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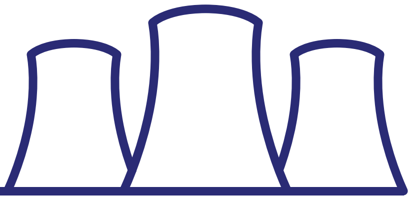
CEZ Group
Annual Report
2017

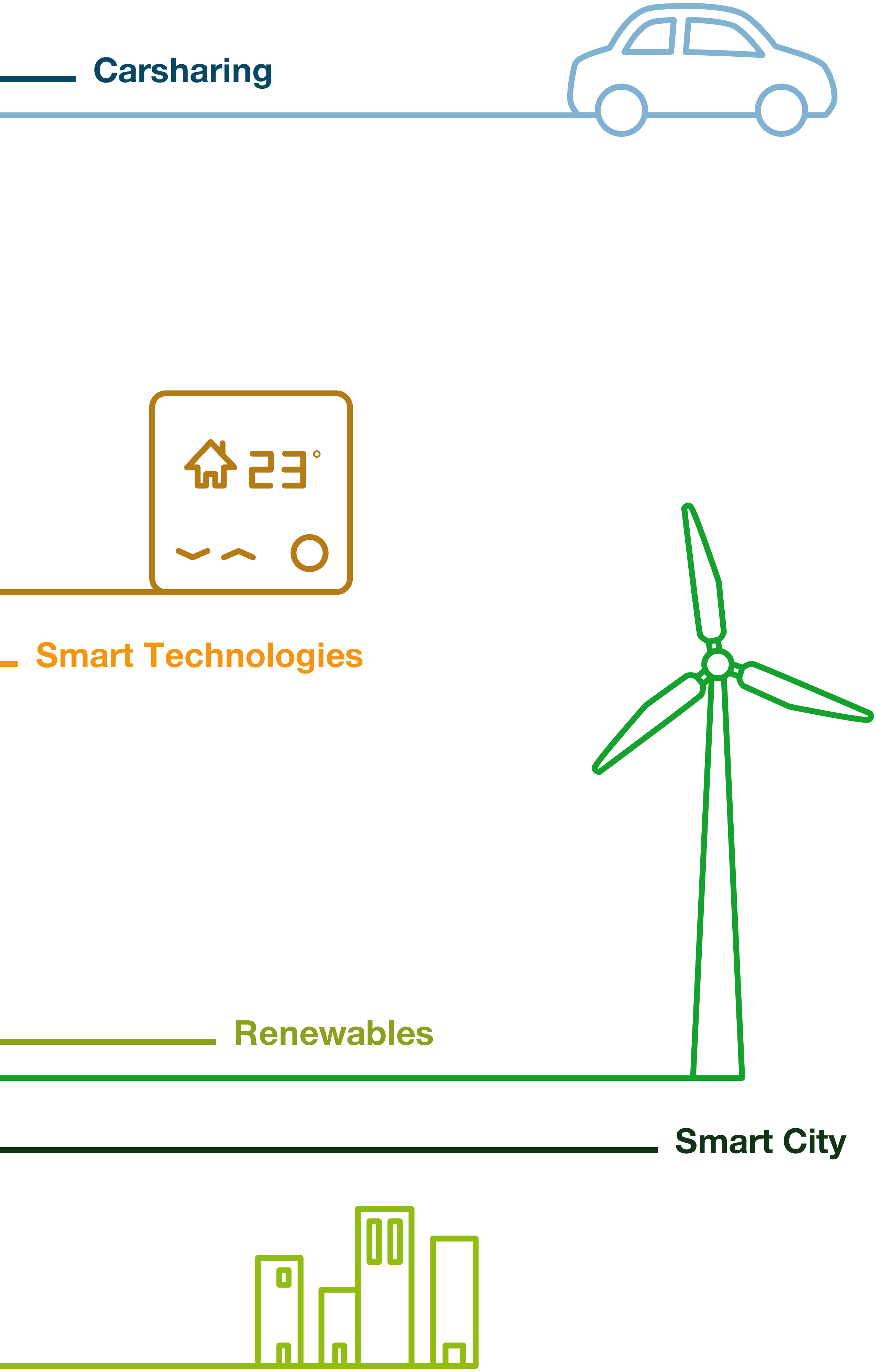
Zero-Emission Energy Sources

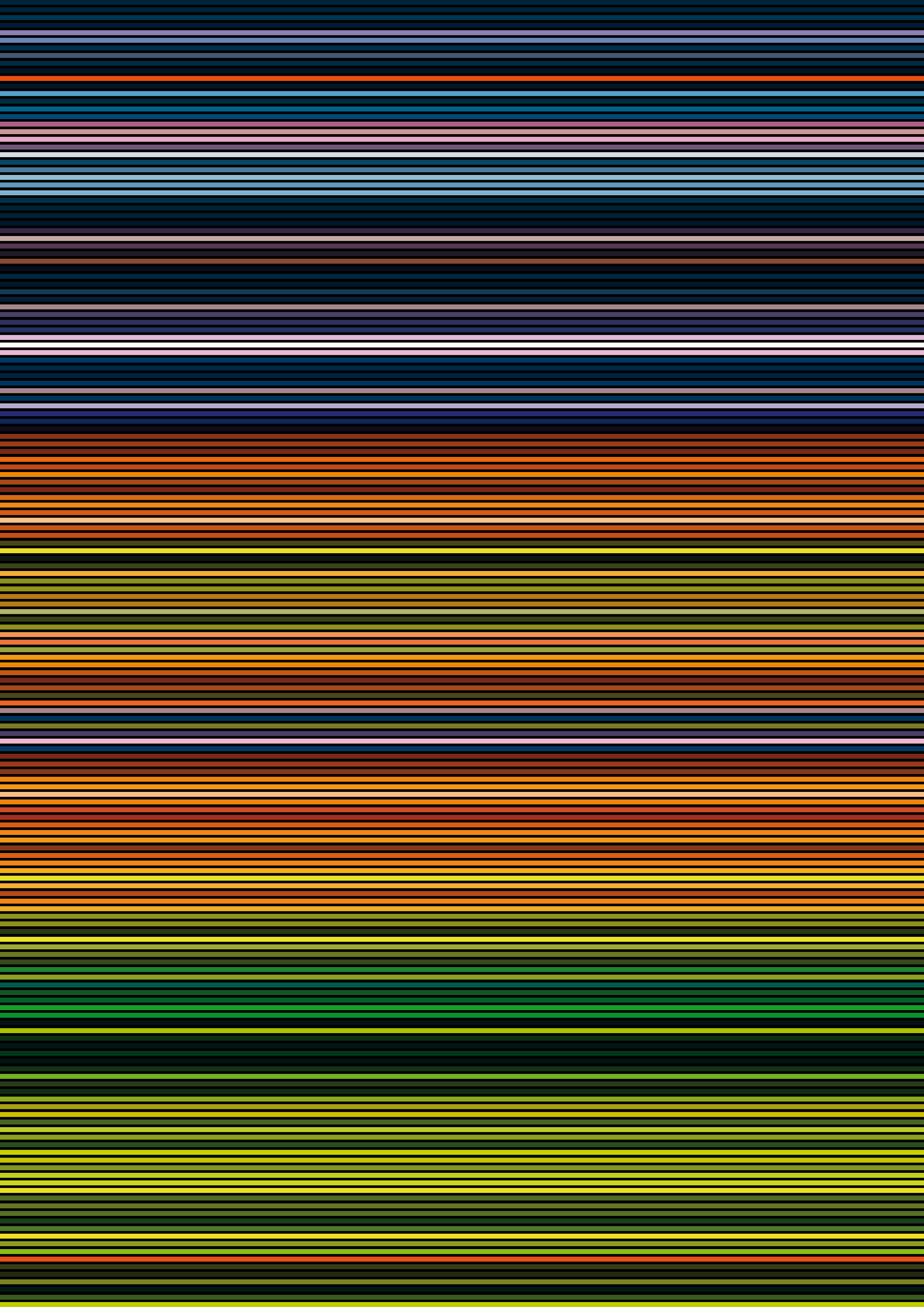


Biomass

Lighting

Residential Buildings


Carsharing
Smart Technologies
23°
Renewables
Smart City



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With the use
of new forms
of energy
sources and
the increased
efficiency of existing
energy processes,
the future is
very bright.

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CEZ Group 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 employ almost 30,000 people.

The largest shareholder of its parent company, ČEZ, is Czechia with a nearly 70% stake in the Company's stated capital (as at December 31, 2017). ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices.

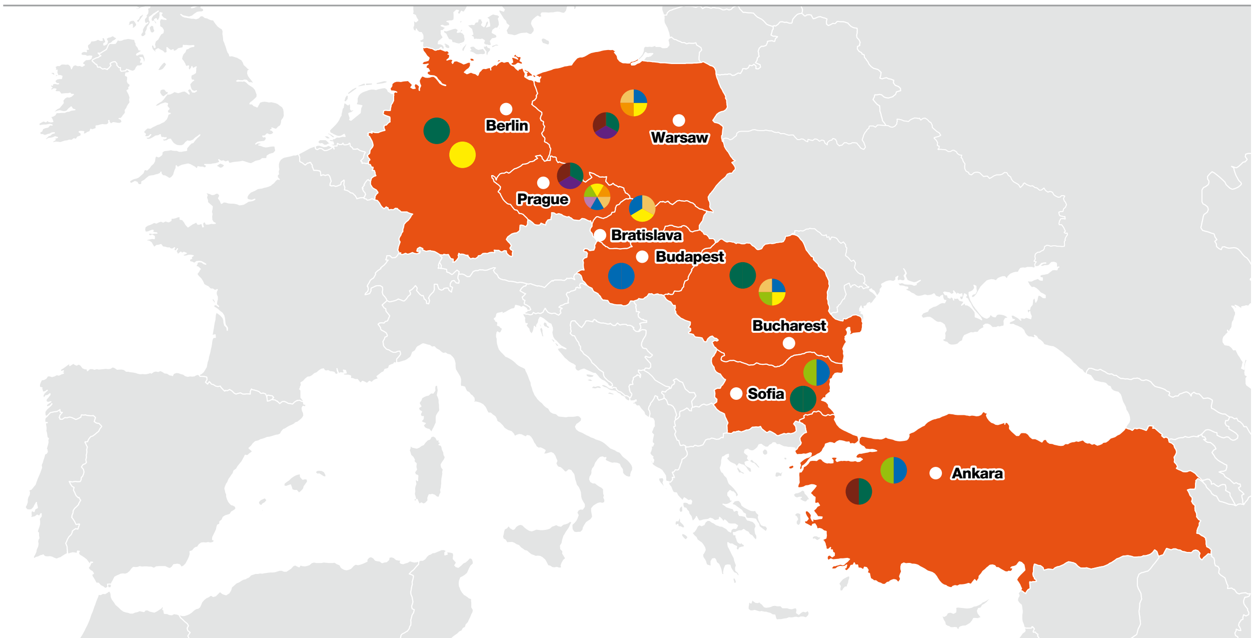
CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society at large. Our vision is to bring innovations for resolving energy needs and to help improve the quality of life. CEZ Group's strategy is based on three priorities: we are among the best in the operation of conventional power facilities and proactively respond to the challenges of the 21st century, we offer a wide range of products and services addressing our customers' energy needs, and we reinforce CEZ Group's position in Europe by investing in promising energy assets. The energy sector is heading towards greater decentralization and renewable energy sources, which are areas where CEZ Group is actively seeking additional opportunities and new markets. It focuses on modern technologies, which will continue to alter the shape of the energy sector and which CEZ Group 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 electricity generation and storage facilities and provide them with energy services, especially those related to savings. Their generation portfolio consists of nuclear, coal-fired, gas-fired, hydroelectric, photovoltaic, wind, and biogas facilities.

CEZ Group's business activities abroad concern primarily electricity distribution, generation, trading, and sales, as well as natural gas trading and sales, commodity trading in wholesale markets, and active presence in energy services and renewables. Foreign countries where CEZ Group is doing business include most importantly Germany, France, Poland, Romania, Bulgaria, Slovakia, and Turkey. Companies in the Netherlands are ownership intermediaries and companies providing financing to CEZ Group.

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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Statutory Declaration by Persons Responsible for the CEZ Group 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 2017 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 19, 2018

Daniel Beneš
Chairman of the Board of Directors, ČEZ, a. s.

Martin Novák
Vice-Chairman of the Board of Directors, ČEZ, a. s.

Information on the Independent Auditor’s Reports

In connection with the audit of the consolidated and separate financial statements of ČEZ, a. s., 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 2017 Annual Report is not given in a separate report but included in the independent auditor’s reports on the financial statements. The Independent Auditor’s Report on the Consolidated Financial Statements can be found on page 214 and the Independent Auditor’s Report on the Separate Financial Statements can be found on page 290.

Introduction by the Chairman of the Board of Directors of ČEZ, a. s.

Dear shareholders,

The past year reminded all of us of just what turbulent times the energy sector is currently facing: rapid development of new technologies, legislative changes, debates on setting EU targets, the changing preferences and position of customers/consumers, and above all high volatility of wholesale electricity prices. The traditional energy sector, as we used to know it, has been experiencing a period of intense changes for several years now. I am happy that CEZ Group continued to have considerable success in meeting its financial and strategic goals in 2017.

First, I would like to briefly comment on our financial results. We exceeded our initial targets for EBITDA and net income by almost CZK 2 billion and managed to generate more net income than in 2016 despite lower electricity realization prices. This was greatly aided by our successful sale of MOL shares and the concurrent redemption of convertible bonds. ČEZ delivered a return on the long-term investment for its shareholders in this transaction, as the total positive cash-flow balance for CEZ Group from 2007 to 2017 was CZK 3.4 billion and the contribution to 2017 net income totaled CZK 4.5 billion. Exceeding the initial financial targets for 2017 was also helped by the Temelín Nuclear Power Plant's record-breaking availability; its generation of 16.48 TWh beat the previous record from 2012 by 1.18 TWh. CEZ Group's trading teams also continued to be successful, as they managed to derive additional profits from the increased volatility and growing prices of electricity in wholesale markets in 2017. ČEZ's market capitalization increased by CZK 35.6 billion, that is 15.5%, in the past year. Although we made a number of major strategic acquisitions in 2017, we remain one of Europe's financially healthiest energy companies, as evidenced by ČEZ's credit rating of A– with a stable outlook by Standard & Poor's.

We managed to fulfill two strategic objectives in traditional energy—what I consider immensely important is the fact that we were granted long-term operating licenses for the remaining three of the Dukovany Nuclear Power Plant's four units by the State Office for Nuclear Safety in 2017. The whole process was preceded by not only thousands of analyses and tests but also years of continual upgrading. We see the licenses as a covenant of trust in our continued safe operation and continual improvement of safety parameters based on our unique know-how. We want to set an example for the nuclear community worldwide. Therefore, we are pleased that the last year's review by WANO's international mission experts (the fourth of its kind) identified two good practices that can be an inspiration to other nuclear power plants throughout the world. Nuclear power plants delivered a total of more than 28 TWh of electricity to the grid, which is 4 TWh more than in 2016. After a period of relicensing and prolonged outages, our nuclear facilities' production is now returning to a level of 30 TWh a year, which we want to maintain in the long run.

The other fulfilled strategic objective in traditional energy was the completion of our new supercritical coal-fired unit at Ledvice and the commencement of its two-year pilot operation. With the Ledvice facility, CEZ Group acquired another large and stable electricity generating facility, operable for several decades, and completed the largest capital expenditure project in the Czech energy sector in the new millennium—full renovation of ČEZ's coal-fired portfolio consisting of principal brown coal-fired power plants located in mining regions, namely Tušimice, Prunéřov, and Ledvice.

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

CEZ Group also managed to achieve its ambitious objectives in the new energy sector in 2017, taking a significant step towards its long-term development, especially by making major acquisitions in renewable energy sources and energy services.

CEZ Group entered the French market by acquiring wind farm development projects with a potential for the construction of up to 101.8 MW. It expanded its portfolio in Germany with an operated 35.4 MW wind farm at Lettweiler Höhe, increasing CEZ Group's total capacity in German wind farms to 133.5 MW and to almost 770 MW throughout Europe.

CEZ Group's most important acquisition in 2017 was Elevion, a leading German provider of comprehensive energy services (ESCO services) in the country. CEZ Group thus acquired more than 1,800 experts, annual sales of approximately CZK 8 billion, and most importantly a pivotal base for its activities in Germany's dynamically growing ESCO market. In addition, CEZ Group entered the Polish market by acquiring Metrolog and OEM Energy and began providing ESCO energy services in Slovakia in 2017. CEZ Group is already one of the largest energy service companies in Central Europe today and wants to take part in setting the trends in this promising market in the future. ČEZ ESCO (the umbrella company for Czech companies in the group) and ESCO International currently employ almost 3,500 Czech and foreign experts, who are able to provide our corporate and public authority customers with comprehensive solutions to their energy needs: retrofit the energy systems of buildings and industrial sites, install smart lighting, photovoltaic installations, and cogeneration units, or introduce energy conservation measures.

A good year was had by Inven Capital fund, which acquired a minority stake in Cloud&Heat Technologies, a Dresden-based company providing innovative solutions that use waste heat from computer servers to heat buildings, and became a shareholder in French company VU LOG, the global leader in providing green mobility sharing technologies. A huge acknowledgment of Inven Capital's work and results to date was the establishment of collaboration with the European Investment Bank (EIB), which decided to entrust EUR 50 million to the fund to invest in innovative and quickly growing energy startups.

In distribution, we completed a merger between ČEZ Distribuce and ČEZ Distribuční služby with effect from January 1, 2018, as well as integration of customer service provided by ČEZ Zákaznické služby, which was merged with ČEZ Prodej. This finalized full customer service separation between sales and distribution companies in Czechia. I believe that this step will help further improve the quality of care for our distribution assets and our customer service. I am happy to say that in the last year our distribution team coped well with one of the largest disasters of the past decades, windstorm Herwart, which cut the power to more than 600,000 customers, with our team being able to reconnect over half a million of them to the grid within 18 hours.

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 2018. Our strategy remains unchanged—it will continue to be based on growth in the new energy sector, on offerings of comprehensive energy services for end-use customers, as well as on our ambition to be among the best in the operation of conventional power facilities. One thing that awaits CEZ Group in 2018 is a debate with representatives of the Czech government about how Czechia chooses to prepare the construction of new nuclear power plants and what role CEZ Group can play in this. We will also discuss options for a possible transformation of CEZ Group in this context and in the context of trends in the European energy market. It remains our task to take care of the traditional energy segment, that is, nuclear, coal-fired, and hydroelectric power plants, and further dynamic growth in new energy through comprehensive customer care, renewable energy sources, and most importantly through promising smart energy solutions, which I consider the future of the energy sector as a whole and the future of CEZ Group.

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

Selected Indicators of CEZ Group

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Selected Indicators of CEZ Group

	Unit	2013	2014	2015	2016	2017	2017/2016 Index (%)
Installed capacity	MW	15,166	16,038	15,920	15,620	14,866	95.2
Electricity generated (gross)	GWh	66,625	63,124	60,917	61,132	62,887	102.9
Electricity sold[1]	GWh	36,511	35,139	37,933	37,475	37,036	98.8
Heat sold[1]	TJ	24,633	21,276	22,256	24,022	23,659	98.5
Gas sold[1]	GWh	6,108	5,417	6,840	8,180	9,897	121.0
Workforce headcount as at December 31	Persons	26,582	26,255	25,862	26,895	29,837	110.9
Operating revenues	CZK millions	216,731	201,751	210,167	203,744	201,906	99.1
Of which: Sales of electricity and related services	CZK millions	189,356	173,819	182,105	174,944	167,758	95.9
EBITDA	CZK millions	81,994	72,498	65,104	58,082	53,921	92.8
EBIT	CZK millions	45,690	36,946	28,961	26,114	25,620	98.1
Net income	CZK millions	35,207	22,432	20,547	14,575	18,959	130.1
Adjusted net income[2]	CZK millions	42,982	29,454	27,666	19,640	20,698	105.4
Earnings per share—basic	CZK/share	67.2	41.9	38.8	26.7	35.1	131.4
Dividend per share (gross)[3]	CZK/share	40.0	40.0	40.0	40.0	33.0	82.5
Net cash provided by operating activities	CZK millions	71,997	70,675	72,579	48,953	45,812	93.6
Capital expenditures (CAPEX)[4]	CZK millions	(43,586)	(34,412)	(31,494)	(30,165)	(29,135)	96.6
Financial investments[5]	CZK millions	(948)	(35)	–	(368)	(5,070)	1 377.7
Total assets	CZK millions	640,394	627,870	602,686	630,841	626,207	99.3
Of which: Property, plant, and equipment[6]	CZK millions	425,662	426,542	421,364	426,895	428,019	100.3
Equity (including noncontrolling interests)	CZK millions	262,766	265,851	272,155	261,360	254,322	97.3
Net debt	CZK millions	156,426	147,245	131,223	146,452	133,952	91.5
Return on invested capital (ROIC)	%	7.9	6.3	5.0	4.5	4.3	96.6
Return on equity, net (ROE)	%	14.1	8.6	7.8	5.4	7.4	136.0
Net Debt / EBITDA	1	1.91	2.03	2.02	2.52	2.48	98.5

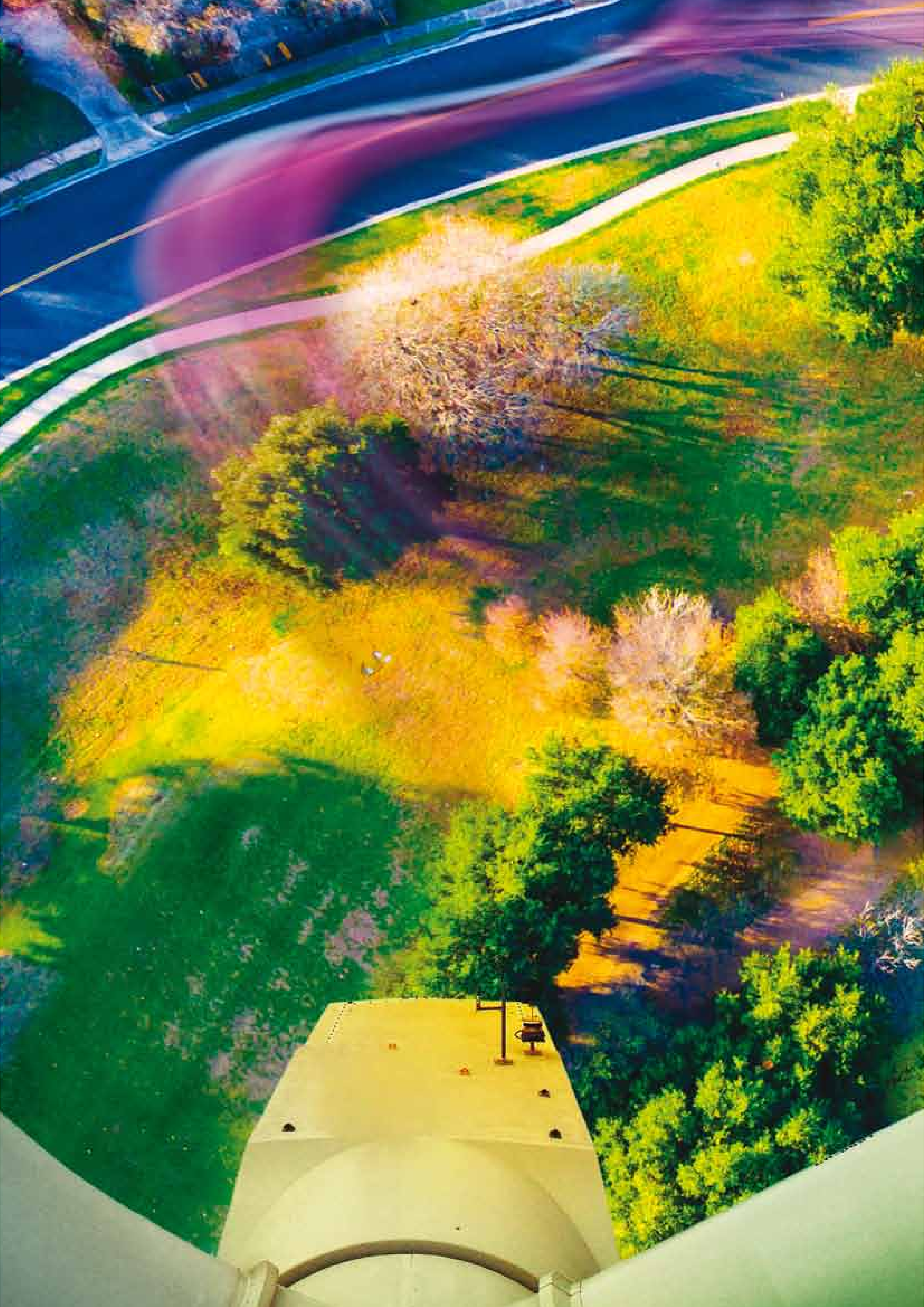
[1] Sold to end-use customers (outside CEZ Group).
[2] Adjusted net income excludes extraordinary effects that are generally unrelated to ordinary financial performance in a given year (most importantly, fixed asset impairments).
[3] Awarded in a given year, to be paid out of previous years' profit.
[4] Additions to property, plant, and equipment and intangibles.
[5] Acquisitions of subsidiaries, associates, and joint ventures, net of cash acquired (in such acquisitions).
[6] Property, plant, and equipment including nuclear fuel and construction work in progress.

