZ	D	(100.00)	-	-
ČEZ Inženýring, s.r.o.	CZ	O	(100.00)	-	-
CEZ International Finance B.V.	NL	O	(100.00)	-	-
Eco-Wind Construction S.A.	PL	GN	(100.00)	-	-
Kirschbaum & Rohrlack GmbH	DE	S	(100.00)	-	-
Shared Services Albania Sh.A.	AL	O	(100.00)	-	-
TFS Hungary Kft.	HU	S	(100.00)	-	-

¹⁾ In 2019 the company name SERVISKOMFORT s.r.o. was changed to ČEZ SERVIS, s.r.o.

Subsidiaries	Country	Operating segment	% equity interest*		% voting interest
			Change in 2018	2018	2018
Other – no change in 2018					
A.E. Wind S.A.	PL	GN	–	100.00	100.00
AirPlus, spol. s r.o.	CZ	S	–	100.00	100.00
Areál Třeboradice, a.s.	CZ	GT	–	100.00	100.00
AZ KLIMA a.s.	CZ	S	–	100.00	100.00
AZ KLIMA SK, s.r.o.	SK	S	–	100.00	100.00
Baltic Green Construction sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green I sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green II sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green III sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green IX sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green V sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green VI sp. z o.o.	PL	GN	–	100.00	100.00
Baltic Green VIII sp. z o.o.	PL	GN	–	100.00	100.00
BANDRA Mobiliengeellschaft mbH & Co. KG	DE	GN	–	100.00	100.00
Bara Group EOOD	BG	GN	–	100.00	100.00
CASANO Mobiliengeellschaft mbH & Co. KG	DE	GN	–	100.00	100.00
Centrum výzkumu Řež s.r.o.	CZ	O	–	52.46	100.00
CEZ Bulgaria EAD	BG	O	–	100.00	100.00
CEZ Bulgarian Investments B.V.	NL	O	–	100.00	100.00
CEZ Deutschland GmbH	DE	O	–	100.00	100.00
CEZ Elektro Bulgaria AD	BG	S	–	67.00	67.00
CEZ Erneuerbare Energien Beteiligungs GmbH	DE	GN	–	100.00	100.00
CEZ ESCO Bulgaria EOOD	BG	S	–	100.00	100.00
CEZ ESCO I GmbH	DE	S	–	95.00	92.00
CEZ ESCO Polska sp. z o.o.	PL	S	–	100.00	100.00
CEZ France SAS	FR	GN	–	100.00	100.00
CEZ Holdings B.V.	NL	O	–	100.00	100.00
CEZ Hungary Ltd.	HU	S	–	100.00	100.00
CEZ Chorzów II sp. z o.o.	PL	GN	–	100.00	100.00
CEZ Chorzów S.A.	PL	GT	–	100.00	100.00
CEZ ICT Bulgaria EAD	BG	O	–	67.00	100.00
CEZ MH B.V.	NL	O	–	100.00	100.00
CEZ New Energy Investments B.V.	NL	O	–	100.00	100.00
CEZ Polska sp. z o.o.	PL	O	–	100.00	100.00
CEZ Produkty Energetyczne Polska sp. z o.o.	PL	O	–	100.00	100.00
CEZ Razpredelenie Bulgaria AD	BG	D	–	67.00	67.00
CEZ Romania S.A.	RO	O	–	100.00	100.00
CEZ Skawina S.A.	PL	GT	–	100.00	100.00
CEZ Slovensko, s.r.o.	SK	S	–	100.00	100.00
CEZ Srbija d.o.o.	RS	GT	–	100.00	100.00
CEZ Towarowy Dom Maklerski sp. z o.o.	PL	GT	–	100.00	100.00
CEZ Trade Bulgaria EAD	BG	S	–	100.00	100.00
CEZ Trade Polska sp. z o.o.	PL	S	–	100.00	100.00
CEZ Trade Romania S.R.L.	RO	GT	–	100.00	100.00
CEZ Ukraine LLC	UA	O	–	100.00	100.00
CEZ Vanzare S.A.	RO	S	–	100.00	100.00
CEZ Windparks Lee GmbH	DE	GN	–	100.00	100.00
CEZ Windparks Luv GmbH	DE	GN	–	100.00	100.00
CEZ Windparks Nordwind GmbH	DE	GN	–	100.00	100.00
ČEZ Bohunice a.s.	CZ	O	–	100.00	100.00
ČEZ Distribuce, a. s.	CZ	D	–	100.00	100.00
ČEZ Energetické produkty, s.r.o.	CZ	O	–	100.00	100.00
ČEZ Energetické služby, s.r.o.	CZ	S	–	100.00	100.00
ČEZ ENERGOSERVIS spol. s r.o.	CZ	O	–	100.00	100.00
ČEZ ESCO, a.s.	CZ	S	–	100.00	100.00
ČEZ ICT Services, a. s.	CZ	O	–	100.00	100.00
ČEZ Korporátní služby, s.r.o.	CZ	O	–	100.00	100.00
ČEZ LDS s.r.o.	CZ	S	–	51.00	51.00
ČEZ Obnovitelné zdroje, s.r.o.	CZ	GN	–	100.00	100.00
ČEZ Prodej, a.s.	CZ	S	–	100.00	100.00
ČEZ Recyklace, s.r.o.	CZ	GN	–	99.00	99.00
ČEZ Solární, s.r.o.	CZ	S	–	100.00	100.00
ČEZ Teplárenská, a.s.	CZ	GT	–	100.00	100.00

Subsidiaries	Country	Operating segment	% equity interest*		% voting interest
			Change in 2018	2018	2018
D-I-E ELEKTRO AG	DE	S	-	95.00	100.00
Distributie Energie Oltenia S.A.	RO	D	-	100.00	100.00
EAB Automation Solutions GmbH	DE	S	-	95.00	100.00
EAB Elektroanlagenbau GmbH Rhein/Main	DE	S	-	95.00	100.00
EASY POWER s.r.o.	CZ	S	-	51.00	100.00
EGP INVEST, spol. s r.o.	CZ	O	-	52.46	100.00
Elektrárna Dětmarovice, a.s.	CZ	GT	-	100.00	100.00
Elektrárna Dukovany II, a. s.	CZ	GT	-	100.00	100.00
Elektrárna Mělník III, a. s.	CZ	GT	-	100.00	100.00
Elektrárna Počerady, a.s.	CZ	GT	-	100.00	100.00
Elektrárna Temelín II, a. s.	CZ	GT	-	100.00	100.00
Elektro-Decker GmbH	DE	S	-	95.00	100.00
Elevion GmbH	DE	S	-	95.00	100.00
Energetické centrum s.r.o.	CZ	GT	-	100.00	100.00
Energocentrum Vítkovice, a. s.	CZ	GT	-	100.00	100.00
Energotrans, a.s.	CZ	GT	-	100.00	100.00
ESCO City I sp. z o.o.	PL	S	-	100.00	100.00
ESCO City II sp. z o.o.	PL	S	-	100.00	100.00
ESCO City III sp. z o.o.	PL	S	-	100.00	100.00
ETS Efficient Technical Solutions GmbH	DE	S	-	95.00	100.00
ETS Efficient Technical Solutions Shanghai Co. Ltd.	CN	S	-	95.00	100.00
EVČ s.r.o.	CZ	S	-	100.00	100.00
Ferme Eolienne de la Piballe SAS	FR	GN	-	100.00	100.00
Ferme Eolienne de Neuville-aux-Bois SAS	FR	GN	-	100.00	100.00
Ferme Eolienne de Saint-Aulaye SAS	FR	GN	-	100.00	100.00
Ferme Eolienne de Saint-Laurent-de-Ceris SAS	FR	GN	-	100.00	100.00
Ferme Eolienne de Seigny SAS	FR	GN	-	100.00	100.00
Ferme Eolienne de Thorigny SAS	FR	GN	-	100.00	100.00
Ferme Eolienne des Breuils SAS	FR	GN	-	100.00	100.00
Ferme Eolienne des Grands Clos SAS	FR	GN	-	100.00	100.00
Ferme Eolienne du Germancé SAS	FR	GN	-	100.00	100.00
Free Energy Project Oreshets EAD	BG	GN	-	100.00	100.00
HAU.S GmbH	DE	S	-	95.00	100.00
HORMEN CE a.s.	CZ	S	-	51.00	51.00
Inven Capital, SICAV, a.s.	CZ	O	-	100.00	100.00
KART, spol. s r.o.	CZ	S	-	100.00	100.00
M.W. Team Invest S.R.L.	RO	GN	-	100.00	100.00
MARTIA a.s.	CZ	O	-	100.00	100.00
OSC, a.s.	CZ	GT	-	66.67	66.67
Ovidiu Development S.R.L.	RO	GN	-	100.00	100.00
PRODECO, a.s.	CZ	O	-	100.00	100.00
Revitrans, a.s.	CZ	O	-	100.00	100.00
Rudolf Fritz GmbH	DE	S	-	95.00	100.00
SD - Kolejová doprava, a.s.	CZ	O	-	100.00	100.00
Severočeské doly a.s.	CZ	M	-	100.00	100.00
ŠKODA PRAHA a.s.	CZ	O	-	100.00	100.00
ŠKODA PRAHA Invest s.r.o.	CZ	O	-	100.00	100.00
Telco Pro Services, a. s.	CZ	O	-	100.00	100.00
Tepelné hospodářství města Ústí nad Labem s.r.o.	CZ	GT	-	55.83	55.83
TMK Hydroenergy Power S.R.L.	RO	GN	-	100.00	100.00
Tomis Team S.A.	RO	GN	-	100.00	100.00
ÚJV Řež, a. s.	CZ	O	-	52.46	52.46
Windpark Baben Erweiterung GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Badow GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Fohren-Linden GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Frauenmark III GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Gremersdorf GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Cheinitz-Zethlingen GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Mengeringhausen GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Naundorf GmbH & Co. KG	DE	GN	-	100.00	100.00
Windpark Zagelsdorf GmbH & Co. KG	DE	GN	-	100.00	100.00

Associates and joint-ventures	Country	Operating segment	% equity interest*		% voting interest
			Change in 2018	2018	2018
New investments in 2018					
Bytkomfort, s.r.o.	SK	S	49.00	49.00	49.00
GP JOULE PPX Verwaltungs-GmbH	DE	GN	50.00	50.00	50.00
GP JOULE PP1 GmbH & Co. KG	DE	GN	50.00	50.00	50.00
Green Wind Deutschland GmbH	DE	GN	50.00	50.00	50.00
KLF-Distribúcia, s.r.o.	SK	S	50.00	50.00	50.00
Windpark Moringen Nord GmbH & Co. KG	DE	GN	50.00	50.00	50.00
Windpark Prezelle GmbH & Co. KG	DE	GN	50.00	50.00	50.00
Mergers in 2018					
Egerner Elektrik Üretim A.S.	TR	GT	(37.36)	–	–
Other – no change in 2018					
Akcez Enerji A.S.	TR	O	–	50.00	50.00
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	TR	GT	–	37.36	50.00
AK-EL Yalova Elektrik Üretim A.S.	TR	GT	–	37.36	50.00
Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.	TR	GT	–	37.36	50.00
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	TR	GT	–	37.36	50.00
Akenerji Elektrik Üretim A.S.	TR	GT	–	37.36	37.36
Elevion Co-Investment GmbH & Co. KG	DE	S	–	37.50	37.50
Jadrová energetická spoločnosť Slovenska, a. s.	SK	O	–	49.00	50.00
juwi Wind Germany 100 GmbH & Co. KG	DE	GN	–	51.00	51.00
LOMY MOŘINA spol. s r.o.	CZ	M	–	51.05	51.05
Sakarya Elektrik Dagitim A.S.	TR	D	–	50.00	50.00
Sakarya Elektrik Perakende Satis A.S.	TR	S	–	50.00	50.00

* The equity interest represents effective ownership interest of the Group.

Used shortcuts:

Country ISO code	Country	Segment	Operating segment
AL	Albania	GT	Generation – Traditional Energy
BG	Bulgaria	GN	Generation – New Energy
CZ	Czech Republic	D	Distribution
CN	China	S	Sales
FR	France	M	Mining
IT	Italy	O	Other
HU	Hungary		
DE	Germany		
NL	Netherlands		
PL	Poland		
RO	Romania		
SK	Slovakia		
RS	Serbia		
TR	Turkey		
UA	Ukraine		

Subsidiaries with Non-controlling Interests

The following table shows the composition of Group's non-controlling interests and dividends paid to non-controlling interests by respective subsidiaries (in CZK millions):

	2018		2017	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
CEZ Razpredelenie Bulgaria AD	2,818	–	2,742	217
ÚJV Řež, a. s.	859	–	831	–
CEZ Elektro Bulgaria AD	578	–	541	–
Other	305	17	190	24
Total	4,560	17	4,304	241

Assets and liabilities of both Bulgarian companies are classified as held for sale since February 22, 2018.

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2018 (in CZK millions):

	CEZ Razpredelenie Bulgaria AD	ÚJV Řež, a. s.	CEZ Elektro Bulgaria AD
Ownership share of non-controlling interests	33.00%	47.54%	33.00%
Current assets	1,609	1,143	4,176
Non-current assets	10,534	1,734	52
Current liabilities	(2,173)	(628)	(2,359)
Non-current liabilities	(1,785)	(430)	(113)
Equity	8,185	1,819	1,756
Attributable to:			
Equity holders of the parent	5,367	960	1,178
Non-controlling interests	2,818	859	578
Revenues and other operating income	4,606	1,632	6,829
Income before other income (expenses) and income taxes	291	112	149
Income before income taxes	256	85	146
Income taxes	(37)	(22)	(16)
Net income	219	63	130
Attributable to:			
Equity holders of the parent	146	33	87
Non-controlling interests	73	30	43
Total comprehensive income	257	59	143
Attributable to:			
Equity holders of the parent	164	31	96
Non-controlling interests	93	28	47
Operating cash flow	952	148	69
Investing cash flow	(943)	(144)	(1)
Financing cash flow	(178)	(79)	(27)
Net effect of currency translation in cash	2	(3)	12
Net increase (decrease) in cash and cash equivalents	(167)	(78)	53

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2017 (in CZK millions):

	CEZ Razpredelenie Bulgaria AD	ÚJV Řež, a. s.	CEZ Elektro Bulgaria AD
Ownership share of non-controlling interests	33.00%	47.54%	33.00%
Current assets	1,646	1,192	4,237
Non-current assets	10,220	1,835	33
Current liabilities	(2,057)	(580)	(2,382)
Non-current liabilities	(1,828)	(688)	(246)
Equity	7,981	1,759	1,642
Attributable to:			
Equity holders of the parent	5,239	928	1,101
Non-controlling interests	2,742	831	541
Revenues and other operating income	5,832	1,695	16,672
Income (loss) before other income (expenses) and income taxes	(224)	138	547
Income (loss) before income taxes	(237)	100	546
Income taxes	24	(16)	(57)
Net income (loss)	(213)	84	489
Attributable to:			
Equity holders of the parent	(143)	44	328
Non-controlling interests	(70)	40	161
Total comprehensive income (loss)	(698)	84	410
Attributable to:			
Equity holders of the parent	(464)	44	276
Non-controlling interests	(234)	40	134
Operating cash flow	1,196	357	269
Investing cash flow	(1,954)	(89)	-
Financing cash flow	585	(4)	28
Net effect of currency translation in cash	(30)	(19)	(74)
Net increase (decrease) in cash and cash equivalents	(203)	245	223

Interests in Associates and Joint-Ventures

The following table shows the composition of Group's investment in associates and joint-ventures and share of main financial results from associates and joint-ventures for the year ended December 31, 2018 (in CZK millions):

	Carrying amount of investment	Dividends received	Group's share of associate's and joint-venture's:		
			Net income (loss)	Other comprehensive income	Total comprehensive income
Akce Group	–	–	(425)	96	(329)
Akenerji Group	–	–	–	–	–
Jadrová energetická spoločnosť Slovenska, a. s.	2,645	–	(26)	19	(7)
ČEZ Energo, s.r.o.*	–	–	31	–	31
Bytkomfort, s.r.o.	242	–	3	–	3
LOMY MOŘINA spol. s r.o.	176	5	6	–	6
Other	298	–	2	–	2
Total	3,361	5	(409)	115	(294)

* The group gained control in the company ČEZ Energo, s.r.o. in 2018 (Note 8). Gain from remeasurement of previously held investment in ČEZ Energo, s.r.o. to fair value in the amount of CZK 101 million was included in statement of income in the line Share of profit (loss) from associates and joint-ventures.

The Group is a guarantor for the liabilities of companies within the joint-venture with Akce Enerji A.S. in the amount of USD 112.7 million and TRY 75.6 million as of December 31, 2018 (see Note 19.2). Due to the development of Turkey's macroeconomic and political situation leading to a further weakening of the Turkish currency (TRY) the risk of potential obligation in case of claim from guarantees provided by the Group increased in connection with increased probability of lack of future cash flows to settle all liabilities of Akce group. Based on calculation of recoverable amount from future cash flows a provision in the amount of CZK 908 million was recognized as of December 31, 2018. Because the Group's total cumulative share on losses of Akce group did not exceeded the amount of the guarantee provided as at December 31, 2018, the Group recognized its share on losses of Akce group in full (in the statement of income included in the line Share of profit (loss) from associates and joint-ventures). As of December 31, 2018, the liability in the amount of CZK 589 million was recorded on the balance sheet and the Group recognized additional provision in the amount of CZK 319 million (in the statement of income on the line Impairment of financial assets). The liability recorded from share on losses of Akce group was reclassified on the balance sheet from the line Other long-term financial liabilities to the line Provisions within the current liabilities.

In 2017 the share on losses of joint-venture Akenerji Elektrik Üretim A.S. exceeded the carrying amount of Group's investment in this joint-venture. The Group has made no obligations on behalf of Akenerji Elektrik Üretim A.S., so therefore the Group discontinued of using equity method of accounting as of December 31, 2017 (Note 2.2.3). The amount of unrecognized share of the Group on losses of Akenerji Group amounted to CZK 3,666 million as of December 31, 2018.

The joint-ventures Akce Enerji A.S. and Akenerji Elektrik Üretim A.S. are formed by partnership of CEZ Group and Akkök Group in Turkey to invest mainly into power generation and electricity distribution projects. The joint-venture Jadrová energetická spoločnosť Slovenska, a. s. is a joint-venture formed by CEZ Group and the Slovak Government to prepare the project of building a new nuclear power source in Slovakia.

The following table shows the composition of Group's investment in joint-ventures and share of main financial results from joint-ventures for the year ended December 31, 2017 (in CZK millions):

	Carrying amount of investment	Dividends received	Group's share of associate's and joint-venture's:		
			Net income (loss)	Other comprehensive income	Total comprehensive income
Akce Group	–	–	(566)	2	(564)
Akenerji Group*	–	–	(1,110)	1,577	467
CM European Power International B.V.**	–	208	(1)	(30)	(31)
Jadrová energetická spoločnosť Slovenska, a. s.	2,652	–	(35)	(155)	(190)
ČEZ Energo, s.r.o.	646	–	27	–	27
LOMY MOŘINA spol. s r.o.	175	11	5	–	5
Other	47	–	–	–	–
Total	3,520	219	(1,680)	1,394	(286)

* In 2017 the Group impaired goodwill allocated to Akenerji Group in total amount of CZK 707 million. This impairment loss was recognized in the statement of income in the line Share of profit (loss) from joint-ventures.

** CM European Power International B.V. was liquidated as of December 31, 2017.

As of December 31, 2017 the share on losses of joint-ventures Akce Enerji A.S. and Akenerji Elektrik Üretim A.S. exceeded the carrying amounts of Group's investments in these joint-ventures. The Group is a guarantor for the liabilities of Akce Enerji A.S. (see Note 19.2), therefore the Group recognized its share on losses in full and recognized a liability in the amount of CZK 259 million as of December 31, 2017. The Group has made no obligations on behalf of Akenerji Elektrik Üretim A.S. and consequently recognized its full share on net loss and its share on other comprehensive income to the extent not to recognize liability as of December 31, 2017. The amount of unrecognized share of the Group on losses of Akenerji Group amounted to CZK 1,353 million as of December 31, 2017.

The following tables present summarized financial information of material associates and joint-ventures for the year ended December 31, 2018 (in CZK millions):

	Current assets	Out of which: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Recognized liability / Unrecognized share on loss	Goodwill	Total carrying amount of the investment
Akecz Enerji A.S.	91	15	4,095	975	3,625	(414)				
Sakarya Elektrik Dagitim A.S.	1,522	13	3,277	1,955	1,937	907				
Sakarya Elektrik Perakende Satis A.S.	5,170	415	662	4,815	142	875				
Akecz Group						(1,178)	(589)	589	-	-
Akenerji Elektrik Üretim A.S.	1,314	21	12,348	6,205	15,555	(8,098)				
Egemer Elektrik Üretim A.S.*	-	-	-	-	-	-				
Akenerji Group						(9,813)	(3,666)	3,666	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	1,574	1,566	3,836	11	-	5,399	5,399	-	-	2,645
Bytkomfort, s.r.o.	53	30	218	33	24	214	214	-	137	242
LOMY MOŘINA spol. s r.o.	152	114	235	26	16	345	176	-	-	176

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Akecz Enerji A.S.	-	-	174	(316)	8	(1,374)	(152)	(1,526)
Sakarya Elektrik Dagitim A.S.	4,254	(6)	97	(308)	(98)	600	(336)	264
Sakarya Elektrik Perakende Satis A.S.	21,988	(53)	111	(126)	(18)	50	(252)	(202)
Akenerji Elektrik Üretim A.S.	1,700	(272)	151	(842)	(88)	(814)	(1,211)	(2,025)
Egemer Elektrik Üretim A.S.*	6,194	(272)	8	(1,244)	4	(5,569)	1,565	(4,004)
Jadrová energetická spoločnosť Slovenska, a. s.	16	(15)	5	-	(2)	(53)	39	(14)
Bytkomfort, s.r.o.	243	(22)	-	(1)	(5)	18	-	18
LOMY MOŘINA spol. s r.o.	224	(23)	-	-	(4)	12	-	12

* The company Egemer Elektrik Üretim A.S. merged into the company Akenerji Elektrik Üretim A.S. as of December 31, 2018.

The following tables present summarized financial information of material joint-ventures for the year ended December 31, 2017 (in CZK millions):

	Current assets	Out of which: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Recognized liability / Unrecognized share on loss	Goodwill	Total carrying amount of the investment
Akecz Enerji A.S.	30	3	5,416	698	3,636	1,112				
Sakarya Elektrik Dagitim A.S.	2,161	11	2,682	2,576	1,608	659				
Sakarya Elektrik Perakende Satis A.S.	3,593	171	279	3,054	193	625				
Akecz Group						(518)	(259)	259	-	-
Akenerji Elektrik Üretim A.S.	782	29	12,585	1,480	6,765	5,123				
Egemer Elektrik Üretim A.S.	815	62	9,095	2,638	12,447	(5,175)				
Akenerji Group						(3,622)	(1,353)	1,353	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	1,625	1,615	3,800	12	-	5,413	2,652	-	-	2,652
ČEZ Energo, s.r.o.	400	79	1,719	205	817	1,097	550	-	96	646
LOMY MOŘINA spol. s r.o.	153	115	236	30	16	343	175	-	-	175

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Akecz Enerji A.S.	-	-	-	(208)	-	133	(312)	(179)
Sakarya Elektrik Dagitim A.S.	4,167	-	13	(181)	(139)	519	(189)	330
Sakarya Elektrik Perakende Satis A.S.	17,991	(110)	91	(12)	154	(990)	(477)	(1,467)
Akenerji Elektrik Üretim A.S.	1,240	(370)	114	(863)	18	(601)	(1,633)	(2,234)
Egemer Elektrik Üretim A.S.	8,127	(366)	17	(1,048)	28	(2,287)	1,347	(940)
Jadrová energetická spoločnosť Slovenska, a. s.	18	(16)	7	-	(1)	(72)	(315)	(387)
ČEZ Energo, s.r.o.	938	(173)	-	(22)	(6)	53	-	53
LOMY MOŘINA spol. s r.o.	217	(25)	-	-	(3)	10	-	10

10. Cash and Cash Equivalents, Net

The composition of cash and cash equivalents, net at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Cash on hand and current accounts with banks	4,272	8,293
Short-term securities	401	901
Term deposits	2,607	3,429
Allowance to cash and cash equivalents	(2)	-
Total	7,278	12,623

At December 31, 2018 and 2017, cash and cash equivalents included foreign currency deposits of CZK 1,726 million and CZK 4,409 million, respectively.

The weighted average interest rate on short-term securities and term deposits at December 31, 2018 and 2017 was 0.5% and 0.2%, respectively. For the years 2018 and 2017 the weighted average interest rate was 1% and 0.2%, respectively.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at December 31, 2018 and 2017 (in CZK millions):

	2018	2017
Cash and cash equivalents as a separate line in the balance sheet	7,278	12,623
Cash and cash equivalents attributable to assets classified as held for sale (Note 15)	1,967	-
Total	9,245	12,623

11. Trade Receivables, Net

The composition of trade receivables, net at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Trade receivables	76,210	55,182
Allowances	(3,976)	(4,623)
Total	72,234	50,559

The information about receivables from related parties is included in Note 36.

Group's receivables pledged as security for liabilities at December 31, 2018 and 2017 are CZK 25 million and CZK 63 million, respectively.

At December 31, 2018 and 2017, the ageing analysis of receivables, net is as follows (in CZK millions):

	2018	2017
Not past due	69,131	47,892
Past due:		
Less than 3 months	1,284	1,364
3-6 months	360	387
6-12 months	445	344
more than 12 months	1,014	572
Total	72,234	50,559

Receivables include impairment allowance based on the collective assessment of impairment of receivables that are not individually significant.

The most significant item of receivables overdue for more than 12 months is related to receivables of the company ČEZ Distribuce, a. s. The company undertakes several litigations concerning the collection of the price component related to the costs of support for the generation of electricity from renewable energy sources and combined generation of electricity and heat in 2013. The company's management is convinced that in the event of a negative judgment against ČEZ Distribuce in these and similar litigations, the Company will be able to demand the reimbursement of fees and accessories from company OTE, a.s. and in this regard the management is committed to make all necessary actions to ensure that eventual loss in such disputes will have no negative impact on the company.

Movements in allowance for doubtful receivables (in CZK millions):

	2018	2017
Opening balance	(4,623)	(7,605)
Adoption of IFRS 9	(93)	-
Additions	(1,810)	(2,025)
Reversals	1,356	2,634
Derecognition of impaired assets	141	2,236
Transfer to assets held for sale	1,063	-
Disposal of subsidiaries	-	8
Currency translation differences	(10)	129
Closing balance	(3,976)	(4,623)

12. Materials and Supplies, Net

The composition of materials and supplies, net at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Gross costs incurred on wind projects in Poland in development	309	960
Allowance to wind projects in Poland	(299)	(955)
Wind projects in Poland in development, net	10	5
Materials	8,468	7,805
Other work in progress	355	728
Other supplies	196	126
Allowance for obsolescence	(292)	(339)
Total	8,737	8,325

13. Emission Rights

The following table summarizes the movements in the quantity (in thousand tons) and book value of emission rights and credits held by the Group during 2018 and 2017 (in CZK millions):

	2018		2017	
	in thousands tons	in millions CZK	in thousands tons	in millions CZK
Emission rights and credits granted and purchased for own use:				
Granted and purchased emission rights and credits at January 1	29,676	3,255	27,409	2,229
Emission rights acquired in business combinations	9	2	-	-
Emission rights granted	5,599	-	8,078	-
Settlement of prior year actual emissions with register	(26,733)	(3,197)	(28,974)	(2,452)
Emission rights purchased	31,933	8,990	23,021	3,478
Emission rights sold	(10)	-	-	-
Emission credits purchased	123	1	150	1
Disposal of subsidiary	-	-	(8)	(1)
Currency translation differences	-	(11)	-	-
Granted and purchased emission rights and credits at December 31	40,597	9,040	29,676	3,255
Emission rights and credits held for trading:				
Emission rights and credits held for trading at January 1	21,824	4,542	4,660	827
Settlement of prior year actual emissions with register	(1,134)	(382)	-	-
Emission rights purchased	114,047	42,684	124,803	18,798
Emission rights sold	(119,923)	(44,841)	(107,639)	(17,461)
Fair value adjustment	-	7,398	-	2,378
Emission rights and credits held for trading at December 31	14,814	9,401	21,824	4,542

The composition of emission rights and green and similar certificates at December 31, 2018 and 2017 (in CZK millions):

	2018			2017		
	Non-current	Current	Total	Non-current	Current	Total
Emission rights	3,625	14,816	18,441	-	7,797	7,797
Green and similar certificates	3,539	1,839	5,378	3,517	1,573	5,090
Total	7,164	16,655	23,819	3,517	9,370	12,887

During 2018 and 2017 total emissions of greenhouse gases made by the Group companies amounted to an equivalent of 26,787 thousand tons and 27,867 thousand tons of CO₂, respectively. At December 31, 2018 and 2017 the Group recognized a provision for CO₂ emissions in total amount of CZK 5,588 million and CZK 3,664 million, respectively (see Notes 2.13 and 20).

14. Other Current Assets, Net

The composition of other current assets, net at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Unbilled electricity and gas supplied to the retail customers	964	2,596
Received advances from retail customers	(935)	(1,111)
Unbilled supplies to retail customers, net	29	1,485
Gross contract assets based on percentage of completion, net	8,184	6,171
Received billings and advances	(5,814)	(4,958)
Net contract assets	2,370	1,213
Advances paid, net	2,523	2,371
Prepayments	1,408	1,265
Accruals	1,910	1,881
Taxes and fees, excluding income tax	1,634	1,541
Total	9,874	9,756

15. Assets and Associated Liabilities Classified as Held for Sale

On February 23, 2018, a sales contract for the sale of interests in Bulgarian companies CEZ Razpredelenie Bulgaria AD (including its interest in CEZ ICT Bulgaria EAD), CEZ Trade Bulgaria EAD, CEZ Bulgaria EAD, CEZ Elektro Bulgaria AD, Free Energy Project Oreshets EAD and Bara Group EOOD was signed. The requirements of standard IFRS 5 to classify the assets as held for sale were met by granting prior consent to the transaction by the supervisory board of ČEZ, a. s. which took place on February 22, 2018. The transaction is a subject to approval by the Bulgarian anti-trust authority, the proceedings are now suspended. While the sales contract remains in force, there are ongoing parallel negotiations with other parties interested in these Bulgarian assets.

As of December 31, 2018 the Group performed an impairment test for any potential impairment loss related to assets held for sale. As a result of the test performed, there was an impairment loss in the amount of CZK 621 million, which was presented in the statement of income on the line Impairment of property, plant and equipment and intangible assets (Note 7).

The assets classified as held for sale and associated liabilities at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018	2017
	Bulgarian companies	Other
Property, plant and equipment, net	10,411	30
Intangible assets, net	446	–
Other non-current assets	128	–
Cash and cash equivalents	1,967	–
Trade receivables, net	4,092	–
Other current assets	453	–
Assets classified as held for sale	17,497	30
Long-term debt, net of current portion	1,313	–
Non-current provisions	144	–
Other long-term financial liabilities	218	–
Deferred tax liability	291	–
Short-term loans	309	–
Current portion of long-term debt	224	–
Trade payables	2,999	–
Current provisions	479	–
Other current liabilities	220	–
Liabilities associated with assets classified as held for sale	6,197	–

The assets and results associated with the assets classified as held for sale are reported in the operating segments Generation – New Energy, Distribution, Sale and Other.

16. Equity

As at December 31, 2018 and 2017, the share capital of the Company registered in the Commercial Register totaled CZK 53,798,975,900 and consisted of 537,989,759 shares with a nominal value of CZK 100 per share. All shares are bearer common shares that are fully paid and listed and do not convey any special rights.

Movements of treasury shares in 2018 and 2017 (in pieces):

	2018	2017
Number of treasury shares at beginning of period	3,605,021	3,755,021
Sales of treasury shares	(480,000)	(150,000)
Number of treasury shares at end of period	3,125,021	3,605,021

Treasury shares remaining at end of period are presented at cost as a deduction from equity.

Declared dividends per share before tax were CZK 33 in 2018 and 2017. Dividends for the year 2018 will be declared at the general meeting, which will be held in the first half of 2019.

Capital Management

The primary objective of the Group's capital management is to keep its credit rating on the investment grade and on the level that is common in the industry and to maintain healthy capital ratios in order to support its business and maximize value for shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group primarily monitors capital using the ratio of net debt to EBITDA. Considering the current structure and stability of cash flow and the development strategy, the goal of the Group is the level of this ratio in range 2.5 to 3.0. In addition, the Group also monitors capital using a total debt to total capital ratio. The Group's policy is to keep the total debt to total capital ratio below 50% in the long term.

EBITDA consists of income before income taxes and other income (expenses) plus depreciation and amortization, plus impairment of property, plant and equipment and intangible assets and less gain (or loss) on sale of property, plant and equipment. The Group includes within total debt the long-term and short-term interest bearing loans and borrowings. Net debt is defined as total debt less cash and cash equivalents and highly liquid financial assets. Highly liquid financial assets consist for capital management purposes of short-term and long-term debt financial assets and short-term and long-term bank deposits. Total capital is total equity attributable to equity holders of the parent plus total debt. The items related to assets classified as held for sale, which are presented separately on the balance sheet, are always included in these calculations.

The calculation and evaluation of the ratios is done using consolidated figures (in CZK millions):

	2018	2017*
Total long-term debt	149,183	143,234
Total short-term loans	11,783	11,073
Long-term debt associated with assets classified as held for sale (Note 15)	1,537	-
Short-term loans associated with assets classified as held for sale (Note 15)	309	-
Total debt	162,812	154,307
Less:		
Cash and cash equivalents	(7,278)	(12,623)
Cash and cash equivalents classified as held for sale (Note 15)	(1,967)	-
Highly liquid financial assets:		
Current debt financial assets (Note 5)	(1,287)	(2,807)
Non-current debt financial assets (Note 5)	(513)	(1,787)
Current term deposits (Note 5)	(505)	(503)
Non-current term deposits (Note 5)	-	(500)
Total net debt	151,262	136,087
Income before income taxes and other income (expenses)	19,759	25,620
Depreciation and amortization	28,139	29,305
Impairment of property, plant and equipment and intangible assets	1,766	230
Gains and losses on sale of property, plant and equipment (Note 25 and 31)	(129)	(1,234)
EBITDA	49,535	53,921
Total equity attributable to equity holders of the parent	234,721	250,018
Total debt	162,812	154,307
Total capital	397,533	404,325
Net debt to EBITDA ratio	3.05	2.52
Total debt to total capital ratio	41.0%	38.2%

* The way of presentation of the balance sheet was changed in 2018 (Note 2.3.3). Part of total debt are newly accrued interest expenses, which amounted to CZK 2,200 million and CZK 2,135 million as of December 31, 2018 and 2017, respectively, and also lease liabilities, which amounted to CZK 245 million and CZK 3 million as of December 31, 2018 and 2017, respectively. The prior year figures were changed accordingly to provide comparative information on the same basis.

17. Long-term Debt

Long-term debt at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,468	2,283
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,647	1,523
5.000% Eurobonds, due 2021 (EUR 750 million)	19,457	19,306
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,287	1,277
4.875% Eurobonds, due 2025 (EUR 750 million)	19,909	19,757
4.500% Eurobonds, due 2020 (EUR 750 million)	19,693	19,524
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,370	2,193
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,287	1,287
2.150%*1R CPI Eurobonds, due 2021 (EUR 100 million) ¹⁾	2,634	2,615
4.102% Eurobonds, due 2021 (EUR 50 million)	1,288	1,278
4.375% Eurobonds, due 2042 (EUR 50 million)	1,286	1,276
4.500% Eurobonds, due 2047 (EUR 50 million)	1,284	1,274
4.383% Eurobonds, due 2047 (EUR 80 million)	2,087	2,072
3.000% Eurobonds, due 2028 (EUR 725 million)	19,419	19,327
3M Euribor + 0.55% Eurobonds, due 2018 (EUR 200 million)	–	5,108
0.875% Eurobonds, due 2022 (EUR 500 million)	12,824	–
4.250% U.S. bonds, due 2022 (USD 289 million)	6,525	6,177
5.625% U.S. bonds, due 2042 (USD 300 million)	6,768	6,411
4.500% Registered bonds, due 2030 (EUR 40 million)	1,017	1,008
4.750% Registered bonds, due 2023 (EUR 40 million)	1,068	1,059
4.700% Registered bonds, due 2032 (EUR 40 million)	1,060	1,052
4.270% Registered bonds, due 2047 (EUR 61 million)	1,549	1,538
3.550% Registered bonds, due 2038 (EUR 30 million)	790	784
Total bonds and debentures	127,717	118,129
Less: Current portion	(3,419)	(7,203)
Bonds and debentures, net of current portion	124,298	110,926
Long-term bank loans and lease payables:		
Less than 2.00% p. a.	13,726	16,947
2.00% to 2.99% p. a.	4,041	7,361
3.00% to 3.99% p. a.	919	783
4.00% p. a. and more	2,780	14
Total long-term bank loans and lease payables	21,466	25,105
Less: Current portion	(3,324)	(3,556)
Long-term bank loans and lease payables, net of current portion	18,142	21,549
Total long-term debt	149,183	143,234
Less: Current portion	(6,743)	(10,759)
Total long-term debt, net of current portion	142,440	132,475

¹⁾ The interest rate is based on inflation realized in Eurozone Countries (Harmonized Index of Consumer Prices – HICP) and is fixed through the closed swap to the rate 4.553% p. a.

The interest rates indicated above are historical rates for fixed rate debt and current market rates for floating rate debt. The actual interest payments are affected by interest rate risk hedging carried out by the Group.

All long-term debt is recognized in original currencies while the related hedging derivatives are recognized using the method described in Note 2.15.

The future maturities of long-term debt are as follows (in CZK millions):

	2018	2017
Current portion	6,743	10,759
Between 1 and 2 years	22,675	4,783
Between 2 and 3 years	26,058	22,582
Between 3 and 4 years	24,286	26,098
Between 4 and 5 years	5,910	11,328
Thereafter	63,511	67,684
Total long-term debt	149,183	143,234

The following table analyses the long-term debt by currency (in millions):

	2018		2017	
	Foreign currency	CZK	Foreign currency	CZK
EUR	4,767	121,914	4,522	115,483
USD	592	13,293	591	12,587
JPY	31,714	6,485	31,711	5,999
BGN	–	–	133	1,741
PLN	440	2,634	514	3,141
RON	492	2,716	527	2,888
CZK	–	2,141	–	1,395
Total long-term debt		149,183		143,234

Long-term debt with floating interest rates exposes the Group to interest rate risk. The following table summarizes long-term debt with floating rates of interest by contractual reprising dates at December 31, 2018 and 2017 without considering interest rate hedging (in CZK millions):

	2018	2017
Floating rate long-term debt		
with interest rate fixed to 1 month	19	–
with interest rate fixed from 1 to 3 months	6,317	11,218
with interest rate fixed from 3 months to 1 year	12,186	14,256
with interest rate fixed more than 1 year	–	1,738
Total floating rate long-term debt	18,522	27,212
Fixed rate long-term debt	130,661	116,022
Total long-term debt	149,183	143,234

Fixed rate long-term debt exposes the Group to the risk of changes in fair values of these financial instruments. For related fair value information and risk management policies of all financial instruments see Note 18 and Note 19.

The following table analyses the changes in liabilities and receivables arising from financing activities in 2018 and 2017 (in CZK millions):

	Debt	Other financial liabilities	Other long-term liabilities	Other current financial assets, net	Total liabilities / assets from financing activities
Amount presented on balance sheet at January 1, 2017	170,002	46,062	3,957	(56,886)	
Less: Liabilities / assets from other than financing activities	–	(44,231)	(3,924)	56,861	
Liabilities / assets arising from financing activities at January 1, 2017	170,002	1,831	33	(25)	171,841
Cash flows	(6,150)	(17,855)	–	(10)	(24,015)
Foreign exchange movement	(4,970)	(11)	(2)	–	(4,983)
Changes in fair values	(6,076)	–	–	–	(6,076)
Acquisition of subsidiaries	882	–	–	–	882
Declared dividends	–	17,827	–	–	17,827
Other*	619	262	–	–	881
Liabilities / assets arising from financing activities at December 31, 2017	154,307	2,054	31	(35)	156,357
Liabilities / assets arising from other than financing activities	–	53,319	3,304	(43,063)	
Total amount on balance sheet at December 31, 2017	154,307	55,373	3,335	(43,098)	
Less: Liabilities / assets from other than financing activities	–	(53,319)	(3,304)	43,063	
Liabilities / assets arising from financing activities at January 1, 2018	154,307	2,054	31	(35)	156,357
Cash flows	5,235	(18,151)	–	6	(12,910)
Foreign exchange movement	1,698	1	–	–	1,699
Changes in fair values	255	–	–	–	255
Acquisition of subsidiaries	1,209	18	–	–	1,227
Liabilities associated to assets classified as held for sale	(1,846)	(104)	–	–	(1,950)
Declared dividends	–	17,621	–	–	17,621
Other**	108	(273)	–	–	(165)
Liabilities / assets arising from financing activities at December 31, 2018	160,966	1,166	31	(29)	162,134
Liabilities / assets arising from other than financing activities	–	124,175	–	(93,274)	
Total amount on balance sheet at December 31, 2018	160,966	125,341	31	(93,303)	

* This includes reclassification of short-term option derivative liability related to conversion option embedded in exchangeable bond, which ceased to exist on bond redemption, in the amount of CZK 686 million.

** This includes reclassification of liability recorded from share on losses of Akcez group from line Other long-term financial liabilities to line Provisions within current liabilities in the amount of CZK 259 million.

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item Other long-term liabilities consists especially of long-term deposits and received advanced payments, item Other financial liabilities consists of dividend payable and other financial liabilities (short-term and long-term including short-term portion), item Other current financial assets, net consists of advanced payments to dividend administrator.

18. Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Current Investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Securities Held for Trading

The fair values of equity and debt securities that are held for trading are estimated based on quoted market prices.

Investments

The fair values of instruments, which are publicly traded on active markets, are determined based on quoted market prices. For unquoted equity instruments the Group considered the use of valuation models and concluded that the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Therefore unquoted equity instruments are carried at cost and the fair value information is not disclosed.

Short-term Receivables and Payables

The carrying amount of receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term Loans

The carrying amount approximates fair value because of the short period to maturity of those instruments.

Long-term Debt

The fair value of long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The carrying amount of long-term debt and other payables with variable interest rates approximates their fair values.

Derivatives

The fair value of derivatives is based upon mark to market valuations.

Carrying amounts and the estimated fair values of financial assets (except for derivatives) at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets at amortized cost				
Term deposits	–	–	500	500
Other financial receivables	505	505	269	269
Debt financial assets	10	10	10	10
Non-current assets at fair value through other comprehensive income				
Restricted debt securities	15,205	15,205	13,971	13,971
Debt financial assets	503	503	1,777	1,777
Equity financial assets	3,055	3,055	1,658	1,658
Financial assets in progress	–	–	6	6
Non-current assets at fair value through profit or loss				
Equity financial assets	2,139	2,139	–	–
Non-current assets at cost*				
Equity financial assets	–	–	3,111	–
Current assets at amortized cost				
Term deposits	505	505	503	503
Other financial receivables	35	35	43	43
Current assets at fair value through other comprehensive income				
Debt financial assets	1,287	1,287	2,807	2,807

* Equity financial assets that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Carrying amounts and the estimated fair values of financial liabilities (except for derivatives) at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	(149,183)	(158,115)	(143,234)	(157,181)
Other long-term financial liabilities	(1,435)	(1,435)	(2,185)	(2,185)
Short-term loans	(11,783)	(11,783)	(11,073)	(11,073)
Other short-term financial liabilities	(1,229)	(1,229)	(511)	(511)

Carrying amounts and the estimated fair values of derivatives at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash flow hedges				
Short-term receivables	126	126	2	2
Long-term receivables	2,185	2,185	1,581	1,581
Short-term liabilities	(9,637)	(9,637)	–	–
Long-term liabilities	(12,732)	(12,732)	(9,131)	(9,131)
Commodity derivatives				
Short-term receivables	91,025	91,025	39,539	39,539
Long-term receivables	100	100	97	97
Short-term liabilities	(99,217)	(99,217)	(42,214)	(42,214)
Other derivatives				
Short-term receivables	274	274	204	204
Long-term receivables	1,149	1,149	836	836
Short-term liabilities	(204)	(204)	(139)	(139)
Long-term liabilities	(887)	(887)	(1,193)	(1,193)

18.1. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between the levels in 2018 and 2017.

As at December 31, 2018, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	91,125	6,292	84,833	–
Cash flow hedges	2,311	25	2,286	–
Other derivatives	1,423	3	1,420	–
Restricted debt securities	15,205	15,205	–	–
Debt financial assets at fair value through other comprehensive income	1,790	1,790	–	–
Equity financial assets at fair value through profit or loss	2,139	–	–	2,139
Equity financial assets at fair value through other comprehensive income	3,055	–	–	3,055

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(99,217)	(11,562)	(87,655)	–
Cash flow hedges	(22,369)	(4,593)	(17,776)	–
Other derivatives	(1,091)	(32)	(1,059)	–

Assets and liabilities for which fair values are disclosed	Total	Level 1	Level 2	Level 3
Term deposits	505	–	505	–
Other financial receivables	540	–	540	–
Debt financial assets	10	–	10	–
Long-term debt	(158,115)	(112,369)	(45,746)	–
Short-term loans	(11,783)	–	(11,783)	–
Other financial liabilities	(2,664)	–	(2,664)	–

As at December 31, 2017, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	39,636	1,777	37,859	–
Cash flow hedges	1,583	3	1,580	–
Other derivatives	1,040	358	682	–
Restricted debt securities	13,971	13,971	–	–
Debt financial assets at fair value through other comprehensive income	4,584	4,584	–	–
Equity financial assets at fair value through other comprehensive income	1,658	–	–	1,658

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(42,214)	(1,615)	(40,599)	–
Cash flow hedges	(9,131)	(2,353)	(6,778)	–
Other derivatives	(1,332)	(860)	(472)	–

Assets and liabilities for which fair values are disclosed	Total	Level 1	Level 2	Level 3
Term deposits	1,003	–	1,003	–
Other financial receivables	312	–	312	–
Debt financial assets	10	–	10	–
Long-term debt	(157,181)	(102,208)	(54,973)	–
Short-term loans	(11,073)	–	(11,073)	–
Other financial liabilities	(2,696)	–	(2,696)	–

The Group enters into derivative financial instruments with various counterparties, principally large power and utility groups and financial institutions with high credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward and futures contracts, foreign exchange forward contracts, interest rate swaps and options. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations and option pricing models (e.g. Black-Scholes). The models incorporate various inputs including the forward rate curves of the underlying commodity, foreign exchange spot and forward rates and interest rate curves.

The following table shows roll forward of the financial assets measured at fair value – Level 3, for the years ended December 31, 2018 and 2017 (in CZK millions):

	Equity financial assets at fair value through profit or loss	Equity financial assets at fair value through other comprehensive income
Balance at January 1, 2017	–	–
Additions	–	1,463
Revaluation	–	195
Balance at December 31, 2017	–	1,658
Adoption of IFRS 9		
Transfer from category measured at cost	–	3,111
Transfer between categories at fair value	1,658	(1,658)
Additions	389	–
Disposals	(26)	(143)
Revaluation	118	87
Balance at December 31, 2018	2,139	3,055

The main investment in the portfolio Equity financial assets at fair value through other comprehensive income is 15% interest in the company Veolia Energie ČR, a.s. (Note 5). Equity instruments of the company are not quoted on any market. Fair value at December 31, 2018 was determined using available public EBITDA data and the usual range of 8 to 10 EBITDA multiples which corresponds to the transactions observed on the market for acquisition of the 100% interest before the adjustment for outstanding debt. The fair value at December 31, 2018 was determined using 9 EBITDA multiple as the best estimate of the fair value.

Equity financial assets at fair value through profit or loss include investments of the CEZ Group's investment fund in the company Inven Capital, SICAV, a.s. (Note 5). The fair value of the investments included in this portfolio was determined at 31 December 2018 and 2017 by valuator's appraisal. The fair value is stated especially with regard to capital contributions and to other forms of financing made by the co-investors recently. In addition, the valuation takes into account further developments and eventual subsequent significant events, such as received bids for redemption.

18.2. Offsetting of Financial Instruments

The following table shows the recognized financial instruments that are offset, or subject to enforceable master netting agreement or other similar agreements but not offset, as of December 31, 2018 and 2017 (in CZK millions):

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	94,859	(122,677)	42,259	(52,677)
Other financial instruments*	44,492	(41,372)	27,565	(25,540)
Collaterals paid (received)**	2,878	(1,611)	482	(2,290)
Gross financial assets / liabilities	142,229	(165,660)	70,306	(80,507)
Assets / liabilities set off under IAS 32	–	–	–	–
Amounts presented in the balance sheet	142,229	(165,660)	70,306	(80,507)
Effect of master netting agreements	(128,574)	128,574	(62,970)	62,970
Net amount after master netting agreements	13,655	(37,086)	7,336	(17,537)

* Other financial instruments consist of invoices due from derivative trading and are included in Trade receivables, net or Trade payables.

** Collaterals paid are included in Trade receivables, net and collaterals received are included in Trade payables.

When trading with derivative instruments, ČEZ enters into the EFET and ISDA framework contracts. These contracts generally allow mutual offset of receivables and payables upon the premature termination of agreement. The reason for premature termination is insolvency or non-fulfillment of agreed terms by the counterparty. The right to mutual offset is either embedded in the framework contract or results from the security provided. There is CSA (Credit Support Annex) concluded with some counterparties defining the permitted limit of exposure. When the limit is exceeded, there is a transfer of cash reducing exposure below an agreed level. Cash security (collateral) is also included in the final offset.

The information about offset of unbilled electricity supplied to retail customers with advances received is included in Note 14 and 24. The information about offset of construction contracts and related billings and advances received is included in Note 14.

Short-term derivative assets are included in the balance sheet in Other financial assets, net, long-term derivative assets in Other non-current financial assets, net, long-term derivative liabilities in Other long-term financial liabilities and short-term derivative liabilities in Other short-term financial liabilities.

19. Financial Risk Management

Risk Management Approach

A risk management system is being successfully developed in order to protect the Group's value while taking the level of risk acceptable for the shareholders. In the Group, the risk is defined as a potential difference between the actual and the expected (planned) developments and is measured by means of the extent of such difference in CZK and the likelihood with which such a difference may occur.

A risk capital concept is applied within the Group. The concept allows the setting of basic cap for partial risk limits and, in particular, the unified quantification of all kinds of risks. The value of aggregate annual risk limit (Profit@Risk) is approved by the Board of Directors based on the Risk Management Committee proposal for every financial year. The proposed limit value is derived from historical volatility of profit, revenues and costs of the Group (the top-down method). The approved value in CZK is set on the basis of a 95% confidence level and expresses a maximum profit decrease, which is the Group willing to take in order to reach the planned annual profit.

The bottom-up method is used for setting and updating the Risk frames. The Risk frames include the definition of risk and departments/units of the Group for which the frame is obligatory; definition of rules and responsibilities for risk management; permitted instruments and methods of risk management and actual risk limits, including a limit which expresses the share in the annual Profit@Risk limit.

The main Business Plan market risks are quantified in the Group (EBITDA@Risk based on MonteCarlo simulation in Y+1 to Y+5 horizon). The market risks are actively managed through gradual electricity sales and emission allowances' purchases in the following 6-year horizon, closed long-term contracts for electricity sale and emission allowances purchase and the FX and IR risk hedging in medium-term horizon. In Business Plan horizon, the risk management is also based on Debt Capacity concept which enables to assess the impact of main Investment and other Activities (incl. the risk characteristics), on expected cash flow and total debt in order to maintain corporate rating.

Risk Management Organization

The supreme authority responsible for risk management in ČEZ, a. s. is the CFO, except for approval of the aggregate annual budget risk limit (Profit@Risk) within the competence of the ČEZ, a. s. Board of Directors. CFO decides, based on the recommendation of the Risk Management Committee, on the development of a system of risk management, on an overall allocation of risk capital to the individual risks and organizational units, he approves obligatory rules, responsibilities and limit structure for the management of partial risks.

The Risk Management Committee (advisory committee of CFO) continuously monitors an overall risk impact on the Group, including Group risk limits utilization, status of risks linked to Business Plan horizon, hedging strategies status, assessment of impact of Investment and other Activities on potential Group debt capacity and cash flow in order to maintain corporate rating.

Overview and Methods of Risk Management

The Group applies a unified categorization of the Group's risks which reflects the specifics of a corporate, i.e. non-banking company, and focuses on primary causes of unexpected development. The risks are divided into four basic categories listed below.

1. Market risks	2. Credit risks	3. Operation risks	4. Business risks
1.1 Financial (FX, IR)	2.1 Counterparty default	3.1 Operating	4.1 Strategic
1.2 Commodity	2.2 Supplier default	3.2 Internal change	4.2 Political
1.3 Volumetric	2.3 Settlement	3.3 Liquidity management	4.3 Regulatory
1.4 Market liquidity		3.4 Security	4.4 Reputation

From the view of risk management, the Group activities can be divided into two basic groups:

- Activities with the unified quantification of the share of respective activity in the aggregate risk limit of the Group (i.e. using specific likelihood, it is possible to objectively determine what risk is associated with an activity/planned profit). These risks are managed by the rules and limits set by the CFO of ČEZ, a. s. based on the recommendation of the Risk Management Committee and, concurrently, in accordance with governing documents of the respective units/processes of the Group.
- Activities whose share in the aggregate risk limit of the Group have not been quantified so far or for objective reasons. These risks are managed by the responsible owners of the relevant processes in accordance with internal governing documents of the respective units/processes of the Group.

For all risks quantified on a unified basis, a partial risk limit is set whose continuous utilization is evaluated on a monthly basis and is usually defined as a sum of the actually expected deviation of expected annual profit from the plan and the potential risk of loss on a 95% confidence. The Group's methodologies and data provide for a unified quantification of the following risks:

- Market risks: financial (currency, interest and stock price) risks, commodity prices (electricity, emission allowances, coal, gas, crude oil), volume (volume of electricity produced by wind power plants)
- Credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk
- Operational risks: risks of nuclear and fossil power plants operation in the Czech Republic, investment risks.

The development of the Group's quantified risks is reported to the Risk Management Committee every month through 3 regular reports:

- Annual budget risks (annual Profit@Risk limit utilization)
- Business plan risks (EBITDA@Risk based on MonteCarlo simulation)
- Debt capacity (actual deviation from the optimal debt within Y+5 horizon, derived from rating agency requirements on debt indicators in order to preserve the ČEZ rating).

19.1. Qualitative Description of Risks Associated with Financial Instruments

Commodity Risks

The development of electricity, emission allowances, coal and gas prices is a key risk factor of the Group's value. The current system of commodity risk management is focused on (i) the margin from the own electricity production sales, i.e. from trades resulting in optimizing the sales of the Group's production and in optimizing the emission allowances position for production (the potential risk is managed on the EaR, VaR and the EBITDA@Risk bases), and (ii) the margin from the proprietary trading of commodities within the whole Group (the potential risk is managed on the VaR basis).

Market Financial Risks (currency, interest and stock price risks)

The development of foreign exchange rates, interest rates and stock prices is a significant risk factor of the Group's value. The current system of financial risk management is focused mainly on (i) the future cash flows and (ii) financial trades which are realized for the purposes of an overall risk position management in accordance with the risk limits (the potential risk is managed on the basis of VaR, EBITDA@Risk and complementary position limits). Own financial instruments (i.e. active and passive financial trades and derivative trades) are realized entirely in the context of an overall expected cash flows of the Group (including operational and investment foreign currency flows).

Credit Risks

With respect to the Group's activities managed on a centralized level, credit exposures of individual financial partners and wholesale partners are managed in accordance with individual credit limits. The individual limits are set and continuously updated according to the counterparty's credibility (in accordance with international rating and internal financial evaluation of counterparties with no international rating).

With respect to the electricity sales to end customers in the Czech Republic, the actual credibility is monitored for each business partner based on payment history (in addition, the financial standing is considered for selected partners). This credibility determines the payment conditions of partners (i.e. it indirectly determines an amount of an approved credit exposure) and also serves to quantify both the expected and the potential losses.

The Group's maximum exposure to credit risk to receivables and other financial instruments as at December 31, 2018 and 2017 is the carrying value of each class of financial assets except for financial guarantees. Credit risk from balances with banks and financial institutions is managed by the Group's risk management department in cooperation with Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

In accordance with the credit risk methodology applied to the banking sector per Basel II, every month the expected and potential losses are quantified on a 95% confidence level. It means that the share of all credit risks mentioned above in the aggregate annual Profit@Risk limit is quantified and evaluated.

Liquidity Risks

The Group's liquidity risk is primarily perceived as an operational risk (risk of liquidity management) and a risk factor is the internal ability to effectively manage the future cash flows planning process in the Group and to secure the adequate liquidity and effective short-term financing (the risk is managed on a qualitative basis). The fundamental liquidity risk management (i.e. liquidity risk within the meaning for banking purposes) is covered by the risk management system as a whole. In any given period, the future deviations of the Group's expected cash flows are managed in accordance with the aggregate risk limit and in the context of the actual and the targeted debt/equity ratio of the Group.

19.2. Quantitative Description of Risks Associated with Financial Instruments

Commodity Risks

The required quantitative information on risks (i.e. a potential change of market value resulting from the effects of risk factors as at December 31) was prepared based on the assumptions given below:

- the indicator of risk associated with financial instruments is defined as the monthly parametric VaR (95% confidence) which expresses a maximum potential decrease in fair value of contracts classified as derivatives under IFRS 9 (the underlying commodities in the Group's derivative transactions are: electricity, EUA and CER/ERU emission allowances, gas, coal ARA, Richards Bay, Newcastle and crude oil and crude oil products) on the given confidence level
- highly probable forecasted future electricity generation sales with the delivery in the CZ power grid are included in the VAR calculation to reflect the hedging character of significant portion of the existing derivative sales of electricity with delivery in Germany
- for the calculation of volatility and correlations (between commodity prices), the SMA (Simple Moving Average) method is applied to 60 daily time series
- the source of market data is mainly EEX, PXE and ICE
- the indicator VaR illustrates mainly the impact of revaluation of above mentioned financial instruments to statement of income.

Potential impact of the above risk factors as at December 31 (in CZK millions):

	2018	2017
Monthly VaR (95%) – impact of changes in commodity prices	1,974	902

Currency Risks

The required quantitative information on risks (i.e. a potential change of market value resulting from the effects of currency risk as at December 31) was prepared based on the assumptions given below:

- the indicator of currency risk is defined as the monthly VaR (95% confidence)
- for the calculation of VaR, based on volatility and internal correlations of each considered currency, the method of historical simulation VaR is applied to 90 daily historical time series
- the relevant currency position is defined mainly as a discounted value of foreign currency cash flows from all contracted financial instruments, from expected foreign currency operational revenues and costs in 2017 and from highly probable forecasted foreign currency revenues, costs or capital expenditures that are being hedged by financial instruments etc.
- the relevant currency positions reflect all significant foreign currency flows of the Group companies in the monitored basket of foreign currencies
- the source of market FX and interest rate data is mainly IS Reuters and IS Bloomberg
- the indicator VaR illustrates mainly the impact of revaluation of above mentioned currency position to statement of income.

Potential impact of the currency risk as at December 31 (in CZK millions):

	2018	2017
Monthly currency VaR (95% confidence)	254	184

Interest Risks

For the quantification of the potential impact of the interest risk was chosen the sensitivity of the interest revenue and cost to the parallel shift of yield curves. The approximate quantification (as at December 31) was based on the following assumptions:

- parallel shift of the yield curves (+10bp) was selected as the indicator of interest risk
- the statement of income sensitivity is measured as an annual change of the interest revenue and cost resulting from the interest-sensitive positions as at December 31
- the considered interest positions reflect all significant interest-sensitive positions of the Group companies
- the source of market interest rates is mainly IS Reuters and IS Bloomberg.

Potential impact of the interest risk as at December 31 (in CZK millions):

	2018	2017
IR sensitivity* to parallel yield curve shift (+10bp)	(6)	(12)

* Negative result denotes higher increase in interest costs than in interest revenues

Credit Exposure

The Group is exposed to credit risk arising on all financial assets presented on the balance sheet and from provided guarantees. Credit exposure from provided guarantees not recorded on balance sheet at December 31 (in CZK millions):

	2018	2017
Guarantees off balance sheet provided to joint-ventures*	1,945	2,584

* Some of the guarantees could be called until August 2021 at the latest.

The guarantees provided relate to bank loans. The beneficiary may claim the guarantee only upon failure to comply with certain conditions of loans. The companies whose liabilities are the subject to the guarantees currently comply with their obligations.