Credit Rating

The long-term credit ratings of ČEZ, a. s. remained unchanged in 2017.

On November 23, 2017, Standard & Poor's Credit Market Services Europe Limited reaffirmed ČEZ's long-term credit rating of A– with a stable outlook. On December 7, 2017, Moody's Investors Service Ltd. updated its Credit Opinion on ČEZ with an unchanged long-term credit rating of Baa1 with a stable 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.



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ČEZ Group expanded its operations in renewable energy sources in 2017, acquiring several wind parks and wind park development projects in neighboring Germany and in France. By doing so, we are fulfilling our strategic goal of reinforcing and consolidating our position in Europe, especially in renewables.

Shares

The shares of 5 companies within the CEZ Group are publicly traded.

1. ČEZ, a. s.

As at December 31, 2017, ČEZ's stated capital totaled CZK 53,798,975,900. The Company's stated capital consisted of 537,989,759 shares with a nominal value of CZK 100.

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
							WSE	Oct 25, 2006

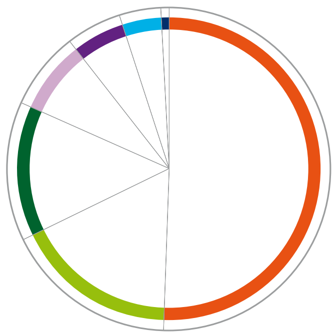
Structure of Shareholders—by Entity Type (%)

	Share in Stated Capital	Share in Voting Rights	Share in Stated Capital	Share in Voting Rights
	As at Dec 31, 2016		As at Dec 31, 2017	
Legal entities, total	90.23	90.16	89.84	89.78
Of which: Czech Republic	69.78	70.27	69.78	70.25
ČEZ, a. s.	0.70	–	0.67	–
Other legal entities	19.75	19.89	19.39	19.53
Private individuals, total	9.77	9.84	10.16	10.22

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

Structure of Identified Institutional Shareholders—by Geography

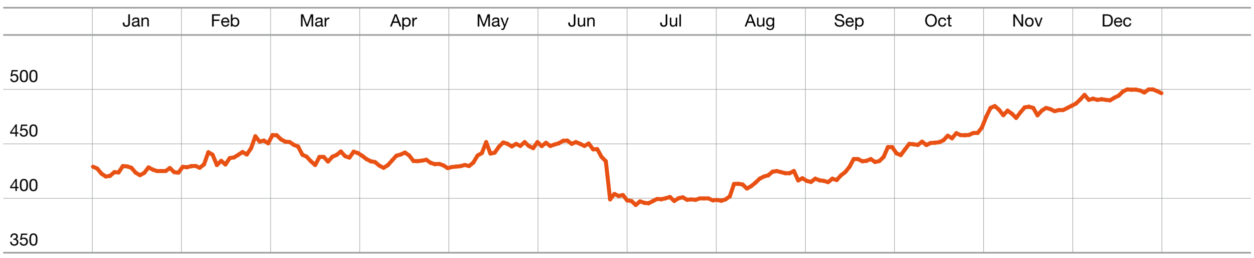
	%
North America	50.6
Continental Europe (other than Czechia and Poland)	17.4
Poland	13.8
United Kingdom and Ireland	7.7
Czechia	5.5
Asia, Australia, and Africa	4.4
Middle East	0.6
Total	100.0



Explanation of Methodology

The data in the table are based on a questionnaire survey conducted by Ipreo among institutional investors and managers of securities. The survey managed to identify the holders of 82% of the overall number of shares held by institutional investors. The figures in the table represent percentages of the total number of identified institutional shareholders. Shares owned by Czechia, treasury shares, and shares held by individuals are not included in the results.

ČEZ, a. s. Share Prices in 2017 (in CZK)



Stock-Related Indicators

	Unit	2016	2017	2017/2016 Index (%)
Net income per share—basic (EPS)[1]	CZK/share	26.7	35.1	131.4
Dividend per share (gross) (DPS)	CZK/share	40.0	33.0	82.5
Dividends awarded	CZK billions	21.4	17.6	82.5
Share price—year's high	CZK	470.9	500.0	106.2
Share price—year's low	CZK	364.1	393.8	108.2
Share price—at year end (December 31)	CZK	430.0	496.5	115.5
ČEZ stock trading volume on the PSE	CZK billions	51.9	41.2	79.4
ČEZ stock as percentage of overall PSE trading volume	%	30.7	29.2	95.3
Number of registered shares (as at December 31)	Thousands	537,990	537,990	100.0
Number of treasury shares (as at December 31)	Thousands	3,755	3,605	96.0
Number of shares in circulation (as at December 31)	Thousands	534,235	534,385	100.0
Price to earnings ratio (P/E)	1	16.1	14.1	87.8
Book value per share (BVPS)	CZK	480.7	467.9	97.3
Price to book value ratio (P/BV)	%	89.5	106.1	118.6
Total shareholder return (TSR)	%	5.8	23.1	400.0
Market capitalization (as at December 31)	CZK billions	229.7	265.3	115.5

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

Dividend Payments to Shareholders and Dividend Policy

The annual Shareholders' Meeting held on June 21, 2017, decided to pay a dividend of CZK 33 per share before tax. The share in profits awarded to the shareholders of ČEZ, a. s. totaled CZK 17,753,662 thousand, of which CZK 17,629,746 thousand was to be paid out, representing 89.76% of consolidated adjusted net income and 120.96% of consolidated net income. The dividend on treasury shares held by the Company at the record date, that is, the difference between the above amounts, was used for the payment of dividends to other shareholders and reduced the amount paid out of the retained earnings account. Entities that were shareholders of ČEZ at the record date, i.e. June 27, 2017, were entitled to the dividend.

The dividend for 2016 became payable on August 1, 2017 and can be claimed until July 30, 2021.

From 2015, ČEZ, a. s. 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. Their 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. As at the date of admission to trading, ČEZ, a. s. held a 99.596% stake in the company; the other shareholders were ČEZ Obnovitelné zdroje, s.r.o. with a 0.386% stake and ČEZ Korporátní služby, s.r.o. with a 0.018% stake in the company's capital. On January 2, 2018, 14,000 company shares (0.040%) previously held by ČEZ were sold on the PSE.

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 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, a. s. held a 37.361% stake in the company's capital as at December 31, 2017.

4. CEZ Elektro Bulgaria AD

The company's shares have been traded on the Bulgarian Stock Exchange (Българска Фондова Борса) since October 29, 2012. Their ISIN is BG1100024113. The shares are not traded on any other public markets. As at December 31, 2017, ČEZ held a 67% stake and the second largest shareholder, the Chimimport group, held a 25.72% stake in the company's capital. On January 27, 2017, ČEZ published its intent to test investors' interest in its Bulgarian assets and initiated a standard sale procedure, which resulted in signing a contract of sale. Approval by the Bulgarian competition authority is still awaited as at the Annual Report closing date.

5. CEZ Razpredelenie Bulgaria AD

The company's shares have been traded on the Bulgarian Stock Exchange (Българска Фондова Борса) since October 29, 2012. Their ISIN is BG1100025110. The shares are not traded on any other public markets. As at December 31, 2017, ČEZ held a 67% stake and the second largest shareholder, the DOVERIE group, held an 11.13% stake in the company's capital. On January 27, 2017, ČEZ published its intent to test investors' interest in its Bulgarian assets and initiated a standard sale procedure, which resulted in signing a contract of sale. Approval by the Bulgarian competition authority is still awaited as at the Annual Report closing date.

Selected Events

Selected Events of 2017

January

- Shares of Tisová power plant (Elektrárna Tisová) were transferred from ČEZ to Sokolovská uhelná (SU) under an agreement between ČEZ and SU, which resulted in a new contract for coal deliveries until 2025, an agreement resolving all long-term trade disputes, sale of Tisová power plant to SU, and termination of all ongoing lawsuits and legal proceedings.
- The Romanian distribution company CEZ Distributie was rebranded with effect from January 3; it was renamed to Distributie Energie Oltenia S.A. and uses a new Distributie Oltenia logo.

February

- A battery system rental service was launched to rent battery systems made by sonnen to end-use customers in Czechia.

March

- The Renewable Energy division and the External Relations and Regulation division merged into a newly established division named Renewable Energy and Distribution.
- Rules governing support for renewable electricity generation, increasing the transparency of the whole RES support system, entered into effect in Romania on March 31.

April

- The fourth review of the Dukovany Nuclear Power Plant was completed by WANO's international mission experts, who identified 9 areas for improvement and 2 good practices transferable to other power plants.
- Sale of a block of shares in Hungarian company MOL and early redemption of convertible bonds were settled, ending almost ten-year holding of 7.5% of the company's shares (the sale of the shares was completed in May), with a total positive cash-flow balance of CZK 3.4 billion for CEZ Group.
- A minority share in Saxon company Cloud&Heat Technologies GmbH was acquired through Inven Capital.

May

- A proposal for a resolution concerning the sale of Elektrárna Počerady, a.s. was not approved by a majority of members of the Supervisory Board of ČEZ, a. s.
- On May 14–23, ČEZ successfully underwent the first WANO Corporate Mission, which reviewed corporate processes especially in headquarters management and administration, performance promotion, communication, and human resources. The mission acknowledged 2 good practices and recommended 2 areas for improvement.

June

- The 25th annual Shareholders' Meeting was held, which approved a dividend of CZK 33 per share, among other things.
- The acquisition of 14 operated wind turbines with a total installed capacity of 35.4 MW at Lettweiler Höhe, Germany, was executed.
- Entry into the French market in renewable energy sources by acquiring development projects for 9 wind farms with a planned capacity of up to 101.8 MW. Connection to the grid and the first revenues are expected in 2019–2022.
- Sale of residential property in Prague-Písnice for CZK 1.3 billion was completed.
- The Nuclear Energy division was established, the Generation division was renamed to Fossil and Hydro Generation division, and the Sales division was renamed to Sales and Strategy division at ČEZ, a. s.

July

- SÚJB's decision granting an operating license for an unlimited period of time for unit 2 of the Dukovany Nuclear Power Plant came into effect on July 11.
- Construction of CEZ Group's new data center, planned to be put into operation in 2019, was started at the site of the former Tušimice I power plant.
- A memorandum of cooperation was signed by ČEZ ESCO and the Southern Bohemia Region, concerning smart energy solutions and joint introduction of modern technologies to Southern Bohemia's energy infrastructure.
- All sales and service activities previously carried out by ČEZ Prodej and ČEZ Zákaznické služby were taken over by ČEZ Prodej as the sole successor company.

August

- Entry into the German market in ESCO services by acquiring Elevion, one of the largest providers of comprehensive energy services in Germany (specializing in the installations, modernizations, and reconstructions of energy facilities in commercial and industrial buildings). The company's annual sales are about CZK 8 billion.

September

- The organizational units of Temelín NPP, Dukovany NPP, and relevant central departments were spun off into the separate Nuclear Energy division; in addition, the division's purview includes ČEZ ENERGOSERVIS, ÚJV Řež, and other relevant companies and the division became responsible for the preparation of new nuclear power plants.
- A free customer care line of ČEZ Prodej was launched.
- A smart thermostat made by tado, a Bavaria-based innovation company, was launched on the Czech market.

October

- Entry into the Polish market in ESCO services by acquiring OEM Energy.

November

- Receiving a grant from the EU agency INEA in the amount of almost EUR 2.5 million (about CZK 64 million) to build 63 new public fast-charging stations for electric vehicles in Czechia.
- An application for environmental impact assessment was filed for the planned new nuclear units at Dukovany.
- Presentation of a plan to build a large battery system for electricity storage at Tušimice, which is expected to be put into operation in late 2018 or early 2019.

December

- The establishment of a joint investment initiative to support the growth of small and medium-sized businesses in the clean energy and smart technology sector was announced by the European Investment Bank and Inven Capital, a member of CEZ Group. Total funds for joint investments will be EUR 100 million (about CZK 2.6 billion).
- Sale of the Varna power plant in Bulgaria was finalized.
- An application for environmental impact assessment was filed for Energotrans' new fluidized bed unit and gas-fired boiler plant at Mělník.
- An application for environmental impact assessment was filed for a waste-to-energy facility at Mělník.

Selected Events of 2018 Until the Annual Report Closing Date

January

- SÚJB's decision granting an operating license for an unlimited period of time for units 3 and 4 of the Dukovany Nuclear Power Plant came into effect on January 1.
- ČEZ Distribuce and ČEZ Distribuční služby merged.
- ČEZ Inženýring ceased to exist as a result of a merger by acquisition by ČEZ, a. s.
- A 25% stake in ENESA was acquired by ČEZ ESCO, becoming its sole shareholder.
- Operation and maintenance activities at renewable electricity generation facilities were transferred from ČEZ Energetické služby to ČEZ Obnovitelné zdroje.
- A 100% stake in Polish company Metrolog sp. z o.o. was acquired.

February

- The Supervisory Board of ČEZ, a. s. approved sale of the company's assets in Bulgaria (Oreshets and Bara power plants as well as electricity distribution, sales, and trading, including the provision of support activities).

March

- The position of Data Protection Officer was created in connection with the approaching effective date of the EU General Data Protection Regulation (GDPR).

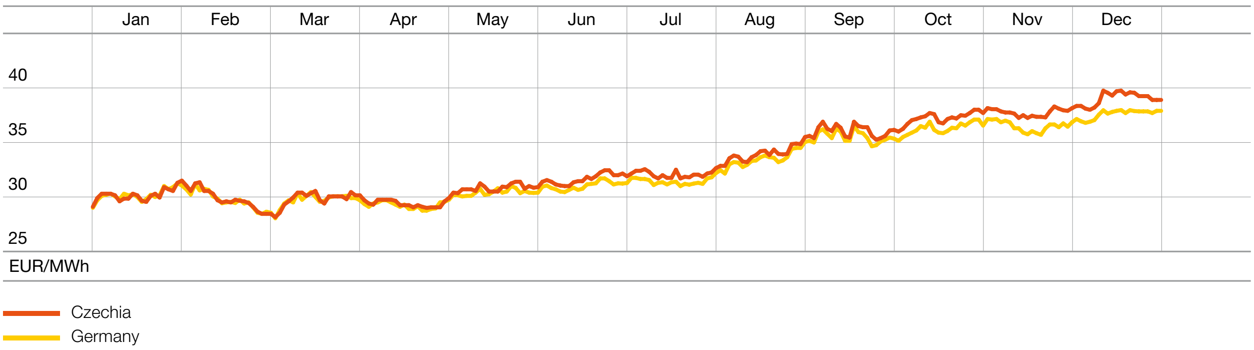
Developments in Relevant Energy Markets

Commodity Prices, Year-on-Year Comparison

	Unit	December 31, 2016	December 31, 2017	2017/2016 Price Change (%)
Electricity price in Czechia (2018 baseload)	EUR/MWh	30.6	38.9	27.3
Electricity price in Germany (2018 baseload)	EUR/MWh	31.3	37.9	21.1
Coal price	USD/t	70.3	89.5	27.4
Gas price (NCG)	EUR/MWh	18.0	18.7	3.7
Oil price	USD/barrel	58.4	64.9	11.1
Emission allowance price (EEX)	EUR/t	6.6	8.2	24.7

Electricity

Wholesale Price of Electricity in 2017 (2018 Year Band)

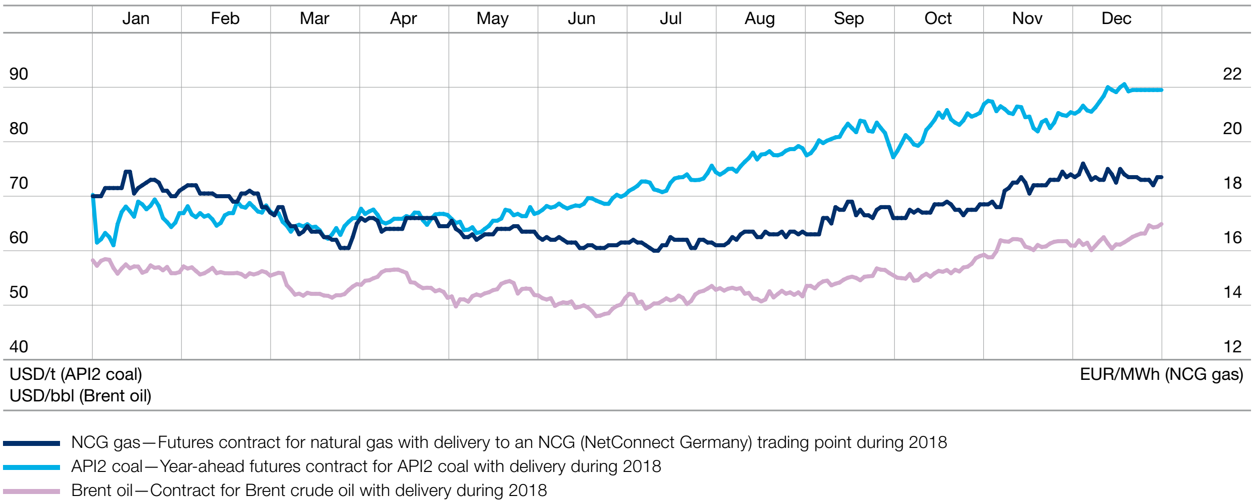


Electricity prices in the Central European market are substantially affected by changes in the prices of commodities determining the variable costs of electricity generation. Thus, the price of electricity is affected the most by the price of coal and the price of emission allowances, and to a lesser degree by the price of gas. Electricity prices are also influenced by changes in demand for electricity and changes in generating capacities, especially growth in the installed capacity of renewable energy sources.

Forward electricity prices remained close to 30 EUR/MWh in the first half of 2017. However, they increased significantly in the following months. The increase was driven by the prices of hard coal and emission allowances and in the fall, like in the year before, by fears of outages at nuclear power plants in France. Primarily due to the above-mentioned factors, the price increased over time to 39 EUR/MWh at the end of the year. It should be noted that the price of electricity was slightly higher in Czechia than in Germany during 2017, just like in the second half of 2016 (the trend was generally opposite in the previous years). This was caused by higher electricity prices in Southeast Europe, which affected prices in Czechia.

Coal, Crude Oil, and Natural Gas

Coal, Crude Oil, and Natural Gas Prices in 2017 (2018 Forward Contracts)



The prices of hard coal kept growing during the year, nearing 90 USD/t. The market continued to be affected primarily by activities in China, where import demand for coal was increasing. This was caused by domestic output restrictions, motivated by safety, and by growing consumption. At the same time, there were outages in the main mining export centers—Australia, Indonesia, and South Africa, resulting from weather or strikes.

There was also a moderate increase in the price of crude oil in connection with growing global demand for the commodity and continued production restrictions by OPEC. In contrast, there was a rather weak increase in the price of natural gas, which resulted in better competitiveness of gas-fired power plants within the generation mix.

Emission Allowances

Prices of Emission Allowances in 2017 (2018 Forward Contracts)

The prices of emission allowances remained low in the first half of the year. They increased gradually during the second half of the year, primarily due to some stricter parameters for a reform of the EU-ETS market. The more ambitious reform aims to reduce the surplus of allowances in the market faster. Expectations of these changes resulted in the price increasing from 5 EUR/t in July to 8.2 EUR/t at the end of the year.

O

Offering a wide range of services and products that meet our customers' energy needs is the second of the three pillars of the ČEZ Strategy. Our subsidiary ČEZ ESCO delivers efficient, economical, and environmentally friendly solutions to businesses, municipalities, and government agencies. For municipalities, it markets mainly the appealing Smart City concept.

Governing Bodies of ČEZ, a. s.

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

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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 Czechia at the address Duhová 2/1444, postcode 140 53, Prague 4. The Company's website is 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 2017 the Company had the following governing bodies:
- Shareholders' Meeting
- Supervisory Board
- Audit Committee
- Board of Directors

Shareholders' Meeting

The Company's supreme governing 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 associated with 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
- Discussing 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 on 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 associated with 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 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 Shareholders' Meeting announcements and attendance lists, including submitted powers of attorney, are kept in the Company archives for the duration of the Company.

Shareholders' Meeting in 2017

The 25th annual Shareholders' Meeting of ČEZ, a. s. was held on June 21, 2017. Among other things, the Shareholders' Meeting

- Heard the Board of Directors' Report on the Company's Business Activities and Assets for 2016, the Summary Report pursuant to Section 118(9) of the Capital Market Undertakings Act, Conclusions from the Related Parties Report for 2016, the Supervisory Board's Report, and the Audit Committee's Report on the Results of Its Activities
- Approved the financial statements of ČEZ, a. s. and the consolidated financial statements of CEZ Group for the year 2016
- Approved the distribution of the 2016 profit of ČEZ, a. s. amounting to CZK 8,834,108,324.78 and a portion of retained earnings amounting to CZK 8,919,553,722.22 as follows:
  – Share in profit to be distributed to shareholders (the "Dividend") CZK 17,753,662,047.00

  The dividend was CZK 33 per share before tax.
- Decided to amend the Company's bylaws with effect from June 22, 2017
- Appointed Ernst & Young Audit, s.r.o as the auditor to perform the statutory audit for the accounting period of the calendar year of 2017
- Approved the 2018 donations budget at CZK 130 million
- Elected Václav Pačes as a member of the Supervisory Board
- Elected Jiří Pelák and Tomáš Vyhnánek as members of the Audit Committee

One legal action was brought against the Shareholders' Meeting resolutions by shareholders within the statutory time limit. The action was brought by shareholder Jan Rovenský, who seeks partial invalidation of the Shareholders' Meeting resolution amending the Company's bylaws, namely in its part adopting Article 14(10)(c), (e), and (f) of the bylaws. The Company is convinced that the motion cannot be admitted for many reasons. A substantial reason is the fact that the part of the bylaws challenged by the plaintiff, that is, Article 14(10)(c), (e), and (f), was not changed in any way by the Shareholders' Meeting decision, which means that even if the court decided to invalidate the aforementioned provision on amendment to the bylaws, which the Company considers unlikely, the last version of Article 14(10)(c), (e), and (f) of the bylaws as adopted by the Shareholders' Meeting held on June 27, 2014, which is identical to the relevant version of this part of the bylaws as adopted by the Shareholders' Meeting held on June 21, 2017, would remain valid. The Company has proposed to the court to dismiss the shareholder's action. No hearing of the case has been ordered yet.