Liquidity Risk

Maturity profile of financial liabilities based on contractual undiscounted payments at December 31, 2018 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other financial liabilities	Derivatives*	Guarantees issued**
Up to 1 year	15,276	6,240	63,885	444,227	1,945
Between 1 and 2 years	3,631	24,194	62	104,613	–
Between 2 and 3 years	3,113	27,193	–	34,950	–
Between 3 and 4 years	5,131	22,071	–	16,952	–
Between 4 and 5 years	1,318	7,148	7	4,714	–
Thereafter	5,627	78,976	–	29,525	–
Total	34,096	165,822	63,954	634,981	1,945

Contractual maturity of undiscounted cash flow of financial liabilities at December 31, 2017 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other financial liabilities	Derivatives*	Guarantees issued**
Up to 1 year	14,790	9,875	48,146	302,134	2,584
Between 1 and 2 years	3,792	6,042	1,410	75,564	–
Between 2 and 3 years	3,649	23,840	–	25,581	–
Between 3 and 4 years	3,283	26,834	–	11,906	–
Between 4 and 5 years	5,904	8,748	–	13,414	–
Thereafter	6,212	84,339	15	32,771	–
Total	37,630	159,678	49,571	461,370	2,584

* Contractual maturities for derivatives represent contractual cash outflows of these instruments, but at the same time the Group will receive corresponding consideration. For fair values of derivatives see Note 18.

** Maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The committed credit facilities available to the Group as at December 31, 2018 and 2017 amounted to CZK 15.8 billion and CZK 18.7 billion, respectively.

19.3. Hedge Accounting

The Group enters into cash flow hedges of future highly probable cash inflows from the sales denominated in EUR against the currency risk. The hedged cash flows are expected to occur in the period from 2019 to 2024. The hedging instruments as at December 31, 2018 and 2017 are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 4.0 billion and EUR 4.1 billion, respectively, and currency forward contracts and swaps. The fair value of these derivative hedging instruments (currency forward contracts and swaps) amounted to CZK 178 million and CZK (16) million at December 31, 2018 and 2017, respectively.

The Group also enters into cash flow hedges of highly probable future sales of electricity in the Czech Republic from 2019 to 2024. The hedging instruments are the futures and forward contracts electricity sales in Germany. The fair value of these derivative hedging instruments amounted to CZK (20,236) million and CZK (7,532) million at December 31, 2018 and 2017, respectively.

The Group applied cash flow hedges of future highly probable purchases of emission allowances which had been expected to occur in 2018 and 2017. The hedging instruments were the futures contracts for the purchase of allowances equivalent to 6.0 million and 7.0 million tons of CO₂ emissions, respectively. The final settlement of the purchase of these hedged emission allowances was in December 2018 and 2017.

In 2018 and 2017 the amounts removed from equity in respect of cash flow hedges were recognized in profit or loss and included in the lines Sales of electricity, heat, gas and coal, Gains and losses from commodity derivative trading, Other financial expenses and Other financial income and on the balance sheet in the lines Intangible assets, net and Emission rights. In 2018 and 2017 the Group recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the amount of CZK (29) million and CZK (3) million, respectively. The ineffectiveness in 2018 and 2017 was mainly caused by the fact that the hedged cash flows are no more highly probable to occur.

20. Provisions

Provisions at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018			2017		
	Non-current	Current	Total	Non-current	Current	Total
Nuclear provisions	61,363	2,282	63,646	59,419	2,197	61,616
Provision for reclamation of mines and mining damages	8,285	317	8,602	7,702	220	7,922
Provision for waste storage reclamation	649	57	705	949	53	1,002
Provision for CO ₂ emissions	–	5,588	5,588	–	3,664	3,664
Provision for obligation in case of claim from guarantee for Akcez group loans	–	908	908	–	–	–
Other provisions	5,501	3,171	8,672	5,221	3,092	8,313
Total	75,798	12,323	88,121	73,291	9,226	82,517

20.1. Nuclear Provisions

The Company operates two nuclear power plants. Nuclear power plant Dukovany consists of four units which were put into service from 1985 to 1987. Nuclear power plant Temelín has two units which have started commercial operation in 2002 and 2003. A Nuclear Act (Act) which defines obligations for the decommissioning of nuclear facilities, the disposal of radioactive waste and spent fuel (disposal). The Act requires that all nuclear parts of plant and equipment be decommissioned following the end of the plant's operating life. For the purpose of accounting for the nuclear provisions, it is assumed that the end of the plant's operating life will be 2037 for Dukovany and 2052 for Temelín. A 2018 Dukovany and a 2014 Temelín decommissioning cost study estimate that nuclear decommissioning will cost CZK 28.6 billion and CZK 18.4 billion, respectively. The Company makes contributions to a restricted bank accounts in the amount of the nuclear provisions recorded under the Act. These restricted funds can be invested in government bonds and term deposits in accordance with the Act and are shown in the balance sheet as part of Restricted financial assets, net (see Note 4).

Pursuant to the Act, the Ministry of Industry and Trade established the Radioactive Waste Repository Authority (RAWRA) as the central organizer and operator of facilities for the final disposal of radioactive waste and spent fuel. The RAWRA operates, supervises and is responsible for disposal facilities and for disposal of radioactive waste and spent fuel therein. The activities of the RAWRA are financed through a nuclear account funded by the originators of radioactive waste. Contribution to the nuclear account is stated by Act at 55 CZK per MWh produced at nuclear power plants. In 2018 and 2017 the payments to the nuclear account amounted to CZK 1,646 million and CZK 1,559 million, respectively. The originator of radioactive waste and spent fuel directly covers all costs associated with interim storage of radioactive waste and spent fuel.

The Group has established provisions as described in Note 2.24, to recognize its estimated liabilities for decommissioning and spent fuel storage. The following is a summary of the provisions for the years ended December 31, 2018 and 2017 (in CZK millions):

	Accumulated provisions			
	Nuclear decommissioning	Spent fuel storage		Total
		Interim	Long-term	
Balance at January 1, 2017	18,892	7,367	29,244	55,503
Movements during 2017:				
Discount accretion and effect of inflation	472	184	731	1,387
Provision charged to income statement	–	380	–	380
Effect of change in estimate credited to income statement	–	275	–	275
Effect of change in estimate added to fixed assets (Note 2.24)	1,449	–	4,740	6,189
Current cash expenditures	–	(559)	(1,559)	(2,118)
Balance at December 31, 2017	20,813	7,647	33,156	61,616
Movements during 2018:				
Discount accretion and effect of inflation	537	191	829	1,557
Provision charged to income statement	–	527	–	527
Effect of change in estimate charged to income statement	–	(43)	–	(43)
Effect of change in estimate added to (deducted from) fixed assets (Note 2.24)	2,429	–	(110)	2,319
Current cash expenditures	–	(684)	(1,646)	(2,330)
Balance at December 31, 2018	23,779	7,638	32,229	63,646

The current cash expenditures for the long-term storage of spent nuclear fuel represent payments to the state controlled nuclear account and the expenditures for interim storage represent mainly the purchase of interim fuel storage containers and other related equipment.

In 2018 the Group recorded the change in estimate for interim storage of spent nuclear fuel in connection with the change in expectations of future storage costs, the change in estimate in provision for nuclear decommissioning due to the update of the expert decommissioning study for nuclear power plant in Dukovany and the change in long-term spent fuel storage in connection with the modification of the expected output of the nuclear power plants.

In 2017, the Group recorded a change in estimate for interim storage of spent nuclear fuel in connection with the change in expectations of future storage costs and change in discount rate, the change in estimate in provision for nuclear decommissioning in connection with the change of timing of the costs for decommissioning expenditure in Temelin Nuclear Power Plant and change in discount rate and the change in long-term spent fuel storage in connection with the modification of the expected output of the nuclear power plants.

The actual decommissioning and spent fuel storage costs could vary substantially from the above estimates because of new regulatory requirements, changes in technology, increased costs of labor, materials, and equipment and/or the actual time required to complete all decommissioning, disposal and storage activities.

20.2. Provision for Mine Reclamation and Mining Damages and Waste Storage Reclamation

The following table shows the movements of provisions for the years ended December 31, 2018 and 2017 (in CZK millions):

	Mine reclamation and damages	Waste storage
Balance at January 1, 2017	7,633	1,072
Movements during 2017:		
Discount accretion and effect of inflation	185	26
Provision charged to income statement	85	-
Effect of change in estimate added to (deducted from) fixed assets (Note 2.25)	265	-
Current cash expenditures	(246)	(75)
Reversal of provision	-	(21)
Balance at December 31, 2017	7,922	1,002
Movements during 2018:		
Discount accretion and effect of inflation	193	25
Provision charged to income statement	251	-
Effect of change in estimate added to fixed assets (Note 2.25)	239	(71)
Current cash expenditures	(216)	(33)
Reversal of provision	-	(5)
Reclassification	213	(213)
Balance at December 31, 2018	8,602	705

The provision for decommissioning and reclamation of mines and mining damages was recorded by Severočeské doly a.s., a mining subsidiary of ČEZ. Severočeské doly a.s. operates open pit coal mines and is responsible for decommissioning and reclamation of the mines as well as for damages caused by the operations of the mines. These provisions have been calculated using the best estimates of the expenditures required to settle the present obligation at the balance sheet date. Current cash expenditures represent cash payments for current reclamation of mining area and settlement of mining damages. Change in estimate represents change in provision as result of updated cost estimates in the current period, mainly due to changes in expected prices of reclamation activities.

21. Other Financial Liabilities

Other financial liabilities at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018			2017		
	Long-term liabilities	Short-term liabilities	Total	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	1,366	–	1,366	500	–	500
Deposits and other	69	1,229	1,298	1,685	511	2,196
Financial liabilities at amortized cost	1,435	1,229	2,664	2,185	511	2,696
Cash flow hedge derivatives	12,732	9,637	22,369	9,131	–	9,131
Commodity and other derivatives	887	99,421	100,308	1,193	42,353	43,546
Financial liabilities at fair value	13,619	109,058	122,677	10,324	42,353	52,677
Total	15,054	110,287	125,341	12,509	42,864	55,373

22. Other Long-term Liabilities

Other long-term liabilities at December 31, 2018 and 2017 are as follows (in CZK millions)

	2018	2017
Deferred connection fees	–	3,304
Advances received	31	31
Total	31	3,335

In the adoption of IFRS 15, a significant portion of connection fees in amount of CZK 3,085 million was transferred to the retained earnings (Note 2.3.1). The remaining value of these contributions fees is reported as of December 31, 2018 in the line Liabilities associated with assets classified as held for sale.

23. Short-term Loans

Short-term loans at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018	2017
Short-term bank loans	11,516	10,977
Bank overdrafts	267	96
Total	11,783	11,073

Interest on short-term loans is variable. The weighted average interest rate was 0.4% and 0.1% at December 31, 2018 and 2017, respectively. For the years 2018 and 2017 the weighted average interest rate was 0.7% and 0.3%, respectively.

24. Other Short-term Liabilities

Other short-term liabilities at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018	2017
Advances received from retail customers	20,125	19,235
Unbilled electricity and gas supplied to retail customers	(16,621)	(16,963)
Received advances from retail customers, net	3,504	2,272
Taxes and fees, except income tax	2,684	2,248
Other advances received	926	1,034
Deferred income	347	242
Total	7,461	5,796

25. Revenues and Other Operating Income

The composition of revenues and other operating income for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Sales of electricity:		
Sales of electricity to end customers	45,941	48,504
Sales of electricity through energy exchange	4,134	3,669
Sales of electricity to traders	36,830	35,524
Sales to distribution and transmission companies	177	239
Other sales of electricity	20,733	17,208
Effect of hedging – presales of electricity (Note 19.3)	(5,596)	326
Effect of hedging – currency risk hedging (Note 19.3)	878	(1,397)
Total sales of electricity	103,097	104,073
Sales of gas, coal and heat:		
Sales of gas	7,072	7,345
Sales of coal	4,489	4,593
Sales of heat	6,792	6,727
Total sales of gas, coal and heat	18,353	18,665
Total sales of electricity, heat, gas and coal*	121,450	122,738
Sales of services and other revenues:		
Distribution services	39,356	62,243
Other services	18,220	13,072
Revenues from goods sold	1,132	178
Other revenues	1,160	769
Total sales of services and other revenues*	59,868	76,262
Other operating income:		
Granted green and similar certificates	995	2,701
Contractual fines and interest fees for delays	334	210
Gain on sale of property, plant and equipment	137	1,243
Gain on sale of material	169	107
Other	1,533	1,831
Total other operating income	3,168	6,092
Total revenues and other operating income*	184,486	205,092

* Year-on-year comparability is significantly affected by the adoption of IFRS 15 as at January 1, 2018 (see Note 2.3.1). Total revenues and other operating income for the year 2017 in accordance with IFRS 15 would have been in amount of CZK 173,731 million. Total sales of electricity, heat, gas and coal in accordance with IFRS 15 would have been in amount of CZK 116,319 million. Total sales of services and other revenues in accordance with IFRS 15 would have been in amount of CZK 51,374 million.

26. Gains and Losses from Commodity Derivative Trading

The composition of gains and losses from commodity derivative trading for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Electricity derivative trading:		
Sales – domestic	13,537	6,825
Sales – foreign	259,360	183,258
Purchases – domestic	(13,311)	(6,640)
Purchases – foreign	(264,806)	(181,666)
Changes in fair value of derivatives	5,601	(721)
Total gains from electricity derivative trading	381	1,056
Other commodity derivative trading:		
Loss from gas derivative trading	(409)	(190)
Gain (loss) from oil derivative trading	(22)	43
Gain (loss) from coal derivative trading	(84)	11
Gain from emission rights derivative trading	709	293
Total gains and losses from commodity derivative trading	575	1,213

27. Purchase of Electricity, Gas and Other Energies

The composition of purchase of electricity, gas and other energies for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Purchase of electricity for resale	(44,611)	(48,128)
Purchase of gas for resale	(5,211)	(5,409)
Purchase of other energies	(2,346)	(3,816)
Total purchase of electricity, gas and other energies	(52,168)	(57,353)

28. Fuel and Emission Rights

The composition of fuel and emission rights for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Fossil energy fuel and biomass	(7,236)	(7,178)
Amortization of nuclear fuel	(4,027)	(3,725)
Gas	(2,712)	(1,799)
Emission rights for generation	(5,089)	(3,337)
Total fuel and emission rights	(19,064)	(16,039)

29. Services

The composition of services for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Purchase of transmission grid services for distribution of electricity	(4,701)	(4,221)
Purchase of other distribution services	(518)	(25,296)
Repairs and maintenance	(4,584)	(4,714)
Purchase of other services	(16,289)	(13,581)
Total purchase of services*	(26,092)	(47,812)

* Year-on-year comparability is significantly affected by the adoption of IFRS 15 as at January 1, 2018 (see Note 2.3.1). Total purchase of services for the year 2017 in accordance with IFRS 15 would have been in amount of CZK 24,462 million.

Information about fees charged by independent auditors is provided in the annual report of CEZ Group.

30. Salaries and Wages

Salaries and wages for the years ended December 31, 2018 and 2017 were as follows (in CZK millions):

	2018		2017	
	Total	Key management personnel ¹⁾	Total	Key management personnel ¹⁾
Salaries and wages including remuneration of the board members	(18,386)	(247)	(15,294)	(229)
Share options	(33)	(33)	(28)	(28)
Social and health security	(5,427)	(46)	(4,788)	(38)
Other personal expenses	(1,774)	(23)	(1,976)	(23)
Total	(25,620)	(349)	(22,086)	(318)

¹⁾ Key management personnel represent members of Supervisory Board, Audit Committee and Board of Directors of the parent company and selected managers of departments with group field of activity. The remuneration of former members of company bodies is also included in personal expenses.

At December 31, 2018 and 2017, the aggregate number of share options granted to members of Board of Directors and selected managers was 1,904 thousand and 2,326 thousand, respectively.

Members of the Board of Directors and selected managers are entitled to receive share options based on the conditions stipulated in the share option agreement. Members of the Board of Directors and selected managers are granted certain quantity of share options each year of their tenure according to rules of the share option plan. The exercise price for the granted options is based on the average quoted market price of the shares on the regulated exchange in the Czech Republic during one-month period preceding the grant date each year. Options granted could be exercised at the earliest 2 years and latest 3.5 years after each grant date. Option right is limited so that the profit per share option will not exceed 100% of exercise price and the beneficiary has to hold at his account such number of shares exercised through options granted which is equivalent to 20% of profit made on exercise date until the end of share option plan.

The following table shows changes during 2018 and 2017 in the number of granted share options and the weighted average exercise price of these options:

	Number of share options			Weighted average exercise price (CZK per share)
	Board of Directors '000s	Selected managers '000s	Total '000s	
Share options at January 1, 2017	1,980	532	2,512	519.16
Options granted	574	185	759	447.74
Movements	20	(20)	–	523.50
Options exercised ¹⁾	(150)	–	(150)	458.71
Options forfeited	(610)	(185)	(795)	527.57
Share options at December 31, 2017²⁾	1,814	512	2,326	496.89
Options granted	590	185	775	542.63
Options exercised ¹⁾	(350)	(130)	(480)	438.03
Options forfeited	(560)	(157)	(717)	615.88
Share options at December 31, 2018²⁾	1,494	410	1,904	485.52

¹⁾ In 2018 and 2017 the weighted average market share price at the date of the exercise for the options exercised was CZK 539.42 and CZK 499.70, respectively.

²⁾ At December 31, 2018 and 2017 the number of exercisable options was 390 thousand and 932 thousand, respectively. The weighted average exercise price of the exercisable options was CZK 443.84 per share and CZK 586.22 per share at December 31, 2018 and 2017, respectively.

The fair value of the options is estimated on the date of grant using the binomial option-pricing model. Because these stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of stock options.

At the grant dates, the underlying assumptions and the resulting fair values per option were as follows:

	2018	2017
Weighted average assumptions:		
Dividend yield	2.7%	3.7%
Expected volatility	18.1%	23.0%
Mid-term risk-free interest rate	0.9%	0.4%
Expected life (years)	1.4	1.4
Grant-date share price (CZK per share)	543.4	451.2
Weighted average grant-date fair value of options (CZK per 1 option)	41.4	42.0

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

As at December 31, 2018 and 2017 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	2018	2017
CZK 350–550 per share	1,544	1,594
CZK 550–650 per share	360	732
Total	1,904	2,326

The options granted which were outstanding as at December 31, 2018 and 2017 had an average remaining contractual life of 2.3 years and 1.9 years, respectively.

31. Other Operating Expenses

Other operating expenses for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Change in provisions	541	1,262
Taxes and fees	(3,330)	(3,245)
Cost of goods sold	(778)	(89)
Consumption of guarantees of origin and green and similar certificates	(938)	(825)
Insurance	(696)	(671)
Costs related to trading of commodities	(356)	(259)
Gifts	(336)	(323)
Bad debt expense	(205)	(211)
Loss on sale of property, plant and equipment	(10)	(9)
Other	(992)	(1,149)
Total	(7,100)	(5,519)

Taxes and fees include the contributions to the nuclear account (see Note 20.1). The settlement of the provision for long-term spent fuel storage is accounted for at the amount of contributions to nuclear account. Settlement of provision for long-term spent fuel storage is included in Change in provisions.

32. Interest Income

Interest income for each category of financial assets for the years ended December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Debt financial assets designated at fair value through other comprehensive income	197	173
Bank accounts	84	25
Loans and receivables	13	23
Debt financial assets at amortized cost	8	14
Financial assets and liabilities at fair value through profit or loss	13	-
Total	315	235

33. Other Financial Expenses

Other financial expenses for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Derivative losses	(47)	(927)
Foreign exchange rate loss	(776)	-
Loss on sales of debt financial assets	(11)	(147)
Creation and settlement of provision	(17)	(157)
Cost of buy back of bonds	-	(490)
Loss on disposal of subsidiaries, associates and joint-ventures (see Note 8)	-	(14)
Other	(200)	(242)
Total	(1,051)	(1,977)

34. Other Financial Income

Other financial income for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Derivative gains	933	504
Gain from sale of MOL shares	–	4,560
Gain from sale of other available-for-sale financial assets	–	89
Gain from revaluation of financial assets	128	–
Dividend income	177	262
Gain on disposal of subsidiaries, associates and joint-ventures (see Note 8)	159	–
Foreign exchange rate gain	–	959
Other	890	268
Total	2,287	6,642

35. Income Taxes

Companies resident in the Czech Republic calculated corporate income tax in accordance with the Czech tax regulations at the rate of 19% in 2018 and 2017. The Czech corporate income tax rate enacted for 2019 and on is 19%. Management believes that it has adequately provided for tax liabilities in the accompanying financial statements. However, the risk remains that the relevant financial authorities could take differing positions with regard to interpretive issues, which could have a potential effect on reported income.

The components of the income tax provision are as follows (in CZK millions):

	2018	2017
Current income tax charge	(4,191)	(3,937)
Adjustments in respect of current income tax of previous periods	(57)	20
Deferred income taxes	1,231	123
Total	(3,017)	(3,794)

The differences between income tax expense computed at the statutory rate and income tax expense provided on earnings are as follows (in CZK millions):

	2018	2017
Income before income taxes	13,517	22,753
Statutory income tax rate in Czech Republic	19%	19%
"Expected" income tax expense	(2,568)	(4,323)
Tax effect of:		
Non-deductible expenses related to shareholdings	(26)	(22)
Goodwill and other non-current assets impairment	(174)	–
Share of profit (loss) from associates and joint-ventures	(72)	(478)
Tax exempt gain from sale of MOL shares	–	866
Adjustments in respect of current income tax of previous periods	(57)	19
Effect of different tax rate in other countries	(80)	(110)
Change in unrecorded deferred tax asset	236	(58)
Other already taxed, tax exempt or non-deductible items, net	(276)	312
Income taxes	(3,017)	(3,794)
Effective tax rate	22%	17%

Deferred income taxes, net, at December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Nuclear provisions	10,217	9,924
Financial statement depreciation in excess of tax depreciation	2,141	2,126
Revaluation of financial instruments	4,451	1,843
Allowances	1,088	1,126
Other provisions	2,771	2,537
Tax loss carry forwards	1,492	1,408
Other temporary differences	477	486
Unrecorded deferred tax asset	(829)	(1,184)
Total deferred tax assets	21,808	18,266
Tax depreciation in excess of financial statement depreciation	(32,393)	(34,625)
Revaluation of financial instruments	(184)	(179)
Other provisions	(441)	(485)
Other temporary differences	(4,220)	(1,673)
Total deferred tax liability	(37,238)	(36,962)
Total deferred tax liability, net	(15,430)	(18,696)
Reflected in the balance sheet as follows:		
Deferred tax assets	1,269	1,297
Deferred tax liability	(16,699)	(19,993)
Total deferred tax liability, net	(15,430)	(18,696)

Movements in net deferred tax liability, net in 2018 and 2017 were as follows (in CZK millions):

	2018	2017
Opening balance at January 1	18,696	18,617
Adoption of IFRS 9 and IFRS 15	565	-
Deferred tax recognized in profit or loss	(1,231)	(123)
Deferred tax recognized in other comprehensive income	(2,544)	(301)
Acquisition of subsidiaries	175	509
Disposal of subsidiaries	(47)	(2)
Currency translation differences	(20)	(4)
Deferred tax classified as held for sale	(164)	-
Closing balance at December 31	15,430	18,696

At December 31, 2018 and 2017 the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK 25,889 million and CZK 39,778 million, respectively.

Tax effects relating to each component of other comprehensive income (in CZK millions):

	2018			2017		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(16,016)	3,043	(12,973)	(3,950)	750	(3,200)
Cash flow hedges reclassified to statement of income	3,927	(746)	3,181	4,026	(764)	3,262
Cash flow hedges reclassified to assets	(972)	185	(787)	(394)	75	(319)
Change in fair value of debt instruments	(363)	73	(290)	(1,178)	226	(952)
Disposal of debt instruments	-	-	-	(52)	13	(39)
Change in fair value of equity instruments	87	(11)	76	(105)	-	(105)
Disposal of equity instruments	-	-	-	(5,490)	-	(5,490)
Translation differences – subsidiaries	107	-	107	(3,412)	-	(3,412)
Translation differences – associates and joint-ventures	115	-	115	1,340	-	1,340
Disposal of translation differences	1	-	1	751	-	751
Share on other equity movements of associates and joint-ventures	-	-	-	54	-	54
Re-measurement gains (losses) on defined benefit plans	(22)	-	(22)	(5)	1	(4)
Total	(13,136)	2,544	(10,592)	(8,415)	301	(8,114)

36. Related Parties

The Group purchases from and sells to related parties products, goods and services in the ordinary course of business.

At December 31, 2018 and 2017, the receivables from related parties and payables to related parties are as follows (in CZK millions):

	Receivables		Payables	
	2018	2017	2018	2017
Akenerji Elektrik Üretim A.S.	18	5	–	–
ČEZ Energo, s.r.o. ¹⁾	–	83	–	23
Elevion Co-Investment GmbH & Co. KG	–	–	123	124
in PROJEKT LOUNY ENGINEERING s.r.o.	5	12	5	8
LOMY MOŘINA spol. s r.o.	2	2	20	12
Ústav aplikované mechaniky Brno, s.r.o.	3	7	67	44
Výzkumný a zkušební ústav Plzeň s.r.o.	74	49	2	2
Other	16	10	11	8
Total	118	168	228	221

¹⁾ Company was related party till June 30, 2018.

The following table provides the total amount of transactions, which have been entered into with related parties for 2018 and 2017 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2018	2017	2018	2017
Akcez Enerji A.S.	21	29	–	–
Akenerji Elektrik Üretim A.S.	30	33	–	–
ČEZ Energo, s.r.o. ¹⁾	132	274	56	273
in PROJEKT LOUNY ENGINEERING s.r.o.	32	21	26	15
LOMY MOŘINA spol. s r.o.	13	10	176	172
Teplo Klášterec s.r.o.	57	56	–	1
Ústav aplikované mechaniky Brno, s.r.o.	4	10	136	73
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	27	28	2	2
Other	17	24	49	35
Total	333	485	445	571

¹⁾ Company was related party till June 30, 2018.

Dividend income, interest and other financial income from related parties for the relevant financial year (in CZK millions):

	Interest and other financial income		Dividend income	
	2018	2017	2018	2017
Akcez Enerji A.S.	16	17	–	–
CM European Power International B.V. ²⁾	–	–	–	208
LOMY MOŘINA spol. s r.o.	–	–	5	11
Osvětlení a energetické systémy a.s. ³⁾	–	–	–	28
Other	6	2	3	15
Total	22	19	8	262

²⁾ Company was related party till December 31, 2017.

³⁾ Company was related party till January 10, 2018.

Information about compensation of key management personnel is included in Note 30. Information about guarantees provided to joint-ventures is included in Note 19.2.

37. Segment Information

The Group reports its result using six reportable operating segments:

- Generation – Traditional Energy
- Generation – New Energy
- Distribution
- Sales
- Mining
- Other

The segments are defined across the countries that CEZ Group operates. Segment is a functionally autonomous part of CEZ Group that serves a single part of the value chain in the energy sector and is within the purview of individual members of the ČEZ, a. s. Board of Directors.

The Group accounts for intersegment revenues and transfers as if the revenues or transfers were to third parties, that is, at current market prices or where the regulation applies at regulated prices.

The Group evaluates the performance of its segments based on EBITDA (see Note 16).

The following tables summarize segment information by operating segments for the years ended December 31, 2018 and 2017 (in CZK millions):

Year 2018:	Generation – Traditional Energy	Generation – New Energy	Distribution	Sales	Mining	Other	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	52,613	5,612	40,599	78,430	4,713	2,519	184,486	–	184,486
Revenues and other operating income – intersegment	34,775	487	345	7,263	4,819	13,999	61,688	(61,688)	–
Total revenues and other operating income	87,388	6,099	40,944	85,693	9,532	16,518	246,174	(61,688)	184,486
EBITDA	16,600	3,247	19,747	4,317	3,751	1,877	49,539	(4)	49,535
Depreciation and amortization	(15,941)	(1,788)	(6,124)	(471)	(2,351)	(1,464)	(28,139)	–	(28,139)
Impairment of property, plant and equipment and intangible assets	(1,249)	191	(671)	1	21	(59)	(1,766)	–	(1,766)
EBIT	(531)	1,650	12,976	3,847	1,424	397	19,763	(4)	19,759
Interest on debt and provisions	(6,544)	(301)	(377)	(170)	(196)	(220)	(7,808)	831	(6,977)
Interest income	496	17	120	61	41	411	1,146	(831)	315
Share of profit (loss) from associates and joint-ventures	–	–	300	169	6	(783)	(308)	–	(308)
Income taxes	947	(241)	(2,372)	(803)	(257)	(291)	(3,017)	–	(3,017)
Net income	25,945	1,276	10,619	3,062	1,632	(105)	42,429	(31,929)	10,500
Identifiable assets	246,206	27,392	109,741	3,838	20,062	9,286	416,525	(617)	415,908
Investment in associates and joint-ventures	–	235	–	305	176	2,645	3,361	–	3,361
Unallocated assets									288,174
Total assets									707,443
Capital expenditure	8,041	439	12,892	673	1,628	5,333	29,006	(2,620)	26,386
Average number of employees	6,870	137	8,357	5,450	2,665	7,066	30,545	–	30,545

Year 2017:	Generation – Traditional Energy	Generation – New Energy	Distribution	Sales	Mining	Other	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	54,459	6,828	29,849	106,623	4,823	2,510	205,092	–	205,092
Revenues and other operating income – intersegment	29,959	752	28,336	4,856	4,725	15,428	84,056	(84,056)	–
Total revenues and other operating income*	84,418	7,580	58,185	111,479	9,548	17,938	289,148	(84,056)	205,092
EBITDA	19,062	4,988	19,038	4,611	4,056	2,169	53,924	(3)	53,921
Depreciation and amortization	(17,301)	(1,736)	(6,262)	(155)	(2,337)	(1,514)	(29,305)	–	(29,305)
Impairment of property, plant and equipment and intangible assets	1,389	(551)	(987)	1	(82)	–	(230)	–	(230)
EBIT	4,308	2,701	11,818	4,459	1,637	700	25,623	(3)	25,620
Interest on debt and provisions	(4,993)	(280)	(319)	(51)	(186)	(226)	(6,055)	676	(5,379)
Interest income	636	1	31	2	3	238	911	(676)	235
Share of profit (loss) from associates and joint-ventures**	(1,818)	–	265	(468)	5	(371)	(2,387)	–	(2,387)
Income taxes	317	(561)	(2,188)	(792)	(310)	(260)	(3,794)	–	(3,794)
Net income	11,362	1,854	9,604	3,060	1,892	5,120	32,892	(13,933)	18,959
Identifiable assets	255,773	28,845	113,805	1,110	20,517	9,050	429,100	(1,081)	428,019
Investment in associates and joint-ventures**	–	–	–	693	175	2,652	3,520	–	3,520
Unallocated assets									192,367
Total assets									623,906
Capital expenditure	11,872	749	12,905	330	1,569	5,985	33,410	(4,275)	29,135
Average number of employees	6,622	63	8,206	3,027	2,691	7,050	27,659	–	27,659

* Revenues and other operating income for the year 2017 in accordance with IFRS 15 would have been in amount of CZK 173,731 million (Note 2.3.1).

** Joint-venture ČEZ Energo and associated company Elevion Co-Investment are included in the operating segment Sales in order to provide comparative information with 2018 on the same basis. In the consolidated financial statements as of December 31, 2017 these investments were presented in the operating segments Generation – Traditional Energy and Other, respectively.

Prices in certain intersegment transactions are regulated by the Energy Regulatory Office (see Note 1).

The following table shows the split of revenues and other operating income according to the location of the entity where the revenues are originated (in CZK million):

	2018	2017
Czech Republic	128,526	144,615
Bulgaria	16,546	24,145
Romania	13,653	15,027
Poland	10,930	8,734
Germany	9,170	3,885
Other	5,661	8,686
Total revenues and other operating income*	184,486	205,092

* Total revenues and other operating income for the year 2017 in accordance with IFRS 15 would have been in amount of CZK 173,731 million (Note 2.3.1).

The following table shows the split of property, plant and equipment according to the location of entity which they belong to at December 31, 2018 and 2017 (in CZK million):

	2018	2017
Czech Republic	378,663	380,530
Bulgaria	–	10,072
Romania	23,734	23,855
Poland	6,182	6,610
Germany	6,458	6,644
Other	871	308
Total property, plant and equipment	415,908	428,019

38. Net Income per Share

	2018	2017
Numerator (CZK millions)		
Basic and diluted:		
Net income attributable to equity holders of the parent	10,327	18,765
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	534,733	534,247
Dilutive effect of share options	246	149
Diluted:		
Adjusted weighted average shares	534,979	534,396
Net income per share (CZK per share)		
Basic	19.3	35.1
Diluted	19.3	35.1

39. Commitment and Contingencies

Investment Program

The Group is engaged in a continuous construction program, currently estimated as of December 31, 2018 over the next five years as follows (in CZK billion):

2019	35.5
2020	34.4
2021	35.2
2022	28.8
2023	30.4
Total	164.3

These figures do not include the expected acquisitions of subsidiaries, associates and joint-ventures, which will depend on the number of future investment opportunities, for which the Group will be a successful bidder and also considering the recoverability of these investments.

The construction programs are subject to periodic reviews and actual construction may vary from the above estimates.

At December 31, 2018 significant purchase commitments were outstanding in connection with the construction program.

Insurance Matters

The Nuclear Act sets limits for liabilities for nuclear damages so that the operator of nuclear installations for energy generation purposes is liable for up to CZK 8 billion per incident. The Nuclear Act limits the liability for damage caused by other nuclear installations and activities (such as transportation) to CZK 2 billion. The Nuclear Act also requires an operator to insure its liability connected with the operation of a nuclear power plant up to a minimum of CZK 2 billion and up to a minimum of CZK 300 million for other activities (such as transportation). The Company concluded the above mentioned insurance policies with Česká pojišťovna a.s. (representing Czech Nuclear Insurance Pool) and European Liability Insurance for the Nuclear Industry. The Company has obtained all insurance policies with minimal limits as required by the law.

The Group also maintains the insurance policies covering the assets of its coal-fired, hydroelectric, CCGT and nuclear power plants and general third party liability insurance in connection with main operations of the Group.

40. Events after the Balance Sheet Date

In January 2019 the Group acquired 100% share in the German company En.plus GmbH, which is engaged in the design and installation of air conditioning and cooling equipment. Provisional book values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

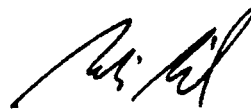
	En.plus
Share of the Group being acquired in 2019	100%
Non-current assets	30
Trade receivables	234
Other current assets	161
Debt	(102)
Trade payables	(66)
Other liabilities	(165)
Total net assets	92
Share of net assets acquired	92
Goodwill	265
Total purchase consideration	357

In February 2019 the sales contract to sale the whole investment in the company Sonnen Holding GmbH from the CEZ Group investment fund managed by Inven Capital, SICAV, a.s. was signed.

These consolidated financial statements have been authorized for issue on March 18, 2019.



Daniel Beneš
Chairman of Board of Directors



Martin Novák
Vice-chairman of Board of Directors

EXPLANATORY NOTE FOR USERS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The following independent auditor's report contains apart from the auditor's opinion to the consolidated financial statements of the CEZ Group as of December 31, 2018 also information regarding the audit of other information related to the annual report of the CEZ Group which was performed by an independent auditor in accordance to Auditors Act. The annual report, containing also full version of consolidated financial statements, is available on the Company's website (www.cez.cz/en/investors/financial-reports/annual-reports.html).

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of ČEZ, a. s.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of CEZ Group (hereinafter also the "Group") prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU"), which comprise the consolidated balance sheet as at 31 December 2018, and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Group, see Notes 1, 8 and 9 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of CEZ Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Impairment of goodwill and other assets

The Group conducts annual impairment tests of goodwill and other assets' balances. The impairment test involves determining the recoverable amount of the cash-generating unit as a whole or individual assets, which corresponds to the value in use or selling price less cost to sell. Value in use is determined on the basis of an enterprise valuation model and is assessed from the Group's internal perspective.

These calculations of potential impairment amounts are a key audit matter as there is a significant uncertainty in relation to regulatory matters such as distribution fees and government support for renewable energy, which are, together with other significant assumptions included in the estimated future cash flows, main inputs to the calculations. Main assumptions that are subject to significant estimation uncertainty are projected future wholesale electricity prices, prices of green certificates or emission allowances, market access, development of the regulatory environment and discount rates as well as the strategy of the Group. Future cash flows relate to events and actions that have not yet occurred and may not occur. Another reason for impairment to be a key audit matter is the fact that the determination of cash-generating unit is to some extent subject to management judgement.

Our procedures included assessing the assumptions and methodologies used by the Group in their value in use models and assessment of the selling price less cost to sell. We involved our internal valuation specialists in assessing the adequacy of the Group's model used for the calculation of weighted average cost of capital and we also evaluated mathematical accuracy, underlying data and assumptions used in the calculation. We evaluated main assumptions that are subject to significant estimates such as future wholesale electricity prices, prices of green certificates or emission allowances ("emission certificates"), development of the regulatory environment and compared them to those observable on the market. We compared electricity prices as well as the prices of emission certificates to the contracts, which are actively traded on the market, and we assessed reasonableness of the Group's projections of these future prices for periods, for which the market data are not available. We also discussed the assumptions with the transaction specialists in the respective countries.

We analyzed the budgets and future cash flows of the cash-generating units. We compared the expected developments in budgeted cash flows to the expectations presented by the management while assessing the main assumptions of the models and discussing alternatives. We also assessed the adequacy of the model used for the impairment test calculation together with the definition of the cash-generating units and mathematical accuracy of the calculations.

Finally, we also focused on whether the Group's disclosures in the consolidated financial statements in relation to the impairment of goodwill and other assets, as presented and disclosed in Note 7. Impairment of Property, Plant and Equipment and Intangible Assets, are compliant with the IFRS EU.



Fair value measurement of financial instruments

Due to the significance of financial instruments measured at fair value, and a high degree of judgement related to their valuation, we consider this as a key audit matter.

We involved the internal valuation specialists to assist us in performing our audit procedures. We assessed the design and tested the operating effectiveness of internal controls over the valuation, data integrity, independent price verification and model approval.

For areas of higher risk and estimation, our audit procedures focused on the comparison of judgments made to market practice and reperformance of valuations over a selection of instruments, assessing the key inputs, assumptions and models used in the valuation process. We compared our results with the Group's valuation.

We also focused on whether the Group's disclosures in the consolidated financial statements in relation to the valuation of financial instruments, as presented and disclosed in Note 18. Fair Value of Financial Instruments, are compliant with the IFRS EU.

Classification of commodity contracts

The Group is entering into commodity contracts on different markets and platforms mainly in Central Europe and Germany. Commodity trading activities include trading with electricity, gas, emission allowances, oil and coal.

This is a key audit matter as the distinction between the contracts in scope of IFRS 9 Financial Instruments: Recognition and Measurement, which are treated as derivatives at fair value, and "own use" contracts, which are not remeasured to fair value, might be subject to a judgement and classification patterns set by the Group. This classification depends among other factors on the terms of the contract, whether the contract is considered to have been entered into as part of ordinary business activity, whether contract requires physical delivery of the commodity, and depends on various assumptions such as expected amount of commodity to be delivered, generation capacity of the portfolio mix and prices of commodities.

We tested the design and operating effectiveness of internal controls over the initial recognition of the contract, consistency of the commodity contract designation and the Group's ability to deliver the physical commodity over the contractual period.

We performed audit procedures focusing on the analysis and comparison of volume of commodities physically delivered during 2018 and the volumes of the "own use" contracts portfolio. We reviewed the ability of the Group to physically deliver the contracted future "own use" sales retrospectively and prospectively and the stability of portfolio to ensure that the contracts are not reclassified during their existence.

We also focused on whether the Group's disclosures in the consolidated financial statements in relation to the commodity contracts classification, as presented and disclosed in Notes 2.16. Commodity Contracts and 26. Gains and Losses from Commodity Derivative Trading, are compliant with the IFRS EU.



Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors of ČEZ, a. s. (hereinafter only "Board of Directors") are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Board of Directors and the Audit Committee for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of ČEZ, a. s. (hereinafter only "Audit Committee") responsible for overseeing the Group's consolidated financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of Shareholders on 22 June 2018 and our uninterrupted engagement has lasted for 17 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee, which we issued on 14 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

**Provision of Non-audit Services**

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Group. In addition, there are no other non-audit services which were provided by us to the Group and its controlled undertakings and which have not been disclosed in the consolidated annual report.

Ernst & Young Audit, s.r.o.

License No. 401

A handwritten signature in black ink, appearing to read 'Martin Skácelík', is written over a light gray grid background.

Martin Skácelík, Auditor

License No. 2119

18 March 2019
Prague, Czech Republic

ČEZ, a. s.

BALANCE SHEET AS OF DECEMBER 31, 2018

in CZK Millions

ASSETS:	Note	2018	2017*	Jan 1, 2017*
Plant in service		454,354	448,250	394,262
Less accumulated depreciation and impairment		(244,830)	(231,024)	(218,114)
Net plant in service		209,524	217,226	176,148
Nuclear fuel, at amortized cost		14,331	15,100	14,745
Construction work in progress, net		7,242	7,903	50,337
Total property, plant and equipment	3	231,097	240,229	241,230
Restricted financial assets, net	4	13,336	13,026	13,290
Other non-current financial assets, net	5	177,479	169,340	183,885
Intangible assets, net	6	4,235	604	581
Total other non-current assets		195,050	182,970	197,756
Total non-current assets		426,147	423,199	438,986
Cash and cash equivalents, net	7	454	1,272	454
Trade receivables, net	8	64,287	41,242	39,302
Income tax receivable		7	323	571
Materials and supplies, net		6,526	5,921	5,291
Fossil fuel stocks		462	446	407
Emission rights	9	13,157	7,036	2,013
Other current financial assets, net	5	106,133	51,229	45,320
Other current assets, net	10	2,362	2,102	3,854
Assets classified as held for sale, net	11	6,540	–	736
Total current assets		199,928	109,571	97,948
TOTAL ASSETS		626,075	532,770	536,934

EQUITY AND LIABILITIES:	Note	2018	2017*	Jan 1, 2017*
Stated capital		53,799	53,799	53,799
Treasury shares		(3,534)	(4,077)	(4,246)
Retained earnings and other reserves		132,947	137,785	151,145
Total equity	12	183,212	187,507	200,698
Long-term debt, net of current portion	13	133,026	121,743	131,960
Provisions	16	62,971	61,171	55,006
Other long-term financial liabilities	17	13,776	11,571	7,019
Deferred tax liability	31	4,539	8,232	9,003
Total non-current liabilities		214,312	202,717	202,988
Short-term loans	18	11,709	10,748	7,874
Current portion of long-term debt	13	5,590	9,360	5,631
Trade payables		51,208	34,401	33,591
Income tax payable		–	–	1
Provisions	16	6,889	5,090	3,904
Other short-term financial liabilities	17	152,544	82,391	81,662
Other short-term liabilities	19	611	556	585
Total current liabilities		228,551	142,546	133,248
TOTAL EQUITY AND LIABILITIES		626,075	532,770	536,934

* The way of presentation was changed in 2018 (see Note 2.2.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	2018	2017*
Sales of electricity, heat and gas		74,151	69,759
Sales of services and other revenues		4,834	5,225
Other operating income		764	2,273
Total revenues and other operating income	20	79,749	77,257
Gains and losses from commodity derivative trading	21	300	1,071
Purchase of electricity, gas and other energies	22	(33,071)	(31,239)
Fuel and emission rights	23	(14,741)	(12,829)
Services	24	(9,104)	(9,120)
Salaries and wages	25	(6,533)	(6,232)
Materials and supplies		(1,823)	(1,571)
Capitalization of expenses to the cost of assets and change in own inventories		99	96
Depreciation and amortization	3, 6	(14,310)	(15,555)
Impairment of property, plant and equipment and intangible assets		(188)	1,839
Impairment of trade and other receivables		(46)	723
Other operating expenses	26	(1,281)	(1,549)
Income (loss) before other income (expenses) and income taxes		(949)	2,891
Interest on debt, net of capitalized interest		(5,378)	(3,646)
Interest on provisions	16	(1,571)	(1,403)
Interest income	27	870	691
Impairment of financial assets	28	(3,468)	(9,516)
Other financial expenses	29	(897)	(1,264)
Other financial income	30	34,002	16,795
Total other income (expenses)		23,558	1,657
Income before income taxes		22,609	4,548
Income taxes	31	1,167	557
Net income		23,776	5,105
Net income per share (CZK per share):	34		
Basic		44.5	9.6
Diluted		44.4	9.6

* The way of presentation was changed in 2018 (see Note 2.2.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	2018	2017
Net income		23,776	5,105
Change in fair value of cash flow hedges		(16,016)	(3,950)
Cash flow hedges reclassified to statement of income		3,927	4,026
Cash flow hedges reclassified to assets		(972)	(394)
Change in fair value of debt financial instruments		(227)	(677)
Deferred tax related to other comprehensive income	31	2,525	189
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(10,763)	(806)
Change in fair value of equity instruments		59	-
Deferred tax related to other comprehensive income	31	(11)	-
Net other comprehensive income not to be reclassified from equity		48	-
Total other comprehensive income, net of tax		(10,715)	(806)
Total comprehensive income, net of tax		13,061	4,299

ČEZ, a. s. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	Note	Stated capital	Treasury shares	Cash flow hedge reserve	Debt financial instruments	Equity financial instruments and other reserves	Retained earnings	Total equity
January 1, 2017*		53,799	(4,246)	(7,536)	842	84	157,755	200,698
Net income		-	-	-	-	-	5,105	5,105
Other comprehensive income		-	-	(258)	(548)	-	-	(806)
Total comprehensive income		-	-	(258)	(548)	-	5,105	4,299
Dividends		-	-	-	-	-	(17,586)	(17,586)
Sale of treasury shares		-	169	-	-	-	(101)	68
Share options	25	-	-	-	-	28	-	28
Transfer of exercised and forfeited share options within equity		-	-	-	-	(34)	34	-
December 31, 2017*		53,799	(4,077)	(7,794)	294	78	145,207	187,507
Application of IFRS 9	2.2.1	-	-	-	-	-	(34)	(34)
January 1, 2018 (restated)		53,799	(4,077)	(7,794)	294	78	145,173	187,473
Net income		-	-	-	-	-	23,776	23,776
Other comprehensive income		-	-	(10,579)	(184)	48	-	(10,715)
Total comprehensive income		-	-	(10,579)	(184)	48	23,776	13,061
Effect of merger		-	-	-	-	3	35	38
Dividends		-	-	-	-	-	(17,603)	(17,603)
Sale of treasury shares		-	543	-	-	-	(333)	210
Share options	25	-	-	-	-	33	-	33
Transfer of exercised and forfeited share options within equity		-	-	-	-	(45)	45	-
December 31, 2018		53,799	(3,534)	(18,373)	110	117	151,093	183,212

* The way of presentation was changed in 2018 (see Note 2.2.3). The prior year figures were changed accordingly to provide comparative information on the same basis.

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

	2018	2017
OPERATING ACTIVITIES:		
Income before income taxes	22,609	4,548
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	14,310	15,555
Amortization of nuclear fuel	4,005	3,695
(Gains) and losses on non-current asset retirements	(37)	(1,966)
Foreign exchange rate loss (gain)	808	(1,058)
Interest expense, interest income and dividend income	(27,481)	(11,925)
Provisions	1,133	898
Impairment of property, plant and equipment and intangible assets	188	(1,839)
Other impairment and other adjustments	(251)	12,375
Changes in assets and liabilities:		
Receivables and contract assets	(23,756)	(771)
Materials, supplies and fossil fuel stocks	(545)	(737)
Receivables and payables from derivatives	1,048	(682)
Other assets	(2,925)	(3,265)
Trade payables	20,126	587
Other liabilities	44	(351)
Cash generated from operations	9,276	15,064
Income taxes received	321	221
Interest paid, net of capitalized interest	(5,299)	(3,489)
Interest received	825	674
Dividends received	31,989	14,886
Net cash provided by operating activities	37,112	27,356
INVESTING ACTIVITIES:		
Acquisition of subsidiaries	(1,813)	(2,786)
Proceeds from disposal of subsidiaries and joint-ventures including liquidation distribution received	156	2,142
Additions to non-current assets, including capitalized interest	(7,893)	(10,412)
Proceeds from sale of non-current assets	2,865	1,425
Loans made	(18,536)	(5,839)
Repayment of loans	3,338	1,535
Change in restricted financial assets	(548)	(541)
Total cash used in investing activities	(22,431)	(14,476)
FINANCING ACTIVITIES:		
Proceeds from borrowings	124,391	147,524
Payments of borrowings	(117,934)	(141,021)
Payments of other long-term liabilities	(500)	-
Change in payables/receivables from group cashpooling	(3,933)	(1,064)
Dividends paid	(17,596)	(17,618)
Sale of treasury shares	210	68
Net cash used in financing activities	(15,362)	(12,111)
Net effect of currency translation and allowances in cash	(137)	49
Net increase (decrease) in cash and cash equivalents	(818)	818
Cash and cash equivalents at beginning of period	1,272	454
Cash and cash equivalents at end of period	454	1,272
Supplementary cash flow information:		
Total cash paid for interest	5,522	5,045

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s.

NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

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1. Description of the Company

ČEZ, a. s. (ČEZ or the Company), business registration number 45274649, is a joint-stock company incorporated on May 6, 1992 under the laws of the Czech Republic in the Commercial Register maintained by the Municipal Court in Prague (Section B, Insert 1581). The Company's registered office is located at Duhová 2/1444, Prague 4, Czech Republic.

The Company is involved primarily in the production, trading and sale of electricity and the related support services and in the production, distribution and sale of heat and sale of gas.

The average number of employees was 5,212 and 5,155 in 2018 and 2017, respectively.

The Czech Republic represented by the Ministry of Finance is a majority shareholder holding 69.8% of the Company's share capital at December 31, 2018. The majority shareholder's share of the voting rights represented 70.2% at the same date.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

These separate financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

The financial statements are prepared under the historical cost convention, except when IFRS requires other measurement basis as disclosed in the accounting policies below.

Based on the economic substance of the underlying events and circumstances relevant to the Company, the functional and presentation currency has been determined to be Czech crowns (CZK).

The Company also compiled consolidated IFRS financial statements of the CEZ Group for the same period.

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2018

The accounting policies adopted are consistent with those of the previous financial year, except for as follows. The Company has adopted the following new or amended and endorsed by EU IFRS and IFRIC interpretations as of January 1, 2018:

IFRS 9 Financial Instruments – Classification and Measurement

The IFRS 9 was originally issued in November 2009 and is intended to replace IAS 39 Financial Instruments: Recognition and measurement. The standard introduces new requirements for classifying and measuring financial assets and liabilities. In October 2010 the IASB added to IFRS 9 the requirements for classification and measurement of financial liabilities and derecognition of financial assets and liabilities. Most of the requirements in IAS 39 for classification and measurement of financial liabilities and derecognition of financial assets and liabilities were carried forward unchanged to IFRS 9. The standard eliminates categories of financial instruments, which existed in IAS 39: available-for-sale and held-to-maturity. According to IFRS 9 all financial assets and liabilities are initially recognized at fair value plus transaction costs.

Financial Assets

Debt instruments may, if the fair value option (FVO) is not applied, be subsequently measured at amortized cost if the following both conditions are met:

- the asset is held within a business model that has the objective to hold the assets to collect the contractual cash flows;
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other debt instruments, where the above mentioned conditions are not met, are subsequently measured at fair value.

All equity investment financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss.

Equity instruments held for trading must be measured at fair value through profit or loss. Entities have an irrevocable choice of recognizing changes in fair value either in OCI or profit or loss by instrument for all other equity investment financial assets.

Financial Liabilities

For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortized cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases.

Entities are generally required to recognize either 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognized.

Hedge Accounting

The Company decided not to use the option to delay the application of IFRS 9 to hedging accounting. The Company applies the IFRS 9 policy for all hedging designated relationships.

New chapter on hedge accounting has been added to IFRS 9. This represents a major overhaul of hedge accounting and puts in place a new model that introduces improvements principally by aligning the accounting more closely with risk management. There are also improvements to the disclosures about hedge accounting and risk management.

The Company has adopted IFRS 9 retrospectively, with the initial application date of January 1, 2018 and adjusting the presentation of the comparative information for the period beginning January 1, 2017. Under IFRS 9, the Company split category of Available-for-sale financial assets, presented in previous period, into new categories Debt instruments and Equity instruments. The impact of the change in the presentation affected the layout of the statement of changes in equity and the statement of comprehensive income for the actual and previous period.

The impact of the creation of new allowances on receivables and other assets with an impact on equity is as follows (in CZK millions):

	Adjustment
Trade receivables, net	(26)
Other assets, net	(13)
Total assets	(39)
Deferred tax liability	5
Impact on equity	(34)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014. The standard outlines the principles an entity must apply to measure and recognize revenue. The core principle is that an entity will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 will be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company assessed impact of the adoption of this standard and the impact to the Company's financial statements as of the date of application. There was no significant impact in this case.

Clarification IFRS 15 Revenue from Contracts with Customers

The Clarifications apply for annual periods beginning on or after January 1, 2018 with earlier application permitted. The objective of the Clarifications is to clarify the IASB's intentions when developing the requirements in IFRS 15 Revenue from Contracts with Customers, particularly the accounting of identifying performance obligations amending the wording of the "separately identifiable" principle, of principal versus agent considerations including the assessment of whether an entity is a principal or an agent as well as applications of control principle and of licensing providing additional guidance for accounting of intellectual property and royalties. The Clarifications also provide additional practical expedients for entities that either apply IFRS 15 fully retrospectively or that elect to apply the modified retrospective approach. This Clarification did not have significant impact to the Company's financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions-Amendment to IFRS 2

The IASB issued Amendment to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendment is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The amendment did not have significant impact to the Company's financial statements.

Amendment IAS 40 Transfers to Investment Property

The Amendment is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendment clarifies when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendment states that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. This Amendment did not have impact to the Company's financial statements.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation did not have significant impact to the Company's financial statements.

Annual Improvements to IFRSs 2014–2016

In December 2017 the IASB issued a collection of amendments to IAS and IFRS for annual periods beginning on or after January 1, 2018 in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. These annual improvements have been endorsed by the EU on February 8, 2018. The following standards were amended:

IFRS 1 First-time Adoption of International Financial Reporting Standards:

This improvement deletes the short-term exemptions regarding disclosures about financial instruments, employee benefits and investment entities, applicable for first-time adopters.

IAS 28 Investments in Associates and Joint Ventures:

The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

These improvements did not have significant impact to the Company's financial statements.

2.2.2. New IFRS Standards and IFRIC Interpretations either not yet Effective or not yet Adopted by the EU

The Company is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the EU from January 1, 2019 or later. Standards and interpretations most relevant to the Company's activities are detailed below:

IFRS 16 Leases

The new standard is effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The standard deals with accounting, measurement and presentation of leases and disclosure requirements for the notes of the financial statements for both contract parties, i.e. for customer (lessee) and for supplier (lessor). Lessees will use single accounting model for all leases (with certain exceptions). Accounting by lessor is substantially unchanged. The Company will apply IFRS 16 from January 1, 2019.

The Company assessed the impact of the adoption of this standard and expects the impact on Net plant in service in the approximate amount of CZK 2,616 million and on long-term debts, which include lease liabilities (following the change in balance sheet structure in 2018), in the approximate amount of CZK 2,606 million. The Company assumes that lease liability will be paid as follows (in CZK million):

Less than 1 year	1,222
Between 1 and 5 years	690
Thereafter	694

Amendment IAS 19 Plan Amendment, Curtailment or Settlement

The Amendment is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment requires entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendment also clarifies how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. This Amendment has not yet been endorsed by the EU. This Amendment does not have material impact on the Company's financial statements.

Amendment IFRS 9 Prepayment Features with Negative Compensation

The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. This Amendment has not yet been endorsed by the EU. This Amendment is not expected to have significant impact to the Company's financial statements.

Amendment IAS 28 Long-term Interests in Associates and Joint-Ventures

The Amendment is effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendment relates to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendment clarifies that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. This Amendment has not yet been endorsed by the EU. This Amendment is not expected to have significant impact to the Company's financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint-venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint-venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint-venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have significant impact to the Company's financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation is effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12.

The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU. This Interpretation is not expected to have significant impact to the Company's financial statements.

IFRS 17 Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. This standard is not expected to have significant impact to the Company's financial statements.

Conceptual Framework in IFRS Standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020. This amendment is not expected to have significant impact to the Company's financial statements.

Amendment IFRS 3: Business Combinations

The IASB issued Amendment in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendment is effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. This Amendment have not yet been endorsed by the EU. This amendment is not expected to have significant impact to the Company's financial statements.

Amendments IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material'

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted.

The Amendments clarify the definition of material and how it should be applied. The new definition states that 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. These Amendments have not yet been endorsed by the EU. These amendments are not expected to have significant impact to the Company's financial statements.

The Company does not expect early adoption of any of the above mentioned standards, improvements or amendments.

Annual Improvements to IFRSs 2015–2017

In December 2017 the IASB issued a collection of amendments to IAS and IFRS for annual periods beginning on or after January 1, 2019 in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. These annual improvements have not yet been endorsed by the EU. The following standards were amended:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements:

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes:

The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.

IAS 23 Borrowing Costs:

The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

These improvements are not expected to have significant impact to the Company's financial statements.

2.2.3. Changes in the Presentation of the Financial Statements

The way of presentation of items in balance sheet and in statement of income was changed in 2018. The main goal of the changes was to enhance relevancy of information contained on the face of the financial statements and reflect the developments in the best practice of financial reporting in the industry with regard to all IFRS requirements. The changes have been made to the balance sheet and statement of income. As a result, reclassifications for the prior period have been made to provide fully comparative information on the same basis. The reclassifications have also been made to the balance sheet at the beginning of the earliest comparative period, i.e. at January 1, 2017.

One of the main changes in the balance sheet is the transfer of accrued interest to debt and borrowings that were reported on the lines of Other current assets and Accrued liabilities directly to the line where the debt or loan is reported. Other current assets and Other short-term liabilities (previously Accrued liabilities) include only receivables and payables of a non-financial nature such as accruals, prepayments or contractual assets and liabilities. Other long-term and short-term financial assets are newly reported only assets of a financial nature (for example: financial investments, debt securities and derivatives) that are not presented separately in the balance sheet. Similarly, other long-term and short-term financial liabilities are presented on the lines of financial liabilities (for example derivatives) that are not shown in a separate line in the balance sheet.

There were the following two primary objectives for the changes made to the statement of income: (a) consistently separate commodities and services in operating revenues and costs (sale and purchase of electricity was presented together with the related distribution, system and ancillary services) and (b) change the presentation of emission rights – the original line Emission rights, net was removed and its items were reclassified into the lines:

- Fuel and emission rights – cost of emission rights for generation
- Gains and losses from commodity derivative trading – commodity derivative trading with emission rights and emission rights for trading

The following tables summarize the effect of reclassifications on prior period presented (in CZK millions):

	Reclassifications 2017	Reclassifications Jan 1, 2017
ASSETS:		
Trade receivables, net	(8,726)	(5,111)
Other current financial assets, net	7,720	2,307
Other current assets, net	1,006	2,804
Total assets	-	-
EQUITY AND LIABILITIES:		
Other long-term financial liabilities	11,571	7,019
Other long-term liabilities	(11,571)	(7,019)
Total non-current liabilities	-	-
Short-term loans	1	-
Current portion of long-term debt	2,101	2,147
Trade payables	(77,865)	(76,819)
Other short-term financial liabilities	82,391	81,662
Other short-term liabilities	(6,628)	(6,990)
Total current liabilities	-	-
Total equity and liabilities	-	-

	Reclassifications 2017
INCOME STATEMENT:	
Sales of electricity, heat and gas	69,759
Sales of services and other revenues	5,225
Sales of electricity*	(65,830)
Sales of gas, heat and other revenues*	(9,154)
Total revenues and other operating income	-
Gain and losses from commodity derivative trading	251
Purchase of electricity, gas and other energies	(31,239)
Fuel and emission rights	(12,829)
Fuel*	(10,975)
Purchase power and related services*	(31,356)
Services	(9,120)
Repairs and maintenance*	3,501
Capitalization of expenses to the cost of assets and change in own inventories	96
Impairment of trade and other receivables	723
Emission rights, net*	1,602
Other operating expenses	4,684
Income (loss) before other income (expenses) and income taxes	-
Impairment of financial assets	(9,516)
Other financial expenses	9,516
Other financial income	1,863
Foreign exchange rate gains (losses), net*	(1,058)
Gain on sale of subsidiaries and associates*	(805)
Total other income (expenses)	-
Net income	-

* These items are not presented separately on the face of the financial statements.

2.3. Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates. Explanation of key assumptions is included in relevant sections of notes where significant estimates are being described.

Significant estimates are made by the Company while determining recoverable amounts for property, plant and equipment and financial assets (see Notes 3 and 5), accounting for the nuclear provisions (see Notes 2.21 and 16.1), provisions for waste storage reclamation (see Note 16.2), fair value of commodity contracts (see Notes 2.13 and 14) and financial derivatives (see Notes 2.12 and 14).