Supervisory Board

Position and Powers of the Supervisory Board

The Supervisory Board is the Company's control body supervising the exercising 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
- Discuss 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 make a decision on the provision of 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
- Appointments to the supervisory boards of companies in which ČEZ, a. s. has an interest in excess of CZK 500 million or companies for which the Supervisory Board has reserved prior consent
- The draft contract with the auditor appointed by the Shareholders' Meeting to conduct the statutory audit
- Alienation of real property if the market or appraisal 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, a. s. 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

Composition and Activities of the Supervisory Board

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 the 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.

Decision Making in the Supervisory Board

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 held usually 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 adopted. 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, the resolution is adopted 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 2017, 14 meetings were held: 11 regular meetings and 3 special meetings.

Members of the Supervisory Board

Václav Pačes

Chairman of the Supervisory Board from June 27, 2014, to June 21, 2017, and since June 29, 2017
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 as member of the Supervisory Board from June 21, 2017 (term ending June 21, 2021)

A professor of biochemistry and a graduate of the Faculty of Natural Sciences, Charles University, Prague, Professor Pačes defended his dissertation at the Institute of Organic Chemistry and Biochemistry of the Czechoslovak Academy of Sciences. He gained managerial and professional experience in such positions as President of the Academy of Sciences of the Czech Republic, Director of the Institute of Molecular Genetics of the Academy of Sciences of the Czech Republic, and Chairman of the government-appointed Independent Energy Commission.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- NADACE HANUŠE GOLDSCHEIDERA PRO ČESKÝ GOLF (HANUŠ GOLDSCHEIDER FOUNDATION FOR CZECH GOLF)—member of the Board of Trustees
- Vysoká škola ekonomická v Praze (University of Economics, Prague)—member of the Board of Trustees
- STAR Research & Innovation Cluster, z. ú.—member of the Board of Trustees
- Česká společnost pro biochemii a molekulární biologii, z.s. (Czech Society for Biochemistry and Molecular Biology)—member
- Česká společnost pro energetiku, z.s. (Czech Society for Energy)—Vice-Chairman
- Commission for Energy of the Czech Academy of Sciences—Vice-Chairman
- Federation of European Biochemical Societies—Secretary General

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 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, a. s. shares as at December 31, 2017: 0.

- Český Aeroholding, 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)

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 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 methodologist) and as a full-time labor union chairwoman at the Poříčí power plant.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- CEZ Group European Works Council—Vice-Chairwoman

Zdeněk Černý

Member of the Supervisory Board since June 27, 2014 (term ending June 27, 2018)

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, a. s. shares as at December 31, 2017: 0.

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

Vladimír Hronek

Member of the Supervisory Board elected by the Shareholders' Meeting from among employees from September 30, 2010, reelected on 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, last reelected as Vice-Chairman from April 27, 2017, 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, a. s. shares as at December 31, 2017: 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 Dětmarovice power plant, Vice-Chairman and member of the Supervisory Board of ČEZ, a. s., and Vice-Chairman and member of the Audit Committee of ČEZ, a. s., and by completing a study program at the Czech Institute of Directors (CIoD), Prague.

Number of ČEZ, a. s. shares as at December 31, 2017: 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 Technology and Investment Director and Chairman of the Board of Directors at Teplárny Brno, a.s.; Economic Director and Vice-Chairman of the Board of Directors of Energetické strojírny Brno, a.s.; and Chairman of the Board of Trustees and Statutory Director 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, a. s. shares as at December 31, 2017: 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.—member of the Board of Directors and Managing Director
- Energetické strojírny 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

Petr Polák

Member of the Supervisory Board since February 25, 2016 (term ending February 25, 2020)
A graduate of Nottingham Trent University (B.I.B.S.), United Kingdom—Senior Executive MBA.
He gained managerial and professional experience in such positions as Chief Information Officer at EKO-KOM, a.s.; as member of the Supervisory Board at ČESKÝ TELECOM, a.s. and Česká pošta, s.p.; and in CEZ Group as member and later Vice-Chairman of the Supervisory Board of Severočeské doly a.s.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

Josef Suchánek

Member of the Supervisory Board elected 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, a. s.—Dalešice hydroelectric power plant unit (fitter, fitter/dam operator, chief dam operator/operations manager, water management and construction group manager).

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

Robert Šťastný

Member of the Supervisory Board since September 29, 2014 (term ending September 29, 2018)
A graduate of the Faculty of Law, Masaryk University, Brno.
He gained managerial and professional experience particularly at the Constitutional Court of the Czech Republic, in the Armed Forces of the Czech Republic, in the management of the Road Safety Department of the Czech Republic, and in the engineering industry.

Number of ČEZ, a. s. shares as at December 31, 2017: 20.

■ Current membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures.

Membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past 5 years.

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 Head of Technical Support at ČEZ, a. s.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- ■ BD ŘÍČANY s.r.o.—Managing Director
- ■ Perálec 77, s.r.o.—Managing Director
- ■ IFRE a.s.—Chairman of the Board of Directors, Managing Director, and sole shareholder
- ■ Denní centrum Barevný svět, o.p.s.—member of the Board of Trustees
- ■ IFRE INDUSTRY a.s.—member of the Board of Directors
- ■ P77 s.r.o.—company member and Managing Director
- ▪ 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./—Managing Director

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, a. s. shares as at December 31, 2017: 0.

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

Members of the Supervisory Board whose membership ended in 2017 or before the Annual Report closing date:

Radek Mucha

Member of the Supervisory Board elected from among employees from April 11, 2013, to April 11, 2017

Jiří Novotný

Member of the Supervisory Board elected from among employees from April 11, 2013, to April 11, 2017

Drahoslav Šimek

Member of the Supervisory Board elected from among employees from June 29, 2006, to April 11, 2017

■ Current membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures.

▪ Membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past 5 years.

Supervisory Board Committees

Within its powers, the Supervisory Board may set up committees that 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. Supervisory Board committees meet as needed but no less than once in a quarter.

Decision Making in Supervisory Board Committees

The position, powers, and composition of each committee of the Supervisory Board are defined in its Statute, which is subject to approval by the Supervisory Board.
Details of the manner of meeting of each Supervisory Board committee are specified in the committee's Rules of Procedure, which are approved by the committee governed by the Rules of Procedure.
Each committee constitutes a quorum if all its members have been properly invited and a majority of all its members is present at the meeting.
If the person chairing a meeting finds the committee lacking a quorum, they may call a new committee meeting to be held within three days with the same agenda. The consent of a majority of all committee members is required to pass a resolution. Voting is by show of hands unless the committee decides to take a secret vote on a specific item on the agenda.
Voting by show of hands is conducted by raising hands. Each committee member has one vote. First, a vote is taken on the proposal submitted by its sponsor. If the proposal is passed by the necessary majority, other proposals on the matter in question are not voted on; however, each committee member may propose a supplementary resolution that does not contradict the resolution passed on the matter in question, which is to be voted on separately.
Minutes are taken of committee meetings, which must be archived for as long as the Company exists.

Supervisory Board Strategy Committee

The Committee's mission is to improve the Supervisory Board's decision-making process in matters concerning the Company's strategic development. To that end, the Committee reviews, in particular, 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, a. s. subsidiaries
- Construction of new generating facilities
- Reduction/sale/renovation of production capacities

Ten regular meetings were held in 2017.

Members of the Supervisory Board Strategy Committee

Petr Polák
Committee Chairman since September 1, 2016
Committee member since February 25, 2016

Šárka Vinklerová
Committee Vice-Chairwoman since September 1, 2016
Committee member since June 23, 2016

Lubomír Klosík
Committee member since February 22, 2018

Václav Pačes
Committee member since April 30, 2013

František Vágner
Committee member since June 23, 2016

Members of the Supervisory Board Strategy Committee whose membership ended in 2017 or before the Annual Report closing date:

Lubomír Klosík
Committee member from April 27, 2017, to January 22, 2018

Jiří Novotný
Committee member from August 29, 2014, to April 11, 2017

Supervisory Board Personnel Committee

As part of its activities, the Committee, in particular

- Proposes the Supervisory Board personnel policy in relation to the Board of Directors to the Supervisory Board
- Gives its opinion on proposals for electing and removing members of the Board of Directors, is responsible for submitting nominations of candidates for Board of Directors membership to the Supervisory Board for approval
- Makes 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 are employees of the Company
- Makes recommendations to the Supervisory Board on the Board of Directors' proposals regarding appointments to the supervisory boards of companies in which ČEZ, a. s. has an interest in excess of CZK 500 million

A total of 13 regular meetings were held in 2017.

Members of the Supervisory Board Personnel Committee

Vladimír Hronek

Committee Chairman since March 19, 2018

Committee member since February 22, 2018

Zdeněk Černý

Committee Vice-Chairman since October 20, 2014

Committee member since August 29, 2014

Vladimír Kohout

Committee member since June 23, 2016

Josef Suchánek

Committee member since February 22, 2018

Robert Šťastný

Committee member since June 26, 2015

Members of the Supervisory Board Personnel Committee whose membership ended in 2017 or before the Annual Report closing date:

Vladimír Hronek

Committee Chairman from October 20, 2014, to January 22, 2018

Committee member from December 2, 2010 to January 22, 2018

Radek Mucha

Committee member from April 30, 2013, to April 11, 2017

Josef Suchánek

Committee member from April 27, 2017, to January 22, 2018

Audit Committee

Position and Powers of the Audit Committee

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 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.

Composition and Activities of the Audit Committee

The Audit Committee has 5 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.

Decision Making in the Audit Committee

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, the resolution is adopted 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. Three regular meetings were held in 2017.

Members of the Audit Committee

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 Senior Audit at Arthur Andersen and Chief Financial Officer for the Czech Republic at Cinergy, a U.S. energy company.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- ■ pinn partners s.r.o.—Managing Director and company member
- ■ i4wifi a.s.—member of the Supervisory Board
- ■ CP Praha s.r.o., in liquidation—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)

A graduate of an 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, a. s. shares as at December 31, 2017: 0.

- ■ DZD, v.o.s.—company member and statutory representative
- ■ ABArent s. r. o.—Managing Director and company member
- ■ KPMG Česká republika, s.r.o.—proxy with an individual power of procuration
- ■ KPMG Česká republika Audit, s.r.o.—Managing Director

■ Current membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures.

■ Membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past 5 years.

Andrea Lukasíková

Member of the Audit Committee since June 27, 2014
(term ending June 27, 2018)

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. and in the independent European Affairs department of the Chancellery of the Senate of the Parliament of the Czech Republic; now she is in charge of financial management and accounting at Olife Corporation, a.s.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- ■ Český Aeroholding, a.s. — member of the Audit Committee
- ■ Český institut interních auditorů, z.s. (Czech Institute of Internal Auditors) — 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. Marks 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 methodologist 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 translate International Financial Reporting Standards.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.

- ■ AFC CENTER,spol.s r.o. — company member and Managing Director
- ■ Komora auditorů Česke republiky (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
- ■ Svatba IN s.r.o. — company member

Tomáš Vyhnánek

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, a. s. shares as at December 31, 2017: 0.

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

Members of the Audit Committee whose membership ended in 2017 or before the Annual Report closing date:

Radek Neužil

Member of the Audit Committee from June 19, 2013, to June 19, 2017

Remuneration of Members of the Supervisory Board and Members of the Audit Committee

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.

■ Current membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures.

■ Membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past 5 years.

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

- Remuneration of a member of the Supervisory Board—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 member of the Supervisory Board 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 a member of the Audit Committee—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 a member of the Audit Committee 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 members of the Supervisory Board 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—Members of the Supervisory Board 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 member of the Supervisory Board 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 member of the Supervisory Board uses their private car to discharge their duties, the costs associated with such use are reimbursed by the Company in compliance with applicable law. A member of the Audit Committee 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, members of the Supervisory Board receive meal and per diem allowances at rates stipulated in their service contracts and reimbursement for other expenses at face value; in addition, members of the Supervisory Board are covered by travel insurance for short-term foreign business travel. Members of the Audit Committee traveling on business receive meal allowances at rates stipulated in their service contracts and reimbursement for other necessary expenses at face value; in addition, members of the Audit Committee 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.

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

Board of Directors

Position and Powers of the Board of Directors

The Board of Directors is a 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 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 obeys the principles and directions 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 policy and draft amendments thereto
  - 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 Signature Rules of ČEZ, a. s. and, with the consent of the labor organizations operating within the Company, the Work Rules of ČEZ, a. s.
- Approve, after consultation with labor organizations operating within the Company, the Election Rules of ČEZ, a. s. 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 governing bodies on behalf of the Company

Composition and Activities of the Board of Directors

The Board of Directors has 7 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 2017, 43 meetings were held: 40 regular meetings and 3 special meetings.

Decision Making in the Board of Directors

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 adopted, 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, the resolution is adopted 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 Members of the Board of Directors

The office of member of the ČEZ, a. s. 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 governing 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 money from the reserve fund, 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 1 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 (refer to information on the Supervisory Board). 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 Organizational Rules of ČEZ, a. s.
- 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 anticipated value of the contract is greater than one-third of the 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

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

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

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

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

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

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

Members of the Board of Directors

Daniel Beneš

Chairman of the Board of Directors since September 15, 2011
Member of the Board of Directors since December 15, 2005
Reelected with effect from December 18, 2017
(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, a. s.

Number of ČEZ, a. s. shares as at December 31, 2017: 2,500.
Number of ČEZ, a. s. stock options as at December 31, 2017: 450,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 450,000.

- Vysoká škola báňská—Technická univerzita Ostrava (Technical University of Ostrava)—member of the Board of Trustees
- Svaz průmyslu a dopravy České republiky (Confederation of Industry of the Czech Republic)—member of the Board of Directors and Vice-President
- Nadace ČEZ (ČEZ Foundation)—Chairman of the Board of Trustees
- Jihočeská univerzita v Českých Budějovicích (University of South Bohemia, České Budějovice)—member of the Board of Trustees
- Jadrová energetická spoločnosť Slovenska, a. s.—Vice-Chairman and member of the Supervisory Board
- Český svaz zaměstnavatelů v energetice (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, a. s. as Head of Accounting.

Number of ČEZ, a. s. shares as at December 31, 2017: 3,255.
Number of ČEZ, a. s. stock options as at December 31, 2017: 300,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 300,000.

- 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, a. s. shares as at December 31, 2017: 0.
Number of ČEZ, a. s. stock options as at December 31, 2017: 203,781.
Number of ČEZ, a. s. stock options as at February 28, 2018: 243,781.

- Akenerji Elektrik Üretim A.S. (Turkey)—Vice-Chairman of the Board of Directors
- Akcez Enerji 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, a. s., 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 Officer. Prior to joining ČEZ, a. s., he worked at McKinsey & Company.

Number of ČEZ, a. s. shares as at December 31, 2017: 216.
Number of ČEZ, a. s. stock options as at December 31, 2017: 240,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 240,000.

- CM European Power International B.V. — member of the Board of Directors
- ČEZ Energo, s.r.o. — member and Chairman of the Supervisory Board

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, a. s.

Number of ČEZ, a. s. shares as at December 31, 2017: 0.
Number of ČEZ, a. s. stock options as at December 31, 2017: 240,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 240,000.

- Nadace ČEZ (ČEZ Foundation) — member of the Supervisory Board
- Odyssey, z.s. — member of the Board of Trustees

Ladislav Štěpánek

Member of the Board of Directors since June 27, 2013
Reelected with effect from June 28, 2017
(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, a. s.

Number of ČEZ, a. s. shares as at December 31, 2017: 15,000.
Number of ČEZ, a. s. stock options as at December 31, 2017: 180,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 180,000.

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 recent positions included Chief Safety Officer at ČEZ, a. s. and Director of the Temelín Nuclear Power Plant.

Number of ČEZ, a. s. shares as at December 31, 2017: 10.
Number of ČEZ, a. s. stock options as at December 31, 2017: 80,000.
Number of ČEZ, a. s. stock options as at February 28, 2018: 70,000.

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

Members of the Board of Directors whose membership ended in 2017 or before the Annual Report closing date:

Ivo Hlaváč

Member of the Board of Directors
from December 19, 2013, to February 28, 2017

■ Current membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures.

■ (grey) Membership in governing bodies outside CEZ Group or in CEZ Group affiliates and/or joint ventures ended in the past 5 years.

Working Commissions, Teams, and Committees of the Board of Directors

For the purposes of its activities, the Board of Directors may set up working commissions, teams, and committees pursuant to Article 17(1) of the Bylaws of ČEZ, a. s. 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. Internal modifications were made to the two teams in relation to organizational changes in 2017.

The Operations team is a team within the Board of Directors that has coordination authority over matters relating to mining, conventional energy, nuclear energy, heat generation and distribution, finance, human resources, procurement, and other centralized and ancillary 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 matters relating to 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.

Committees of Members of the Board of Directors

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 2017 included:

- The Committee for ČEZ, a. s. Plant Safety, which, among other things, assesses the level and condition of plant safety at ČEZ, a. s., with nuclear facilities being a priority. It assesses the quality and safety aspects of the corporate culture, current and potential safety problems, quality issues, and optimal solutions thereto. It 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).
- The 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/conditions for their implementation. The committee is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).
- The Risk Committee, which deals with matters concerning CEZ Group's risk management; in particular, it proposes the risk management system development strategy 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 the 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).

Remuneration of Members of the Board of Directors

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 members of the Board of Directors 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 following prior discussion 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 members of the Board of Directors—Paid regularly after the end of every calendar month. The monthly remuneration is stipulated as a fixed amount. If a member of the Board of Directors 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 members of the Board of Directors 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 2017, 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 member of the Board of Directors may receive target-based remuneration of up to six times the amount of their monthly remuneration for the accomplishment of specific tasks assigned by the Shareholders' Meeting. Details, including the amount and due date of target-based remuneration, are specified by the Supervisory Board, subject to guidelines specified by the Shareholders' Meeting.
- Bonus—Paid to members of the Board of Directors 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—A member of the Board of Directors is entitled to options on the Company's common stock under the conditions set forth in the stock option agreement that is part of the service contract with the member of 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 always after one year, 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 insurance deductions.
- Insurance—Members of the Board of Directors 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 member of the Board of Directors 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 member of the Board of Directors 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 member of the Board of Directors receives meal and per diem allowances at rates stipulated in their service contract and reimbursement for other expenses at face value; in addition, members of the Board of Directors are covered by travel insurance for short-term foreign business travel.
- Benefits—Members of the Board of Directors 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 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, a. s.

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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.

The Renewable Energy division and the External Relations and Regulation division were merged into a division newly named Renewable Energy and Distribution with effect from March 1, 2017. In this connection, the head of the Renewable Energy and Distribution division was vested with authority to manage the matters of Czech and foreign CEZ Group companies, which were originally managed by the heads of the Renewable Energy division and the External Relations and Regulation division. Public affairs are now within the purview of the Chief Executive Officer.

The Generation division was renamed to Fossil and Hydro Generation division and a Nuclear Energy division was created on June 1, 2017. On the same date, the existing Chief Generation Officer was put in charge of the Fossil and Hydro Generation division (and authorized to use the title Chief Fossil/Hydro Officer) and a position of Chief Nuclear Officer was created, who was put in charge of the Nuclear Energy division. The delegated powers of members of the Board of Directors were modified at September 1, 2017, with the Chief Nuclear Officer becoming responsible for safe and efficient use and development of nuclear generating facilities, including the management of projects to prepare the construction of new nuclear units, and the Chief Fossil/Hydro Officer becoming responsible for safe and efficient use and development of nonnuclear generating facilities.

Authority to formulate CEZ Group's strategy and strategic plans and review their implementation was transferred from the Chief Executive Officer to the Chief Sales and Strategy Officer as at September 1, 2017.

In relation to the above-mentioned changes, the Operations team now coordinates the entire area of generation, newly including preparations for the construction of new nuclear power plants. The Development team has expanded its coordinating role to the area of strategy.

Description of the Delegated Powers of Members of the Board of Directors as at January 1, 2018

Daniel Beneš—Chief Executive Officer,
Chairman of the Board of Directors
in charge of the CEO Division
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. Furthermore, he carries out the top-level management of CEO division departments and management activities concerning the system of management, communication and marketing, legal services, corporate compliance, corporate governance, public affairs, CEZ Group security, and CEZ Group safety inspectorate. He manages domestic subsidiaries' matters relating to coal mining and coal sales.

Martin Novák—Chief Financial Officer,
Vice-Chairman of the Board of Directors
in charge of Finance Division,
Chief Executive Officer's deputy for Operations
Responsible for economic and financial management, financing, investor relations, risk management, controlling, accounting, tax matters, shareholding management, and mining management and ensures efficient setup and operations of centralized and support services. He manages subsidiaries' matters relating to information technology and corporate services.

Tomáš Pleskač—Chief Renewables and Distribution Officer,
Vice-Chairman of the Board of Directors
in charge of Renewable Energy and Distribution Division,
Chief Executive Officer's deputy for Development

Responsible for securing and developing opportunities in renewables and for the operation of existing renewables in Czechia and abroad. Also responsible for the management of the Distribution segment (distribution companies and services in Czechia—such activities are currently centralized under a single company, ČEZ Distribuce), for the efficient operation of country management units, and for support for mergers and acquisitions (M&A) within the purview of other divisions. He manages the matters of Czech and foreign subsidiaries operating renewable energy sources and companies oriented toward securing and developing opportunities in clean and smart technologies, innovative business models, and renewables. In addition, he manages subsidiaries' matters relating to the distribution of electricity to end-use customers and the maintenance and repair of distribution networks.

Pavel Cyrani—Chief Sales and Strategy Officer,
member of the Board of Directors
in charge of Sales and Strategy Division

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 addressing their comprehensive energy needs in Czechia and abroad. Responsible for trading, including destinations abroad. Also responsible for formulating CEZ Group's strategy and strategic goals and reviewing their implementation. 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 Administration Division

Responsible for procurement and sales (other than the procurement and sales of electricity, heat, certain process materials, and financial services). Also responsible for the management of human resources and activities relating to sustainable development and the ombudsman function.

Ladislav Štěpánek—Chief Fossil/Hydro Officer,
member of the Board of Directors
in charge of Fossil and Hydro Generation Division

Responsible for safe and efficient use and development of generation and generation-related assets in Generation—Conventional Energy in Czechia and abroad for electricity generation and provision of ancillary services as well as heat generation and distribution. Responsible for handling the construction of new and comprehensive renovation of existing conventional units in Czechia and providing technical support for acquisition projects. He manages the matters of subsidiaries involved in conventional electricity generation, heat distribution and sales, and related service activities.