2.4. Revenues and Other Income

The Company recognizes revenue from supplies of electricity, heat and gas based on contract terms. Differences between contracted amounts and actual supplies for electricity and gas are settled through the market operator.

Revenues are recognized when the Company has satisfied a performance obligation and the amount of revenue can be reliably measured. The Company will recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled (after reduction for expected discounts) in exchange for transferring goods or services to a customer.

Sales are recognized net of value added tax.

Revenue from sale of assets is recognized when they are delivered and related significant risks and rewards of ownership have passed to the buyer.

Revenue from services provided is recognized when the services are rendered.

Dividends earned on investments are recognized when the right of payment has been established.

2.5. Fuel Costs

Fuel costs are expensed as fuel is consumed. Fuel expense includes the amortization of the cost of nuclear fuel (see Note 2.8).

2.6. Interest

The Company capitalizes all interest incurred in connection with its construction program that theoretically could have been avoided if expenditures for the qualifying assets had not been made. The qualifying assets include assets, for which the construction represents a substantial period of time.

2.7. Property, Plant and Equipment

Property, plant and equipment are recorded at cost, net of accumulated depreciation and impairment in value. Cost of plant in service includes materials, labor, payroll-related costs and the cost of debt financing used during construction. The cost also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that is recognized as a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets. Government grants received for construction of certain items of property, plant and equipment decrease the acquisition cost of the respective items.

Internally developed property, plant and equipment are recorded at their accumulated cost. The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense when incurred. Renewals and improvements are capitalized. Upon sale, retirement or replacement of part of an item of property, plant and equipment the cost, related accumulated depreciation and eventual impairment of the disposed item or its replaced part are derecognized from the balance sheet. Any resulting gains or losses are included in profit or loss.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company reviews the recoverable amounts of its property, plant and equipment to determine whether such amounts continue to exceed the assets' carrying values. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Identified impairment of property, plant and equipment is recognized directly in profit or loss in the line item Impairment of property, plant and equipment and intangible assets.

At each reporting date, an assessment is made whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the line item Impairment of property, plant and equipment and intangible assets.

The Company depreciates the original cost of property, plant and equipment less its residual value by using the straight-line method over the estimated economic lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciable useful lives used for property, plant and equipment are as follows:

	Useful lives (years)
Buildings and structures	20–50
Machinery and equipment	4–35
Vehicles	8–25
Furniture and fixtures	4–15

Average depreciable lives based on the functional use of property, plant and equipment are as follows:

	Average life (years)
Hydro plants	
Buildings and structures	45
Machinery and equipment	12
Fossil fuel plants	
Buildings and structures	39
Machinery and equipment	12
Nuclear power plant	
Buildings and structures	38
Machinery and equipment	13

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

2.8. Nuclear Fuel

The Company presents nuclear fuel as part of property, plant and equipment, because its useful life exceeds 1 year. Nuclear fuel is recorded at cost, net of accumulated amortization and possible impairment in value. The nuclear fuel includes the capitalized portion of the provision for interim storage of nuclear fuel. Amortization of fuel in the reactor is based on the amount of power generated and is recognized in the income statement in the line item Fuel and emission rights. The amortization of nuclear fuel includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel.

2.9. Intangible Assets

Intangible assets are valued at their acquisition costs and related expenses. Intangible assets are amortized over their useful lives using the straight-line method. The estimated useful life of intangible assets ranges from 3 to 16 years. The intangible assets' residual values, useful lives and methods of amortization are reviewed, and adjusted if appropriate, at each financial year end. Improvements are capitalized.

Intangible assets are tested for impairment whenever facts or changes in circumstances indicate that the carrying amount could be impaired. The recoverable amount of an intangible asset not yet available for use is tested for impairment annually, irrespective of whether there is any indication that it may be impaired. Identified impairment of intangible assets is recognized directly in profit or loss in the line item Impairment of property, plant and equipment and intangible assets.

At each reporting date an assessment is made as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the line item Impairment of property, plant and equipment and intangible assets.

2.10. Emission Rights

Emission right represents the right of the operator of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plans the Company have been granted emission rights. The Company is responsible for determining and reporting the amount of greenhouse gases produced by its facilities in the calendar year and this amount has to be audited by an authorized person.

On April 30 of the following year, at the latest, the Company is required to remit a number of allowances representing the number of tones of CO₂ actually emitted in previous year.

The emission rights which were granted free of charge are stated at their nominal value, i.e. at zero. Purchased emission rights are carried at cost (except for emission rights for trading). The Company recognizes a provision to cover emissions made corresponding to the difference between released emissions and amount of the emission rights which were granted free. This provision is measured firstly with regard to the cost of emission rights and credits purchased with the intention of covering the greenhouse gases emissions of the reporting period. The reserve for released emissions above the amount of these emission rights and credits is measured at the market price ruling at the balance sheet date. The emission rights purchased for the own use purpose in the next year are presented under current assets in the line Emission rights. The emission rights with an expected later using are presented as part of the intangible assets.

The Company also holds emission rights and credits for trading purposes. The portfolio of emission rights and credits held for trading is measured at fair value. The changes in fair value of the emission rights and credits held for trading are recognized directly in profit or loss in the line item of Gains and losses from commodity derivative trading. The emission rights and credits for the trading purpose are presented under current assets in the line Emission rights.

At each reporting date, the Company assesses whether there is any indication that emission rights may be impaired. Where an indicator of impairment exists, the Company reviews the recoverable amounts of the cash-generating units, to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. Any identified impairment of emission rights is recognized directly in profit or loss in the line item of Other operating expenses.

Sale and repurchase agreements with emission rights are accounted for as collateralized borrowing.

2.11. Classification of Financial Instruments

A financial asset is mainly cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset.

A financial liability is mainly a contractual obligation to deliver cash or another financial asset.

Financial liabilities and assets are presented as current (short-term) or non-current (long-term). Financial assets are presented as current when the Company expects to realize them within 12 months of the balance sheet date or if there is no reasonable certainty that the Company will hold the financial assets for more than 12 months of the balance sheet date.

Financial liabilities are presented as current when they are due within 12 months of the balance sheet date. The financial assets and liabilities for trading are presented as current.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.11.1. Financial Assets

Financial assets are classified into categories at amortized cost, at fair value depending on whether the financial assets are held for trading or is held within a business model whose objective is to hold assets to collect contractual cash flows, and at cost.

The Company defines financial assets to the following categories:

a) financial assets at amortized cost

This category includes the financial assets held with strategy to collect contractual cash flows, which consists of both principal and interest payments. Examples for such financial assets are loans, securities held to maturity, trade receivables.

Expected credit losses, foreign exchange rate differences and interest revenues are recognized in the income statement.

b) financial assets at fair value through other comprehensive income

This category includes the financial assets held with strategy to collect contractual cash flows or to sell financial assets. This model distinguishes two types of accounting treatment:

- no recycling to the income statement – used for equity instruments

Expected credit loss is not calculated and recognized. Changes in the fair value are recognized in other comprehensive income.

When the financial asset is derecognized, no profit or loss is recognized in the income statement – it never affects profit or loss.

In case that equity instrument was sold an accumulated revaluation reserve is reclassified to retained earnings. Foreign exchange rate differences are recognized in other comprehensive income (part of revaluation reserve). Dividends from these financial assets are recognized in the income statement providing it does not result in an impairment loss of investment at the same time.

- recycling to the income statement – used for debt instruments

Expected credit loss is recognized in the income statement. Changes in the fair value are recognized in other comprehensive income.

When the financial asset is derecognized, profit or loss is recognized in the income statement (profit or loss is reclassified from other comprehensive income to the income statement). Foreign exchange rate differences in relation to revaluation reserve are recognized in other comprehensive income. Foreign exchange rate differences in relation to impairment are recognized in the income statement. Interest revenues are recognized in the income statement.

c) financial assets at fair value through profit or loss

This category includes the financial assets held with strategy of active trade with financial asset. Contractual cash flow collection is not the primary objective of business model.

Examples for such financial assets are securities for trading, derivatives, not used for hedging.

Expected credit losses are not calculated and recognized. Changes in the fair value and foreign exchange rate differences are recognized in the income statement.

Changes in the fair values are included in lines Other financial expenses or Other financial income.

d) financial assets at cost

This category includes share on subsidiaries, associates and joint-ventures. The creation of the impairment loss is recognized in the statement of income.

2.11.2. Financial Liabilities

Financial liabilities are classified into two main categories (a) at amortized cost and (b) at fair value through profit or loss. Classification into these categories is similar to the financial assets above.

For “Fair Value Option” liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

2.11.3. Derivatives

Specific category of the financial assets and liabilities are derivatives. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The presentation of derivatives is described in the Note 2.12.

2.11.4. Impairment of Financial Assets

Impairment of financial assets by applying the IFRS 9 requirements is based on expected credit loss (ECL) model which applies to the following financial assets:

- a) debt instruments at amortized cost (trade receivables, loans, debt securities),
- b) debt instruments at fair value through other comprehensive income,
- c) lease receivables,
- d) financial guarantee contracts,
- e) bank accounts and term deposits.

The Company recognizes either 12-months or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach are applied whereby the lifetime expected credit losses are always recognized.

For the purposes of ECL model calculation, the portfolio of financial assets is split into 3 stages. At the date of the first recognition, the financial assets are included in stage 1, with the lowest allowance, which is determined using percentage of unpaid receivables in the past. Subsequent reclassification to the stages 1 and 2 is carried out according to the definition of significant increase in credit risk of a debtor. The interest revenue from receivables in the stage 3 is based on the net carrying amount.

2.12. Derivative Financial Instruments

The Company uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. In the balance sheet such derivatives are presented as part of current and non-current financial assets or as part of other long-term and short-term financial liabilities.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges when they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.12.1. Fair Value Hedge

Gain or loss from re-measuring the hedging instrument at fair value is recognized immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognized in the income statement. Where the adjustment is to the carrying amount of a hedged interest-bearing financial instrument, the adjustment is amortized to profit or loss over the remaining term to maturity.

2.12.2. Cash Flow Hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are initially recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement in the line item Other financial expenses or Other financial income.

Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recorded to the income statement when the forecast transaction is ultimately recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

2.12.3. Other Derivatives

Certain derivative instruments are not designated for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement.

2.13. Commodity Contracts

According to IFRS 9, certain commodity contracts are treated as financial instruments and fall into the scope of the standard. Most commodity purchase and sales contracts entered into by the Company provide for physical delivery of quantities intended to be consumed or sold as part of its ordinary business; such contracts are thus excluded from the scope of IFRS 9.

Forward purchases and sales for physical delivery of energy are considered to fall outside the scope of application of IFRS 9, when the contract concerned is considered to have been entered into as part of the normal business activity. This is demonstrated to be the case when all the following conditions are fulfilled:

- A physical delivery takes place under such contracts;
- The volumes purchased or sold under the contracts correspond to the Company's operating requirements;
- The contract cannot be considered as a written option as defined by the standard IFRS 9. In the specific case of electricity sales contracts, the contract is substantially equivalent to a firm forward sale or can be considered as a capacity sale.

The Company thus considers that transactions negotiated with a view to balancing the volumes between electricity purchases and sale commitments are part of its ordinary business as an integrated electric utility company and do not therefore come under the scope of IFRS 9.

Commodity contracts which fall under the scope of IFRS 9 are carried at fair value with changes in the fair value recognized in the income statement. The Company presents revenues and expenses related to commodity trading net in the line Gains and losses from commodity derivative trading.

2.14. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, current accounts with banks and short-term bank notes with a maturity of 6 months or less. Foreign currency deposits are translated using the exchange rates published as at the balance sheet date.

2.15. Financial Assets Restricted in Use

Restricted balances of cash and other financial assets, which are shown as restricted funds (see Note 4), relate to deposits for funding of nuclear decommissioning liabilities, waste storage reclamation and cash guarantees given to transaction partners. The non-current classification is based on the expected timing of the release of the funds to the Company.

2.16. Receivables, Payables and Accruals

Receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An impairment analysis of receivables is performed by the Company at each reporting date on an individual basis for significant specific receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively where the individual approach is not applicable. The calculation is based on actual incurred historical data of these groups.

Payables are recorded at invoiced values and accruals are reported at expected settlement values.

2.17. Materials and Supplies

Purchased inventories are valued at actual cost, using the weighted average method. Costs of purchased inventories comprise expenses which have been incurred in respect of the acquisition of materials and supplies including transportation costs. When consumed, inventories are charged to income or capitalized as part of property, plant and equipment. Work-in-progress is valued at actual cost. Costs of inventories produced internally include direct material and labor costs. Obsolete inventories are reduced to their realizable value by a provision charged to the income statement. At December 31, 2018 and 2017 the provision for obsolescence amounted to CZK 7 million and CZK 80 million, respectively.

2.18. Fossil Fuel Stocks

Fossil fuel stocks are stated at actual cost using weighted average cost method.

2.19. Income Taxes

The provision for corporate tax is calculated in accordance with the Czech tax regulations and is based on the income or loss reported under the Czech accounting regulations, increased or decreased by the appropriate permanent and temporary differences (e.g. differences between book and tax depreciation). Income tax due is provided at a rate of 19% for the years ended December 31, 2018 and 2017, respectively, from income before income taxes after adjustments for certain items which are not deductible, or taxable, for taxation purposes. The Czech corporate income tax rate enacted for 2018 and on is 19%.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognized regardless of when the temporary difference is likely to reverse. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. A deferred tax liability is recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Change in the carrying amount of deferred tax assets and liabilities due to change in tax rate is recognized in the income statement, except to the extent that it relates to items previously charged or credited to equity.

2.20. Long-term Debt

Borrowings are initially recognized at the amount of the proceeds received, net of transaction costs. They are subsequently carried at amortized cost using the effective interest rate method, the difference between net proceeds and redemption value is being recognized in the net income over the life of the borrowings as interest expense.

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges.

The carrying amount of long-term debt, which is hedged against the changes in its fair value, is adjusted by the changes in the fair value attributable to the hedged risk. The changes in the fair value of the hedged long-term debt are recognized in profit or loss and are included in the income statement line Other financial expenses or Other financial income. The adjustment to the carrying amount of the hedged long-term debt in a fair value hedge is subsequently amortized to profit or loss using the effective interest rate method.

2.21. Nuclear Provisions

The Company has recognized provisions for its obligations to decommission its nuclear power plants at the end of their operating lives, to store the related spent nuclear fuel and other radioactive waste initially on an interim basis and provision for its obligation to provide financing for subsequent permanent storage of spent nuclear fuel and irradiated parts of reactors (see Note 16.1).

The provisions recognized represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted at December 31, 2018 and 2017 using a long-term real rate of interest of 1.25% per annum to take into account the timing of payments. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the period when the nuclear power plants generate electricity. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being presented in the income statement on the line Interest on provisions. At December 31, 2018 and 2017 the estimate for the effect of inflation is 1.25%.

The decommissioning process is expected to continue for approximately a fifty-year period subsequent to the final operation of the plants. It is currently anticipated that the permanent storage facility for spent nuclear fuel will become available in 2065 and the process of final disposal of the spent nuclear fuel will then continue until approximately 2090. While the Company has made its best estimate in establishing its nuclear provisions, because of potential changes in technology as well as safety and environmental requirements, plus the actual time scale to complete decommissioning and interim and permanent fuel storage activities, the ultimate provision requirements could vary significantly from the Company's current estimates.

Changes in a decommissioning liability and in liability for permanent storage of spent nuclear fuel that result from a change in the current best estimate of timing and/or amount of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognized as the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognized in the income for the current period.

2.22. Treasury Shares

Treasury shares are presented in the balance sheet as a deduction from equity. The acquisition of treasury shares is presented in the statement of equity as a reduction in equity. No gain or loss is recognized in the income statement on the sale, issuance or cancellation of treasury shares. Consideration received is presented in the financial statements as an addition to equity.

2.23. Share Options

Members of Board of Directors and selected managers have been granted options to purchase common shares of the Company. Expense related to the share option plan is measured on the date of the grant by reference to the fair value of the share options granted. The expense is accrued over the vesting period of the equity instruments granted. The expense recognized reflects the best estimate of the number of share options which will ultimately vest.

2.24. Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns using the exchange rate prevailing at the date of the transaction, as published by the Czech National Bank. In the accompanying financial statements, monetary assets and liabilities are translated at the rate of exchange ruling at December 31. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity for qualifying cash flow hedges.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equity instruments held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale equity securities are included in equity.

Exchange rates used as at December 31, 2018 and 2017 for the translation of assets and liabilities denominated in foreign currencies were as follows:

	2018	2017
CZK per 1 EUR	25.725	25.540
CZK per 1 USD	22.466	21.291
CZK per 1 PLN	5.980	6.114
CZK per 1 BGN	13.153	13.058
CZK per 1 RON	5.516	5.482
CZK per 100 JPY	20.447	18.915
CZK per 1 TRY	4.247	5.617

2.25. Non-current Assets Held for Sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

3. Property, Plant and Equipment

Net plant in service at December 31, 2018 and 2017 was as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2018	109,230	337,845	1,175	448,250	23,318	8,944	480,512
Additions	–	–	3	3	–	6,605	6,608
Disposals	(192)	(285)	(3)	(480)	(3,149)	(9)	(3,638)
Bring into use	601	3,707	1	4,309	2,856	(7,165)	–
Change in capitalized part of the provision	(67)	2,339	–	2,272	–	–	2,272
Non-monetary contribution	–	–	–	–	–	–	–
Reclassification and other	–	–	–	–	–	(2)	(2)
Cost at December 31, 2018	109,572	343,606	1,176	454,354	23,025	8,373	485,752
Accumulated depreciation and impairment at January 1, 2018	(48,138)	(182,886)	–	(231,024)	(8,218)	(1,041)	(240,283)
Depreciation and amortization of nuclear fuel ¹⁾	(2,698)	(11,441)	(3)	(14,142)	(3,625)	–	(17,767)
Net book value of assets disposed	(9)	(45)	–	(54)	–	–	(54)
Disposals	192	285	3	480	3,149	–	3,629
Non-monetary contribution	–	–	–	–	–	–	–
Reclassification and other	–	–	–	–	–	–	–
Impairment losses recognized	(7)	–	(83)	(90)	–	(90)	(180)
Impairment losses reversed	–	–	–	–	–	–	–
Accumulated depreciation and impairment at December 31, 2018	(50,660)	(194,087)	(83)	(244,830)	(8,694)	(1,131)	(254,655)
Total property, plant and equipment at December 31, 2018	58,912	149,519	1,093	209,524	14,331	7,242	231,097

¹⁾ The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 380 million.

	Buildings	Plant and equipment	Land and other	Plant in service total	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2017	99,188	293,898	1,176	394,262	22,139	51,193	467,594
Additions	–	3	–	3	–	9,951	9,954
Disposals	(434)	(195)	(26)	(655)	(2,646)	(19)	(3,320)
Bring into use	10,566	37,850	29	48,445	3,825	(52,270)	–
Change in capitalized part of the provision	2	6,204	–	6,206	–	–	6,206
Non-monetary contribution	(7)	–	(4)	(11)	–	–	(11)
Reclassification and other	(85)	85	–	–	–	89	89
Cost at December 31, 2017	109,230	337,845	1,175	448,250	23,318	8,944	480,512
Accumulated depreciation and impairment at January 1, 2017	(46,232)	(171,882)	–	(218,114)	(7,394)	(856)	(226,364)
Depreciation and amortization of nuclear fuel ¹⁾	(2,602)	(12,689)	–	(15,291)	(3,470)	–	(18,761)
Net book value of assets disposed	(263)	(16)	–	(279)	–	–	(279)
Disposals	434	195	–	629	2,646	–	3,275
Non-monetary contribution	7	–	–	7	–	–	7
Reclassification and other	42	(42)	–	–	–	–	–
Impairment losses recognized	(14)	–	–	(14)	–	(185)	(199)
Impairment losses reversed	490	1,548	–	2,038	–	–	2,038
Accumulated depreciation and impairment at December 31, 2017	(48,138)	(182,886)	–	(231,024)	(8,218)	(1,041)	(240,283)
Total property, plant and equipment at December 31, 2017	61,092	154,959	1,175	217,226	15,100	7,903	240,229

¹⁾ The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 225 million.

In 2018 and 2017 a composite depreciation rate of Plant in service was 3.1% and 3.6%, respectively.

In 2018 and 2017 capitalized interest costs amounted to CZK 227 million and CZK 1,585 million, respectively, and the interest capitalization rate was 4.2% and 4.1%, respectively.

Construction work in progress contains mainly investments related to the acquisition of nuclear fuel and refurbishments performed on Temelin, Ledvice and Dukovany power plants.

Company's generation assets are tested for any possible impairment as a single cash-generating unit with the exception of specific assets, e.g. the gas fired power plant in Počerady. Company's cash-generating unit of generation assets is characterized by portfolio management in the deployment and maintenance of various power plants and the cash flows generated from these activities.

As part of testing the recoverable value of fixed assets of the cash generating unit of ČEZ, a. s. (hereinafter the ČEZ Value), we performed a sensitivity analysis of the test results to changes in certain key parameters of the used model – changes in wholesale power prices (hereinafter the EE prices), changes in the discount rate used in the calculation of the present value of future cash flows and changes in CZK/EUR exchange rate.

The development of commodity prices and, in particular, the development of wholesale power prices in Germany (as German power prices have a major impact on the development of wholesale power prices in the Czech Republic) are the key assumptions used for the ČEZ Value model. The developments of wholesale prices are primarily determined by the EU political decisions, the development of global demand and supply of commodities and the technological progress.

The development of EE price is influenced by a number of external factors, including, in particular, changes in the structure and availability of generation capacity in the Czech Republic and neighboring countries, the macroeconomic development of the Central European region and the regulation of the energy sector in the EU and Germany (fundamental impacts of premature decommissioning of German nuclear power plants in 2020–2022 and impacts of the EU approved climate and energy targets for 2030) and also by development of the Czech Republic State Energy Concept. The model was constructed for a period adequate to the useful life of the power plants, i.e. for a period that significantly exceeds the period for which commodities, including wholesale power price contracts, are traded on public liquid markets. In addition, the power market is subject to structural changes (the Market Design) and major industry regulation; consequently, complete abandonment of market-based power pricing mechanisms and implementation of alternative, centrally regulated payments for the availability and supply of power plants within the period of useful life of the power plants is actually possible.

With respect to the fact that we are using a long-term model, there are certain internal factors and assumptions that affect the ČEZ Value sensitivity to the development of power prices, such as varying deployment of the generation portfolio depending on the development of power prices, emission allowances and variable generation costs and, in a longer perspective, also the development of fixed costs reflecting the development of the power plants gross margin.

The sensitivity test results reflect expert estimates of the status and development of the above factors in the period of the model and the status of commercial securing of the generation portfolio as at December 31, 2018.

The test considers long-term EE prices at the level used to prepare Company's business plan for 2019–2023. The plan was prepared in the fourth quarter 2018 whereas the plan was based on the active market parameters observed in August and September (power prices on EEX energy exchange in Germany, prices on PXE energy exchange in the Czech Republic, price of CO₂ emission rights, FX rate CZK/EUR, interest rates etc.). There is a liquidity for power contracts traded on EEX for the period covering the horizon of the business plan and with regard to links between German and Czech power transmission network, the EEX prices are basic market price indicator for EE prices in the Czech Republic. For the purposes of the sensitivity analysis, the input EE prices, emission rights prices and foreign exchange rates were applied to the relevant opened positions of the Company.

A change of the assumed EE prices as per the models by 1%, with other parameters remaining unchanged, would have an impact of approximately CZK 6.7 billion on the ČEZ Value test results. Future cash flows of the model were discounted using a 4.5% rate. A change of 0.1 percentage point in the discount rate, with other parameters remaining unchanged, would change the ČEZ Value by approximately CZK 4.6 billion. A change of 1% in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 5.8 billion in the ČEZ Value.

4. Restricted Financial Assets, Net

Restricted financial assets, net at December 31, 2018, and 2017 consist of the following (in CZK millions):

	2018	2017
Czech government bonds	10,608	9,610
Cash in banks, net	2,728	3,416
Total restricted financial assets, net	13,336	13,026

The Czech government bonds are measured at fair value through other comprehensive income. At December 31, 2018 and 2017 the most important restricted financial assets are restricted funds related to accumulated provision for nuclear decommissioning totaled CZK 13,094 million and CZK 12,739 million, respectively, and restricted funds related to accumulated provision for waste storage and reclamation totaled CZK 185 million and CZK 231 million, respectively.

5. Other Financial Assets, Net

Other financial assets, net at December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018			2017		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Loans granted	20,481	7,851	28,332	5,596	7,681	13,277
Receivables from Group cashpooling	–	2,358	2,358	–	–	–
Term deposits	–	502	502	500	503	1,003
Other financial receivables	10	29	39	10	36	46
Total financial assets at amortized costs	20,491	10,740	31,231	6,106	8,220	14,326
Fair value of cash flow hedge derivatives	2,186	124	2,310	1,581	–	1,581
Total hedge derivatives at fair value	2,186	124	2,310	1,581	–	1,581
Equity financial assets (Inven Capital, SICAV, a.s., Podfond ČEZ)	3,286	–	3,286	–	–	–
Commodity and other derivatives	1,247	93,982	95,229	923	40,202	41,125
Total financial assets at fair value through profit or loss	4,533	93,982	98,515	923	40,202	41,125
Equity financial assets (Veolia Energie ČR, a.s.)	2,791	–	2,791	–	–	–
Debt financial assets	–	1,287	1,287	1,277	2,807	4,084
Total financial assets at fair value through other comprehensive income	2,791	1,287	4,078	1,277	2,807	4,084
Equity financial assets (Veolia Energie ČR, a.s.)	–	–	–	2,732	–	2,732
Share on subsidiaries, associates and joint-ventures	147,478	–	147,478	156,721	–	156,721
Total financial assets at cost	147,478	–	147,478	159,453	–	159,453
Total	177,479	106,133	283,612	169,340	51,229	220,569

Derivatives balance comprises mainly positive fair value of commodity trading contracts.

The Company concluded two put option agreements with Vršanská uhelná a.s. in March 2013. Under these contracts the Company has the right to transfer 100% of the shares of its subsidiary Elektrárna Počerady, a.s. to Vršanská uhelná a.s. First option for the year 2016 was not exercised, second option can be exercised in 2024 for cash consideration of CZK 2 billion. The option agreement can be inactivated until December 31, 2019. The contracts represent derivatives that will be settled by the delivery of unquoted equity instrument. Elektrárna Počerady, a.s. is not quoted on any market. There is significant variability in the range of reasonable fair values for this equity instrument (there is no similar power plant in the Czech Republic for sale and also no similar transaction took place) and thus it is difficult to reasonably assess the probabilities of various estimates. As a result the fair value cannot be reliably measured. Consequently, the put option is measured at cost. There was no option premium paid on the options and therefore the cost of these instruments is zero.

Movements in impairment provisions of financial assets at amortized costs (in CZK millions):

	2018	2017
Opening balance	(37,173)	(35,649)
Application of IFRS 9	(11)	–
Additions (see Note 28)	(2,566)	(9,516)
Reversals	3	–
Derecognition of impaired and sold financial assets	73	7,992
Transfer to assets classified as held for sale	2,159	–
Closing balance	(37,515)	(37,173)

Additions and reversals of impairment provisions against financial assets are described in Note 28.

In 2018, an impairment loss of CZK 73 million in Shared Services was derecognized in connection with the liquidation of the Company.

In 2017, an impairment loss of CZK 7,992 million in TEC Varna EAD was derecognized in connection with the sale of a share in the Company.

Loans granted and other financial assets, net at December 31, 2018 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Loans granted	Receivables from Group cashpooling	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
Current portion	7,851	2,358	502	29	1,287
Due in 1–2 years	572	–	–	8	–
Due in 2–3 years	584	–	–	1	–
Due in 3–4 years	560	–	–	1	–
Due in 4–5 years	560	–	–	–	–
Due in more than 5 years	18,205	–	–	–	–
Total	28,332	2,358	502	39	1,287

Loans granted and other financial assets, net at December 31, 2017 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Loans granted	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
Current portion	7,681	503	36	2,807
Due in 1–2 years	1,090	500	7	1,277
Due in 2–3 years	1,075	–	1	–
Due in 3–4 years	1,074	–	1	–
Due in 4–5 years	817	–	1	–
Due in more than 5 years	1,540	–	–	–
Total	13,277	1,003	46	4,084

Loans granted and other financial assets, net at December 31, 2018 have following effective interest rate structure (in CZK millions):

	Loans granted	Receivables from Group cashpooling	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
Less than 2.00%	7,115	2,358	502	39	1,287
From 2.00% to 2.99%	3,888	–	–	–	–
From 3.00% to 3.99%	17,273	–	–	–	–
From 4.00% to 4.99%	56	–	–	–	–
Total	28,332	2,358	502	39	1,287

Loans granted and other financial assets, net at December 31, 2017 have following effective interest rate structure (in CZK millions):

	Loans granted	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
Less than 2.00%	5,589	1,003	46	4,084
From 2.00% to 2.99%	5,015	–	–	–
From 3.00% to 3.99%	2,673	–	–	–
Total	13,277	1,003	46	4,084

Loans granted and other financial assets, net at December 31, 2018 according to currencies (in CZK millions):

	Loans granted	Receivables from Group cashpooling	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
CZK	21,139	391	502	37	1,287
EUR	7,193	1,878	–	1	–
PLN	–	19	–	–	–
USD	–	–	–	1	–
HUF	–	70	–	–	–
Total	28,332	2,358	502	39	1,287

Loans granted and other financial assets, net at December 31, 2017 according to currencies (in CZK millions):

	Loans granted	Term deposits	Other financial receivables	Debt assets at fair value through other comprehensive income
CZK	7,075	1,003	45	2,806
EUR	6,202	–	1	1,278
Total	13,277	1,003	46	4,084

Changes of Equity Securities and Interests in 2018

Two subsidiaries ČEZ Asset Holding, a. s. (100%) and REN Development s. r. o. (100%) were established.

Part of the assets of the companies ČEZ Korporátní služby, s.r.o. and ČEZ Prodej, a.s. was spun off and transferred to successor companies ČEZ Distribuce, a. s. and ČEZ ESCO, a.s., respectively, which was reflected by reallocation of the cost of these investments.

The equities of CEZ Holdings B.V. in the amount of CZK 657 million, CEZ Towarowy Dom Maklerski in the amount of CZK 72 million, CEZ Hungary Ltd. in the amount of CZK 38 million, ČEZ ESCO, a.s. in the amount of CZK 820 million and CEZ Trade Polska sp. z o.o. in the amount of CZK 211 million were increased by cash contributions outside the registered capital.

In 2018 shares of sub-fund ČEZ of the company Inven Capital, SICAV, a.s. were purchased newly issued investment in the amount of CZK 1,000 million.

In 2018 the Company disposed of its interest in Osvětlení a energetické systémy a.s. in the amount of CZK 43 million.

Due to the subsequent sale of 14 thousand shares of the Company ČEZ OZ uzavřený investiční fond a.s. in the amount of CZK 5 million the share in the company decreased to 99.56%.

The subsidiaries Shared Services Albania Sh.A. and CEZ International Finance B.V. were liquidated in 2018.

Changes of Equity Securities and Interests in 2017

In 2017 the Company sold its share in TEC Varna EAD in the amount of CZK 426 million.

The share capital of CEZ Deutschland GmbH was increased in the amount of CZK 135 million by cash contribution.

The equity of ČEZ ESCO, a.s. was increased by cash and non-monetary contributions of non-controlling shares in ŠKO-ENERGO, s.r.o. and ŠKO-ENERGO FIN, s.r.o. in the amount of CZK 435 million. The share capital of ČEZ ESCO, a.s. was increased by non-monetary contribution of 100% share in CEZ Slovensko, a.s. in the amount of CZK 557 million.

In 2017 was increased equity of ČEZ Energetické produkty, s.r.o. by non-monetary contribution outside the registered capital in the amount of CZK 1 million.

The equity of CEZ Poland Distribution B.V. was increased by capitalization of receivables in the amount of CZK 865 million and by cash contribution outside the registered capital in the amount of CZK 2,140 million.

The subsidiary CM European Power International B.V. was liquidated at December 31, 2017.

In 2017 the Company sold its 100% share in Elektrárna Tisová, a.s. in the amount of CZK 736 million, classified as asset held for sale in 2016 and recognized in the balance sheet as a part of current assets.

The following table summarizes investments in subsidiaries, associates and joint-ventures and other ownership interests at December 31, 2018 and 2017:

As at December 31, 2018

Company	Country	Interest, net in CZK millions	% interest ⁹⁾	Dividends in CZK millions
ČEZ Distribuce, a. s. ¹⁾	Czech Republic	32,742	100.00	25,599
Energotrans, a.s.	Czech Republic	17,986	100.00	500
Severočeské doly a.s.	Czech Republic	14,343	100.00	1,707
Distributie Energie Oltenia S.A.	Romania	13,020	100.00	–
CEZ Holdings B.V. ²⁾	Netherlands	12,917	100.00	–
ČEZ OZ uzavřený investiční fond a.s.	Czech Republic	12,873	99.56	1,198
Tomis Team S.A.	Romania	7,388	100.00	–
Ovidiu Development S.R.L.	Romania	7,298	99.98	–
ČEZ ICT Services, a. s.	Czech Republic	4,236	100.00	120
ČEZ ESCO, a.s.	Czech Republic	4,170	100.00	–
ČEZ Bohunice a.s.	Czech Republic	3,592	100.00	–
ČEZ Korporátní služby, s.r.o.	Czech Republic	3,301	100.00	119
Inven Capital, SICAV, a.s., podfond ČEZ	Czech Republic	3,286	99.87	–
ČEZ Teplárenská, a.s.	Czech Republic	3,053	100.00	130
Veolia Energie ČR, a.s.	Czech Republic	2,791	15.00	152
Elektrárna Temelín II, a. s.	Czech Republic	2,045	100.00	–
Elektrárna Dětmarovice, a.s.	Czech Republic	1,343	100.00	–
Elektrárna Počerady, a.s.	Czech Republic	1,280	100.00	311
Elektrárna Dukovany II, a. s.	Czech Republic	1,048	100.00	–
ČEZ Prodej, a.s.	Czech Republic	1,008	100.00	2,003
ŠKODA PRAHA a.s.	Czech Republic	846	100.00	–
CEZ Vanzare S.A.	Romania	817	100.00	89
CEZ Bulgarian Investments B.V.	Netherlands	589	100.00	–
Energetické centrum s.r.o.	Czech Republic	515	100.00	–
ÚJV Řež, a. s.	Czech Republic	185	52.46	–
LOMY MOŘINA spol. s r.o.	Czech Republic	169	51.05	5
CEZ Deutschland GmbH	Germany	167	100.00	–
CEZ Towarowy Dom Maklerski sp. z o.o.	Poland	107	100.00	–
CEZ Romania S.A.	Romania	92	100.00	–
ŠKODA PRAHA Invest s.r.o.	Czech Republic	81	100.00	–
ČEZ Obnovitelné zdroje, s.r.o.	Czech Republic	73	100.00	–
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	Czech Republic	55	41.87	–
CEZ Polska sp. z o.o.	Poland	50	0.67	–
CEZ Srbija d.o.o.	Serbia	8	100.00	–
Other		81		56
Total, net		153,555		31,989

As at December 31, 2017

Company	Country	Interest, net in CZK millions	% interest ⁵⁾	Dividends in CZK millions
ČEZ Distribuce, a. s.	Czech Republic	31,405	100.00	4,269
Energotrans, a.s.	Czech Republic	17,986	100.00	899
Severočeské doly a.s.	Czech Republic	14,343	100.00	1,707
Distributie Energie Oltenia S.A.	Romania	13,020	100.00	47
ČEZ OZ uzavřený investiční fond a.s.	Czech Republic	12,878	99.60	776
CEZ Poland Distribution B.V. ²⁾	Netherlands	12,260	100.00	–
Tomis Team S.A.	Romania	7,388	100.00	–
Ovidiu Development S.R.L.	Romania	7,298	99.98	–
CEZ Razpredelenie Bulgaria AD ⁴⁾	Bulgaria	6,529	67.00	441
ČEZ Teplárenská, a.s.	Czech Republic	4,626	100.00	200
ČEZ ICT Services, a. s.	Czech Republic	4,236	100.00	–
ČEZ Bohunice a.s.	Czech Republic	3,592	100.00	–
ČEZ Korporátní služby, s.r.o.	Czech Republic	3,494	100.00	120
ČEZ ESCO, a.s.	Czech Republic	3,238	100.00	–
Veolia Energie ČR, a.s.	Czech Republic	2,732	15.00	198
Elektrárna Temelín II, a. s.	Czech Republic	2,045	100.00	–
Inven Capital, investiční fond, a.s. ³⁾	Czech Republic	2,004	99.80	–
Elektrárna Dětmarovice, a.s.	Czech Republic	1,762	100.00	259
Elektrárna Počerady, a.s.	Czech Republic	1,280	100.00	281
ČEZ Distribuční služby, s.r.o. ¹⁾	Czech Republic	1,145	100.00	226
ČEZ Prodej, a.s.	Czech Republic	1,121	100.00	3,628
Elektrárna Dukovany II, a. s.	Czech Republic	1,048	100.00	–
ŠKODA PRAHA a.s.	Czech Republic	846	100.00	–
CEZ Vanzare S.A.	Romania	817	100.00	93
CEZ Bulgarian Investments B.V.	Netherlands	589	100.00	–
Energetické centrum s.r.o.	Czech Republic	515	100.00	–
ÚJV Řež, a. s.	Czech Republic	185	52.46	–
LOMY MOŘINA spol. s r.o.	Czech Republic	169	51.05	11
CEZ Deutschland GmbH	Germany	167	100.00	–
CEZ Romania S.A.	Romania	92	100.00	–
ŠKODA PRAHA Invest s.r.o.	Czech Republic	81	100.00	–
ČEZ Inženýring, s.r.o.	Czech Republic	80	100.00	–
ČEZ Obnovitelné zdroje, s.r.o.	Czech Republic	73	100.00	–
CEZ Hungary Ltd.	Hungary	56	100.00	–
VLTAVOŤYNSKÁ TEPLÁRENSKÁ a.s.	Czech Republic	55	41.87	–
CEZ Polska sp. z o.o.	Poland	50	0.67	–
CEZ Trade Polska sp. z o.o.	Poland	45	100.00	–
Osvětlení a energetické systémy a.s.	Czech Republic	43	48.00	28
CEZ Srbija d.o.o.	Serbia	36	100.00	–
CEZ International Finance B.V.	Netherlands	2	100.00	1,428
Other		122		268
Total, net		159,453		14,879

¹⁾ The company ČEZ Distribuční služby, s.r.o. merged with the succession company ČEZ Distribuce, a. s. with the legal effective date of January 1, 2018.

²⁾ The company name CEZ Poland Distribution B.V. was changed to CEZ Holdings B.V. in 2018.

³⁾ In 2018 was the company Inven Capital, investiční fond, a.s. transformed into Inven Capital, SICAV, a.s.

⁴⁾ In 2018 were interests in Bulgarian companies reclassified to assets classified as held for sale (see Note 11) and recognized in the balance sheet as a part of current assets.

⁵⁾ Equity interest is equal to voting rights.

6. Intangible Assets, Net

Intangible assets, net, at December 31, 2018 and 2017 were as follows (in CZK millions):

	Software	Rights and other	Intangibles in progress	Emission rights	Total
Cost at January 1, 2018	2,155	1,236	136	–	3,527
Additions	–	–	170	2,759	2,929
Disposals	(1)	(4)	–	–	(5)
Bring to use	75	12	(87)	–	–
Reclassification and other	2	–	–	866	868
Cost at December 31, 2018	2,231	1,244	219	3,625	7,319
Accumulated amortization at January 1, 2018	(1,767)	(1,156)	–	–	(2,923)
Amortization	(131)	(37)	–	–	(168)
Disposals	2	5	–	–	7
Accumulated amortization at December 31, 2018	(1,896)	(1,188)	–	–	(3,084)
Net intangible assets at December 31, 2018	335	56	219	3,625	4,235

	Software	Rights and other	Intangibles in progress	Total
Cost at January 1, 2017	1,774	1,243	240	3,257
Additions	–	–	378	378
Disposals	(7)	(10)	–	(17)
Bring to use	377	3	(380)	–
Reclassification and other	11	–	(102)	(91)
Cost at December 31, 2017	2,155	1,236	136	3,527
Accumulated amortization at January 1, 2017	(1,556)	(1,120)	–	(2,676)
Amortization	(218)	(46)	–	(264)
Disposals	7	10	–	17
Accumulated amortization at December 31, 2017	(1,767)	(1,156)	–	(2,923)
Net intangible assets at December 31, 2017	388	80	136	604

Research and development costs, net of grants and subsidies received, that are not eligible for capitalization have been expensed in the period incurred and amounted to CZK 278 million and CZK 277 million, respectively, in 2018 and 2017, respectively.

7. Cash and Cash Equivalents, Net

The composition of cash and cash equivalents, net at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Cash on hand and current accounts with banks	454	972
Short-term securities	–	300
Total	454	1,272

At December 31, 2018 and 2017, cash and cash equivalents included foreign currency deposits of CZK 257 million and CZK 225 million, respectively.

The weighted average interest rate on short-term securities at December 31, 2018 was 0.3%. For the years 2018 and 2017 the weighted average interest rate was 0.7% and 0.1%, respectively.

8. Trade Receivables, Net

The composition of trade receivables, net, at December 31, 2018 and 2017 is as follows (in CZK millions):

	2018	2017
Trade receivables	64,432	41,322
Allowance	(145)	(80)
Total	64,287	41,242

The information about receivables from related parties is included in Note 32.

At December 31, 2018 and 2017 the ageing analysis of trade receivables, net is as follows (in CZK millions):

	2018	2017
Not past due	64,200	41,224
Past due:		
less than 3 months	46	7
3–6 months	20	7
6–12 months	21	4
Total	64,287	41,242

Receivables include impairment allowance based on the collective assessment of impairment of receivables that are not individually significant.

Movements in allowance for doubtful receivables (in CZK millions):

	2018	2017
Opening balance	(80)	(2,663)
Application of IFRS 9	(20)	–
Additions	(61)	(9)
Reversals	16	733
Derecognition of impaired assets	–	1,860
Currency translation difference	–	(1)
Closing balance	(145)	(80)

9. Emission Rights

The following table summarizes the movements in the quantity (in thousand tons) and book value of emission rights and credits held by the Company during 2018 and 2017 (in CZK millions):

	2018		2017	
	in thousands tons	in CZK millions	in thousands tons	in CZK millions
Emission rights and credits granted and purchased for own use:				
Granted and purchased emission rights and credits at January 1	21,588	2,493	16,643	1,188
Emission rights granted	3,458	–	5,015	–
Settlement of prior year actual emissions with register	(14,944)	(1,626)	(16,187)	(1,110)
Emission rights purchased	23,462	6,524	15,967	2,414
Emission rights sold	–	–	–	–
Emission credits purchased	123	1	150	1
Granted and purchased emission rights and credits at December 31	33,687	7,392	21,588	2,493
Emission rights and credits held for trading:				
Emission rights and credits held for trading at January 1	21,824	4,543	4,650	825
Settlement of prior year actual emissions with register	(1,133)	(382)	–	–
Emission rights purchased	122,576	45,171	132,577	19,963
Emission rights sold	(128,470)	(47,337)	(115,403)	(18,630)
Fair value adjustment	–	7,395	–	2,385
Emission rights and credits held for trading at December 31	14,797	9,390	21,824	4,543

Emission rights for own use at December 31, 2018 (in CZK millions):

	2018		2017	
	in thousands tons	in CZK millions	in thousands tons	in CZK millions
Emission rights granted and purchased for own use:				
Long-term	12,580	3,625	–	–
Short-term	21,107	3,767	21,588	2,493

At December 31, 2018 emission rights for own use and held for trading amounted to CZK 13,157 million and are presented in current assets in the line Emission rights. Non-current emission rights for own use are presented as part of the intangible assets.

In 2018 and 2017, total emissions of greenhouse gases made by the Company amounted to an equivalent of 15,780 thousand tons and 16,077 thousand tons of CO₂, respectively. At December 31, 2018 and 2017 the Company recognized a provision for CO₂ emissions in total amount of CZK 2,515 million and CZK 1,860 million, respectively (see Notes 2.10 and 16).

10. Other Current Assets, Net

Other current assets, net at December 31, 2018 and 2017 were as follows (in CZK millions):

	2018	2017
Prepayments	387	393
Taxes and fees, except income tax	824	755
Advances paid	690	581
Others	461	373
Total	2,362	2,102

11. Non-current Assets Held for Sale, Net

On February 23, 2018, a sales contract for the sale of interests in Bulgarian companies CEZ Razpredelenie Bulgaria AD (including its interest in CEZ ICT Bulgaria EAD), CEZ Trade Bulgaria EAD, CEZ Bulgaria EAD, CEZ Elektro Bulgaria AD, Free Energy Project Oreshets EAD and Bara Group EOOD was signed. The sellers for CEZ Group are ČEZ, a. s. and CEZ Bulgarian Investments B.V. The requirements of standard IFRS 5 to classify the assets as held for sale were met by granting prior consent to the transaction by the supervisory board of ČEZ, a. s. which took place on February 22, 2018. The transaction is a subject to approval by the Bulgarian anti-trust authority, the proceedings are now suspended. While the sales contract remains in force, there are ongoing parallel negotiations with other parties interested in these Bulgarian assets. As at December 31, 2018 Bulgarian assets held for sale amounted to CZK 6,540 million.

12. Equity

As at December 31, 2018 and 2017, the share capital of the Company registered in the Commercial Register totaled CZK 53,798,975,900 and consisted of 537,989,759 shares with a nominal value of CZK 100 per share. All shares are bearer common shares that are fully paid and listed and do not convey any special rights.

Movements of treasury shares in 2018 and 2017 (in pieces):

	2018	2017
Number of treasury shares at beginning of period	3,605,021	3,755,021
Sales of treasury shares	(480,000)	(150,000)
Number of treasury shares at end of period	3,125,021	3,605,021

Treasury shares remaining at end of period are presented at cost as a deduction from equity.

Declared dividends per share before tax were CZK 33 in 2018 and 2017. Dividends for the year 2018 will be declared at the general meeting which will be held in the first half of 2019.

Capital Management

The primary objective of the Company's capital management is to keep its credit rating on the investment grade and on the level that is common in the industry and to maintain healthy capital ratios in order to support its business and maximize value for shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Company primarily monitors capital using the ratio of net debt to EBITDA. Considering the current structure and stability of cash flow and the development strategy, the goal of the Group is the level of this ratio in range 2.5 to 3.0. In addition, the Company also monitors capital using a total debt to total capital ratio. The Company's policy is to keep the total debt to total capital ratio below 50% in the long term.

EBITDA consists of income before income taxes and other income (expenses) plus depreciation and amortization, plus impairment of property, plant and equipment and intangible assets and less gain (or loss) on sale of property, plant and equipment. The Group includes within total debt the long-term and short-term interest bearing loans and borrowings. Net debt is defined as total debt less cash and cash equivalents and highly liquid financial assets. Highly liquid financial assets consist for capital management purposes of short-term debt financial assets and both short-term and long-term bank deposits. Total capital is total equity attributable to equity holders of the parent plus total debt. The items related to assets classified as held for sale, which are presented separately on the balance sheet, are always included in these calculations.

The calculation and evaluation of the ratios is done using consolidated figures (in CZK millions):

	2018	2017*
Total long-term debt	149,183	143,234
Total short-term loans	11,783	11,073
Total long-term debt associated with assets held for sale	1,537	–
Total short-term loans associated with assets held for sale	309	–
Total debt	162,812	154,307
Less:		
Cash and cash equivalents	(7,278)	(12,623)
Cash and cash equivalents classified as held for sale	(1,967)	–
Highly liquid financial assets:		
Current debt financial assets	(1,287)	(2,807)
Non-current debt financial assets	(513)	(1,787)
Current term deposits	(505)	(503)
Non-current term deposits	–	(500)
Total net debt	151,262	136,087
Income before income taxes and other income (expenses)	19,759	25,620
Depreciation and amortization	28,139	29,305
Impairment of property, plant and equipment and intangible assets	1,766	230
Gains and losses on sale of property, plant and equipment	(129)	(1,234)
EBITDA	49,535	53,921
Total equity attributable to equity holders of the parent	234,721	250,018
Total debt	162,812	154,307
Total capital	397,533	404,325
Net debt to EBITDA ratio	3.05	2.52
Total debt to total capital ratio	41.0%	38.2%

* The way of presentation of the balance sheet was changed in 2018. Part of total debt are newly accrued interest expenses, which amounted to CZK 2,200 million and CZK 2,135 million as of December 31, 2018 and 2017, respectively, and also lease liabilities, which amounted to CZK 245 million and CZK 3 million as of December 31, 2018 and 2017, respectively. The prior year figures were changed accordingly to provide comparative information on the same basis.

13. Long-term Debt

Long-term debt at December 31, 2018 and 2017 was as follows (in CZK millions):

	2018	2017
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,468	2,283
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,647	1,523
5.000% Eurobonds, due 2021 (EUR 750 million)	19,457	19,306
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,287	1,277
4.875% Eurobonds, due 2025 (EUR 750 million)	19,909	19,757
4.500% Eurobonds, due 2020 (EUR 750 million)	19,693	19,524
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,370	2,193
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,287	1,287
2.150%*IR CPI Eurobonds, due 2021 (EUR 100 million) ¹⁾	2,634	2,615
4.102% Eurobonds, due 2021 (EUR 50 million)	1,288	1,278
4.375% Eurobonds, due 2042 (EUR 50 million)	1,286	1,276
4.500% Eurobonds, due 2047 (EUR 50 million)	1,284	1,274
4.383% Eurobonds, due 2047 (EUR 80 million)	2,087	2,072
3.000% Eurobonds, due 2028 (EUR 725 million)	19,419	19,327
3M Euribor + 0.55% Eurobonds, due 2018 (EUR 200 million)	–	5,108
0.875% Eurobonds, due 2022 (EUR 500 million)	12,824	–
4.250% U.S. bonds, due 2022 (USD 289 million)	6,525	6,177
5.625% U.S. bonds, due 2042 (USD 300 million)	6,768	6,411
4.500% Registered bonds, due 2030 (EUR 40 million)	1,017	1,008
4.750% Registered bonds, due 2023 (EUR 40 million)	1,068	1,059
4.700% Registered bonds, due 2032 (EUR 40 million)	1,060	1,052
4.270% Registered bonds, due 2047 (EUR 61 million)	1,549	1,538
3.550% Registered bonds, due 2038 (EUR 30 million)	790	784
Total bonds and debentures	127,717	118,129
Less: Current portion	(3,419)	(7,203)
Bonds and debentures, net of current portion	124,298	110,926
Long-term bank loans (less than 2% p.a.)	10,899	12,974
Less: Current portion	(2,171)	(2,157)
Long-term bank loans, net of current portion	8,728	10,817
Total long-term debt	138,616	131,103
Less: Current portion	(5,590)	(9,360)
Total long-term debt, net of current portion	133,026	121,743

¹⁾ The interest rate is based on inflation realized in Eurozone Countries (Harmonized Index of Consumer Prices – HICP) and is fixed through the closed swap to the rate 4.553% p.a.

The interest rates indicated above are historical rates for fixed rate debt and current market rates for floating rate debt. The actual interest payments are affected by interest rate risk hedging carried out by the Company.

All long-term debt is recognized in original currencies while the related hedging derivatives are recognized using the method described in Note 2.12.

Future maturities of long-term debt are as follows (in CZK millions):

	2018	2017
Current portion	5,590	9,360
Between 1 and 2 years	21,421	3,427
Between 2 and 3 years	25,046	21,240
Between 3 and 4 years	20,550	24,855
Between 4 and 5 years	5,561	7,385
Thereafter	60,448	64,836
Total long-term debt	138,616	131,103

The following table analyses long-term debt by currency (in millions):

	2018		2017	
	Foreign currency	CZK	Foreign currency	CZK
EUR	4,570	117,551	4,355	111,229
USD	592	13,293	591	12,588
JPY	31,714	6,485	31,711	5,999
CZK	–	1,287	–	1,287
Total long-term debt		138,616		131,103

Long-term debt with floating interest rates exposes the Company to interest rate risk. The following table summarizes long-term debt with floating rates of interest by contractual reprising dates at December 31, 2018 and 2017 without considering interest rate hedging (in CZK millions):

	2018	2017
Floating rate long-term debt		
with interest rate fixed from 1 to 3 months	–	5,108
with interest rate fixed from 3 months to 1 year	12,186	14,251
Total floating rate long-term debt	12,186	19,359
Fixed rate long-term debt	126,430	111,744
Total long-term debt	138,616	131,103

Fixed rate long-term debt exposes the Company to the risk of changes in fair values of these financial instruments. For related fair value information and risk management policies of all financial instruments see Notes 14 and 15.

The following table analyses changes in liabilities and receivables arising from financing activities in 2018 (in CZK millions):

	Debt	Other long-term financial liabilities	Other short-term financial liabilities	Other current financial assets, net	Total liabilities / assets from financing activities
Amount presented on balance sheet at January 1, 2017	145,465	7,019	81,662	(45,320)	
Less: Liabilities / assets from other than financing activities	–	(5,769)	(41,077)	45,295	
Liabilities / assets arising from financing activities at January 1, 2017	145,465	1,250	40,585	(25)	187,275
Cash flows	6,503	–	(18,672)	(10)	(12,179)
Foreign exchange movement	(4,088)	–	(306)	–	(4,394)
Changes in fair values	(6,076)	–	–	–	(6,076)
Declared dividends	–	–	17,586	–	17,586
Other	47	–	9	–	56
Liabilities / assets arising from financing activities at December 31, 2017	141,851	1,250	39,202	(35)	182,268
Liabilities / assets arising from other than financing activities	–	10,321	43,189	(51,194)	
Total amount on balance sheet at December 31, 2017	141,851	11,571	82,391	(51,229)	
Less: Liabilities / assets from other than financing activities	–	(10,321)	(43,189)	51,194	
Liabilities / assets arising from financing activities at January 1, 2018	141,851	1,250	39,202	(35)	182,268
Cash flows	6,457	(500)	(19,201)	(2,328)	(15,572)
Foreign exchange movement	1,702	–	16	–	1,718
Changes in fair values	255	–	–	–	255
Declared dividends	–	–	17,604	–	17,604
Reclassification	–	(750)	750	–	–
Other	60	157	(30)	(25)	162
Liabilities / assets arising from financing activities at December 31, 2018	150,325	157	38,341	(2,388)	186,435
Liabilities / assets arising from other than financing activities	–	13,619	114,203	(103,745)	
Total amount on balance sheet at December 31, 2018	150,325	13,776	152,544	(106,133)	

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item Other long-term financial liabilities consists of long-term payable to the subsidiary Severočeské doly a.s., item Other short-term financial liabilities consists of dividend payable, current portion of long-term deposit and current portion of the payable to the subsidiary Severočeské doly a.s, payables from Group cashpooling and similar intra-group loans, item Other current financial assets, net consists of advanced payments to dividend administrator.

14. Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Current Investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Securities Held for Trading

The fair values of equity and debt securities that are held for trading are estimated based on quoted market prices.

Investments

The fair values of instruments, which are publicly traded on active markets, are determined based on quoted market prices. For unquoted equity instruments the Company considered the use of valuation models and concluded that the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Therefore unquoted equity instruments are carried at cost and the fair value information is not disclosed.

Short-term Receivables and Payables

The carrying amount of receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term Loans

The carrying amount approximates fair value because of the short period to maturity of those instruments.

Long-term Debt

The fair value of long-term debt is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The carrying amount of long-term debt and other payables with variable interest rates approximates their fair values.

Derivatives

The fair value of derivatives is based upon mark to market valuations.

Carrying amounts and the estimated fair values of financial assets (except for derivatives) at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets at amortized cost:				
Loans granted	20,481	20,481	5,596	5,596
Term deposits			500	500
Other financial receivables	10	10	10	10
Non-current assets at fair value through other comprehensive income:				
Restricted debt securities	10,608	10,608	9,610	9,610
Equity financial assets	2,791	2,791	–	–
Debt financial assets	–	–	1,277	1,277
Non-current assets at fair value through profit or loss:				
Equity financial assets	3,286	3,286	–	–
Non-current assets at cost ¹⁾ :				
Equity financial assets	–	–	2,732	–
Current assets at amortized cost:				
Loans granted	7,851	7,851	7,681	7,681
Term deposits	502	502	503	503
Other financial receivables	29	29	36	36
Current assets at fair value through other comprehensive income:				
Debt financial assets	1,287	1,287	2,807	2,807

¹⁾ Equity financial assets that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Carrying amounts and the estimated fair values of financial liabilities (except for derivatives) at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	(138,616)	(147,795)	(131,103)	(144,903)
Other long-term financial liabilities	(157)	(157)	(1,250)	(1,250)
Short-term loans	(11,709)	(11,709)	(10,748)	(10,748)
Other short-term financial liabilities	(1,120)	(1,120)	(313)	(313)

Carrying amounts and the estimated fair values of derivatives at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash flow hedges:				
Short-term receivables	124	124	–	–
Long-term receivables	2,186	2,186	1,581	1,581
Short-term liabilities	(9,637)	(9,637)	–	–
Long-term liabilities	(12,733)	(12,733)	(9,131)	(9,131)
Commodity derivatives:				
Short-term receivables	93,704	93,704	39,984	39,984
Long-term receivables	99	99	97	97
Short-term liabilities	(101,528)	(101,528)	(42,749)	(42,749)
Other derivatives:				
Short-term receivables	278	278	218	218
Long-term receivables	1,148	1,148	826	826
Short-term liabilities	(138)	(138)	(140)	(140)
Long-term liabilities	(886)	(886)	(1,190)	(1,190)

14.1. Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between the levels in 2018 and 2017.

As at December 31, 2018, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	93,803	7,851	85,952	–
Cash flow hedges	2,310	23	2,287	–
Other derivatives	1,426	–	1,426	–
Restricted debt securities	10,608	10,608	–	–
Debt financial assets	1,287	1,287	–	–
Equity financial assets	6,077	–	–	6,077

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(101,528)	(11,552)	(89,976)	–
Cash flow hedges	(22,370)	(4,594)	(17,776)	–
Other derivatives	(1,024)	–	(1,024)	–

Assets and liabilities for which fair value is disclosed	Total	Level 1	Level 2	Level 3
Loans granted	28,332	–	28,332	–
Term deposits	502	–	502	–
Other financial receivables	39	–	39	–
Long-term debt	(147,795)	(112,369)	(35,426)	–
Short-term loans	(11,709)	–	(11,709)	–
Other short-term financial liabilities	(1,120)	–	(1,120)	–

As at December 31, 2017, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	40,081	2,295	37,786	–
Cash flow hedges	1,581	–	1,581	–
Other derivatives	1,044	–	1,044	–
Restricted debt securities	9,610	9,610	–	–
Debt financial assets	4,084	4,084	–	–

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(42,749)	(2,457)	(40,292)	–
Cash flow hedges	(9,131)	(2,354)	(6,777)	–
Other derivatives	(1,330)	–	(1,330)	–

Assets and liabilities for which fair value is disclosed	Total	Level 1	Level 2	Level 3
Loans granted	13,277	–	13,277	–
Term deposits	1,003	–	1,003	–
Other financial receivables	46	–	46	–
Long-term debt	(144,903)	(102,208)	(42,695)	–
Short-term loans	(10,748)	–	(10,748)	–
Other short-term financial liabilities	(313)	–	(313)	–

The Company enters into derivative financial instruments with various counterparties, principally large power and utility group and financial institutions with high credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward and futures contracts, foreign exchange forward contracts, interest rate swaps and options. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations and option pricing models (e.g. Black-Scholes). The models incorporate various inputs including the forward rate curves of the underlying commodity, foreign exchange spot and forward rates and interest rate curves.

Roll forward of the financial assets measured at fair value – Level 3 (in CZK millions):

	Equity financial assets at fair value through profit or loss	Equity financial assets at fair value through other comprehensive income
Balance at January 1, 2018	–	–
Application of IFRS 9 ¹⁾	2,002	2,732
Additions	1,000	–
Revaluation	284	59
Balance at December 31, 2018	3,286	2,791

¹⁾ Transfer from category measured at cost.

The main investment in the portfolio Equity financial assets at fair value through other comprehensive income is 15% interest in the company Veolia Energie ČR, a.s. (see Note 5). Equity instruments of the company are not quoted on any market. Fair value at December 31, 2018 was determined using available public EBITDA data and the usual range of 8 to 10 EBITDA multiples which corresponds to the transactions observed on the market for acquisition of the 100% interest before the adjustment for outstanding debt. The fair value at December 31, 2018 was determined using 9 EBITDA multiple as the best estimate of the fair value.

Equity financial assets at fair value through profit or loss includes investment in investment fund ČEZ in the company Inven Capital, SICAV, a.s. (see Note 5). The fair value of the investment was determined at 31 December 2018 by valuator's appraisal. The fair value is stated especially with regard to capital contributions and to other forms of financing made by the co-investors recently. In addition, the valuation takes into account further developments and eventual subsequent significant events, such as received bids for redemption.