Bohdan Zronek—Chief Nuclear Officer,
member of the Board of Directors
in charge of Nuclear Energy Division

Responsible for safe and efficient use and development of generation and generation-related assets in Generation—Nuclear Energy for electricity generation and provision of ancillary services as well as heat generation at nuclear power plants for district heating. 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 2017

	Unit	Supervisory Board	Audit Committee	Board of Directors
Information on Cash and In-Kind Income				
Base salary[1]	CZK thousands	2,501	–	–
Remuneration linked to Company performance and wage compensation[1]	CZK thousands	52	–	60,921
Remuneration to members of Company governing bodies	CZK thousands	8,091	723	57,465
2016 bonus paid to members of governing bodies	CZK thousands	–	–	–
Severance pay and cash settlement	CZK thousands	–	–	8,636
Other cash income	CZK thousands	6,801	–	5,569
Of which: Pension plan contributions[1]	CZK thousands	64	–	91
Endowment life insurance	CZK thousands	6,665	–	5,194
Use of employee personal account[1]	CZK thousands	72	–	123
Life jubilee bonuses[1]	CZK thousands	–	–	–
Domestic business travel reimbursement above limit	CZK thousands	–	–	12
International business travel reimbursement above limit	CZK thousands	–	–	91
Other cash income	CZK thousands	–	–	58
Other in-kind income[1]	CZK thousands	599	–	2,294
Of which: Company car for business and personal use	CZK thousands	595	–	2,264
Mobile phone for business and personal use	CZK thousands	5	–	30
Mobility program	CZK thousands	–	–	–
Other in-kind income	CZK thousands	–	–	–
Income from entities controlled by the issuer	CZK thousands	2,329	–	14,032
Of which: Remuneration to members of governing bodies of controlled companies	CZK thousands	2,200	–	13,781
Endowment life insurance	CZK thousands	129	–	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, 2016	Pcs	–	–	1,980,000
Average option price	CZK	–	–	520.17
Number of options vested in 2017	Pcs	–	–	573,781
Average option price	CZK	–	–	451.84
Number of shares on which option was exercised	Pcs	–	–	(150,000)
Average option price	CZK	–	–	458.71
Resulting in-kind income taxed	CZK millions	–	–	6
Number of shares on which option expired or was otherwise terminated	Pcs	–	–	(610,000)
Average option price	CZK	–	–	531.31
Number of shares on which option was held by a former governing body member	Pcs	–	–	(120,000)
Average option price	CZK	–	–	532.46
Number of shares on which option is held by a new governing body member	Pcs	–	–	20,000
Average option price	CZK	–	–	523.50
Number of options held at December 31, 2017	Pcs	–	–	1,693,781
Average option price	CZK	–	–	497.62
Number of Company shares held by members of governing bodies at December 31, 2017[2]	Pcs	592	–	20,981

[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 that were members of Company governance bodies at December 31, 2017.

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 a member and the Vice-Chairman of the Supervisory Board of IP Exit, a.s., v konkurzu (in bankruptcy). His term of office expired in June 2015.
Martin Novák was a member of the Board of Directors of BYTOVÉ DRUŽSTVO VYHLÍDKA,družstvo v likvidaci (housing cooperative in liquidation), which was transformed into Společenství vlastníků jednotek Suchý vršek 2101–2106, Praha 5 (homeowner association), where he is a member of the board. The liquidation of the cooperative was successfully completed on May 13, 2013.
Jan Vaněček was a Vice-Chairman of the Supervisory Board of CP Praha s.r.o., v likvidaci (in liquidation)—the company was wound up with liquidation at 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, Managing, 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.

Potential 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 any 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 Its Securities
Under their stock option agreements, beneficiaries of the stock option plan having exercised an option must keep on their account with the central registrar 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 Company bodies as well as persons having access to inside information are informed by ČEZ's central controlling 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.


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People are increasingly realizing that free space is a precious commodity, especially in cities. They do not want to let their unused, parked cars occupy that space but they would like to retain the advantages of being able to drive a car. The solution is car sharing, which enables the increase of car utilization rates to nearly 100%, making investments in electric vehicles and charging infrastructure an economically viable business. Technological solutions for urban carsharing operators are provided by VU LOG, a French company in which CEZ Group became a shareholder.

Concern Management

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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, Energocentrum Vítkovice, Energotrans, MARTIA, PRODECO, Revitrans, Severočeské doly, SD - Kolejová doprava, 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 exercise of unified concern management. As part of concern management, the managing entity may give binding instructions to the 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. Apart from their common general part, Concern Management Policies are always structured and published for respective areas under the authority of individual members of the ČEZ's Board of Directors.

Under concern management, binding instructions can 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 benefits arising from membership in the concern

Compliance with WSE Corporate Governance Code

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 2017 for the reasons set out below:

- Concerning the replacement of the audit firm that audits its financial statements, the Company adheres to the applicable Auditors Act, No. 93/2009 Sb., which regulates 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 the 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 governing bodies, see below in this chapter [Section 118(4)(l) of the Capital Market Undertakings Act].
- The Company does not publish explanations provided to shareholders in answer to their questions on the Company's website. Such explanations are included in the minutes of the Shareholders' Meeting, which are available to shareholders upon request.
- The Company does not publish any audio/video recording of its Shareholders' Meetings. Detailed minutes of its Shareholders' Meetings are available to shareholders upon request.

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- The WSE Code makes the participation of Board of Directors members in another company's 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 representation body of a company with an identical or similar line of business. Additionally, 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, the Supervisory Board, or the Shareholders' Meeting.
- 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. As regards the chairperson of the Audit Committee, EU and Czech legislation demands that the chairperson of the Audit Committee be independent.
- The Company has not set up internal processes for Supervisory Board members' providing a declaration of independence; nonetheless, the Company has established measures to prevent a conflict of interest. Members of the Supervisory Board 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, with the exception of: 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, reported to the Supervisory Board on a regular basis; 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) and, additionally, by individuals that can provide useful opinions 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 on an ad hoc basis, in a decision of the Shareholders' Meeting. The WSE Code requirement that the period between the dividend record date and the dividend due date be no longer than 15 days cannot be met for technical reasons relating to dividend payment.
- The WSE Code requirement that the Supervisory Board grant its approval to entering into a significant agreement between the Company on the one part and a shareholder having a share in voting rights of 5% or more or a related party on the other part is not met; nonetheless, 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 the provision of information on the Company's remuneration policy by means of its annual reports, which include information on remuneration 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 Governing Bodies [Article 118(4)(l) of the Capital Market Undertakings Act]

ČEZ, a. s. does not formally declare any diversity policy applied to its statutory governing body or the Audit Committee as the composition and staffing of these bodies is in the hands of the Supervisory Board and the Shareholders' Meeting, respectively. This also applies to two-thirds of Supervisory Board members. 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 opportunities and diversity are the concern of the entire management, labor unions, and every individual at CEZ Group and this approach is fully respected in relation to 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.

Approach to Risks in Relation to Financial Reporting

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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 individual 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 an 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 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 recorded in a database and can be looked up 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 as at the balance sheet 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 measures are proposed immediately and implemented as soon as possible.
The effectiveness of ČEZ's system of internal controls, the process of compiling ČEZ's individual 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 Section 118(9) of the Capital Market Undertakings Act, on Certain Aspects of the Equity of ČEZ, a. s.

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The summary explanatory report pursuant to Section 118(9) of the Capital Market Undertakings Act is based on the requirements set forth in Section 118(5)(a) through (k) of said Act.

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

Equity Structure as at December 31, 2017

Equity	CZK
Stated capital	53,798,975,900
Treasury stock and treasury interests	(4,076,551,056)
Retained earnings and additional paid-in capital	137,784,771,989
Total equity	**187,507,196,833**

As at December 31, 2017, the Company's stated capital recorded in the Commercial Register totaled 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 Concerning Restrictions on the Transferability of Securities

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

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

As at December 31, 2017, 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.:

- Czech Republic, represented by the Ministry of Finance of the Czech Republic, having a total share of 69.78% in the stated capital, i.e., 70.25% of voting rights
- Clearstream Banking S.A., having a share of 3.02% in the stated capital, i.e., 3.04% of voting rights
- State Street Bank and Trust Co., holding a share amounting to 1.45% of the stated capital, i.e., 1.46% of voting rights
- Chase Nominees Limited, holding a share amounting to 1.20% of the stated capital, i.e., 1.21% of voting rights
- Brown Brothers Harriman Co., having a share of 1.04% in the stated capital, i.e., 1.05% of voting rights

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 Concerning 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 Concerning 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, 2017, ČEZ held 3,605,021 treasury shares corresponding to 0.67% of its stated capital.

f) Information Concerning 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 impeding the transferability of its shares or voting rights.

g) Information Concerning 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 Concerning Special Authority of the Company's Statutory Governing Body

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

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

ČEZ, a. s. 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, and 30th Eurobond issues; the 1st, 2nd, and 4th Namensschuldverschreibung issues; the 1st and 2nd US bond issues; the ČEZ, a. s. Promissory Note Issue Program; loan agreements with the European Investment Bank for EUR 100 million made in 2010, for EUR 180 million made in 2011, for EUR 100 million made in 2012, for EUR 200 million made in 2014, and for EUR 200 million made in 2010 (originally between the European Investment Bank and a Romanian subsidiary) and assumed by ČEZ, a. s. 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 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 was given at all. The above reduction 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 the credit ratings of ČEZ, a. s., which in 2017 were A– (with a stable outlook) by Standard & Poor's and Baa1 (with a stable 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, a. s. changes.

j) Information Concerning 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 Concerning 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 shares under terms and conditions set forth in a stock option agreement; for members of the Board of Directors, such stock option agreements form annexes to their service contracts. Under the stock options rules, approved by the Shareholders' Meeting in May 2008, 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 2017, there were six individuals among employees and members of the Board of Directors who owned shares of stock obtained through the stock option plan. Only one individual exercised their right to attend the Shareholders' Meeting of ČEZ as a Company shareholder, but the individual did not exercise their right to vote at the Shareholders' Meeting. All but one of the individuals made use of their right to dividend. None of the individuals exercised their right to submit a request for explanation and receive a response. Neither did any of the above-mentioned individuals exercise 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.

CEZ Group Strategic Objectives

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The energy market keeps transforming. On the side of electricity generation, there is a reinforcing trend toward generation gradually shifting from conventional facilities to renewables. 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. CEZ Group's defined strategy from 2014 fully anticipated these trends and addresses them accordingly; hence, it remains up to date. CEZ Group's mission is to provide safe, reliable, and positive energy to its customers and society as a whole. Its vision is to bring innovations for resolving energy needs and to help improve quality of life.

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

I. Be among the best in the operation of conventional 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 conventional power facilities and proactively respond to the challenges of the 21st century

- Focus on operational efficiency as a prerequisite for further existence in both conventional 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 unit projects at Temelín and Dukovany depending on changes in the Czech state's attitude to nuclear energy development
- In conventional facilities, give priority to brown coal-fired power plants located directly at brown coal surface mines operated by CEZ Group; efficiently operate the other sites and prepare and consider further steps in the short-to-medium term.
- 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 electricity and gas sales and customer care
- 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 opportunities and technologies to allow CEZ Group to establish promising positions in the future energy environment
- 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 conventionals 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

CEZ Group made several major strategic acquisitions in Western Europe's energy services and renewables in 2017.
By acquiring Elevion, CEZ Group successfully entered the German ESCO market and gained the expertise of experts at one of the largest providers of comprehensive energy services in Germany with annual sales of more than CZK 8 billion. CEZ Group also entered the ESCO services market in Poland, where it acquired stakes in OEM Energy and Metrolog. As concerns renewable energy sources, CEZ Group expanded its portfolio in Germany with an operated wind farm at Lettweiler Höhe having a capacity of 35.4 MW, increasing CEZ Group's installed capacity in German wind farms to 133.5 MW. In addition, CEZ Group entered the French market in renewables by acquiring wind farm development projects with a potential for the construction of facilities with an installed capacity of up to 101.8 MW. The renewables strategy was subsequently updated and CEZ Group now gives priority to the development of onshore wind farms in their early stage in Germany and France.

Organization of CEZ Group's Activities in the Future
In view of ongoing structural changes in the energy market and in the context of Czechia's State Energy Policy, CEZ Group analyzed options for the management and organization of individual CEZ Group segments and companies beyond the current internal departmentalization into the Operations team and the Development team. The Czech government's Standing Committee on Nuclear Energy defined three basic variants of an investment model and funding for a new nuclear power plant in Czechia, including a variant where CEZ Group could split into several independent companies. At the same time, it has been possible in recent years to observe not only changes in the dynamics of the energy market and growing separation between conventional and new energy but also major point-of-view changes in investors' distinct perceptions of individual energy assets. Several major transformations of energy groups have been made or contemplated in Europe recently.
The management of ČEZ, a. s. has not arrived at any conclusions on this matter but internal analyses and external advisors' recommendations to date show there are considerable benefits for shareholders in several of the variants contemplated. As such, the variants of CEZ Group transformation will be further analyzed and put into concrete terms.

Lighting upgrades we design and make can reduce the failure rate and operating costs of our customers' systems by up to 60%. ČEZ ESCO and its subsidiaries proved this with a number of projects implemented in public areas, from factories to residential buildings, using LED technology and efficient control systems. Such projects include designing and installing all interior and exterior lighting systems for commercial and industrial premises.

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CEZ Group Financial Performance

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As at December 31, 2017, the consolidated CEZ Group comprised a total of 149 companies, with 135 companies fully consolidated and 14 associates and joint ventures consolidated using the equity method.

Consolidated CEZ Group as at December 31, 2017

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

Generation – Traditional Energy

ČEZ, a. s.
Areál Třeboradice, a.s.
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 Dětmarovice, 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.*
Egemer 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.
Baltic Green X 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 Verwaltungs GmbH
CEZ France S.A.S.
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.
Eco-Wind Construction S.A.
Ferme Eolienne de la Piballe S.A.S.
Ferme Eolienne de Neuville-aux-Bois S.A.S.
Ferme Eolienne de Saint-Aulaye S.A.S.
Ferme Eolienne de Saint-Laurent-de-Ceris S.A.S.
Ferme Eolienne de Seigny S.A.S.
Ferme Eolienne de Thorigny S.A.S.
Ferme Eolienne des Breuils S.A.S.
Ferme Eolienne des Grands Clos S.A.S.
Ferme Eolienne du Germancé S.A.S.
Free Energy Project Oreshets EAD
M.W. Team Invest S.R.L.
Ovidiu Development S.R.L.
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 Mengeringhausen GmbH & Co. KG
Windpark Naundorf GmbH & Co. KG
Windpark Zagelsdorf GmbH & Co. KG
ČEZ Energo, s.r.o.*
juwi Wind Germany 100 GmbH & Co. KG*

Distribution
CEZ Razpredelenie Bulgaria AD
ČEZ Distribuce, a. s.
ČEZ Distribuční služby, s.r.o.
Distributie Energie Oltenia S.A.
Sakarya Elektrik Dagitim A.S.*

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

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 Polska sp. z o.o.
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 Energetické služby, 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
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.
ETS Efficient Technical Solutions GmbH
ETS Efficient Technical Solutions Shanghai Co. Ltd.
EVČ s.r.o.
HAu.S GmbH
HORMEN CE a.s.
KART, spol. s r.o.
OEM Energy sp. z o.o.
Rudolf Fritz GmbH
Elevion Co-Investment GmbH & Co. KG*
Sakarya Elektrik Perakende Satis A.S.*

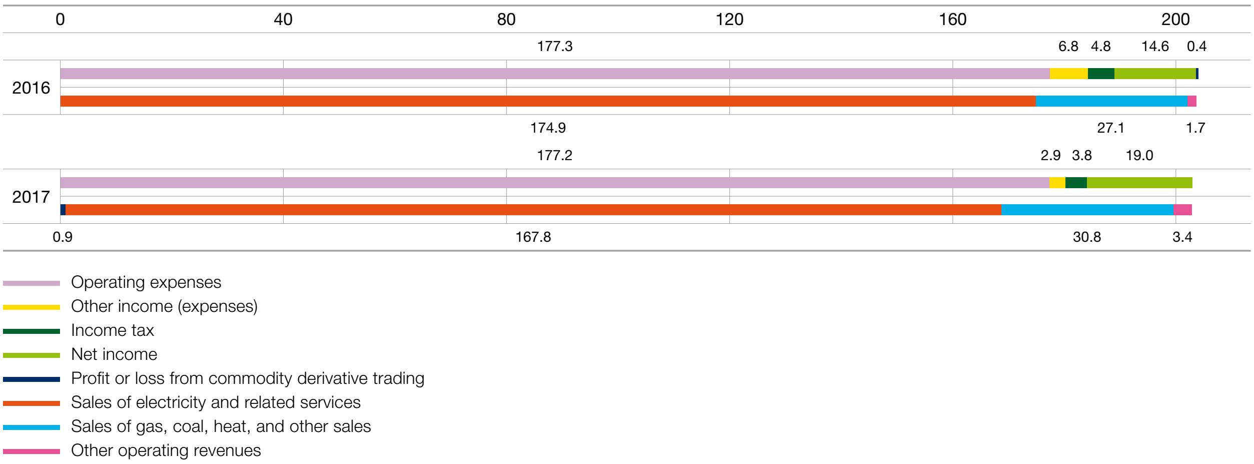
Other
Centrum výzkumu Řež s.r.o.
CEZ Bulgaria EAD
CEZ Bulgarian Investments B.V.
CEZ Deutschland GmbH
CEZ ESCO Poland B.V.
CEZ ICT Bulgaria EAD
CEZ International Finance B.V.
CEZ MH B.V.
CEZ Poland Distribution B.V.
CEZ Polska sp. z o.o.
CEZ Produkty Energetyczne Polska sp. z o.o.
CEZ Romania S.A.
CEZ Ukraine LLC
ČEZ Bohunice a.s.
ČEZ Energetické produkty, s.r.o.
ČEZ ENERGOSERVIS spol. s r.o.
ČEZ ICT Services, a. s.
ČEZ Inženýring, s.r.o.
ČEZ Korporátní služby, s.r.o.
EGP INVEST, spol. s r.o.
Inven Capital, investiční fond, a.s.
MARTIA a.s.
PRODECO, a.s.
Revitrans, a.s.
SD - Kolejová doprava, a.s.
Shared Services Albania Sh.A.
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

CEZ Group Financial Results

Changes in Revenues, Expenses, and Income

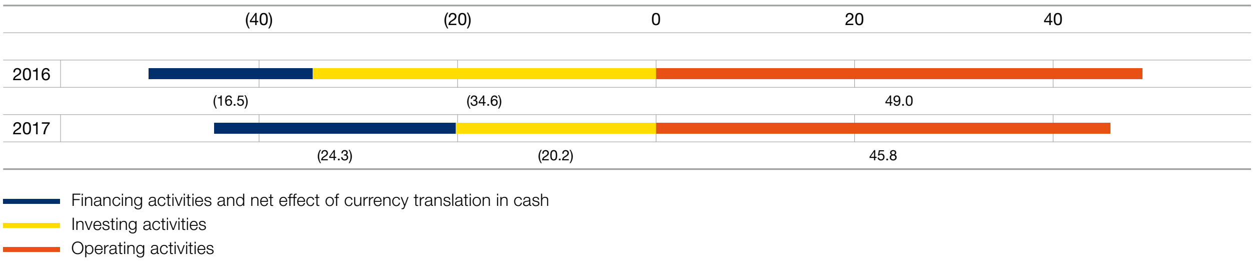
CEZ Group Net Income Breakdown (CZK Billions)



Net income (after-tax income) increased by CZK 4.4 billion over the previous year to CZK 19.0 billion in 2017.
Adjusted net income (see Methods Used to Calculate Indicators Unspecified in IFRS for indicator calculation and definition) increased by CZK 1.1 billion to CZK 20.7 billion: net income increased by CZK 4.4 billion while adjusted-for extraordinary effects generally unrelated to ordinary financial performance in a given year were CZK 3.3 billion lower in 2017 than in 2016.
Earnings before depreciation and amortization, allowances, sales of property, plant, and equipment and intangibles, and write-off of canceled investments (EBITDA) decreased by CZK 4.2 billion to CZK 53.9 billion.
Operating revenues decreased by CZK 1.8 billion primarily due to lower revenue from the sales of electricity and related services (CZK -7.2 billion) resulting primarily from lower realization prices of generated electricity. By contrast, revenue from the sales of gas, coal, and heat and other sales increased (CZK +3.7 billion) due to higher revenue from the sales of services (primarily revenue from new acquisitions) and an increased amount of gas sold. Other operating revenues increased (CZK +1.7 billion) primarily due to sale of real property in Prague.
The sum of operating expenses and net profit or loss from commodity derivative trading decreased by CZK 1.3 billion year-on-year primarily in connection with lower impairments of property, plant, and equipment and intangible assets, including goodwill amortization (CZK +2.9 billion), lower expenses on fuel consumption and procurement of energy and related services (CZK +1.9 billion), and higher net profit from commodity derivative trading (CZK +1.3 billion). In contrast, there was a negative effect of higher personnel expenses (CZK -2.9 billion), higher net expenses on emission allowances and certificates (CZK -1.1 billion), and other operating expenses (CZK -0.8 billion), primarily due to higher expenses on materials.
Other income (expenses) increased net income by CZK 3.9 billion year-on-year, which included the positive effect of MOL Nyrt. stockholding of CZK 5.1 billion, while the sale of MOL Nyrt. shares and the concurrent buyback of convertible bonds and related operations contributed CZK +4.5 billion to 2017 net income overall.
In contrast, there was year-on-year increase in, most importantly, interest expenses (including interest expenses on provisions) and interest income (CZK -1.2 billion) primarily due to lower interest capitalization after the completion of Prunéřov power plant renovation in 2016.
Income tax decreased by CZK 1.0 billion.

Cash Flows

CEZ Group Cash Flows (CZK Billions)



Cash flows from operating activities decreased by CZK 3.1 billion year-on-year to CZK 45.8 billion. In year-on-year comparison, there was lower change in working capital (CZK -4.1 billion) and also income before taxes adjusted for noncash operations decreased (CZK -0.3 billion). Interest paid, net of capitalized interest, increased (CZK -1.0 billion) while income tax paid decreased (CZK +2.5 billion) in 2017.

Working capital was negatively affected in year-on-year comparison by changes in the balance of payables and receivables from derivatives including options (CZK -4.5 billion), emission allowances and certificates in support of renewable generation (CZK -4.2 billion), other current assets (CZK -2.5 billion), short-term liquid securities and term deposits (CZK -2.0 billion), and inventories of materials and fossil fuels (CZK -1.2 billion). In contrast, there was a positive effect of changes in the balance of other receivables and payables (CZK +5.9 billion) and trade payables and receivables including advances and accruals/deferrals (CZK +4.4 billion).

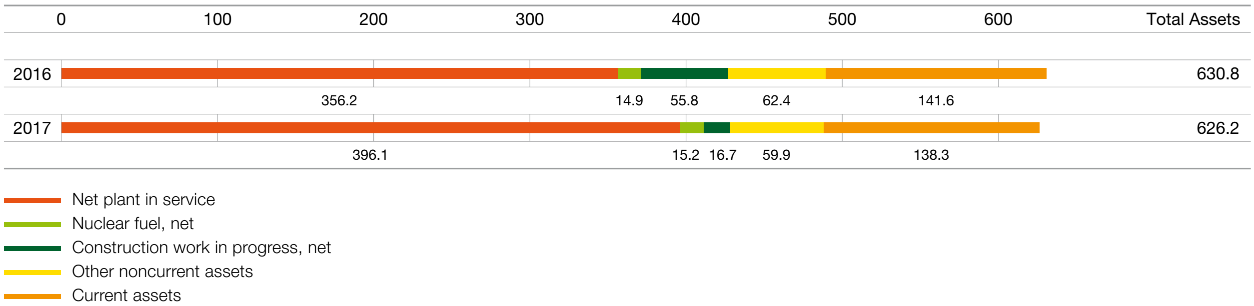
Cash used in investing activities decreased by CZK 14.4 billion year-on-year. Proceeds from sale of noncurrent assets increased (CZK +12.8 billion) primarily due to the termination of MOL Nyrt. stockholding in 2017 (CZK +12.0 billion). Additions to noncurrent assets, including capitalized interest, decreased (CZK +4.9 billion) primarily due to lower investments in available-for-sale securities and lower capital expenditures (CAPEX). Higher proceeds from disposal of subsidiaries and joint ventures (CZK +1.1 billion), primarily due to sale of the Tisová power plant and TEC Varna, and higher expenditure on the acquisition of subsidiaries, associates, and joint ventures (CZK -4.7 billion), primarily due to the acquisition of the Elevion Group, were reported in 2017.

Cash used in financing activities, including the net effect of currency translation in cash, increased by CZK 7.8 billion year-on-year. The main reason was that payments of borrowings in 2017 exceeded proceeds from borrowings by CZK 11.6 billion, where the effect of the buyback of bonds convertible into MOL Nyrt. shares was CZK 12.8 billion; conversely, payment of dividends to shareholders lower by CZK 3.5 billion decreased cash used in financing activities.

Structure of Assets, Equity, and Liabilities

The value of CEZ Group's consolidated assets, equity, and liabilities decreased by CZK 4.6 billion to CZK 626.2 billion in 2017.

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

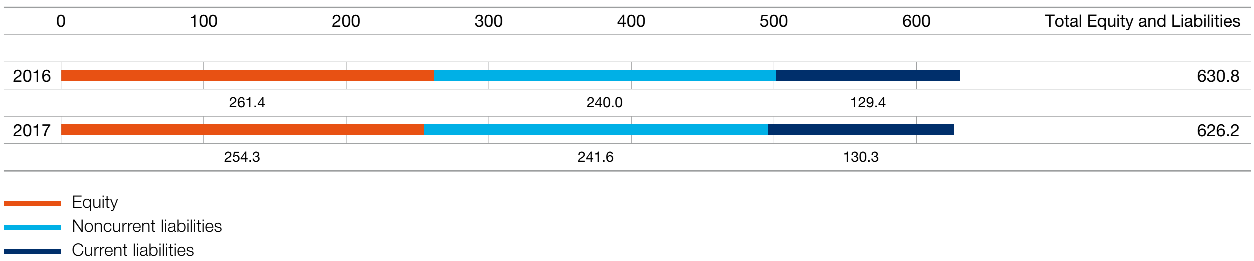


Noncurrent assets decreased by CZK 1.3 billion to CZK 488.0 billion. The value of net plant in service, nuclear fuel, and construction work in progress increased by CZK 1.1 billion. Increase in net plant in service (CZK +39.9 billion) and increase in nuclear fuel inventories (CZK +0.3 billion) were offset by decrease in construction work in progress, including advance payments (CZK -39.2 billion) associated with putting completed investment projects into service.

Decrease of CZK 2.4 billion in other noncurrent assets was primarily affected by decrease in investments and other financial assets (CZK -4.6 billion) due to reclassification of long-term securities as current assets (CZK -2.8 billion) and decrease in receivables from derivatives (CZK -1.6 billion). Investment in associates and joint ventures decreased (CZK -1.8 billion) in 2017 primarily due to financial performance in Turkey. Restricted financial assets decreased (CZK -0.5 billion), as did deferred tax assets (CZK -0.3 billion). In contrast, net noncurrent intangible assets increased year-on-year (CZK +4.8 billion), which was due to new acquisitions in 2017 and the valuation of deferred certificates previously allocated to Romanian wind parks.

Current assets decreased by CZK 3.3 billion to CZK 138.3 billion in 2017. Other financial assets, net, decreased by CZK 13.4 billion year-on-year, with the sale of MOL Nyrt. shares accounting for CZK 13.8 billion. The value of emission allowances increased (CZK +5.4 billion) due to their higher price in 2017 and greater inventory of purchased allowances. Materials and supplies increased year-on-year (CZK +2.0 billion). There was also an increase in net receivables (CZK +1.4 billion). Cash and cash equivalents increased year-on-year (CZK +1.4 billion).

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



Equity, including noncontrolling interests, decreased by CZK 7.0 billion to CZK 254.3 billion. Retained earnings and other reserves decreased by CZK 7.0 billion year-on-year. The main reason for the decrease was change in equity due to dividend payment (CZK -17.8 billion). By contrast, net income generated in 2017 increased equity by CZK 19.0 billion. Other comprehensive income decreased equity by CZK 8.1 billion.

Noncurrent liabilities increased by CZK 1.6 billion to CZK 241.6 billion primarily due to increase in the long-term portion of nuclear provisions (CZK +5.8 billion) and increase in long-term provisions for employee benefits (CZK +0.8 billion). Long-term derivative liabilities increased (CZK +4.6 billion). Conversely, long-term bank loans and bonds issued decreased (CZK -9.8 billion).

Current liabilities increased by CZK 0.8 billion to CZK 130.3 billion primarily due to increase in short-term payables from derivative trading, including options (CZK +3.9 billion), increase in trade and other payables (CZK +2.8 billion) and increase in short-term loans (CZK +2.7 billion). Short-term provisions increased (CZK +1.1 billion) due to increase in the provision for emission allowances. Conversely, the current portion of long-term debt decreased (CZK -8.6 billion). Liabilities associated with assets held for sale decreased year-on-year (CZK -0.6 billion) due to the sale of the Tisová power plant at the beginning of 2017; income tax payables decreased as well (CZK -0.2 billion).

Comprehensive Income

Net comprehensive income was CZK 10.8 billion in 2017, CZK 0.3 billion more than in 2016.

Net income increased by CZK 4.4 billion year-on-year and other comprehensive income decreased by CZK 4.1 billion. In year-on-year comparison, other comprehensive income was negatively affected primarily by change in the fair value of available-for-sale securities (CZK -5.9 billion) and derecognition of available-for-sale securities in equity (CZK -5.5 billion). Deferred tax associated with other comprehensive income decreased year-on-year (CZK -1.4 billion). In contrast, a positive year-on-year effect was that of derecognition of cash flow hedges in assets and profit or loss (CZK +5.3 billion) and change in the fair value of financial instruments for cash flow hedges (CZK +3.5 billion).

CEZ Group Net Debt (CZK Billions)

	2016	2017
Long-term debt, net of current portion	142.3	132.5
Current portion of long-term debt	17.2	8.6
Short-term loans	8.3	11.1
Total debt	167.8	152.2
Cash and cash equivalents	(11.2)	(12.6)
Highly liquid financial assets	(10.1)	(5.6)
Net debt	146.5	134.0
EBITDA	58.1	53.9
Net debt / EBITDA	2.52	2.48

Financial Results of CEZ Group Segments

Segments and Their Contributions to CEZ Group Financial Performance

	Operating Revenues Other Than Intersegment Revenues (CZK millions)	Intersegment Operating Revenues (CZK millions)	Total Operating Revenues (CZK millions)	EBITDA (CZK millions)	EBIT (CZK millions)	Income Taxes (CZK millions)	Net Income (CZK millions)	CAPEX (CZK millions)	Workforce Headcount as at December 31 (Persons)
Generation—Traditional Energy									
2016	55,728	32,121	87,849	21,991	4,387	(312)	13,506	16,079	6,748
2017	54,381	29,959	84,340	19,062	4,308	317	11,362	11,872	6,777
Generation—New Energy									
2016	3,389	597	3,986	3,403	(890)	(260)	(1,248)	1,053	64
2017	4,205	752	4,957	4,988	2,701	(561)	1,881	749	65
Distribution									
2016	29,698	30,872	60,570	20,361	14,337	(2,523)	11,724	10,257	8,132
2017	29,849	28,336	58,185	19,038	11,818	(2,188)	9,604	12,905	8,292
Sales									
2016	107,432	5,362	112,794	5,488	5,415	(1,039)	3,880	105	2,105
2017	106,138	4,856	110,994	4,611	4,459	(792)	3,033	330	4,879
Mining									
2016	4,826	5,091	9,917	4,412	1,998	(364)	2,376	1,985	2,685
2017	4,823	4,725	9,548	4,056	1,637	(310)	1,892	1,569	2,692
Other									
2016	2,671	19,125	21,796	2,423	863	(255)	(916)	8,652	7,161
2017	2,510	15,428	17,938	2,169	700	(260)	5,120	5,985	7,132
Elimination									
2016	–	(93,168)	(93,168)	4	4	–	(14,747)	(7,966)	–
2017	–	(84,056)	(84,056)	(3)	(3)	–	(13,933)	(4,275)	–
Consolidation									
2016	203,744	–	203,744	58,082	26,114	(4,753)	14,575	30,165	26,895
2017	201,906	–	201,906	53,921	25,620	(3,794)	18,959	29,135	29,837

CEZ Group’s biggest segment, Generation—Traditional Energy, saw its EBITDA decrease by CZK 2.9 billion. A decrease of CZK 2.8 billion in EBITDA in Czechia was primarily due to lower realization prices of generated electricity, including the impact of hedges (CZK -4.3 billion); higher expenses on emission allowances (CZK -0.9 billion); higher expenses on the maintenance of generating facilities (CZK -0.6 billion); additions to and reversals of nuclear and other provisions (CZK -0.6 billion); lower production at nonnuclear facilities (CZK -0.5 billion); and lower revenue from ancillary services (CZK -0.2 billion). In contrast, there was a positive effect of, in particular, higher generation at nuclear power plants (CZK +3.0 billion), the effect of a settlement agreement with Sokolovská uhelná (CZK +0.7 billion), and higher revenue from commodity trading (CZK +0.6 billion). EBITDA in Poland decreased by CZK 0.3 billion primarily due to a year-on-year decrease in generation due to lower volume of biomass co-firing and lower NO_x emission ceilings.

The Generation–New Energy segment's EBITDA increased by CZK 1.6 billion. A year-on-year increase in Germany (CZK +0.5 billion) was primarily due to higher production from the operation of wind turbines acquired by CEZ Group in late 2016 and during 2017. A year-on-year increase in Romania (CZK +0.2 billion) was primarily due to decreased overhead costs. EBITDA in Poland increased by CZK 0.5 billion primarily due to additions to impairments of Eco–Wind Construction projects in 2016. An increase in EBITDA in Czechia (CZK +0.4 billion) was affected primarily by the creation of a provision for litigation concerning the Vranovská Ves PV power plant in 2016.
The Distribution segment's EBITDA decreased by CZK 1.3 billion year-on-year. A year-on-year decrease (CZK -1.3 billion) in Czechia was caused by lower gross margin on energy-related activities (CZK -0.9 billion) due to settlement of unbilled electricity and correction factors and by other effects (CZK -0.4 billion) primarily due to higher personnel expenses in connection with the preparation of the distribution grid for decentralized energy needs and in relation to generational renewal. A slight decrease in Romania (CZK -0.1 billion) was affected by higher purchase prices of electricity to cover grid losses (CZK -0.4 billion) and lower operating expenses and lower additions to impairments (CZK +0.3 billion). A slight increase (CZK +0.1 billion) was registered in Bulgaria due to higher gross margin on distributed electricity, primarily due to lower expenses on purchases of electricity to cover grid losses.
The Sales segment reported a year-on-year decrease in EBITDA of CZK 0.9 billion; EBITDA in Czechia decreased by the same amount. A decrease in Czechia was due to settlement of unbilled electricity at ČEZ Prodej in 2016 (CZK -0.8 billion) and higher fixed expenses (CZK -0.5 billion) primarily in connection with separation of service for ČEZ Distribuce and ČEZ Prodej customers; in contrast, there was a positive effect of higher gross margin on sales of electricity and gas (CZK +0.5 billion). Decrease in EBITDA in Slovakia (CZK -0.3 billion), Hungary (CZK -0.1 billion), and Romania (CZK -0.1 billion) was primarily due to higher expenses on electricity and gas purchases in relation to record-breaking low prices in 2016. By contrast, in Bulgaria there was a positive effect (CZK +0.5 billion) of an out-of-court settlement agreement concerning RES receivables made between CEZ Elektro Bulgaria and state-owned energy company NEK in 2017. The segment's 2017 EBITDA was positively contributed by the acquisition of Elevion, a German energy services group (CZK +0.2 billion).
The Mining segment had EBITDA lower by CZK 0.4 billion than in 2016 due to lower revenue from coal sales (CZK -0.2 billion), where the effect of lower prices was partially offset by an increase in the volume of sales, and higher expenses due to increased fees for mined minerals (CZK -0.2 billion).
The Other segment's EBITDA decreased by CZK 0.3 billion in Czechia primarily due to lower revenue and margins on services provided within CEZ Group, especially ICT services.

Commercial and Financial Outlook for 2018

As at March 19, 2018, CEZ Group estimated 2018 consolidated operating income before depreciation and amortization, impairments including goodwill amortization, and sales of fixed assets (EBITDA) at CZK 51 billion to 53 billion.
The major causes of the year-on-year change in financial performance are listed below to indicate CEZ Group's expected financial position in 2018.
EBITDA is expected to decrease by approximately CZK 2 billion year-on-year (that is, approximately 4% of the actual 2017 figure). The decrease is primarily due to specific year-on-year effects totaling CZK 3.6 billion, including 2017 revenue from commodity trading exceeding the annual target (CZK -1.0 billion), valuation of green certificates for Romanian wind parks (allocated in the past) in 2017 (CZK -0.8 billion), lower allocation of green certificates to Romanian wind parks since January 1, 2018 (CZK -0.7 billion), the settlement agreement made with Sokolovská uhelná in 2017 (CZK -0.7 billion), and the effect of the out-of-court settlement agreement made with Bulgarian state-owned company NEK in 2017 (CZK -0.4 billion).

The individual segments' EBITDA adjusted for the above-mentioned effects is estimated to be CZK 1.7 billion higher than in 2017. The Generation—Traditional Energy segment is expected to grow by CZK 0.9 billion year-on-year, with positive effects including, in particular, expected increase in the generation of nuclear power plants and higher realization prices of electricity generated in Czechia, and negative effects including higher expenses on emission allowances. The Mining segment is expected to grow by CZK 0.1 billion year-on-year. The Generation—New Energy segment is expected to grow by CZK 0.5 billion year-on-year primarily due to new RES acquisitions. The Distribution segment is expected to grow by CZK 0.1 billion year-on-year primarily due to higher revenues in Czechia, partially offset by lower revenue from connection fees due to change in IFRS and lower connection revenue in Bulgaria. The Sales segment is expected to decrease by CZK 0.2 billion year-on-year primarily due to lower gross margin on electricity sales in Czechia caused by increased purchasing prices of electricity to be supplied in 2018; in contrast, there is a positive effect of new ESCO acquisitions, especially Elevion in Germany. The Other segment is expected to grow by CZK 0.3 billion year-on-year.

CEZ Group's 2018 adjusted net income is estimated at CZK 12 billion to 14 billion. The estimated year-on-year decrease results from lower EBITDA (CZK -2 billion) as well as the effect of termination of MOL shareholding (CZK -4.5 billion) and lower interest capitalization (CZK -1.3 billion), in particular.

The use of an interval in the prediction of CEZ Group's 2018 EBITDA and net income is primarily caused by the following risks and opportunities: availability of generating facilities, completion of the sale of the Bulgarian assets, new RES and ESCO acquisitions, and payment of SŽDC debt from 2011.

The 2018 adjusted net income of the parent company, ČEZ, a. s., is estimated at CZK 6 billion to 7 billion, with positive expectations primarily stemming from estimated dividends from ČEZ, a. s. subsidiaries.

CEZ Group's 2018 capital expenditures are estimated at approximately CZK 31 billion, with a majority planned to be invested in generation and distribution assets in Czechia.

No significant change is expected in the overall structure of assets from which 2018 income will be generated.

Solvency in 2017

CEZ Group's solvency was good in 2017 and CEZ Group companies did not show any insufficiencies when settling their liabilities. The situation in the financial markets remained favorable due to continued quantitative easing in the eurozone in 2017, although relatively high interest rate volatility indicated that market participants were expecting the quantitative easing to end soon. In September, ČEZ, a. s. increased its issue of bonds maturing in 2028 by EUR 225 million with favorable interest expense of 1.766% p.a.

In the Q2 2017, CEZ Group (CEZ MH B.V.) sold its 7.5% stake in Hungarian company MOL, ending its long-term holding of the shares and redeeming all bonds convertible into these shares using the money it earned from the sale. This decreased CEZ Group's debt by almost CZK 12.7 billion.

Dividends paid for 2016 during 2017 amounted to CZK 17.48 billion; another approximately CZK 0.12 billion was paid in dividends for previous years.

Committed credit lines were reduced by CZK 1.3 billion in 2017. The reduction was related to the termination of a program for capital expenditure on the renovation of brown coal-fired power plant, which significantly decreased planned capital expenditure and reduced liquidity management needs.

As at December 31, 2017, the volume of long-term bank and other loans, including the current portion of long-term loans, was CZK 25.1 billion, of which loans provided by the European Investment Bank accounted for CZK 12.97 billion. The average maturity of CEZ Group's financial debt was 7 years at the end of 2017.

Due to an inefficient interbank market at the end of the year, resulting from the calculation of contributions to the Single Resolution Fund, among other things, ČEZ made more use of committed credit lines than usual, like it did in 2016.

CEZ Group Capital Expenditures

Total Capital Expenditures (CZK Millions)

	2016	2017
Additions to property, plant, and equipment, including capitalized interest	35,553	30,688
Additions to property, plant, and equipment	28,808	27,657
Of which: Nuclear fuel procurement	4,532	3,563
Additions to intangibles	1,357	1,478
Additions to noncurrent financial assets	5,340	407
Change in balance of liabilities attributable to capital expenditure	48	1,146
Financial investments*	368	5,070
Total capital expenditures	35,921	35,758

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

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

	Czechia		Poland		Bulgaria		Romania		Other (France, Germany)		Total	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Nuclear plants (including fuel procurement)	6,753	6,409	–	–	–	–	–	–	–	–	6,753	6,409
Coal and CCGT power plants	7,818	4,997	81	122	–	–	–	–	–	–	7,899	5,119
Of which: New construction	3,108	2,856	–	–	–	–	–	–	–	–	3,108	2,856
Renovation and other	4,710	2,141	81	122	–	–	–	–	–	–	4,791	2,263
Hydro plants other than renewables	73	181	–	–	–	–	–	–	–	–	73	181
Renewables	34	54	21	1	–	–	23	129	999	298	1,076	481
Electricity distribution	7,961	9,585	–	–	1,205	1,692	1,139	1,219	–	–	10,305	12,496
Heat distribution	101	301	–	–	–	–	–	–	–	–	101	301
Mining	2,088	1,558	–	–	–	–	–	–	–	–	2,088	1,558
Information systems	785	715	5	2	61	188	196	121	–	–	1,047	1,026
Other	732	1,413	13	13	29	68	48	37	–	34	822	1,565
Total	26,345	25,211	120	138	1,295	1,948	1,407	1,506	999	332	30,165	29,135

Outlook for Capital Expenditures (Excluding Financial Investments) in 2018–2022

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

	2018	2019	2020	2021	2022
Mining	2.8	3.7	3.5	2.7	2.6
Generation	11.0	16.7	13.4	13.2	11.2
Of which: Traditional energy	10.5	13.8	12.8	13.0	11.2
New energy	0.5	3.0	0.6	0.1	0.1
Distribution	13.3	13.5	13.3	13.2	13.0
Sales	0.4	0.4	0.5	0.5	0.5
Other CAPEX	3.3	2.4	2.0	2.1	2.1
Total CAPEX	30.7	36.9	32.7	31.6	29.3

Note: The Distribution line includes capital expenditure planned for Bulgarian companies that were part of CEZ Group at the time of business plan preparation.

B

Biomass is a significant renewable energy source.
Energy is derived either from specifically grown crops or from agricultural, food, or forestry waste. Specifically grown energy crops include cellulose, oil, and starch/sugar plants. CEZ Group generates electricity in this environmentally friendly way in Czechia and Poland.

Commodities Procured and Sold by CEZ Group

Electricity Procured and Delivered

Electricity Procured and Sold (GWh)

	2016	2017	2017/2016 Index (%)
Electricity procured	54,656	56,620	103.6
Generation	61,132	62,887	102.9
In-house and other consumption, including pumping in pumped-storage plants	(6,476)	(6,268)	96.8
Sold to end-use customers	(37,475)	(37,036)	98.8
Wholesale balance	(12,861)	(15,408)	119.8
Sold in the wholesale market	(198,709)	(264,140)	132.9
Purchased in the wholesale market	185,848	248,732	133.8
Grid losses	(4,320)	(4,176)	96.7

Electricity Generation, by Source of Energy (GWh)

	Czechia		Poland	
	2016	2017	2016	2017
Nuclear	24,104	28,339	–	–
Coal	28,149	25,609	2,540	2,566
Hydro	2,243	2,075	11	10
Biomass	500	573	379	235
Photovoltaic	126	132	–	–
Wind	6	8	–	–
Natural gas	1,813	1,696	–	–
Biogas	2	4	–	–
Total	56,944	58,436	2,931	2,812

Electricity Sales to End-Use Customers (GWh)

	Czechia		Poland		Bulgaria	
	2016	2017	2016	2017	2016	2017
Large customers	10,141	8,503	1,726	2,613	3,676	4,097
Retail—commercial	2,248	2,131	203	272	1,761	1,543
Retail—residential	7,211	7,154	–	–	4,277	4,417
Total	19,600	17,788	1,929	2,885	9,713	10,058

Distributed Electricity

Electricity Distributed by CEZ Group (GWh)

	Czechia		Bulgaria		Romania	
	2016	2017	2016	2017	2016	2017
Electricity distributed to end-use customers	34,950	35,805	9,306	9,588	6,381	6,649

Heat

Heat Supplied and Sold (TJ)

	Heat Supplied for Heating Purposes		External Heat Sales (Outside CEZ Group)	
	2016	2017	2016	2017
Czechia	22,355	21,684	18,196	17,896
Poland	5,938	5,897	5,825	5,763
CEZ Group, total	28,293	27,581	24,022	23,659

Natural Gas

Natural Gas Procured and Sold (GWh)

	2016	2017	2017/2016 Index (%)
Procured	163,569	202,805	124.0
Removed from storage	3,921	4,166	106.2
Sold	(160,223)	(199,155)	124.3
Of which: Trading	(151,556)	(188,665)	124.5
External large customers	(2,955)	(4,135)	139.9
Medium-sized end-use customers	(703)	(1,129)	160.5
Small end-use customers	(968)	(1,209)	125.0
Residential	(3,554)	(3,423)	96.3
OTE	(487)	(592)	121.7
Placed in storage	(3,286)	(4,170)	126.9
Consumed in-house	(3,980)	(3,647)	91.6

	Bulgaria		Romania		Germany		Total	
	2016	2017	2016	2017	2016	2017	2016	2017
	–	–	–	–	–	–	24,104	28,339
	–	–	–	–	–	–	30,689	28,176
	–	–	92	70	–	–	2,347	2,156
	–	–	–	–	–	–	879	808
	6	6	–	–	–	–	132	138
	–	–	1,159	1,323	–	240	1,166	1,571
	–	–	–	–	–	–	1,813	1,696
	–	–	–	–	–	–	2	4
	6	6	1,251	1,393	–	240	61,132	62,887

	Romania		Slovakia		Hungary		Total	
	2016	2017	2016	2017	2016	2017	2016	2017
	815	731	1,485	1,540	1,129	1,243	18,972	18,726
	850	827	114	119	–	–	5,176	4,892
	1,704	1,733	136	114	–	–	13,328	13,418
	3,369	3,290	1,735	1,773	1,129	1,243	37,475	37,036

ČEZ, a. s. Financial Performance

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

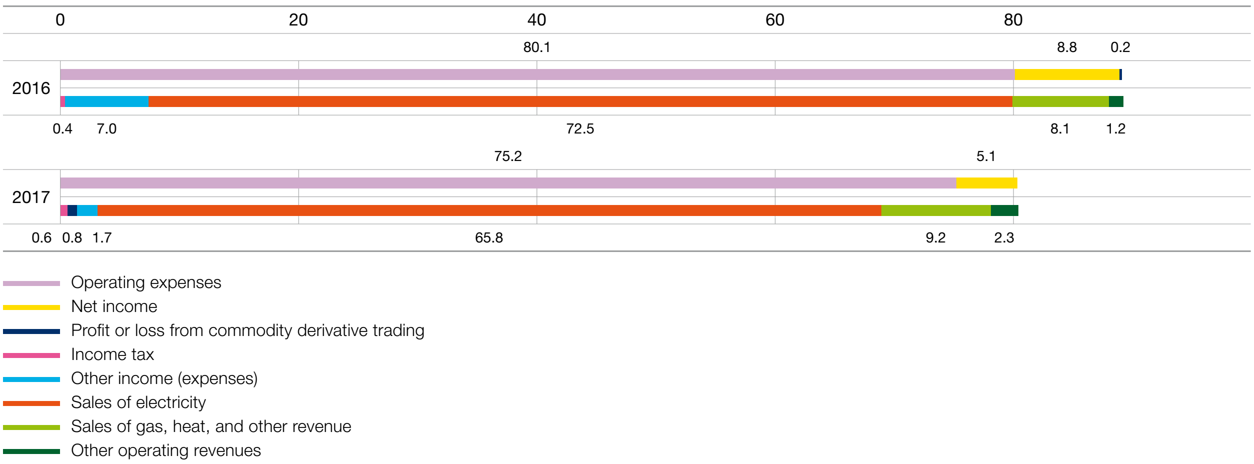
Selected Indicators of ČEZ, a. s.