14.2. Offsetting of Financial Instruments

The following table shows the recognized financial instruments that are offset, or subject to enforceable master netting agreement or other similar agreements but not offset, as of December 31, 2018 and 2017 (in CZK millions):

	2018		2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	97,538	(124,921)	42,706	(53,209)
Other financial instruments ¹⁾	45,579	(42,102)	29,200	(25,788)
Collaterals paid (received) ²⁾	2,878	(1,611)	482	(2,290)
Gross financial assets / liabilities	145,995	(168,634)	72,388	(81,287)
Assets / liabilities set off under IAS 32	–	–	–	–
Amounts presented in the balance sheet	145,995	(168,634)	72,388	(81,287)
Effect of master netting agreements	(131,116)	131,116	(63,483)	63,483
Net amount after master netting agreements	14,879	(37,518)	8,905	(17,804)

¹⁾ Other financial instruments consist of invoices due from derivative trading and are included in Trade receivables, net or Trade payables.

²⁾ Collaterals paid are included in Trade receivables, net and collaterals received are included in Trade payables.

When trading with derivative instruments, the Company enters into the EFET and ISDA framework contracts. These contracts generally allow mutual offset of receivables and payables upon the premature termination of agreement. The reason for premature termination is insolvency or non-fulfillment of agreed terms by the counterparty. The right to mutual offset is either embedded in the framework contract or results from the security provided. There is CSA (Credit Support Annex) concluded with some counterparties defining the permitted limit of exposure. When the limit is exceeded, there is a transfer of cash reducing exposure below an agreed level. Cash security (collateral) is also included in the final offset.

Short-term derivative assets are included in the balance sheet in Other current financial assets, net, long-term derivative assets in Other non-current financial assets, net, short-term derivative liabilities in Other short-term financial liabilities and long-term derivative liabilities in Other long-term financial liabilities.

15. Financial Risk Management

Risk Management Approach

A risk management system is being successfully developed in order to protect the Group's value while taking the level of risk acceptable for the shareholders. In the Group, the risk is defined as a potential difference between the actual and the expected (planned) developments and is measured by means of the extent of such difference in CZK and the likelihood with which such a difference may occur.

A risk capital concept is applied within the Group. The concept allows the setting of basic cap for partial risk limits and, in particular, the unified quantification of all kinds of risks. The value of aggregate annual risk limit (Profit@Risk) is approved by the Board of Directors based on the Risk Management Committee proposal for every financial year. The proposed limit value is derived from historical volatility of profit, revenues and costs of the Group (the top-down method). The approved value in CZK is set on the basis of a 95% confidence level and expresses a maximum profit decrease, which is the Group willing to take in order to reach the planned annual profit.

The bottom-up method is used for setting and updating the Risk frames. The Risk frames include the definition of risk and departments/units of the Group for which the frame is obligatory; definition of rules and responsibilities for risk management; permitted instruments and methods of risk management and actual risk limits, including a limit which expresses the share in the annual Profit@Risk limit.

The main Business Plan market risks are quantified in the Group (EBITDA@Risk based on MonteCarlo simulation in Y+1 to Y+5 horizon). The market risks are actively managed through gradual electricity sales and emission allowances' purchases in the following 6-year horizon, closed long-term contracts for electricity sale and emission allowances' purchase and the FX and IR risk hedging in medium-term horizon. In Business Plan horizon, the risk management is also based on Debt Capacity concept which enables to assess the impact of main Investment and other Activities (incl. the risk characteristics), on expected cash flow and total debt in order to maintain corporate rating.

Risk Management Organization

The supreme authority responsible for risk management in ČEZ, a. s. is the CFO, except for approval of the aggregate annual budget risk limit (Profit@Risk) within the competence of the ČEZ, a. s. Board of Directors. CFO decides, based on the recommendation of the Risk Management Committee, on the development of a system of risk management, on an overall allocation of risk capital to the individual risks and organizational units, he approves obligatory rules, responsibilities and limit structure for the management of partial risks.

The Risk Management Committee (advisory committee of CFO) continuously monitors an overall risk impact on the Group, including Group risk limits utilization, status of risks linked to Business Plan horizon, hedging strategies status, assessment of impact of Investment and other Activities on potential Group debt capacity and cash flow in order to maintain corporate rating.

Overview and Methods of Risk Management

The Group applies a unified categorization of the Group's risks which reflects the specifics of a corporate, i.e. non-banking company, and focuses on primary causes of unexpected development. The risks are divided into four basic categories listed below.

1. Market risks	2. Credit risks	3. Operation risks	4. Business risks
1.1 Financial (FX, IR)	2.1 Counterparty default	3.1 Operating	4.1 Strategic
1.2 Commodity	2.2 Supplier default	3.2 Internal change	4.2 Political
1.3 Volumetric	2.3 Settlement	3.3 Liquidity management	4.3 Regulatory
1.4 Market liquidity		3.4 Security	4.4 Reputation

From the view of risk management, the Group activities can be divided into two basic groups:

- activities with the unified quantification of the share of respective activity in the aggregate risk limit of the Group (i.e. using specific likelihood, it is possible to objectively determine what risk is associated with an activity/planned profit). These risks are managed by the rules and limits set by the CFO of ČEZ, a. s. based on the recommendation of the Risk Management Committee and, concurrently, in accordance with governing documents of the respective units/processes of the Group;
- activities whose share in the aggregate risk limit of the Group has not been quantified so far or for objective reasons. These risks are managed by the responsible owners of the relevant processes in accordance with internal governing documents of the respective units/processes of the Group.

For all risks quantified on a unified basis, a partial risk limit is set whose continuous utilization is evaluated on a monthly basis and is usually defined as a sum of the actually expected deviation of expected annual profit from the plan and the potential risk of loss on a 95% confidence. The Group's methodologies and data provide for a unified quantification of the following risks:

- market risks: financial (currency, interest and stock price) risks, commodity prices (electricity, emission allowances, coal, gas, crude oil), volume (volume of electricity produced by wind power plants);
- credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk;
- operational risks: risks of nuclear and fossil power plants operation, investment risks.

The development of quantified risks is reported to the Risk Management Committee every month through 3 regular reports:

- Annual budget risks (annual Profit@Risk limit utilization);
- Business plan risks (EBITDA@Risk based on MonteCarlo simulation);
- Debt capacity (actual deviation from the optimal debt within Y+5 horizon, derived from rating agency requirements on debt indicators in order to preserve the ČEZ rating).

15.1. Qualitative Description of ČEZ, a. s. Risks Associated with Financial Instruments

Commodity Risks

The development of electricity, emission allowances, coal and gas prices is a key risk factor of the ČEZ value. The current system of commodity risk management is focused on (i) the margin from the own electricity production sales, i.e. from trades resulting in optimizing the sales of ČEZ's production and in optimizing the emission allowances position for production (the potential risk is managed on the EaR, VaR and the EBITDA@Risk bases), and (ii) the margin from the proprietary trading of commodities (the potential risk is managed on the VaR basis).

Market Financial Risks (currency and interest risks)

The development of foreign exchange rates and interest rates is a significant risk factor of the ČEZ value. The current system of financial risk management is focused mainly on (i) the future cash flows and (ii) financial trades which are realized for the purposes of an overall risk position management in accordance with the risk limits (the potential risk is managed on the basis of VaR, EBITDA@Risk and complementary position limits). Own financial instruments (i.e. active and passive financial trades and derivative trades) are realized entirely in the context of an overall expected cash flows (including operational and investment foreign currency flows).

Credit Risks

Credit exposures of individual financial partners and wholesale partners are managed in accordance with individual credit limits. The individual limits are set and continuously updated according to the counterparty's credibility (in accordance with international rating and internal financial evaluation of counterparties with no international rating).

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Company's maximum exposure to credit risk to receivables and other financial instruments as at 31 December 2018 and 2017 is the carrying value of each class of financial assets except for financial guarantees.

In accordance with the credit risk methodology applied to the banking sector per Basel II, every month the expected and potential losses are quantified on a 95% confidence level. It means that the share of credit risks in the aggregate annual Profit@Risk limit is quantified and evaluated.

Liquidity Risks

Liquidity risk is primarily perceived as an operational risk (risk of liquidity management) and a risk factor is the internal ability to effectively manage the future cash flows planning process and to secure the adequate liquidity and effective short-term financing (the risk is managed on a qualitative basis). The fundamental liquidity risk management (i.e. liquidity risk within the meaning for banking purposes) is covered by the risk management system as a whole. In any given period, the future deviations of the expected cash flows are managed in accordance with the aggregate risk limit and in the context of the actual and the targeted debt/equity ratio of ČEZ.

15.2. Quantitative Description of ČEZ, a. s. Risks Associated with Financial Instruments

Commodity Risks

The required quantitative information on risks (i.e. a potential change of market value resulting from the effects of risk factors as at December 31) was prepared based on the assumptions given below:

- the indicator of risk associated with financial instruments is defined as the monthly parametric VaR (95% confidence) which expresses a maximum potential decrease in fair value of contracts classified as derivatives under IFRS 9 (the underlying commodities in the Company's derivative transactions are: electricity, EUA and CER/ERU emission allowances, gas, coal ARA, Richards Bay, Newcastle and crude oil and crude oil products) on the given confidence level;
- highly probable forecasted future electricity generation sales with the delivery in the CZ power grid are included in the VAR calculation to reflect the hedging character of significant portion of the existing derivative sales of electricity with delivery in Germany;
- for the calculation of volatility and correlations (between commodity prices), the SMA (Simple Moving Average) method is applied to 60 daily time series;
- the source of market data is mainly EEX, PXE and ICE;
- the indicator VaR illustrates mainly the impact of revaluation of above mentioned financial instruments to Income Statement.

Potential impact of the above risk factors as at December 31 (in CZK millions):

	2018	2017
Monthly VaR (95%) – impact of changes in commodity prices	2,734	933

Currency Risks

The required quantitative information on risks (i.e. a potential change of market value resulting from the effects of currency risk as at December 31) was prepared based on the assumptions given below:

- the indicator of currency risk is defined as the monthly VaR (95% confidence);
- for the calculation of VaR, based on volatility and internal correlations of each considered currency, the method of historical simulation VaR is applied to 90 daily historical time series;
- the relevant currency position is defined mainly as a discounted value of foreign currency cash flows from all contracted financial instruments, from expected foreign currency operational revenues and costs in 2018 and from highly probable forecasted foreign currency revenues, costs or capital expenditures that are being hedged by financial instruments etc;
- the relevant currency positions reflect all significant foreign-currency flows in the monitored basket of foreign currencies;
- the source of market FX and interest rate data is mainly IS Reuters and IS Bloomberg;
- the indicator VaR illustrates mainly the impact of revaluation of above mentioned currency position to Income Statement.

Potential impact of the currency risk as at December 31 (in CZK millions):

	2018	2017
Monthly currency VaR (95% confidence)	169	95

Interest Risks

For the quantification of the potential impact of the interest risk was chosen the sensitivity of the interest revenue and cost to the parallel shift of yield curves. The approximate quantification as at December 31 was based on these assumptions:

- parallel shift of the yield curves (+10bp) was selected as the indicator of interest risk;
- the Income Statement sensitivity is measured as an annual change of the interest revenue and cost resulting from the interest-sensitive positions as at December 31;
- the considered interest positions reflect all significant interest-sensitive positions;
- the source of market interest rates is mainly IS Reuters and IS Bloomberg.

Potential impact of the interest rate risk as at December 31 (in CZK millions):

	2018	2017
IR sensitivity* to parallel yield curve shift (+10bp)	(1)	(10)

* Negative result denotes higher increase in interest costs than interest income.

Credit Exposure

The Company is exposed to credit risk arising on all financial assets presented on the balance sheet and from provided guarantees.

Credit exposure from provided guarantees not recorded on balance sheet at December 31 (in CZK millions):

	2018	2017
Guarantees provided to subsidiaries and joint-ventures not recorded on balance sheet	6,165	5,063

At December 31, 2018 and 2017, the guarantees provided to subsidiaries amounted to CZK 4,221 million and CZK 2,220 million, respectively and guarantees provided to joint-ventures amounted to CZK 1,944 million and CZK 2,843 million, respectively. The guarantees provided represent mainly guarantees issued in connection with concluded contracts, bank loans and other obligations of the respective companies. The beneficiary may claim the guarantee only under the conditions of the letter of guarantee, usually in relation to non-payment of amounts arising out of the contract or failure to fulfil the obligations arising out of the contract. The companies whose liabilities are subject to the guarantees currently comply with their obligations. The guarantees have various maturities. As of December 31, 2018 and 2017, some of the guarantees could be called until December 2030 at the latest.

Liquidity Risk

Maturity profile of financial liabilities based on contractual undiscounted payments at December 31, 2018 (in CZK millions):

	Bonds and debentures	Loans	Derivatives ¹⁾	Other financial liabilities	Trade payables	Guarantees issued ²⁾
Due in 2019	6,240	13,886	444,692	41,246	51,208	6,165
Due in 2020	24,194	2,176	104,659	60	–	–
Due in 2021	27,193	1,932	34,951	58	–	–
Due in 2022	22,071	1,285	16,952	45	–	–
Due in 2023	7,148	941	4,714	–	–	–
Thereafter	78,976	2,426	29,525	–	–	–
Total	165,822	22,646	635,493	41,409	51,208	6,165

Maturity profile of financial liabilities based on contractual undiscounted payments at December 31, 2017 (in CZK millions):

	Bonds and debentures	Loans	Derivatives ¹⁾	Other financial liabilities	Trade payables	Guarantees issued ²⁾
Due in 2018	9,875	12,909	302,465	39,502	34,401	5,063
Due in 2019	6,042	2,161	75,609	1,250	–	–
Due in 2020	23,840	2,159	25,581	–	–	–
Due in 2021	26,834	1,918	11,906	–	–	–
Due in 2022	8,748	1,276	13,414	–	–	–
Thereafter	84,339	3,342	32,770	–	–	–
Total	159,678	23,765	461,745	40,752	34,401	5,063

¹⁾ Contractual maturities for derivatives represent contractual cash out-flows of these instruments, but at the same time the Company will receive corresponding consideration. For fair values of derivatives see Note 14.

²⁾ Maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The committed credit facilities available to the Company as at December 31, 2018 and 2017 amounted to CZK 15.8 billion and CZK 18.7 billion, respectively.

15.3. Hedge Accounting

The Company enters into cash flow hedges of future highly probable cash inflows from the sales denominated in EUR against the currency risk. The hedged cash flows are expected to occur in the period from 2019 to 2024. The hedging instruments as at December 31, 2018 and 2017 are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 4.0 billion and EUR 4.1 billion, respectively, and currency forward contracts and swaps. The fair value of these derivative hedging instruments (currency forward contracts and swaps) amounted to CZK 176 million and CZK (18) million at December 31, 2018 and 2017, respectively.

The Company also enters into cash flow hedges of highly probable future sales of electricity in the Czech Republic from 2019 to 2024. The hedging instruments are the futures and forward contracts electricity sales in Germany. The fair value of these derivative hedging instruments amounted to CZK (20,236) million and CZK (7,532) million at December 31, 2018 and 2017, respectively.

The Company applied cash flow hedges of future highly probable purchases of emission allowances which had been expected to occur in 2018 and 2017. The hedging instruments as at December 31, 2018 and 2017 were the futures contracts for the purchase of allowances equivalent to 6.0 million tons and 7.0 million tons of CO₂ emissions, respectively. The final settlement of the purchase of these hedged emission allowances was in December 2018 and 2017, respectively.

In 2018 and 2017 the amounts removed from equity in respect of cash flow hedges were recognized in profit or loss and included in the lines Sales of electricity, heat and gas, Gains and losses from commodity derivative trading, Other financial expenses and Other financial income and on the balance sheet in the line Intangible assets, net and Emission rights. In 2018 and 2017 the Company recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the amount of CZK (29) million and CZK (3) million, respectively. The ineffectiveness in 2018 and 2017 was mainly caused by the fact that the hedged cash flows are no more highly probable to occur.

16. Provisions

The following is a summary of the provisions at December 31, 2018 and 2017 (in CZK millions):

	2018			2017		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Nuclear provisions	61,095	2,282	63,377	59,137	2,197	61,334
Provision for waste storage reclamation	514	52	566	806	46	852
Provision for CO ₂ emissions (see Note 9)	–	2,515	2,515	–	1,860	1,860
Provision for employee benefits	1,362	117	1,479	1,228	97	1,325
Provision for environmental claims	–	463	463	–	437	437
Provision for legal and commercial disputes	–	470	470	–	453	453
Provision for obligation in case of claim from guarantee for Akcez group loans	–	908	908	–	–	–
Other provisions	–	82	82	–	–	–
Total	62,971	6,889	69,860	61,171	5,090	66,261

16.1. Nuclear Provisions

The Company operates two nuclear power plants. Nuclear power plant Dukovany consists of four units which were put into service from 1985 to 1987. Nuclear power plant Temelín has two units which have started commercial operation in 2002 and 2003. A Nuclear Act (Act) defines obligations for the decommissioning of nuclear facilities, the disposal of radioactive waste and spent fuel (disposal). The Act requires that all nuclear parts of plant and equipment be decommissioned following the end of the plant's operating life. For the purpose of accounting for the nuclear provisions, it is assumed that the end of the plant's operating life will be 2037 for Dukovany and 2052 for Temelín. A 2018 Dukovany and a 2014 Temelín decommissioning cost study estimate that nuclear decommissioning will cost CZK 28.6 billion and CZK 18.4 billion, respectively. The Company makes contributions to a restricted bank accounts in the amount of the nuclear provisions recorded under the Act. These restricted funds can be invested in government bonds and term deposits in accordance with the Act and are shown in the balance sheet as part of Restricted financial assets, net (see Note 4).

Pursuant to the Act, the Ministry of Industry and Trade established the Radioactive Waste Repository Authority (RAWRA) as the central organizer and operator of facilities for the final disposal of radioactive waste and spent fuel. The RAWRA operates, supervises and is responsible for disposal facilities and for disposal of radioactive waste and spent fuel therein. The activities of the RAWRA are financed through a nuclear account funded by the originators of radioactive waste. Contribution to the nuclear account is stated by Act at 55 CZK per MWh produced at nuclear power plants. In 2018 and 2017, the payments to the nuclear account amounted to CZK 1,646 million and CZK 1,559 million, respectively. The originator of radioactive waste and spent fuel directly covers all costs associated with interim storage of radioactive waste and spent fuel.

The Company has established provisions as described in Note 2.21, to recognize its estimated liabilities for decommissioning and spent fuel storage.

The following is a summary of the nuclear provisions for the years ended December 31, 2018 and 2017 (in CZK millions):

	Accumulated provisions			Total
	Nuclear decommissioning	Spent fuel storage		
		Interim	Long-term	
Balance at January 1, 2017	18,602	7,367	29,244	55,213
Movements during 2017:				
Discount accretion and effect of inflation	465	184	731	1,380
Provision charged to income statement	–	380	–	380
Effect of change in estimate credited to income statement	–	275	–	275
Effect of change in estimate added to fixed assets (see Note 2.21)	1,464	–	4,740	6,204
Current cash expenditures	–	(559)	(1,559)	(2,118)
Balance at December 31, 2017	20,531	7,647	33,156	61,334
Movements during 2018:				
Discount accretion and effect of inflation	530	191	829	1,550
Provision charged to income statement	–	527	–	527
Effect of change in estimate charged to income statement	–	(43)	–	(43)
Effect of change in estimate added to (deducted from) fixed assets (see Note 2.21)	2,449	–	(110)	2,339
Current cash expenditures	–	(684)	(1,646)	(2,330)
Balance at December 31, 2018	23,510	7,638	32,229	63,377

The current cash expenditures for the long-term storage of spent nuclear fuel represent payments to the state controlled nuclear account and the expenditures for interim storage represent mainly the purchase of interim fuel storage containers and other related equipment.

In 2018 the Company recorded the change in estimate for interim storage of spent nuclear fuel in connection with the change in expectations of future storage cost, the change in estimate in provision for nuclear decommissioning due to the update of the expert decommissioning study for nuclear power plant in Dukovany and the change in long-term spent fuel storage in connection with the modification of the expected output of the nuclear power plants.

In 2017 the Company recorded the change in estimate for interim storage of spent nuclear fuel in connection with the change in expectations of future storage costs and change in discount rate, the change in estimate in provision for nuclear decommissioning in connection with the change of timing of the costs for decommissioning expenditure in Temelín Nuclear Power Plant and change in discount rate and the change in long-term spent fuel storage in connection with the modification of the expected output of the nuclear power plants.

The actual decommissioning and spent fuel storage costs could vary substantially from the above estimates because of new regulatory requirements, changes in technology, increased costs of labor, materials and equipment and/or the actual time required to complete all decommissioning, disposal and storage activities.

16.2. Provision for Waste Storage Reclamation

The following table shows the movements of the provision for waste storage reclamation for the years ended December 31, 2018 and 2017 (in CZK millions):

Balance at January 1, 2017	915
Movements during 2017:	
Discount accretion and effect of inflation	23
Effect of change in estimate added to fixed assets	1
Current cash expenditures	(87)
Balance at December 31, 2017	852
Movements during 2018:	
Discount accretion and effect of inflation	21
Effect of change in estimate deducted from fixed assets	(67)
Reversal of provision	(213)
Current cash expenditures	(27)
Balance at December 31, 2018	566

17. Other Financial Liabilities

Other financial liabilities at December 31, 2018 and 2017 are as follows (in CZK millions):

	2018			2017		
	Long-term liabilities	Short-term liabilities	Total	Long-term liabilities	Short-term liabilities	Total
Payables from Group cashpooling and similar intra-group loans	–	40,121	40,121	–	39,189	39,189
Deposit	–	750	750	1,250	–	1,250
Other	157	370	527	–	313	313
Financial liabilities at amortized costs	157	41,241	41,398	1,250	39,502	40,752
Cash flow hedge derivatives	12,733	9,637	22,370	9,131	–	9,131
Commodity and other derivatives	886	101,666	102,552	1,190	42,889	44,079
Financial liabilities at fair value	13,619	111,303	124,922	10,321	42,889	53,210
Total	13,776	152,544	166,320	11,571	82,391	93,962

18. Short-term Loans

Short-term loans at December 31, 2018 and 2017 were as follows (in CZK millions):

	2018	2017
Short-term bank loans	11,444	10,689
Bank overdrafts	265	58
Total	11,709	10,747

Interest on short-term loans is variable. The weighted average interest rate was 0.39% and 0.08% at December 31, 2018 and 2017, respectively. For the years 2018 and 2017, the weighted average interest rate was 0.47% and (0.01%), respectively.

19. Other Short-term Liabilities

Other short-term liabilities at December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Taxes and fees, except income tax	511	509
Deferred income	80	39
Advanced received	20	8
Total	611	556

20. Revenues and Other Operating Income

Revenues and other operating income for the years ended December 31, 2018 and 2017 were as follows (in CZK millions):

	2018	2017
Sale of electricity, heat and gas:		
Electricity sales – domestic:		
ČEZ Prodej, a.s.	17,904	15,625
POWER EXCHANGE CENTRAL EUROPE, a.s.	4,134	3,669
Other revenues from domestic customers	26,671	25,537
Other	7,151	5,047
Total electricity sales – domestic	55,860	49,878
Electricity sales – foreign	14,516	13,589
Effect of hedging – presales of electricity (Note 15.3)	(5,596)	326
Effect of hedging – currency risk hedging (Note 15.3)	878	(1,397)
Total sales of electricity	65,658	62,396
Sales of gas	6,544	5,450
Sales of heat	1,949	1,913
Total sales of electricity, gas and heat	74,151	69,759
Sale of services and other income:		
Distribution services	26	131
Sales of ancillary and other services	4,784	5,060
Other revenues	24	34
Total sales of services and other revenues	4,834	5,225
Other operating income	764	2,273
Total revenues and other operating income	79,749	77,257

21. Gains and Losses from Commodity Derivative Trading

Gains and losses from commodity derivative trading for the years ended December 31, 2018 and 2017 as follows (in CZK millions):

	2018	2017
Electricity derivative trading:		
Sales – domestic	13,493	6,802
Sales – foreign	261,334	184,640
Purchases – domestic	(13,271)	(6,618)
Purchases – foreign	(266,750)	(183,002)
Changes in fair value of derivatives	6,002	(866)
Total gains from electricity derivative trading, net	808	956
Other commodity derivative trading:		
Loss from gas derivative trading	(409)	(190)
Gain (loss) from oil derivative trading	(22)	43
Gain (loss) from coal derivative trading	(84)	11
Gain from emission rights derivative trading	7	251
Total gains and losses from derivative trading	300	1,071

22. Purchase of Electricity, Gas and Other Energies

Purchase of electricity, gas and other energies at December 31, 2018 and 2017 as follows (in CZK millions):

	2018	2017
Purchase of electricity for resale	(25,385)	(24,564)
Purchase of gas for resale	(6,003)	(5,350)
Purchase of other energies	(1,683)	(1,325)
Total purchase of electricity, gas and other energies	(33,071)	(31,239)

23. Fuel and Emission Rights

Fuel and emission rights for production ended December 31, 2018 and 2017 as follows (in CZK millions):

	2018	2017
Fossil energy fuel and biomass	(5,792)	(5,654)
Amortization of nuclear fuel	(4,005)	(3,695)
Gas	(2,281)	(1,627)
Emission rights for generation	(2,663)	(1,853)
Total fuel and emission rights	(14,741)	(12,829)

24. Services

Purchase of services at December 31, 2018 and 2017 as follows (in CZK millions):

	2018	2017
Repairs and maintenance	(3,433)	(3,501)
Technology and operation support services	(968)	(993)
Rental, building administration and security	(731)	(723)
IT related services	(712)	(803)
Equipment operation services	(708)	(477)
Purchase of other services	(2,552)	(2,623)
Total purchase of services	(9,104)	(9,120)

Information about fees charged by independent auditor is provided in the annual report of CEZ Group.

25. Salaries and Wages

Salaries and wages for the years ended December 31, 2018 and 2017 were as follows (in CZK millions):

	2018		2017	
	Total	Key management personnel ¹⁾	Total	Key management personnel ¹⁾
Salaries and wages including remuneration of board members	(4,565)	(247)	(4,176)	(229)
Share options	(33)	(33)	(28)	(28)
Social and health security	(1,437)	(46)	(1,321)	(38)
Other personal expenses	(498)	(23)	(707)	(23)
Total	(6,533)	(349)	(6,232)	(318)

¹⁾ Members of Supervisory Board, Audit Committee and Board of Directors and selected managers of departments with group field of activity. The remuneration of former members of company bodies is included in personal expenses.

The members of Board of Directors and selected managers were entitled to use company cars for both business and private purposes in addition to the personal expenses.

If the Company terminates a contract with a member of Board of Directors before his/her four-year term of office expires (except for resignation), the Director is entitled to a severance pay. Method of determination of the amount of the severance payment and conditions are stipulated in the respective contract of the member of Board of Directors.

At December 31, 2018 and 2017, the aggregate number of share options granted to members of Board of Directors and selected managers was 1,904 thousand and 2,326 thousand, respectively.

Members of the Board of Directors and selected managers are entitled to receive share options based on the conditions stipulated in the share option agreement. Members of the Board of Directors and selected managers are granted certain quantity of share options each year of their tenure according to rules of the share option plan. The exercise price for the granted options is based on the average quoted market price of the shares on the regulated exchange in the Czech Republic during one month period preceding the grant date each year. Options granted could be exercised at the earliest 2 years and latest 3.5 years after each grant date. Option right is limited so that the profit per share option will not exceed 100% of exercise price and the beneficent has to hold at his account such number of shares exercised through options granted, which is equivalent to 20% of profit, made on exercise date until the end of share option plan.

The following table shows changes during 2018 and 2017 in the number of granted share options and the weighted average exercise price of these options:

	Number of share options			Weighted average exercise price (CZK per share)
	Board of Directors '000s	Selected managers '000s	Total '000s	
Share options at January 1, 2017	1,980	532	2,512	519.16
Options granted	574	185	759	447.74
Movements	20	(20)	-	523.50
Options exercised ¹⁾	(150)	-	(150)	458.71
Options forfeited	(610)	(185)	(795)	527.57
Share options at December 31, 2017²⁾	1,814	512	2,326	496.89
Options granted	590	185	775	542.63
Options exercised ¹⁾	(350)	(130)	(480)	438.03
Options forfeited	(560)	(157)	(717)	615.88
Share options at December 31, 2018²⁾	1,494	410	1,904	485.52

¹⁾ In 2018 and 2017 the weighted average share price at the date of the exercise for the options exercised was CZK 539.42 and CZK 499.70, respectively.

²⁾ At December 31, 2018 and 2017 the number of exercisable options was 390 thousand and 932 thousand, respectively. The weighted average exercise price of the exercisable options was CZK 443.84 per share and CZK 586.22 per share at December 31, 2018 and 2017, respectively.

The fair value of the options is estimated on the date of grant using the binomial option-pricing model. Because these stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the existing models do not necessarily provide a reliable single measure of the fair value of stock options.

At the grant dates, the underlying assumptions and the resulting fair values per option were as follows:

	2018	2017
Weighted average assumptions:		
Dividend yield	2.7%	3.7%
Expected volatility	18.1%	23.0%
Mid-term risk-free interest rate	0.9%	0.4%
Expected life (years)	1.4	1.4
Share price (CZK per share)	543.4	451.2
Weighted average grant-date fair value of options (CZK per 1 option)	41.4	42.0

The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

At December 31, 2018 and 2017 the exercise prices of outstanding options (in thousands pieces) were in the following ranges:

	2018	2017
CZK 350–550 per share	1,544	1,594
CZK 550–650 per share	360	732
Total	1,904	2,326

The options granted which were outstanding as at December 31, 2018 and 2017 had an average remaining contractual life of 2.3 years and 1.9 years, respectively.

26. Other Operating Expenses

Other operating expenses for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Change in provisions	1,734	1,296
Taxes and fees	(1,980)	(1,869)
Costs related to electricity, gas, coal and emission rights	(408)	(330)
Insurance	(312)	(307)
Gifts	(109)	(112)
Other	(206)	(227)
Total	(1,281)	(1,549)

Taxes and fees include the contributions to the nuclear account (see Note 16.1). The settlement of the provision for long-term spent fuel storage is accounted for in the amount of contributions to nuclear account. Settlement of provision for long-term spent fuel storage is included in Change in provisions.