	Unit	2016	2017	2017/2016 Index (%)
Installed capacity	MW	10,436	11,096	106.3
Electricity generated (gross)	GWh	45,207	49,150	108.7
Heat sold (including sales within CEZ Group)	TJ	9,328	9,412	100.9
Workforce headcount as at December 31	Persons	5,079	5,086	100.1
Operating revenues	CZK millions	81,793	77,257	94.5
EBITDA	CZK millions	16,793	15,468	92.1
EBIT	CZK millions	1,455	2,891	198.7
Net income	CZK millions	8,834	5,105	57.8
Dividend per share (gross)[1]	CZK/share	40.0	33.0	82.5
Net cash provided by operating activities	CZK millions	37,120	27,356	73.7
Capital expenditures (CAPEX)	CZK millions	15,732	10,299	65.5
Total assets	CZK millions	536,934	532,770	99.2
Equity	CZK millions	200,698	187,507	93.4
Return on assets (ROA), net	%	1.7	1.0	57.0
Return on equity (ROE), net	%	4.2	2.6	62.7

[1] Awarded in a given year to be paid out of the previous year's income.

Changes in Revenues, Expenses, and Income

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



Net income (after-tax income) decreased by CZK 3.7 billion year-on-year to CZK 5.1 billion. Earnings before depreciation and amortization, allowances, sales of property, plant, and equipment and intangibles, and write-off of canceled investments (EBITDA) decreased by CZK 1.3 billion on the year before to CZK 15.5 billion.

Operating revenues decreased by CZK 4.5 billion year-on-year. Sales of electricity and related services decreased by CZK 6.6 billion primarily due to lower realization prices of generated electricity. Conversely, sales of gas, coal, heat, and other sales increased (CZK +1.0 billion), primarily due to increased amounts of gas sold. Other operating revenues increased (CZK +1.1 billion) due to sale of real property in Prague.

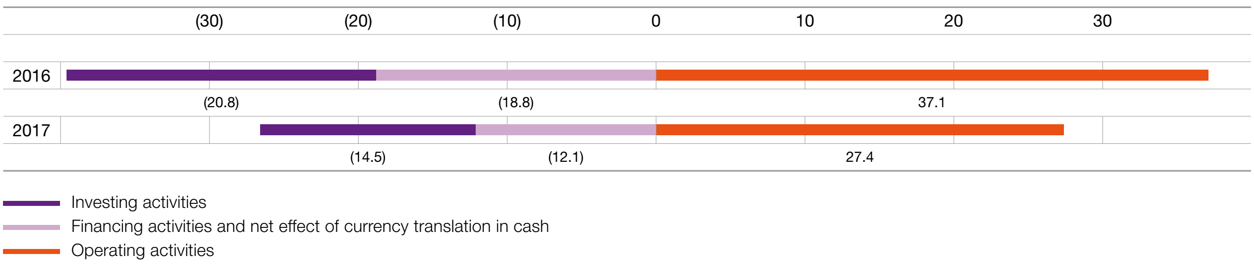
The sum of operating expenses and profit or loss from commodity derivative trading decreased by CZK 6.0 billion in comparison with 2016 primarily in connection with lower expenses on fuel consumption and procurement of energy and related services (CZK +4.7 billion), lower impairments of property, plant, and equipment and intangible assets (CZK +1.9 billion) due to reversal of impairment of the Počerady CCGT plant, and higher net profit from commodity derivative trading (CZK +1.1 billion). In contrast, there was a negative effect of higher net expenses on emission allowances (CZK -0.8 billion), higher personnel expenses (CZK -0.6 billion), and other operating expenses (CZK -0.3 billion), primarily higher expenses on equipment maintenance.

Other income (expenses) decreased income by CZK 5.4 billion year-on-year primarily due to higher additions to impairment of noncurrent financial assets (CZK -3.9 billion), higher interest on debt and interest on provisions (CZK -1.2 billion), and lower interest income (CZK -0.2 billion). There was higher gain on sale of subsidiaries and joint ventures (CZK +0.4 billion), with the sale of TEC Varna contributing CZK 0.8 billion to 2017 income and gain on the sale of CM European Power Slovakia contributing CZK 0.4 billion to 2016 income.

Income tax decreased year-on-year (CZK +0.2 billion).

Cash Flows

ČEZ, a. s. Cash Flows (CZK Billions)



Cash flows from operating activities decreased by CZK 9.8 billion year-on-year to CZK 27.4 billion. Income before taxes adjusted for non-cash operations increased (CZK +2.9 billion) while change in working capital decreased (CZK -8.7 billion), as did dividends received (CZK -3.7 billion). Working capital was decreased in comparison with the year before primarily by changes in the inventory of emission allowances and credits (CZK -5.3 billion), accrued liabilities and other current assets (CZK -4.6 billion), receivables and payables from derivatives (CZK -3.0 billion), trade and other payables (CZK -2.2 billion), short-term available-for-sale securities and term deposits (CZK -1.5 billion), and inventories of materials and fossil fuels (CZK -0.7 billion). In contrast, a positive year-on-year effect was change in receivables (CZK +8.6 billion) primarily due to year-on-year decrease in clearing of stock exchange transactions, mostly with BNP Paribas.

Cash used in investing activities decreased by CZK 6.3 billion from 2016 to 2017, primarily due to lower additions to noncurrent assets, including capitalized interest (CZK +9.7 billion), which were due to decrease of CZK 5.4 billion in capital expenditures (CAPEX) as well as decrease of CZK 4.1 billion in investments in available-for-sale securities. Loans made decreased by CZK 3.8 billion year-on-year and proceeds from sale of noncurrent assets increased by CZK 0.7 billion primarily due to sale of real property in Prague. Proceeds from disposal of subsidiaries and joint ventures decreased by CZK 7.8 billion due to CEZ Finance Ireland liquidation balance received in 2016.

Cash used in financing activities, including the net effect of currency translation in cash, decreased by CZK 6.8 billion year-on-year. The main reasons were lower dividends paid (CZK +3.7 billion) and higher balance of loans and repayments in 2017 including change in payables and receivables from Group cash pooling (CZK +2.3 billion).

Structure of Assets, Equity, and Liabilities

The value of assets, equity, and liabilities decreased by CZK 4.2 billion to CZK 532.8 billion in 2017.

Noncurrent assets decreased by CZK 15.8 billion to CZK 423.2 billion.

The value of plant in service, nuclear fuel, and construction work in progress decreased by CZK 1.0 billion to CZK 240.2 billion. An increase of CZK 41.1 billion in net plant in service was accompanied by a decrease of CZK 42.4 billion in construction work in progress including advance payments. Nuclear fuel inventory increased by CZK 0.4 billion.

Other noncurrent assets decreased by CZK 14.8 billion to CZK 183.0 billion primarily due to decrease of CZK 14.5 billion in investments and other financial assets. This included equity securities and interests decreasing by CZK 7.3 billion primarily due to additions to impairments of equity interests of CZK 9.5 billion. The decrease in equity securities was also affected by sale of Bulgarian company TEC Varna (CZK -0.4 billion) and liquidation of Dutch company CM European Power International B.V. (CZK -0.9 billion). Conversely, contributions in cash and in kind increasing subsidiaries' equity increased equity securities by CZK 3.6 billion. Available-for-sale debt securities decreased by CZK 2.8 billion due to reclassification of the current portion of available-for-sale securities. Long-term loans granted within the Group decreased (CZK -2.2 billion). There was also decrease in other long-term receivables (CZK -0.6 billion) and long-term receivables from fixed-term operations (CZK -1.6 billion).

Current assets increased by CZK 11.6 billion to CZK 109.6 billion in 2017 primarily due to increase in net receivables (CZK +5.6 billion), emission allowances (CZK +5.0 billion), materials and supplies (CZK +0.6 billion), and other financial assets (CZK +0.5 billion). Cash and cash equivalents increased slightly (CZK +0.8 billion). Assets classified as held for sale in 2016 decreased in 2017 (CZK -0.7 billion) due to sale of the Tisová power plant at the beginning of 2017.

Equity decreased by CZK 13.2 billion on 2016 to CZK 187.5 billion. Retained earnings and other reserves decreased (CZK -13.4 billion). The main reason for the decrease was dividends paid (CZK -17.6 billion). By contrast, net income generated in 2017 increased equity (CZK +5.1 billion). Other comprehensive income resulted in decrease in equity (CZK -0.8 billion).

Noncurrent liabilities decreased by CZK 0.3 billion, to CZK 202.7 billion. Bonds issued and long-term bank loans decreased (CZK -10.2 billion). Deferred tax liability decreased (CZK -0.8 billion). In contrast, noncurrent provisions increased year-on-year (CZK +6.2 billion) primarily due to increase in nuclear provisions (CZK +5.8 billion). Noncurrent liabilities from derivative trading increased (CZK +4.6 billion).

Current liabilities increased by CZK 9.3 billion to CZK 142.5 billion primarily due to increase in short-term loans and the current portion of long-term debt (CZK +6.6 billion). There was year-on-year increase in trade payables (CZK +1.8 billion) and current provisions (CZK +1.2 billion), primarily the provision for emission allowances (CZK +0.7 billion) and the current portion of nuclear provisions (CZK +0.3 billion). Other liabilities decreased year-on-year (CZK -0.4 billion) primarily due to a decreased value of unbilled goods and services.

Comprehensive Income

Net comprehensive income increased by CZK 2.9 billion year-on-year to CZK 4.3 billion. Net income decreased by CZK 3.7 billion; conversely, other comprehensive income increased by CZK 6.6 billion. A positive effect was that of derecognition of cash flow hedges in profit or loss and assets (CZK +5.3 billion) and change in the fair value of financial instruments for cash flow hedges recognized in equity (CZK +3.5 billion). A negative effect was that of deferred tax related to other comprehensive income (CZK -1.5 billion) and change in the fair value of available-for-sale securities recognized in equity (CZK -0.7 billion).

Electricity Generation at ČEZ

ČEZ's electricity generation in 2017 increased by 3.9 TWh over 2016 to 49.2 TWh. The increase resulted primarily from generation at nuclear power plants higher by 4.2 TWh due to trouble-free operation and production stabilization following thorough inspections of welded joints. There was also an increase in generation from biomass (+0.1 TWh). In contrast, there was a slight decrease in generation by hydroelectric power plants (-0.2 TWh), natural gas-fired facilities (-0.1 TWh), and coal-fired power plants (-0.1 TWh).

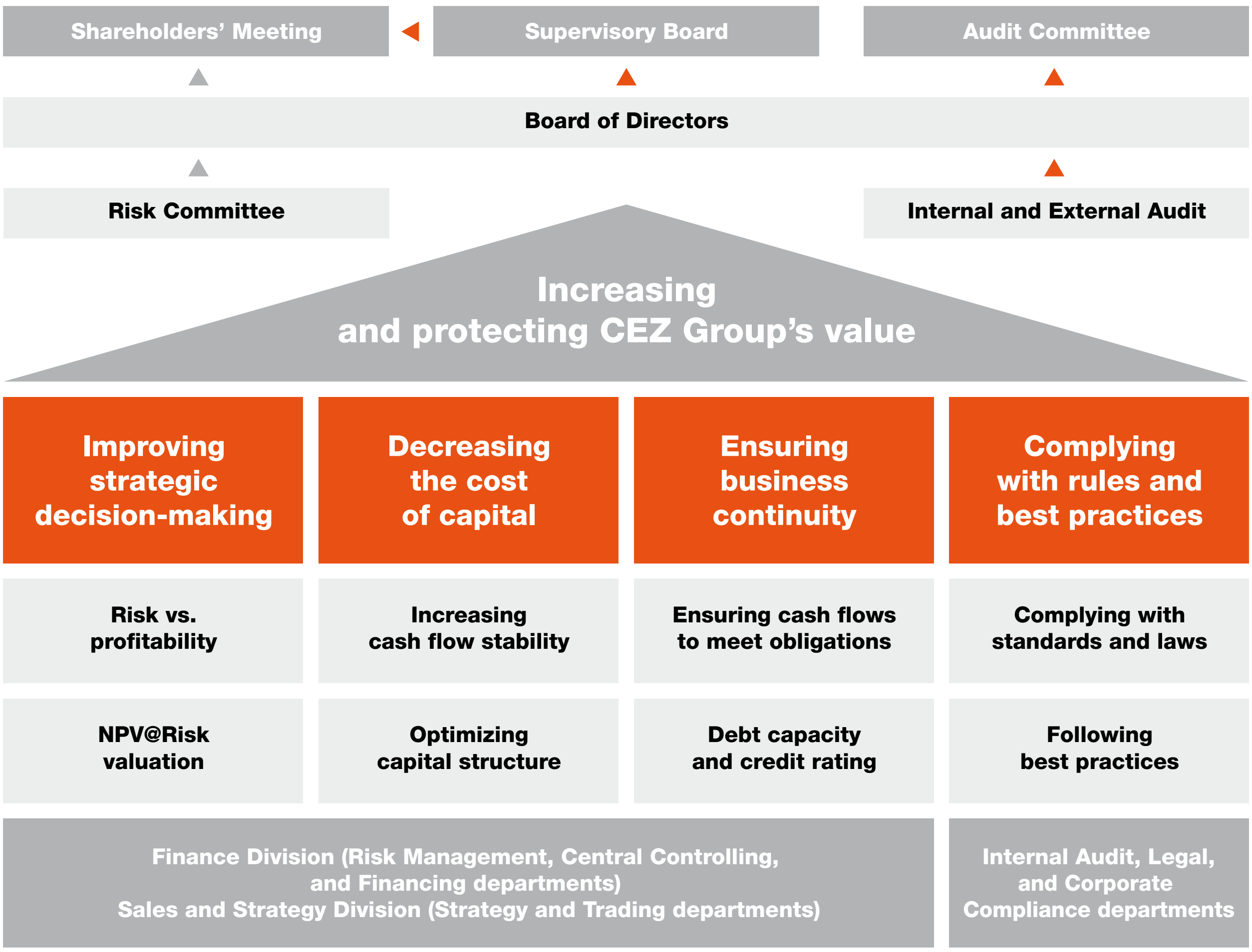
Treasury Shares

To cover claims arising out of the Company's stock option plan, 3,755,021 treasury shares, representing 0.70% of the stated capital, were held on the asset account of ČEZ, a. s. with the Central Securities Depository at the beginning of 2017.

ČEZ used 150,000 shares, corresponding to 0.03% of its stated capital, to satisfy the claim of one beneficiary under the Company's stock option plan in 2017. The selling price was CZK 458.71 per share. The total amount received for the transfer of shares was CZK 68.8 million (including interest). As at December 31, 2017, the above-mentioned asset account contained 3,605,021 treasury shares, that is, 0.67% of the stated capital.

Risk Management at CEZ Group

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 functions, objective, and manner of risk management reporting at CEZ Group are illustrated by the following chart:



Risk Management

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 a measurable degree of 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 industry
- 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 CO_2 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 Cogealac wind parks, including coverage against interruption of operation.
The Polish power plants Chorzów and Skawina have insurance covering property and mechanical risks, including interruption of operation. The 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

Internal Audit at ČEZ 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. By doing so, it helps achieve CEZ Group's goals and initiates improvement of activities and mitigation of business risk.
ČEZ's Internal Audit reports directly to the Company's Board of Directors; its independence and efficiency are overseen by the Audit Committee of ČEZ.
The Head of Internal Audit at ČEZ 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, the Risk Committee, and the 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's action plan is 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 37 audits were conducted in 2017: 14 at ČEZ and 23 at subsidiaries and affiliates (including 11 audits at foreign shareholdings), where audits are conducted by ČEZ's Internal Audit under a contract.
Audit activities within CEZ Group are coordinated with the separate audit units that have been 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 management of the audited entities, which subsequently takes corrective action. Internal Audit 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 Board of Directors and the Audit Committee of ČEZ. In the event of serious findings or shortcomings the correction of which is beyond the audited entity's authority, resolutions on correction are adopted by the Board of Directors of ČEZ.

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There has been a surge in residential building revitalization in recent years, with houses weatherized, windows and doors replaced, and other alterations made to improve energy performance.
The next step that is ahead is investing in new technologies or at least insulating distribution systems for heat and domestic hot water. Photovoltaic installations, smart electricity meters, condensing gas boilers, and heat pumps open up opportunities for further energy savings.

Safety Management at CEZ Group

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Safety and Quality Management

CEZ Group's control and management system is based on requirements set down in binding national legislation and recommendations made by international organizations. The control and management system serves to define and fulfill the Company's vision, strategy, policies, 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. Action based on the outputs of periodic reviews is taken to ensure continual improvement.

As part of concern management, the Board of Directors of ČEZ updated the Concern Management Policies defining long-term concern interests and delegating the authority to issue binding instructions for concern members to respective management area and process owners in accordance with the ČEZ management model.

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 legislation 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 graduated safety segments according to prevailing risks and activities and respecting strategic management. The segment-based safety management was updated in 2017, including the number of segments, due to changes in strategic management. In accordance with revised Group rules, safety management is now divided into three safety management segments:

- Conventional Energy—the Fossil and Hydro Generation, CEO, Finance, Sales and Strategy, and Administrative divisions; the following subsidiaries: ČEZ ICT Services, ČEZ Teplárenská, Energotrans, ČEZ Energetické produkty, Energetické centrum Jindřichův Hradec, ČEZ Inženýring (until January 1, 2018); and the following power plants: Dětmarovice, Počerady, and Mělník III.
- Nuclear Energy—the Nuclear Energy division and the following subsidiaries: ČEZ ENERGOSERVIS, Elektrárna Dukovany II, and Elektrárna Temelín II
- New Energy—the Renewable Energy and Distribution division and the following subsidiaries: ČEZ Distribuce, ČEZ Distribuční služby (until January 1, 2018), ČEZ Korporátní služby, ČEZ ESCO, ČEZ Prodej, and ČEZ Obnovitelné zdroje

A WANO Corporate Peer Review was carried out at ČEZ, a. s. in May 2017 to evaluate collaboration between the management, central functions, and the Temelín and Dukovany nuclear power plants. The review involved corporate processes in headquarters leadership, administration and management, supervision and monitoring, independent oversight, support and performance, human resources, and communication. Experts from the World Association of Nuclear Operators (WANO) identified two strengths: the establishment of a "Design Authority," a project management department, and the ability to use the contemporary media to educate and communicate with people that are interested in what is happening in our company, as well as two areas for improvement: the headquarters' leadership (being able to articulate strategic conceptions, lead and develop relations with employees, convince subordinates of the correctness of decisions, follow through, etc.) and the strengthening of central supervision, as the corporate reporting system is not set up to support the process of improvement or allow taking timely action if negative trends are recognized.

Operational Safety at Nuclear Power Plants

ČEZ's nuclear power plants were operated in compliance with applicable nuclear energy legislation in 2017, fulfilling the conditions of all valid licenses. Their operation has a negligible impact on the environment and the populace. The physical protection systems at the two nuclear power plants are maintained at Level 1.

A new Atomic Energy Act entered into effect on January 1, 2017, introducing stricter requirements for safety. It stipulates a transitional period of three years for its full implementation (one year for some of its provisions); gradual implementation of requirements in the Act and its implementing decrees started in January 2017. The amended Atomic Energy Act and ever-stricter requirements for the safety of nuclear power plants resulted in an important change to the Company's organizational structure—a separate Nuclear Energy division was created with effect from June 1, 2017, and all functions undertaking activities relating to the use of nuclear energy, including the construction of a new nuclear power plant, were transferred to it with effect from September 1, 2017.

Both nuclear power plants received a "Safe Enterprise" certificate in October; it was the seventh time for Dukovany and the fifth for Temelín.

Both nuclear power plants underwent an audit of their environmental management system (EMS) in December, defending their EMS certification under ISO 14001. The international auditors were especially concerned with compliance with requirements for nuclear power plants in the protection of air and the Earth's ozone layer. Preparations for potential releases of hazardous substances from the plant were reviewed. The review also concerned Dukovany's fire extinguishing system using halon 1301, which is exempted until 2020 pursuant to Commission Regulation (EU) No. 744/2010. The audit did not identify any nonconformities and highly appreciated compliance with air protection requirements. The auditors supported a planned capital project to replace the existing extinguishing system with an equivalent that will no longer include regulated substances.

Nuclear Power Plant Safety Indicators in 2017

Indicator	Number of Events	
	Dukovany NPP	Temelín NPP
INES 0 events	5	8
INES 1 events	0	0

Dukovany Nuclear Power Plant

In January 2017, an application was filed with the State Office for Nuclear Safety for a renewed operating license for unit 2 of the Dukovany Nuclear Power Plant after July 10, 2017. Amended and updated documentation was submitted in the administrative procedure concerning the application in late May. A decision granting the operating license for unit 2 for an indefinite period of time entered into effect on July 11, 2017.

A tightness and pressure test of the gas-tight enclosure was performed at the close of a refueling outage at unit 2 in March 2017, during which the unit enclosure was pressurized to up to 130 kPa, which is one of the highest values among power plants of this type throughout the world. Laser beams were used for measurement. It was the most challenging test made during the outage of unit 2, in terms of both technology and safety, and it proved that the unit is in very good condition, meeting the conditions for further long-term safe operation. Another 64 capital investment projects were undertaken during the outage, such as replacing super-accident feed piping, increasing the performance of the post-accident hydrogen removal system, and overhauling unit electrical protections and 400kV line differential protections.

A technically challenging project requiring a significant amount of time was the reconstruction of central pumping station equipment, which required concurrent outages at units 1 and 2 lasting for 50 days. In addition, one-fifth of fuel was replaced and checks and repairs of X-ray weld documentation were completed during the outage.

A WANO Peer Review took place in late March and early April 2017, with participation of experts from WANO's Moscow, Atlanta, and Paris centers. The review checked all defined areas against WANO's new performance objectives and criteria, updated and amended after the events at the Fukushima, Japan, nuclear power plant. As opposed to 19 areas for improvement found in 2012, only 9 areas for improvement were defined in 2017, which is a sign of the Dukovany Nuclear Power Plant's improvement. Good practices were identified in two areas.

Two emergency response exercises took place in May 2017: Level 2 emergency response using DAM (Diverse and Mobile) equipment, which aimed to practice the use of new equipment in emergency response, and ZONE 2017, a three-day exercise declaring a simulated emergency with fictional release of radioactive substances. The exercise tested protective measures and cooperation among services of the Integrated Rescue System of the Vysočina Region and the Southern Moravia Region. Exercise participants included the Crisis Staff of the State Office for Nuclear Safety.

In June 2017, a demonstration exercise of the corporate fire brigade (CFB) of the Dukovany Nuclear Power Plant, involving Integrated Rescue System services, took place under the name of TORNADO 2017. The objective of the exercise was to respond to events at a nuclear power plant with extensive site damage and requiring operation from alternative sites, as well as to practice searching for people under debris using trained dogs, rescuing people from debris using a special suction excavator, rescuing people from heights using a evacuation sleeve and a rope bridge, as well as evacuating people in a helicopter.

Applications for renewed operating licenses for Dukovany Nuclear Power Plant units 3 and 4 were filed in late June and in December the State Office for Nuclear Safety granted its approval to the operation of the units for an indefinite period of time under conditions the fulfillment of which is regularly reviewed and documented.

New walk-through metal detectors that can accurately detect the position of a metal object on an individual were put into operation in October.

Air-handling systems and central pumping station monitoring and control systems were modernized and super-accident feed pump piping was replaced in addition to regular activities—checks of the reactor pressure vessel or heat transfer areas of steam generators—during refueling outages in 2017. Tightness tests were also successfully conducted on the gas-tight boxes of units 3 and 4; the tests aimed to prove the strength and tightness of the gas-tight containment and its resilience during a maximum design accident.

In addition, the spent fuel storage and interim spent fuel storage facilities were modified in 2017; this involved reinforcement of output cables for pressure measurement signals from the area between the lids of packages, technical measures to ensure safe movement on flat roofs, and reconstruction of the radiation control facility and its central information system.

Unit 2 was shut down in late December to repair a fault in one diesel generator. It was put into operation again in early January 2018 after the fault was repaired.

Temelín Nuclear Power Plant

An emergency response exercise with staff sheltering took place in March.

Safeguard, an exercise of the Armed Forces of the Czech Republic, took place in April with the aim of practicing the external protection of the power plant against an imminent terrorist attack, both ground and aerial. The exercise included response to three simulated terrorist attacks and all security forces participating in the protection of the nuclear power plant took part in it over time.

A demonstration exercise of the Temelín Nuclear Power Plant CFB took place in May, including practice evacuation of people from the 10th floor using a high-lift platform and a special evacuation sleeve. The Temelín fire brigade has been integrated into the fire emergency plan under the Integrated Rescue System of the Southern Bohemia Region for six months. It operates in neighboring towns when called out by the regional emergency call center of the fire and rescue service.

A crucial containment gas-tightness test, supervised by inspectors from the State Office for Nuclear Safety was conducted with a very good result in July. The test took place during a refueling outage at unit 2, which was also used to modernize volume compensator safety valves in addition to standard outage checks. A special outage management center was established for the first time ever during this outage, which allowed making the outage several days shorter.

A WANO follow-up mission took place in November to check how the power plant acted on recommendations from 2015. Experts from the WANO Moscow center did not find any area where power plant management had not acted on WANO's recommendations and confirmed that the power plant was going in the right direction in the implementation of the recommendations.

A three-month refueling outage started at unit 1 in December.

Supplier Competence (Audit) and Evaluation

Suppliers of safety-relevant articles and services are subject to initial and repeated customer audits carried out by ČEZ, a. s. 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 evaluated on an ongoing basis according to a set system and predefined criteria. There were 83 customer audits conducted in 2017, including 43 audits conducted jointly with primary suppliers to CEZ Group companies. As at December 31, 2017, ČEZ, a. s. had 208 qualified suppliers of articles relevant to nuclear safety and radiation protection pursuant to the requirements of SÚJB Decree No. 408/2016 Sb.

CEZ Group in 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. 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. The primary job of a working group established for the implementation of the NAP NE in 2017 was 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, which will allow including more small and renewable generation units in the electricity system. It is principally progressing on schedule.
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 technological 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 according to its anticipated schedule.

Situation in Energy Markets

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, a.s., which offer day-ahead as well as intraday trading.

Around 30 traders have been actively operating on 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 2017. The day-ahead electricity market in Czechia is coupled with the markets in Hungary, Slovakia, and Romania.

Capacity on individual cross-border transmission lines was offered in a coordinated manner in 2017 by the JAO (Joint Allocation Office), a joint auction house of transmission system operators, for all of the 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, thanks to the market coupling arrangement.

ČEZ, a. s. reaffirmed its role as an active trader in the European context, and especially within Central and Southeast Europe, in 2017. Besides electricity, in which it trades in 18 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 2017 in discussions during negotiations over the European Union's "winter package" (see Legislation of the European Union in the section Developments in the Legislative Framework for the Energy Industry in the Czech Republic), especially the market design part. It also strives to support 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 (abbreviated OKO in Czech) arranged by OTE, a.s. has remained the principal trading channel for the spot market. Ancillary services are purchased by the transmission system operator at auctions as a wide range of products for various periods of time. 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, a. s. in supplies of ancillary services in 2017 was 29.5%; the entire CEZ Group's share was 36.2% (slightly less than in 2016).

There are around 67 traders (traders with more than 100 service points registered with OTE, a.s.) actively involved in the retail market in electricity supplies to end-use customers. The number of traders increased year-on-year for the second year in a row after several previous years of stagnation. The number of (mostly residential) customers switching electricity suppliers peaked in 2012 and then decreased every year up to 2015. According to OTE, a.s. data, there were a total of 357,847 supplier switches at all voltage levels in 2017 (approximately 6.1% of service points switched electricity suppliers), while the 2016 figure was 359,536 switches (approximately 6.2% 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, a. s.

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 3,649,489 service points connected to the distribution grid of ČEZ Distribuce as at December 31, 2017. As for renewable energy sources, the largest number of facilities connected to ČEZ Distribuce's distribution grid are photovoltaic power plants; there were 18,311 such plants with a total installed capacity of 1,020 MW as at December 31, 2017. The amount of electricity that flowed into the distribution grid of ČEZ Distribuce, a. s. in 2017 was 45,573 GWh, that is, 578 GWh more year-on-year.

While the overall average cross-border export capacity remained the same, the average wholesale price spread between Czechia and Germany increased slightly from 2.17 EUR/MWh (difference between the OKO and EPEX spot markets) in 2016 to 2.27 EUR/MWh in 2017. Thus, electricity was slightly more expensive in Czechia again.

The natural gas market in Czechia is also fully liberalized and operates on fundamental principles similar to those of the electricity market. Although it was liberalized later than the electricity market, the development of a competitive environment has been much faster thanks to all key players' experience. Consequently, the two markets exhibited comparable levels of competition in 2017. Market convergence 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 company ČEZ Prodej, CEZ Group further reinforced its position as a major gas supplier in 2017. At the end of 2017, it supplied gas to 398,064 service points (as compared to 397,455 service points at the end of 2016) and it is 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 68 active traders (traders that have over 100 service points registered with OTE, a.s.) on the retail market in gas supplies to end customers. The number of traders increased year-on-year for the second year in a row after several previous years of stagnation. There were 227,545 gas supplier switches throughout Czechia in 2017, with the number increasing for the second year in a row after several years of decline. Approximately 5.4% of service points switched their supplier of natural gas in 2017, which is 0.8 of a percentage point less than electricity supplier switches; in 2016, gas supplier switches were 1.3 percentage points lower than electricity supplier switches.

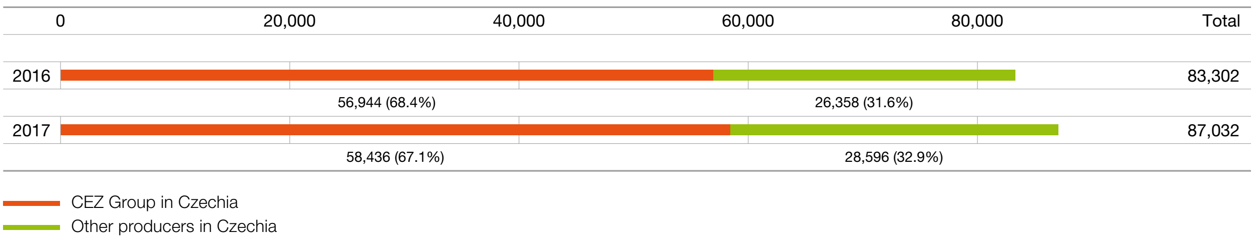
Electromobility Infrastructure

Advancement in electromobility is not possible without a robust infrastructure. No massive use of electric vehicles can be imagined until there is a sufficiently dense network of public charging stations available to allow such vehicles to travel across the country without drivers having to worry about getting short on fuel (electricity), similarly to conventional fossil fuels. According to the Electrical Industry Association, there are around 280 charging points in Czechia, whether quick charging or standard charging stations. They are usually built by firms that believe in the future of electromobility and its potential to offer new business opportunities but do not derive any profit from operating the charging infrastructure at the moment. Such investors and charging infrastructure operators previously struggled not only with profitability but also with a virtually nonexistent legislative environment for charging infrastructure construction and operation. A crucial issue was how to charge for an electric vehicle charging service without violating any provision of the Energy Act.

A major shift in the legislative environment for charging infrastructure was the implementation of Directive 2014/94/EU of the European Parliament on the deployment of alternative fuels infrastructure (the "Directive") in Czech law. The Directive is based on the assumption that electricity has the potential to increase the energy efficiency of road vehicles and to contribute to a CO_2 reduction in transportation. Accordingly, the Directive states that Member States should ensure that recharging points accessible to the public are built up with adequate coverage, in order to enable electric vehicles to circulate at least in urban/suburban agglomerations and other densely populated areas, and, where appropriate, within networks determined by the Member States.

More certainty and guarantees for the operators of supported energy sources (renewable energy sources, combined heat and power, and secondary sources) continued to be achieved successfully in 2017. Czechia notified additional support programs for combined heat and power generation put into operation after January 1, 2016, and for combined heat and power generation put into operation in 2013–2015 including support for heat from renewable energy sources. In addition, a government order was issued that allows "retroactive payment" of support after successful notification for the period from the commissioning of a supported source in compliance with support rules in the Supported Energy Sources Act until the approval of the notification. What remains for Czechia to do in 2018 is just complete the notifications of secondary sources put into operation after January 1, 2013, and any individual notifications for supported sources for which individual notifications are required by the EU rules due to their installed capacity.

Electricity Generation in Czechia, Gross (GWh)



Legislation in Czechia

Changes in the legislative environment for the energy sector occurred mostly in the first half of the year, when the following Acts were amended:

- Act No. 165/2012 Sb., on supported energy sources and on amendment to some acts
  The amendment remedied the previous situation as small electricity generation facilities of up to 10 MW, when reconstructed or refurbished, will be deemed to be put into operation as at the reconstruction or refurbishment completion date, which in fact corresponds to how all other facilities using renewable energy sources are treated, making them eligible for operational support.
  A European Commission decision concerning support for renewable electricity obligated Czechia to introduce a support appropriateness control mechanism. The government approved a document entitled "Obligations to Introduce a Control Mechanism for the Appropriateness of Support for Electricity From Supported Energy Sources" in September 2017, in which it tasked the Ministry of Industry and Trade with preparing draft amendments to relevant acts, especially Act No. 165/2012 Sb. The obligation should ensure there is no overcompensation in the provision of support, that is, no revenue that would allow return on investment above the level prescribed by ERO guidance.
- Act No. 311/2006 Sb., on fuels and fueling stations and on amendment to some related acts (Fuels Act)
  The Act transposes the directive on the deployment of alternative fuels infrastructure, introduces a definition of alternative fuels, obligations for the operators and owners of fueling and charging stations, and amends some provisions of the Fuels Act. It defined electricity used at charging stations solely as a fuel, excluding it unambiguously from electricity trading as a business under the Energy Act.
- Act No. 183/2006 Sb., on land use planning and the building code (Building Act)
  An amendment to Act No. 183/2006 Sb., on land use planning and the building code (Building Act), as amended, and other related acts entered into effect on January 1, 2018. The number of related regulations is 44. This is a major legislative amendment to construction law in all of its aspects and related regulations, which will affect a wide range of construction projects. The ambition behind the amendment is to help speed up and streamline permitting processes under construction law.
  From the perspective of the energy sector's interests, highlights in the field of land use planning include, for example, refining the institution of legitimate investor and strengthening its participation in changes to land use plans, which will allow avoiding infrastructure development conflicts in planning documents. Furthermore, shortened procedures were introduced for making changes to planning documents, which will allow, under certain conditions, making changes to land use plans or spatial development guidelines faster than before to address current needs in an area. Definitions in the building code were amended, for example, to provide a more precise definition of energy structures that is in accordance with the definition in the Energy Act.
  In line with the updated State Energy Policy and the National Action Plan for Nuclear Energy, the Building Act newly stipulates requirements for the content and scope of documentation for the siting of sets of structures on nuclear sites using the "envelope method." A fundamental change consists in introducing consolidated land use and building permit proceedings, which can be combined with environmental impact assessment (EIA) into a single process.

Noteworthy amendments to related regulations include:

- Act No. 500/2004 Sb., Rules of Administrative Procedure (setting down the scope and content of a binding opinion to prevent respective authorities from overstepping their powers)
- Act No. 100/2001 Sb., on environmental impact assessment (creating prerequisites for combining EIA with consolidated land use and building permit proceedings)
- Act No. 416/2009 Sb., on accelerated construction of transport, water, and energy infrastructure (accelerating and streamlining the administration of selected energy infrastructure construction projects)
- Act No. 114/1992 Sb., on nature and landscape conservation (preventing societies under this act from participation in other administrative proceedings)
- Act No. 184/2006 Sb., Expropriation Act, and Act No. 458/2000 Sb., Energy Act (detailing expropriation title and regulating the scope of restraints on owners' rights)

- Act No. 100/2001 Sb., on environmental impact assessment and on amendment to certain related acts (Environmental Impact Assessment Act)
  The Environmental Impact Assessment Act was also amended by a separate amendment, independent of the amendment to the Building Act. Any investment project of significant size is subject to the assessment procedure, whose output is an EIA opinion as a basis for all related proceedings (land use permit proceedings, building permits, and many more). The amendment entered into effect on November 1, 2017. This was a "transposition" amendment with the primary aim of bringing Czech environmental impact assessment law into conformity with the EU's EIA Directive, which was revised in 2014. While primarily a transposition amendment, it also amended other procedures in order to simplify the EIA procedure.
  Consequently, major amendments were made to Annex 1 to the Act, which was brought into conformity with Annex I to the EIA Directive so that Czech law would not be unreasonably stricter than the EU directive. Another important change is waiving impact assessment for projects below the threshold values specified in Annex 1. Other changes concern the EIA procedure, abandoning the publication of EIA expert opinions, which will henceforth be prepared as internal inputs for the EIA authority's decision-making that cannot be objected to. Objections can still be raised against EIA reports, which are the crucial documents assessing the environmental impact of projects. Overall, the Act returns to its original intent, namely to assess whether and under which conditions it is possible to permit a project that is truly significant and can have a real impact on the environment in its wide surroundings.
- Act No. 458/2000 Sb., on the conditions for doing business and exercising state administration in energy industries and on amendments to certain acts (Energy Act)
  Certain provisions of the latest amendment to the Energy Act came into effect in 2017, under which the leadership of the Energy Regulatory Office changed considerably at August 1 as the Office is newly led by a five-member council instead of a chairman. For the business environment, the change can be seen as an indication that business conditions might become somewhat more stable and the administrative and regulatory burden might not grow any longer as the newly established council declared its intent to achieve such stabilization as well as to minimize the amount of legislation changes and new regulations within the purview of the Energy Regulatory Office.
- Act No. 263/2016 Sb., Atomic Energy Act
  An amendment changing the rules governing offenses came into effect.

A new Act No. 194/2017 Sb., on measures to reduce the cost of deploying high-speed electronic communications networks and on amendment to certain related acts, was passed and promulgated in the first half of 2017.
Based on the European Union's legislation, the act lays down rules for rolling out high-speed networks in relation to requirements for the use of existing infrastructure and facilitating a more efficient deployment of new infrastructure so that such networks can be built at lower cost. This act brings about new obligations for the energy sector, which is an "obliged entity" under the act, especially in the field of networks.

Some decrees were also amended in 2017, especially those implementing Act No. 458/2000 Sb., Energy Act, as amended:

- Decree No. 349/2015 Sb., on Gas Market Rules
  Approved amendments were mostly of a technical nature and to provisions where the possibility of an ambiguous interpretation of processes or a clerical/stylistic error was identified. The draft decree partially aligns the law with Article 26(2) of Commission Regulation (EU) No. 984/2013 of October 14, 2013, establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems.
- Decree No. 408/2015 Sb., on Electricity Market Rules
  This was also a more or less technical amendment, aiming to clarify ambiguities and unclear interpretations concerning, in particular, supplier switches, the utilization of supply of last resort, and the related registration of points in a system run by the market operator as the central authority for data and process management. Unfortunately, the amended decree failed to remedy an existing problem with the use of the terms "service point," "interconnection point," and "connection point," preserving and, in a number of cases, even increasing inconsistency in their usage, meaning, and practical application to electricity market operation, not only within the Decree on Electricity Market Rules itself but subsequently in other regulations implementing the Energy Act issued by the Energy Regulatory Office. This resulted in increased ambiguity in the interpretation and practical application of the rules and legal uncertainty for electricity market participants in a number of areas within the electricity market.
- Decree No. 262/2015 Sb., on regulatory reporting
  An amendment to Act No. 563/1991 Sb., on accounting, and its implementing decree entered into effect on January 1, 2016. This new legislation changed both the guideline chart of accounts and the arrangement and identification of items in a statement of profit or loss. Entities that are subject to price regulation by the Energy Regulatory Office have kept their accounts in compliance with the amended legislation since January 1, 2016. Accordingly, this decree was amended and regulatory reports were modified so as to correspond to the modified financial statements in order to continue to ensure clear, comprehensible, and transparent reporting based on financial statements.

The amendment to the Building Act was accompanied by amendments to its implementing regulations, namely:

- Decree No. 499/2006 Sb., on building documentation
- Decree No. 500/2006 Sb., on zoning data, planning documents, and manner of recording planning activities
- Decree No. 503/2006 Sb., on detailed rules for land use permit proceedings, contracts under public law, and land use measures

Especially the amendment to Decree No. 499/2006 Sb., which specifies the particulars of documents for land use permit proceedings or construction documents, brings about major changes. Most importantly, the particulars of document contents are set down for certain categories of construction (engineering infrastructure construction, road construction, railroad construction, or sets of structures on nuclear sites). The aim is to set out requirements so as to reflect the technical specifics of such construction and not to request information that is irrelevant to such construction.

Government Order No. 266/2017 Sb., on support for electricity and heat from supported energy sources, was issued for Act No. 165/2012 Sb., on supported energy sources and on amendment to some acts, on July 24, 2017. The order stabilizes the business environment by specifying a procedure for determining the amount of support for electricity or heat pursuant to the Supported Energy Sources Act and the manner of support payment for the period from the commissioning of an electricity/heat generation facility until the Energy Regulatory Office specifies the scope and amount of the support in a price decision, following the European Commission's decision on support compatibility with European Union law. The support is paid retroactively in such cases.

The year 2017 was also characterized by adapting other secondary legislation to directly applicable legislation issued by the European Commission in 2016. In particular, the operators of (primarily regional) distribution systems reacted to certain network codes concerning rules for the connection of different types of generation and consumption facilities to electricity systems and updated their Distribution System Operation Rules, which were subsequently approved by the Energy Regulatory Office in late 2017. There were also changes concerning the conditions for connecting some new technologies and integrating charging stations and electromobility as such in relation to the operation of distribution systems.

Legislation of the European Union

1. Commission Decision (EU) 2017/126 of January 24, 2017, amending Decision 2013/448/EU as regards the establishment of a uniform cross-sectoral correction factor in accordance with Article 10a of Directive 2003/87/EC of the European Parliament and of the Council
   The new rules governing a uniform factor for a possible reduction of the amount of free allowances allocated under Article 10a(5) of Directive 2003/87/EC were published in the Official Journal of the EU in January 2017. The need for new rules for the correction factor arose from the judgment of the Court of Justice of April 28, 2016, regarding the joint cases C-191/14, C-192/14, C-295/14, C-389/14, and C-391/14 to C-393/14.
2. Decision (EU) 2017/684 of the European Parliament and of the Council of April 5, 2017, on establishing an information exchange mechanism with regard to intergovernmental agreements and non-binding instruments between Member States and third countries in the field of energy, and repealing Decision No. 994/2012/EU
   In early April 2017, the European Parliament and the Council adopted a decision establishing a procedure for sharing information between Member States and the Commission with regard to intergovernmental agreements in the field of energy concerning the purchase, trade, sale, transit, storage, or supply of energy or the construction or operation of energy infrastructure.
3. Commission Implementing Decision (EU) 2017/1442 of July 31, 2017, establishing best available techniques (BAT) conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for large combustion plants
   This is a set of best available techniques in environmental protection; its most significant impacts include stricter emission limits. The publication of the implementing decision in the Official Journal of the EU commenced a four-year period for incorporating the impacts of the decision in the integrated plans of power and heating plants.
4. Commission Regulation (EU) 2017/1485 of August 2, 2017, establishing a guideline on electricity transmission system operation
   To implement a regulation included in the third liberalization package (Regulation No. 714/2009), the Commission adopted this regulation in 2017, containing detailed guidelines on requirements concerning the operational security of interconnected transmission systems, coordination of rules for data exchange in operational planning and in close-to-real-time operation, employee certification, outage coordination, generation and consumption scheduling, and rules for the establishment of an EU framework for load-frequency control and reserves.
5. Regulation (EU) 2017/1938 of the European Parliament and of the Council of October 25, 2017, concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No. 994/2010
   A fundamental change in the functioning of the internal natural gas market in the EU was published in October 2017. It aims to safeguard the security of gas supply, including by allowing for exceptional measures to be implemented during a market failure. The regulation, replacing the original Regulation No. 994/2010, also establishes transparent mechanisms concerning the coordination of planning for, and response to, emergencies at national, regional, and Union level.

6. **Commission Regulation (EU) 2017/2010 of November 9, 2017, amending Regulation (EC) No. 1099/2008 of the European Parliament and of the Council on energy statistics, as regards the updates for the annual and monthly energy statistics**
   To make improvements and adjustments to both the monthly and annual statistics, an amendment to the regulation on energy statistics, as regards the updates for the annual and monthly energy statistics, was adopted in early November 2017.
7. **Council Decision (EU) 2017/2240 of November 10, 2017, on the signing, on behalf of the Union, and provisional application of the Agreement Between the European Union and the Swiss Confederation on the linking of their greenhouse gas emissions trading systems**
   An international agreement between the EU and Switzerland was signed in November 2017 as part of continued efforts to reduce greenhouse gas emissions. To align and link the two greenhouse gas emissions trading systems, Switzerland extended its emissions trading system to aviation.
8. **Commission Implementing Regulation (EU) 2017/2169 of November 21, 2017, concerning the format and arrangements for the transmission of European Statistics on natural gas and electricity prices pursuant to Regulation (EU) 2016/1952 of the European Parliament and of the Council**
   The implementing regulation establishes a single entry point for the transmission of statistical data on natural gas and electricity prices for final customers.
9. **Commission Regulation (EU) 2017/2195 of November 23, 2017, establishing a guideline on electricity balancing**
   The second regulation implementing Regulation No. 714/2009 was also published in November 2017. It aims primarily at establishing rules for electricity balancing including the establishment of common principles for the procurement and the settlement of frequency containment reserves, frequency restoration reserves and replacement reserves, and a common methodology for the activation of frequency restoration reserves and replacement reserves.
10. **Commission Regulation (EU) 2017/2196 of November 24, 2017, establishing a network code on electricity emergency and restoration**
    This network code, published in November 2017, establishes the conditions for safeguarding the operational security of networks, preventing the propagation or deterioration of an incident to avoid the blackout state, as well to allow for the efficient and rapid restoration of the electricity system from the emergency or blackout states.