27. Interest Income

Interest income for each category of financial instruments for the years ended December 31, 2018 and 2017 was as follows (in CZK millions):

	2018	2017
Group cashpooling	336	197
Loans and receivables	307	303
Debt financial assets at fair value through other comprehensive income	190	169
Bank accounts	34	8
Debt financial assets at amortized costs	3	14
Total	870	691

28. Impairment of Financial Assets

Additions and reversals of impairment of financial assets for each category for the years ended December 31, 2018 and 2017 was as follows (in CZK millions):

	2018	2017
Share on subsidiaries and joint-ventures	(2,371)	(9,516)
Loans granted	(194)	-
Guarantee for Akceez group loans	(908)	-
Other	5	-
Total	(3,468)	(9,516)

In 2018 the Company created impairment provisions against the investments in the amount of CZK 2,371 million in connection with reduction of recoverable amount. The most significant impairment has been created in companies ČEZ Teplárenská, a.s. in the amount of CZK 1,573 million, Elektrárna Dětmarovice, a.s. in the amount of CZK 419 million and CEZ Trade Polska sp. z o.o. in the amount of CZK 256 million. In 2018 the Company created 100% impairment provision to the new loan provided to the company Akceez Enerji A.S. in the amount of CZK 193 million.

The Company is a guarantor for the liabilities of companies within the joint-venture with Akceez Enerji A.S. in the amount of USD 112.7 million and TRY 75.6 million as of December 31, 2018. Due to the development of Turkey's macroeconomic and political situation leading to a further weakening of the Turkish currency (TRY) the risk of potential obligation in case of claim from guarantees provided by the Company increased in connection with increased probability of lack of future cash flows to settle all liabilities of Akceez group. Based on calculation of recoverable amount from future cash flows a provision in the amount of CZK 908 million was recognized as of December 31, 2018.

In 2017 the Company created impairment provisions against the investments in the amount of CZK 9,516 million in connection with reduction of recoverable amount. The most significant impairment has been created in Turkish companies Akenerji Elektrik Üretim A.S. in the amount of CZK 9,043 million and Akcez Enerji A.S. in the amount of CZK 306 million. The decline in recoverable value of Turkish companies reflects the fulfilment of the asset's impairment indicator, namely the depreciation of the Turkish lira foreign exchange rate, that was considered temporary during 2016. The main events were the development of the geopolitical and economic situation in the region and changes in Turkish political system in 2017. These factors have a negative impact on the financial results and projections of future cash flows of Turkish equities, especially with regard to bank loans denominated in USD.

29. Other Financial Expenses

Other financial expenses for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Foreign exchange rate loss	(808)	–
Derivative losses	–	(903)
Loss on sale of debt financial assets	(11)	(147)
Creation and settlement of provisions	(17)	(157)
Other	(61)	(57)
Total	(897)	(1,264)

30. Other Financial Income

Other financial income for the years ended December 31, 2018 and 2017 consist of the following (in CZK millions):

	2018	2017
Dividends received (see Note 5)	31,989	14,879
Foreign exchange rate gain	–	1,058
Derivative gains	931	–
Gain on sale debt financial assets	–	17
Gain on disposal of subsidiaries, associates and joint-ventures	29	805
Gain from revaluation of financial assets	284	–
Other	769	36
Total	34,002	16,795

31. Income Taxes

The Company calculated corporate income tax in accordance with the Czech tax regulations at the rate of 19% in 2018 and 2017.

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements. However, the risk remains that the relevant financial authorities could take differing positions with regard to interpretive issues, which could have potential effect on reported income.

The components of the income tax provision were as follows (in CZK millions):

	2018	2017
Current income tax charge	(26)	(24)
Adjustments in respect of current income tax of previous periods	27	(1)
Deferred income taxes	1,166	582
Total	1,167	557

The differences between income tax expense computed at the statutory rate and income tax expense provided on earnings were as follows (in CZK millions):

	2018	2017
Income before income taxes	22,609	4,548
Statutory income tax rate	19%	19%
"Expected" income tax expense	(4,296)	(864)
Tax effect of:		
Non-deductible provisions and allowances, net	(728)	(1,817)
Non-deductible expenses related to shareholdings	(22)	(16)
Non-taxable income from dividends	6,078	2,827
Non-deductible share based payment expense	(6)	(5)
Non-taxable gain on sale of subsidiaries and joint-ventures	6	63
Liquidation of subsidiaries	14	-
Adjustments in respect of current income tax of previous periods	27	(1)
Other non-deductible items, net	94	370
Income tax	1,167	557
Effective tax rate	(5)%	(12)%

Deferred income tax liability, net, at December 31, 2018 and 2017 was calculated as follows (in CZK millions):

	2018	2017
Nuclear provisions	10,197	9,899
Other provisions	991	862
Allowances	267	241
Deferred tax recognized in equity	4,309	1,842
Other temporary differences	320	236
Total deferred tax assets	16,084	13,080
Tax depreciation in excess of financial statement depreciation	(19,117)	(20,685)
Deferred tax recognized in equity	(92)	(69)
Other temporary differences	(1,414)	(558)
Total deferred tax liability	(20,623)	(21,312)
Total deferred tax liability, net	(4,539)	(8,232)

Movements in net deferred tax liability, net, in 2018 and 2017 were as follows (in CZK millions):

	2018	2017
Opening balance	8,232	9,003
Application of IFRS 9	(4)	-
Effect of merger	(9)	-
Deferred tax recognized in profit or loss	(1,166)	(582)
Deferred tax recognized in other comprehensive income	(2,514)	(189)
Closing balance	4,539	8,232

Tax effects relating to each component of other comprehensive income (in CZK million):

	2018			2017		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(16,016)	3,043	(12,973)	(3,950)	750	(3,200)
Cash flow hedges reclassified to statement of income	3,927	(746)	(3,181)	4,026	(765)	3,261
Cash flow hedges reclassified to assets	(972)	185	(787)	(394)	75	(319)
Change in fair value of debt instruments	(227)	43	(184)	(677)	129	(548)
Change in fair value of equity instruments	59	(11)	48	-	-	-
Total	(13,229)	2,514	(10,715)	(995)	189	(806)

32. Related Parties

The Company purchases/sells products, goods and services from/to related parties in the ordinary course of business.

At December 31, 2018 and 2017, the receivables from related parties and payables to related parties were as follows (in CZK millions):

	Receivables		Payables	
	2018	2017	2018	2017
CEZ Bulgarian Investments B.V.	-	-	341	341
CEZ Deutschland GmbH	-	-	39	58
CEZ Erneubare Energien Beteiligung	242	52	-	-
CEZ France SAS	1	-	434	3
CEZ Holdings B.V. ¹⁾	5,966	5,562	79	13
CEZ Hungary Ltd.	524	334	83	11
CEZ Chorzów S.A.	206	203	1	-
CEZ MH B.V.	-	-	613	1,402
CEZ New Energy Investments B.V. ²⁾	32	8	-	361
CEZ Polska sp. z o.o.	5	5	1,196	1,223
CEZ Razpredelenie Bulgaria AD	257	-	-	-
CEZ Romania S.A.	15	12	1,751	353
CEZ Skawina S.A.	264	148	67	80
CEZ Slovensko, s.r.o.	1,699	997	209	129
CEZ Trade Bulgaria EAD	319	11	72	10
CEZ Trade Polska sp. z o.o.	388	264	84	15
CEZ Vanzare S.A.	139	63	-	-
ČEZ Bohunice a.s.	-	-	176	179
ČEZ Distribuce, a. s. ³⁾	20,900	7,054	5,586	11,001
ČEZ Energetické produkty, s.r.o.	118	48	255	295
ČEZ Energetické služby, s.r.o.	131	167	8	2
ČEZ ENERGOSEKVIS spol. s r.o.	155	81	434	352
ČEZ ESCO, a.s.	43	7	1,649	60
ČEZ ICT Services, a. s.	61	28	943	1,051
ČEZ Korporátní služby, s.r.o.	239	7	591	529
ČEZ Obnovitelné zdroje, s.r.o.	12	7	227	224
ČEZ OZ uzavřený investiční fond a.s.	-	-	717	358
ČEZ Prodej, a.s.	3,242	3,412	10,126	10,656
ČEZ Solární, a.s.	94	42	-	-
ČEZ Teplárenská, a.s.	199	204	509	572
Elektrárna Dětmorovice, a.s.	339	357	1,030	1,319
Elektrárna Dukovany II, a. s.	8	13	70	171
Elektrárna Počeradý, a.s.	647	277	8,466	7,607
Elektrárna Temelín II, a. s.	9	12	169	247
Elevion GmbH	1,002	640	-	-
Energetické centrum, s.r.o.	60	58	-	-
Energocentrum Vítkovice, a. s.	59	52	30	139
Energotrans, a.s.	317	342	1,267	1,006
Inven Capital, SICAV, a.s.	1	-	1,181	537
MARTIA a.s.	132	59	102	73
PRODECO, a.s.	1	1	291	358
Revitrans, a.s.	1	293	113	335
SD-Kolejová doprava, a.s.	1	2	81	80
Severočeské doly a.s.	87	26	4,323	1,589
ŠKODA PRAHA Invest s.r.o.	44	2	95	442
Telco Pro Services, a. s.	-	3	290	257
ÚJV Řež, a. s.	1	1	325	293
Other	313	149	404	377
Total	38,273	21,003	44,427	44,108

The following table provides the total amount of transactions (sales and purchases), which were entered into with related parties in 2018 and 2017 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2018	2017	2018	2017
CEZ Holdings B.V. ¹⁾	56	38	–	–
CEZ Hungary Ltd.	1,762	1,508	(25)	78
CEZ Chorzów S.A.	207	196	–	–
CEZ Skawina S.A.	264	141	770	927
CEZ Slovensko, s.r.o.	3,809	3,194	613	95
CEZ Srbija d.o.o.	72	257	15	83
CEZ Trade Bulgaria EAD	114	19	641	212
CEZ Trade Polska sp. z o.o.	4,022	3,285	319	138
CEZ Vanzare S.A.	1,303	630	–	–
ČEZ Distribuce, a. s. ³⁾	514	532	99	63
ČEZ Energetické produkty, s.r.o.	25	20	913	934
ČEZ ENERGOSEKVIS spol. s r.o.	25	33	1,160	1,119
ČEZ ESCO, a. s.	7,029	15	549	13
ČEZ ICT Services, a. s.	53	55	975	962
ČEZ Korporátní služby, s.r.o.	55	53	501	502
ČEZ Obnovitelné zdroje, s.r.o.	11	2	244	226
ČEZ Prodej, a.s.	15,495	20,213	1,921	1,480
ČEZ Teplárenská, a.s.	1,579	1,643	186	185
Distributie Energie Oltenia S.A.	164	196	–	–
Elektrárna Dětmárovice, a.s.	777	1,276	1,918	2,340
Elektrárna Dukovany II, a. s.	46	60	–	–
Elektrárna Počerady, a.s.	3,623	3,145	5,432	5,154
Elektrárna Temelín II, a. s.	52	51	–	–
Energocentrum Vítkovice, a. s.	154	149	89	60
Energotrans, a.s.	1,240	1,082	1,200	1,045
LOMY MOŘINA spol. s r.o.	–	–	176	172
MARTIA a.s.	9	7	337	286
OSC, a.s.	–	–	58	112
Ovidiu Development S.R.L.	12	23	575	219
Revitrans, a.s.	6	5	401	1
SD-Kolejová doprava, a.s.	25	14	586	601
Severočeské doly a.s.	259	143	4,005	3,822
ŠKODA PRAHA Invest s.r.o.	13	(163)	232	2,023
Tomis Team S.A.	6	4	591	335
ÚJV Řež, a. s.	2	2	701	783
Ústav aplikované mechaniky Brno, s.r.o.	–	–	136	67
Other	227	276	131	204
Total	43,010	38,104	25,449	24,241

¹⁾ In 2018 the company CEZ Poland Distribution was renamed to CEZ Holdings B.V.

²⁾ In 2018 the company CEZ ESCO Poland B.V. was renamed to CEZ New Energy Investments B.V.

³⁾ The Company ČEZ Distribuční služby, s.r.o. merged with the succession company ČEZ Distribuce, a. s. with the legal effective date of January 1, 2018.

The Company and some of its subsidiaries are included in the cash-pool system. Receivables from subsidiaries related to cashpooling is included in other financial assets, net (see Note 5), payables to subsidiaries related to cashpooling and similar borrowings are included in other financial liabilities (see Note 17).

Information about compensation of key management personnel is included in Note 25. Information about guarantees is included in Note 15.2.

33. Segment Information

The Company is involved in the generation and sale of electricity and trading in electricity which represents a single operating segment. The Company operates mainly in the European Union markets. The Company has not identified any other separate operating segments.

34. Earnings per Share

	2018	2017
Numerator (CZK millions)		
Basic and diluted:		
Net income	23,776	5,105
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	534,733	534,247
Dilutive effect of share options	246	149
Diluted:		
Adjusted weighted average shares	534,979	534,396
Net income per share (CZK per share)		
Basic	44.5	9.6
Diluted	44.4	9.6

35. Commitments and Contingencies

Investment Program

The Company is engaged in a continuous construction program, currently estimated as at December 31, 2018 over the next five years as follows (in CZK billion):

2019	11.2
2020	10.2
2021	12.3
2022	8.9
2023	10.9
Total	53.5

These figures do not include the expected acquisitions of subsidiaries, associates and joint-ventures, which will depend on the number of future investment opportunities, for which the Company will be a successful bidder and also considering the recoverability of these investments.

The construction programs are subject to periodic reviews and actual construction may vary from the above estimates. At December 31, 2018 significant purchase commitments were outstanding in connection with the construction program.

Insurance Matters

The Nuclear Act sets limits for liabilities for nuclear damages so that the operator of nuclear installations is liable for up to CZK 8 billion per incident. The Nuclear Act limits the liability for damage caused by other activities (such as transportation) to CZK 2 billion. The Nuclear Act also requires an operator to insure its liability connected with the operation of a nuclear power plant up to a minimum of CZK 2 billion and up to a minimum of CZK 300 million for other activities (such as transportation). The Company concluded the above mentioned insurance policies with Česká pojišťovna a.s. (representing the Czech Nuclear Insurance Pool) and European Liability Insurance for the Nuclear Industry. The Company has obtained all insurance policies with minimal limits as required by the law.

The Company also maintains the insurance policies covering the assets of its coal-fired, hydroelectric, CCGT and nuclear power plants and general third party liability insurance in connection with main operations of the Company.

36. Events after the Balance Sheet Date

On January 9, 2019 the equity of CEZ Holdings B.V. was increased by cash contribution in the amount of CZK 781 million.

These financial statements have been authorized for issue on March 18, 2019.



Daniel Beneš
Chairman of Board of Directors



Martin Novák
Vice-chairman of Board of Directors

EXPLANATORY NOTE FOR USERS OF THE FINANCIAL STATEMENTS

The following independent auditor's report contains apart from the auditor's opinion to the financial statements of ČEZ, a. s. as of December 31, 2018 also information regarding the audit of other information related to the annual report of the CEZ Group which was performed by an independent auditor in accordance to Auditors Act. The annual report, containing also full version of financial statements of ČEZ, a. s., is available on the Company's website (www.cez.cz/en/investors/financial-reports/annual-reports.html).

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of ČEZ, a. s.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ČEZ, a. s. (hereinafter also the "Company") prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS EU"), which comprise the balance sheet as at 31 December 2018, and the statement of income, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ČEZ, a. s. as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with IFRS EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Impairment of assets

The Company conducts annual impairment tests of assets' balances. The impairment test involves determining the recoverable amount of the cash-generating unit as a whole or individual assets, which corresponds to the value in use or selling price less cost to sell. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit.

These calculations of potential impairment amounts are a key audit matter as there is a significant uncertainty in relation to regulatory matters or government support for renewable energy, which are, together with other significant assumptions included in the estimated future cash flows, main inputs to the calculations. Main assumptions that are subject to significant estimation uncertainty are projected future wholesale electricity prices, prices of emission allowances, market access, development of the regulatory environment and discount rates as well as the strategy of the Company. Future cash flows relate to events and actions that have not yet occurred and may not occur. Another reason for impairment to be a key audit matter is the fact that the determination of cash-generating unit is to some extent subject to management judgement.

Our procedures included assessing the assumptions and methodologies used by the Company in their value in use models and assessment of the selling price less cost to sell. We involved our internal valuation specialists in assessing the adequacy of the Company's model used for the calculation of weighted average cost of capital and we also evaluated mathematical accuracy, underlying data and assumptions used in the calculation. We evaluated main assumptions that are subject to significant estimates such as future wholesale electricity prices, prices of emission allowances, development of the regulatory environment and compared them to those observable on the market. We compared electricity prices as well as the prices of emission allowances to the contracts, which are actively traded on the market, and we assessed reasonableness of the Company's projections of these future prices for periods, for which the market data are not available. We also discussed the assumptions with the transaction specialists.

We analyzed the budgets and future cash flows of the cash-generating units. We compared the expected developments in budgeted cash flows to the expectations presented by the management while assessing the main assumptions of the models and discussing alternatives. We also assessed the adequacy of the model used for the impairment test calculation together with the definition of the cash-generating units and mathematical accuracy of the calculations.

Finally, we also focused on whether the Company's disclosures in the financial statements in relation to the impairment of assets, as presented and disclosed in Notes 3. Property, Plant and Equipment, 5. Other Financial Assets, Net and 28. Impairment of Financial Assets, are compliant with the IFRS EU.



Fair value measurement of financial instruments

Due to the significance of financial instruments measured at fair value, and a high degree of judgement related to their valuation, we consider this as a key audit matter.

We involved the internal valuation specialists to assist us in performing our audit procedures. We assessed the design and tested the operating effectiveness of internal controls over the valuation, data integrity, independent price verification and model approval.

For areas of higher risk and estimation, our audit procedures focused on the comparison of judgments made to market practice and reperformance of valuations over a selection of instruments, assessing the key inputs, assumptions and models used in the valuation process. We compared our results with the Company's valuation.

We also focused on whether the Company's disclosures in the financial statements in relation to the valuation of financial instruments, as presented and disclosed in Note 14. Fair Value of Financial Instruments, are compliant with the IFRS EU.

Classification of commodity contracts

The Company is entering into commodity contracts on different markets and platforms mainly in Central Europe and Germany. Commodity trading activities include trading with electricity, gas, emission allowances, oil and coal.

This is a key audit matter as the distinction between the contracts in scope of IFRS 9 Financial Instruments: Recognition and Measurement, which are treated as derivatives at fair value, and "own use" contracts, which are not remeasured to fair value, might be subject to a judgement and classification patterns set by the Company. This classification depends among other factors on the terms of the contract, whether the contract is considered to have been entered into as part of ordinary business activity, whether contract requires physical delivery of the commodity, and depends on various assumptions such as expected amount of commodity to be delivered, generation capacity of the portfolio mix and prices of commodities.

We tested the design and operating effectiveness of internal controls over the initial recognition of the contract, consistency of the commodity contract designation and the Company's ability to deliver the physical commodity over the contractual period.

We performed audit procedures focusing on the analysis and comparison of volume of commodities physically delivered during 2018 and the volumes of the "own use" contracts portfolio. We reviewed the ability of the Company to physically deliver the contracted future "own use" sales retrospectively and prospectively and the stability of portfolio to ensure that the contracts are not reclassified during their existence.

We also focused on whether the Company's disclosures in the financial statements in relation to the commodity contracts classification, as presented and disclosed in Notes 2.13. Commodity Contracts and 21. Gains and Losses from Commodity Derivative Trading, are compliant with the IFRS EU.



Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Board of Directors of the Company (hereinafter only "Board of Directors") is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Board of Directors and the Audit Committee for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Company (hereinafter only "Audit Committee") is responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 22 June 2018 and our uninterrupted engagement has lasted for 17 years.

Consistence with Additional Report to Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 14 March 2019 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.



Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided by us to the Company. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the annual report.

Ernst & Young Audit, s.r.o.

License No. 401

A handwritten signature in black ink, appearing to read 'Skácelík', is written over a faint, light-colored grid background.

Martin Skácelík, Auditor

License No. 2119

18 March 2019
Prague, Czech Republic

IDENTIFICATION OF ČEZ, a. s.

ČEZ, a. s.

Duhová 2/1444
140 53 Praha 4
Czechia

Registered in the Commercial Register kept by the
Municipal Court in Prague, Section B, File 1581

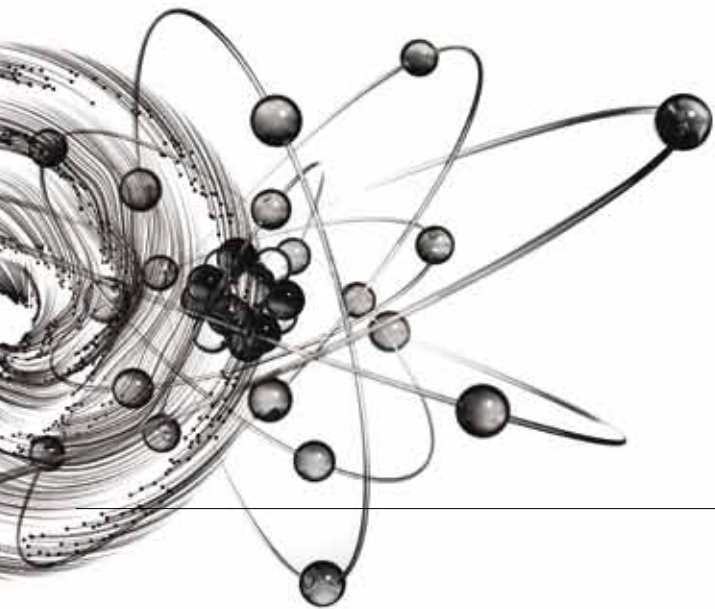
Established: 1992
Legal form: Joint-stock company
Company reg. No.: 452 74 649
LEI: 529900S5R9YHJHYKKG94
Banking details: KB Praha 1, acc. No. 71504011/0100

Phone: +420 211 041 111
Fax: +420 211 042 001
Internet: www.cez.cz
E-mail: cez@cez.cz

Closing date of the CEZ Group 2018 Annual Report: March 18, 2019

**Annex 1 Relation Structure Diagram
for the Period of January 1, 2018, to December 31, 2018**

AND THE STORY GOES ON...



Annex 1 Relation Structure Diagram for the Period of January 1, 2018, to December 31, 2018

Table with columns: Name/Share, ID No., Country, Registered Office Address. Lists various subsidiaries and shareholders of CEZ, including companies like CEZ Distribuce, CEZ ENERGO, CEZ ESCO, and CEZ Infrastruktura. Includes ownership percentages and registration details.

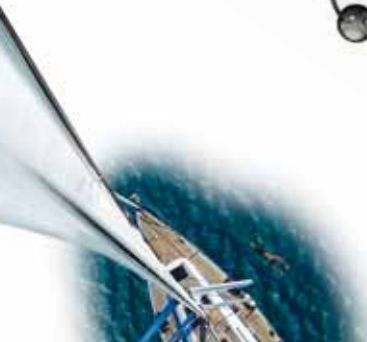
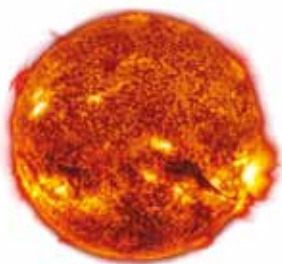
Czech Republic – Ministry of Finance
Subsidiaries of the Ministry of Finance of the Czech Republic (CEZ, a. s.)
Subsidiaries of CEZ, a. s.
Subsidiaries of CEZ, a. s.
Subsidiaries of CEZ, a. s.
Subsidiaries of CEZ, a. s.
Subsidiaries of CEZ, a. s.
Subsidiaries of CEZ, a. s.

CEZ Concern member
Wound up/sold off – CEZ Concern member
Wound up/sold off

Continues on the next page.

Annex 1 Relation Structure Diagram for the Period of January 1, 2018, to December 31, 2018

Name/Share	ID No.	Country	Registered Office Address
Czech Republic—Ministry of Finance	00006947	Czechia	Praha, Letenská 15, postcode 118 10
100% ČEPRO, a.s.	60193531	Czechia	Praha 7, Dělnická 213/12, Holešovice, postcode 170 00
84.00% Česká exportní banka, a.s.	63078333	Czechia	Praha 1, Vodickova 34 č.p. 701, postcode 111 21
Shares held by the Ministry of Industry and Trade transferred in May 2018 and shares held by the Ministry of Foreign Affairs and the Ministry of Agriculture transferred in June 2018 to the Czech Republic—Ministry of Finance			
100% Český Aeroholding, a.s.	24821993	Czechia	Praha 6, Jana Kašpara 1069/1, postcode 160 08
Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. ceased to exist as the acquired companies in merger by acquisition by Letiště Praha, a. s., as the acquiring company with effect from October 1, 2018			
100% Realitní developerská, a.s.	27174166	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 161 00
Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. ceased to exist as the acquired companies in merger by acquisition by Letiště Praha, a. s., as the acquiring company with effect from October 1, 2018			
100% Sky Venture a.s.	27361381	Czechia	Praha 6, Jana Kašpara 1069/1, postcode 160 08
Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. ceased to exist as the acquired companies in merger by acquisition by Letiště Praha, a. s., as the acquiring company with effect from October 1, 2018			
100% Whitelines Industries a.s.	27105733	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 160 08
Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. ceased to exist as the acquired companies in merger by acquisition by Letiště Praha, a. s., as the acquiring company with effect from October 1, 2018			
100% Letiště Praha, a. s.	28244532	Czechia	Praha 6, K letišti 1019/6, postcode 161 00
As a result of a merger by the acquisition of Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. as the acquired companies by Letiště Praha, a. s., as the acquiring company, the sole shareholder of Letiště Praha, a. s., is the Czech Republic—Ministry of Finance with effect from October 1, 2018			
100% B. aircraft, a. s.	24253006	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 161 00
As a result of a merger by the acquisition of Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. as the acquired companies by Letiště Praha, a. s., as the acquiring company, the sole shareholder of B. aircraft, a. s., is Letiště Praha, a. s., with effect from October 1, 2018			
100% Czech Airlines Handling, a.s.	25674285	Czechia	Praha 6, Aviatická 1017/2, postcode 160 08
As a result of a merger by the acquisition of Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. as the acquired companies by Letiště Praha, a. s., as the acquiring company, the sole shareholder of Czech Airlines Handling, a.s., is Letiště Praha, a. s., with effect from October 1, 2018			
100% Czech Airlines Technics, a.s.	27145573	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 160 08
As a result of a merger by the acquisition of Český Aeroholding, a.s., Realitní developerská, a.s., Sky Venture a.s., and Whitelines Industries a.s. as the acquired companies by Letiště Praha, a. s., as the acquiring company, the sole shareholder of Czech Airlines Technics, a.s., is Letiště Praha, a. s., with effect from October 1, 2018			
100% Exportní garanční a pojišťovací společnost, a.s.	45279314	Czechia	Praha 1, Vodickova 34/701, postcode 111 21
Shares held by the Ministry of Industry and Trade transferred in May 2018 and shares held by the Ministry of Foreign Affairs and the Ministry of Agriculture transferred in June 2018 to the Czech Republic—Ministry of Finance			
100% GAILLEO REAL, k.s.	26175291	Czechia	Praha 8, Thámova 181/20, postcode 186 00
General partner is IMOB a.s.			
96.85% HOLDING KLADNO a.s. "v likvidaci"	45144419	Czechia	Kladno, Cyrila Boudy 1444, Kročehlavy, postcode 272 01
100% IMOB a.s.	60197901	Czechia	Praha 8, Thámova 181/20, Karlín, postcode 186 00
54.35% Kongresové centrum Praha, a.s.	63080249	Czechia	Praha 4, 5. května 1640/65, Nusle, postcode 140 00
100% MERO CR, a.s.	60193468	Czechia	Kralupy nad Vltavou, Veltruská 748, postcode 278 01
100% MERO Germany AG	152122768	Germany	Vohlbürg an der Donau, MERO - Weg 1, postcode 850 88
49.00% MUFIS a.s.	60196696	Czechia	Praha 1, Jeruzalémská 964/4, postcode 110 00
46.99% Ormilik, a.s. v likvidaci	60109092	Czechia	Zámberk, postcode 564 01
In bankruptcy			
100% PRISKO a.s.	46355901	Czechia	Praha 8, Thámova 181/20, Karlín, postcode 186 00
19.74% Česká aerolinie a.s.	45795908	Czechia	Praha 6, Evropská 846/176a, Vokovice, postcode 160 00
Stake transferred on February 27, 2018			
100% OKD, a.s.	05979277	Czechia	Karviná, Stonavská 2179, Doly, postcode 735 06
100% stake acquired on April 4, 2018			
100% OKD, HBZS, a.s.	47676019	Czechia	Ostrava, Lihovarská 1199/10, Radvanice, postcode 716 00
100% stake acquired on April 4, 2018			
40.78% Severočeské mlékárny, a.s. Teplice	48291749	Czechia	Teplice, Libušina 2154, postcode 415 03
100% STROJIRNÝ TATRA PRAHA, a.s. v likvidaci	00674311	Czechia	Praha 5, K metru 312, Žižkov, postcode 155 21
Ceased to exist on May 23, 2018			
100% THERMAL F, a.s.	25401726	Czechia	Karlovy Vary, I. P. Pavlova 2001/11, postcode 360 01
96.50% VIPAP VIDEM KRŠKO d.d.	5971101	Slovenia	Krško, 18 Tovarniška ulica, postcode 8270
16.00% ENOVIP d.o.o.	6632157000	Slovenia	Krško, 18 Tovarniška ulica, postcode 8270
84.31% LEVAS d.o.o.	5498325	Slovenia	Krško, 18 Tovarniška ulica, postcode 8270
100% VIPAP Vertriebs und Handels GmbH	333645f	Austria	Temnitz, Josef Huber-Straße 6, postcode 2620
11.38% ZELSEN d.o.o.	6006027000	Slovenia	Krško, Vrtna 18, postcode 8270
100% Výzkumný a zkušební letecký ústav, a.s.	00010669	Czechia	Praha, Beranových 130, Letňany, postcode 199 05
100% SERENIUM, a.s.	01438875	Czechia	Praha 9, Beranových 130, Letňany, postcode 199 00
100% VZLU TECHNOLOGIES, a.s.	29146241	Czechia	Praha 9, Beranových 130, Letňany, postcode 199 00
100% VZLU TEST, a.s.	04521820	Czechia	Praha 9, Beranových 130, Letňany, postcode 199 00



INFORMATION FOR SHAREHOLDERS AND INVESTORS

Financial Calendar

Event	Date
CEZ Group 2018 Annual Report—electronic version in Czech and English	Apr 18, 2019
Announcement of Q1 2019 financial results of CEZ Group and ČEZ, a. s.	May 14, 2019
Announcement of H1 2019 financial results of CEZ Group and ČEZ, a. s.	Aug 13, 2019
CEZ Group 2019 Half-Year Report	Sep 2, 2019
Announcement of Q1–Q3 2019 financial results of CEZ Group and ČEZ, a. s.	Nov 12, 2019