Regulation of the Emission Allowance Market

During the Trialogue in November, the Council of the EU and the European Parliament reached a political agreement on the final shape of the EU Emissions Trading System (EU ETS) for the period after 2020. The revised EU ETS should enable reaching the 40% reduction target for 2030 in a cost-effective manner as well as meeting obligations arising out of the Paris Agreement made in 2015. The key parameters include streamlining the system, maintaining measures to prevent carbon leakage (relocation of emission sources to geographies with laxer emission constraints), and providing support from low-carbon mechanisms. A balance should be achieved in the carbon market by accelerated withdrawal of surplus allowances in the first five years of operation of the Market Stability Reserve (MSR) and cancellation of surplus allowances in reserve starting from 2023. A 2.2% linear reduction factor guarantees reaching the reduction target of 1.3 billion tons of CO_2, in absolute figures, in 2030. The prevention of carbon leakage consists in more efficient allocation of free allowances to sectors at risk as well as the existence of a “cushion” of 3% of the total amount of allowances that will be available in case of risk of correction factor application to necessary free allocation to industry. At the same time, Member States continue to be allowed to compensate EU ETS entities for indirect emissions. Last but not least, Member States with GDP below 60% of the EU average can use the Modernization Fund (endowed with about 310 million allowances) to aid modernization and decarbonization in the power sector and, depending on the Member State’s decision, apply partial free allocation to electricity generation. All Member States continue to be allowed to cofinance innovation projects from the Innovation Fund endowed with about 450 million allowances.

Winter Package—Clean Energy for All Europeans

The legislative process of debating the proposal for an extensive package named “Clean Energy for All Europeans,” published by the European Commission on November 30, 2016, has continued since the beginning of 2017. Its goal is to transform the European energy market to make it barrier-free, interconnected, based on renewable energy sources, flexible, with full participation by the demand side, and based on market principles in the future.

In terms of potential impacts on the functioning of the whole electricity sector, the most significant proposals are those concerning revision to the energy efficiency directive, revision to the directive on the energy performance of buildings, legislation applicable to electricity market design (revision to the directive on common rules for the market in electricity, revision to the regulation on the internal market in electricity, revision to the ACER regulation, and a regulation on risk preparedness in the energy sector), revision to the directive on the promotion of the use of energy from renewable sources, and a brand-new regulation on the governance of the Energy Union. Relevant European Parliament committees voted on rapporteurs’ reports on and individual amendments to most of the proposed legislative acts, except the proposals concerning new electricity market design, in the second half of 2017. A joint approach to all legislative acts in the package was adopted in the Council. The proposed revision to the directive on the energy performance of buildings has already been discussed at the Trialogue between the European Parliament, the Council, and the Commission.

Regulation of the Electricity and Natural Gas Wholesale 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"), which entered into effect on December 28, 2011, introduced regulation of the wholesale energy market at EU level. Market participants are required to publicly disclose certain inside information concerning their business in an effective and timely manner, prohibited to use abusive practices in trading, and required to register their business in a register of participants and report transactions in the wholesale energy market. Market participants' fulfillment of obligations arising from the Regulation is overseen by the Agency for the Cooperation of Energy Regulators ("ACER") and the Energy Regulatory Office.

Disclosures of inside information include information relevant to the outages, capacity, and use of facilities for electricity and gas production, consumption, or transmission. 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.cez.bg/bg/za-nas/kompaniite-v-balgariya/tets-varna/remit.html; 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.

Regulation (EU) No. 648/2012 of the European Parliament and of the Council of July 4, 2012 on OTC derivatives, central counterparties, and trade repositories ("EMIR") entered into force on August 16, 2012. Its objective is to mitigate risks arising from trading in OTC derivatives. In compliance with EMIR, ČEZ calculates its open derivative OTC position daily and is currently classified as a "Nonfinancial Counterparty Minus" under the clearing threshold. 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.

Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse ("MAR") and Directive 2014/57/EU of the European Parliament and of the Council on criminal sanctions for market abuse ("CSMAD") entered into effect in July 2016. MAR establishes a common regulatory framework on insider dealing, unlawful disclosure of inside information, and market manipulation and introduces measures to prevent market abuse. CSMAD additionally establishes minimum rules for criminal sanctions regarding inside information and market manipulation. ČEZ has established rules and introduced measures to prevent market abuse in compliance with MAR. 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; it was transposed to Czech law in Act No. 256/2004 Sb., on capital market undertakings ("CMUA"). In December 2017, ČEZ, a. s. informed the Czech National Bank 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 own account in commodity derivatives or emission allowances or derivatives thereof.

Brief Forecast of Developments in the Energy Sector with Respect to CEZ Group

Europe's energy sector will continue to be affected primarily by 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 have rebounded, driven primarily by the prices of energy commodities. The price of electricity in the region of Central Europe continues to be affected most significantly by the price of hard coal. Crucial factors for the global market in hard coal are events in China, the world's largest producer and importer of hard coal. The Chinese government has recently attempted to stabilize the domestic coal market. However, the alternating restriction and liberalization of mining in China, if anything, results in uncertainty and consequent price volatility in the market. Coal consumption throughout the world will also continue to be associated with increasingly strict emission regulation, which will impair the price competitiveness of coal in comparison with other fuels and renewables.

Wholesale electricity prices face more and more regulatory impacts. Besides the effects of the European Union's policies and targets, the prices are significantly affected by individual decisions by politicians in European countries. Examples include discussions about shutting down German coal-fired power plants, efforts to reduce the share of nuclear generation in France, or the introduction of capacity payments in Poland. Such effects then result in another wave of uncertainty in market prices.

The European Union's long-term goals remain to be to slow down climate change, become a leader in renewable energy sources, and reduce dependence on energy imports. Discussions are currently culminating about the climate and energy targets for 2030 as part of the "winter package." CO_2 emissions should be reduced by 40% from 1990 levels by 2030, the share of renewables should increase from today's 15% to 27% of consumed energy (that is, not just electricity), and energy efficiency should increase, indicatively, by 30%. Setting and implementing these targets will affect the energy sector profoundly.

The EU's main tool for emission reduction is trading in emission allowances within the EU ETS (EU Emissions Trading System). Today, the market is paralyzed to a great extent due to a huge surplus of allowances from past years, which is reflected in low allowance prices. A reform to the system is currently being finalized, which will increase its resilience to major shocks by adjusting the supply of emission allowances at auctions. The Market Stability Reserve will be launched in 2019 and should lead to a progressive increase in the price of emission allowances. Nevertheless, the EU ETS remains fragile due to its overlap with the goals to increase renewable generation and boost energy efficiency, which will also result in emission reduction. Therefore, a number of countries are contemplating national-level measures (for example, a carbon floor) to create stricter regulation of CO_2 emissions. In respect of emissions, approval of BAT/BREF limits for large combustion plants will have a major impact in the next years. Stricter emission limits for particulate matter, nitrogen oxides, sulfur, and other substances will require considerable investments in coal-fired facilities in many European countries.

The European Commission's winter package also includes a legislative framework for the development of renewable energy sources and improvement in energy efficiency. Renewable energy sources covered more than 25% of European energy consumption in 2016 and their share will keep increasing. It should be 47% by 2030. This will mean less space for conventional energy. Increased generation at photovoltaic plants will cause a further decrease in the prices of electricity during today's 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 multiple elements of competition in RES support.

Technological advancement will be a key factor for the future of the energy sector. It brings the biggest changes in renewable generation and decentralized solutions. Investment costs for photovoltaic installations have dropped by more than 70% since 2010 and 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. Some prepared RES projects are already being built without aid, on a strictly market basis. There is also significant advancement in energy storage technologies. Large batteries with hundreds of MW of capacity have been put into operation in Europe in 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.

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Mining

Severočeské doly

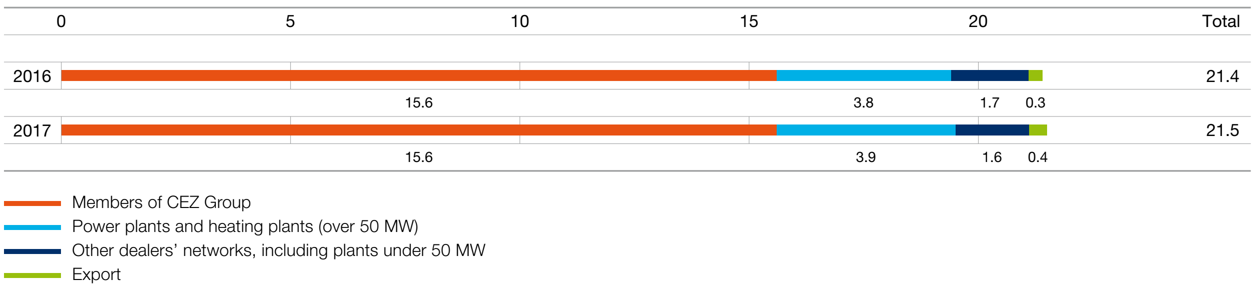
Extraction, treatment, and sales of brown coal constitute the core business of Severočeské doly (www.sdas.cz). The company maintained its position as the largest Czech brown coal mining company in terms of coal production volume in 2017. However, since a majority of its production is intended for in-house 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 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 production was 11.7 million tons of coal and the amount of overburden removed was almost 21 million cubic meters in 2017. Most of the coal extracted was delivered to local power plants in Prunéřov and Tušimice.

The Bílina Mine, operating in the Teplice-Bílina area, extracts coal with a high calorific value and low content of harmful substances. Its production was 9.8 million tons of coal and the amount of overburden removed was 58 million cubic meters in 2017. The Bílina Mine supplies thermal coal primarily to the Trmice Heating Plant and Ledvice, Mělník, and Počerady power plants. An important item in the company's portfolio is the Bílina sized coal, of which it supplied 2.1 million tons.

Coal Sales

Coal Sales, by Customer (Millions of Tons)



Severočeské doly sold a total of 21.5 million tons of fuel in 2017, registering a year-on-year increase of approximately 169,000 tons, primarily due to increased consumption by customers outside CEZ Group. Higher consumption of sized coal largely resulted from cold weather in early 2017.

Capital Expenditures in 2017

The major part of the capital expenditure program of Severočeské doly comprised projects to ensure the progress of extraction in its two mines. The structure of capital expenditure consists primarily of deliveries, renovations, and upgrades of mining equipment and dressing and crushing plants and construction of stabilization measures and water management structures. Completed projects categorized as protective measures to minimize the impacts of mining activities on neighboring communities included the "Mariánské Radčice Protective Barrier," "Mariánské Radčice Barrier Revegetation Alternatives," and a number of construction projects greatly reducing dust levels at the Ledvice Coal Preparation Plant.

Brown Coal Mining Outlook for 2018

Severočeské doly forecasts to produce 22.6 million tons of coal in 2018. 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

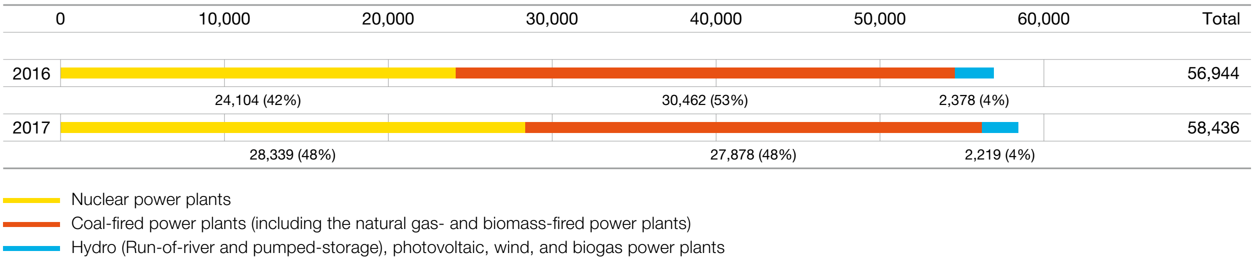
The company's core business consists of the quarrying and processing of construction aggregate and high-percentage limestones utilized in flue-gas desulfurization (FGD) systems. The company is a major supplier for FGD systems at ČEZ coal-fired power plants, to which it supplies approximately 600,000–800,000 tons of limestone per year, covering nearly 70% of their consumption. The share was approximately 65% in 2017, with supplies to ČEZ power plants totaling approximately 650,000 tons of limestone. The estimate for 2018 is approximately 770,000 tons. Customers purchasing the company's other important commodity, construction aggregate, whose annual deliveries are around 250,000–450,000 tons, are entities outside CEZ Group. Verified limestone reserves allow sustained, long-term extraction operations.

Generation

Electricity Generation

In 2017, CEZ Group power plants in Czechia generated 58,436 GWh of electricity, which means a year-on-year increase of 1,493 GWh (+2.6%).

Electricity Generated by CEZ Group in Czechia, Gross (GWh)



The largest increase in production, by 4,235 GWh (+17.6%), was reported by nuclear power plants particularly thanks to their trouble-free operation and production stabilization following the thorough inspections of welded joints. The Temelín Nuclear Power Plant produced 16,479 GWh (+35.6%) and the Dukovany Nuclear Power Plant produced 11,860 GWh (-0.8%).
In contrast, electricity production by coal-fired power plants (including the natural gas- and biomass-fired power plants) decreased in the year-on-year comparison by 2,584 GWh. Of this, electricity production by coal-fired power plants decreased by 2,540 GWh in the year-on-year comparison (lower production in Dětmarovice, Tušimice, and Prunéřov power plants by 1,307 GWh and the sale of Tisová power plant by 1,233 GWh). A slight year-on-year decrease in production by 117 GWh (-6.5%) was also recorded in the case of natural gas, while the biomass-fired production increased by 73 GWh (+14.6%).
Generation of electricity from renewable energy sources reported a year-on-year decrease by 159 GWh (-6.7%). Generation in hydroelectric power plants decreased year-on-year by 168 GWh (-7.5%), while all the remaining types of renewable energy sources reported a year-on-year increase by 9.5 GWh (+7.0%), including solar power plants (+6.5 GWh), wind power plants (+1.5 GWh), and biogas power plants (+1.5 GWh).

Heat Generation

17,896 TJ of heat generated by CEZ Group's facilities in Czechia was delivered to customers in 2017. Year-on-year, there was a decrease in supply by 301 TJ (-1.7%), which was due to the sale of the Tisová power plant and the related heating system in January 2017 (-590 TJ sold in 2016), while deliveries to customers from the remaining sources increased by 289 TJ.
The largest district heating system supplied by heat from CEZ Group heating plants is the system of the Capital City of Prague. Heat for Prague is generated in Mělník primarily by the Mělník I heating plant owned by 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 ČEZ Teplárenská. The major customer, purchasing heat for cities of Prague and Neratovice, is Pražská teplárenská, to which almost 9,794 TJ of heat was supplied in 2017, which accounts for an increase by 77 TJ (+0.8%) in the year-on-year comparison.
To increase the reliability and variability of heating facilities delivering heat for Prague and Neratovice, an interconnecting pipe was built between Energotrans facilities (Mělník I) and the Mělník II power plant. In 2017, this interconnecting pipe delivered a total of 787 TJ of heat.

Capital Construction

Nuclear Industry—Existing Facilities
Work continued on projects commenced in previous years, focusing on continuous enhancement of nuclear safety and the necessary equipment renovation. At the same time, investment-related preparatory, implementation, and finishing works on the modernization, production stabilization, and increased safety and efficiency were commenced as necessary for the planned extension of operation of the Dukovany Nuclear Power Plant and the needed renovation of the Temelín Nuclear Power Plant.

New Nuclear Facilities at Dukovany and Temelín
The year 2035 was set out as the optimum deadline for the completion of construction of a new unit in Dukovany. In accordance with the valid business plan of the project for a new nuclear power plant in Dukovany II (Dukovany II NNPP), consultation meetings were held with potential contractors, geological and hydrogeological surveys of the intended construction site in Dukovany and its neighborhood continued, and environmental surveys were carried on in a number of areas that might be affected during the construction or operation of the Dukovany II NNPP. Furthermore, a screening and scoping procedure was carried out and detailed EIA documentation was completed and submitted to the Ministry of the Environment on November 13, 2017.
In the case of the Temelín II Nuclear Power Project (Temelín II NNPP), the necessary preparation activities, in particular the fulfillment of the conditions of the issued EIA opinion and the issued clearance permit, continued in accordance with the current business plan. Preparation of documentation was started for filing an application for the extension of the validity of the EIA statement, consultation meetings were held with potential contractors, and work continued on the preparation of related and induced investments and in some cases their implementation (all in the scope approved by the business plan) and, last but not least, on the preparation of an updated precontract with ČEPS for the connection of the Temelín II NNPP to the transmission system.
At the same time, work for the new nuclear facilities in Dukovany and Temelín is carried out within working groups established under the standing on nuclear industry committee, with participation by members of the NNPP project team. The government on nuclear energy committee held its June 15, 2017 meeting at the Dukovany NPP in the presence of the prime minister; at the meeting, it discussed documents pertinent to tasks resulting from the National Action Plan for the Development of Nuclear Industry in Czechia and set an assignment to carry on the preparation of the projects, including the commencement of preparation of a tender specification. The standing on nuclear industry committee also approved a short list of investment models, recommended further steps in the transportation of heavy and bulky components, acknowledged the limits of the Dukovany and Temelín sites, and approved the 3 best variants for the construction of new units:
1. The investor is an SPV as a 100% subsidiary of ČEZ (alternatively with a minority share held by an EPC contractor)
2. Purchase of 100% of the SPV by the Czech state (alternatively with a minority share held by an EPC contractor)
3. Purchase of a portion of ČEZ, consisting of its NNPP projects and its operated nuclear power plants, by the Czech state

Conventional Power
Investments in conventional power plants implemented in 2017 focused on preparatory, design, and implementation work in the area of environment-friendly measures to prepare the appropriate sources to comply with the legislative requirements for operation that will be applicable after 2020. The most important projects included the construction of a new desulfurization system at the Mělník I power plant and ensuring the compliance with the new limits on solid pollutants at two Tušimice units. Additional investments were directed to the preparation and implementation of actions to renovate facilities and maximize operational safety, efficiency, and environmental friendliness. In the case of hydroelectric power plants, a number of investment actions have been completed in connection with renovation and upgrade of facilities and improved production efficiency.
In December, a trial operation of the completely renewed units of the Prunéřov II power plant was completed and the units were put into permanent operation; trial operation was extended for the desulfurization technology and the related technological equipment. In November, a two-year trial operation of the new 660 MW source in Ledvice was commenced.

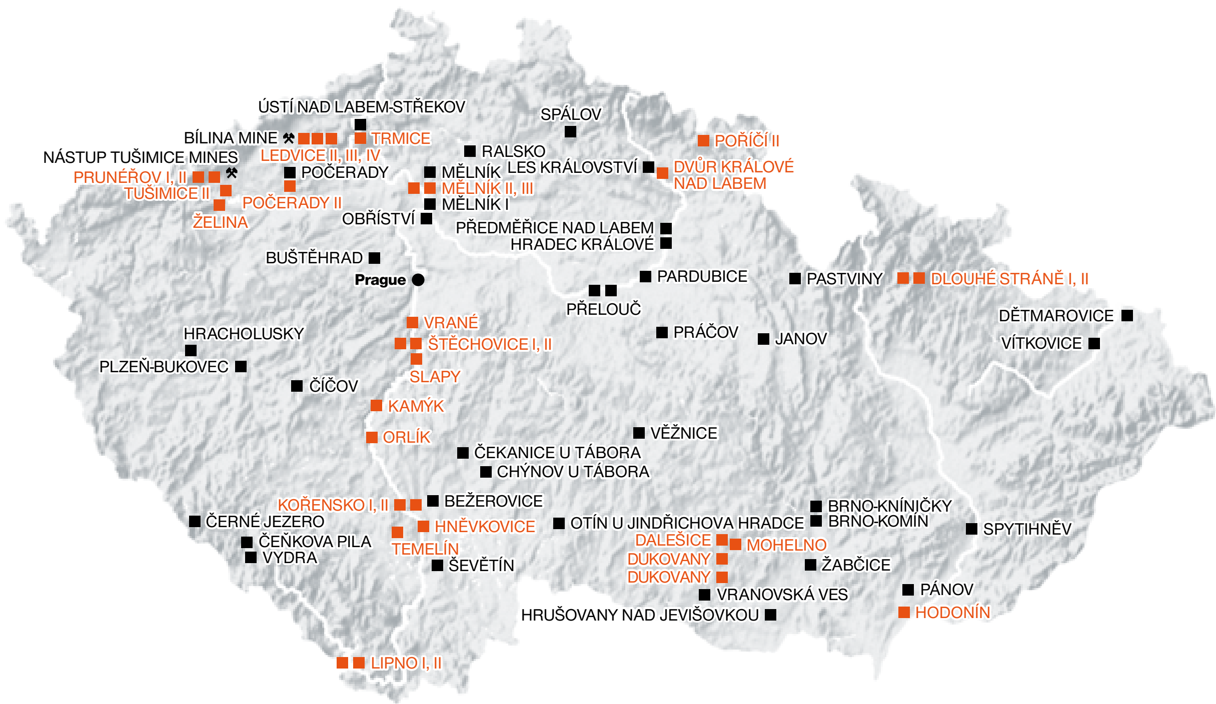
Installed Capacity

As at December 31, 2017, the CEZ Group had production facilities in Czechia with the total installed capacity of 13,423 MW, which represents a year-on-year increase of 372 MW.

The increase was mainly due to the launch of the two-year trial operation of a new, highly ecological unit at the brown coal-fired Ledvice IV power plant (+660 MW) with the efficiency of almost 43%. In the field of renewable energy sources, two new vortex turbines in Želina small hydroelectric power plant (+0.030 MW) were put into operation and the installed capacity was increased in Brno-Kníničky (+0.428 MW) and Hracholusky (+0.488 MW) small hydroelectric power plants.

On the other hand, due to the sale of brown coal-fired power plants Tisová I and II (-288.8 MW) the installed capacity of the CEZ Group decreased in the year-on-year comparison.

Location of CEZ Group Generating Facilities in Czechia



■ Generating facilities owned by ČEZ, a. s.

■ Generating facilities owned by other CEZ Group members

⚒ Mines owned by other CEZ Group member

List of CEZ Group Power Plants and Heating Plants in Czechia as at December 31, 2017

Nuclear Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	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

Plant	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Počerady II	ČEZ	gas	2× 284.75 1× 275.4	2014
CCGT power plants, total			844.9	

Coal-Fired Power Plants

Plant	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2017	Year Commissioned	Desulfurized Since
Dětmarovice	Elektrárna Dětmarovice	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
Prunéřov I	ČEZ	brown coal	4× 110	1967–1968	1995
Prunéřov 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)] License to operate the B6 unit with the installed capacity of 1× 660 MW is valid till November 29, 2017.
[2)] Comprehensive renovation of B23–B25 units.

Heating Plants

Plant	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2017	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
Vítkovice	Energocentrum Vítkovice	hard coal	2× 16 1× 25 1× 22	1983–1995	
Heating plants, total			692.9		

Hydro Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Accumulation and Run-of-River Hydro 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
Střekov	ČEZ OZ uzavřený investiční fond[1]	3× 6.5	1936
Štěchovice I	ČEZ	2× 11.25	1943–1944
Vrané	ČEZ	2× 6.94	1936
Accumulation and run-of-river hydro power plants, total		723.9	
Small Hydro Power Plants			
Brno-Kníničky	ČEZ OZ uzavřený investiční fond[1]	1× 3.528[2]	1941
Brno-Komín	ČEZ OZ uzavřený investiční fond[1]	1× 0.106 1× 0.140	1923 overhaul in 2008
Čeňkova Pila	ČEZ OZ uzavřený investiční fond[1]	1× 0.096	1912
Černé jezero	ČEZ OZ uzavřený investiční fond[1]	1× 1.5 1× 0.04 1× 0.37	1930 2004 2005
Dlouhé Stráně II	ČEZ	1× 0.163	2000
Hněvkovice	ČEZ	2× 4.8	1992
Hradec Králové	ČEZ OZ uzavřený investiční fond[1]	3× 0.25	1926
Hracholusky	ČEZ OZ uzavřený investiční fond[1]	1× 3.038[2]	1964
Kořensko I	ČEZ	2× 1.9	1992
Kořensko II	ČEZ	1× 0.94	2000
Les Království	ČEZ OZ uzavřený investiční fond[1]	2× 1.105	1923 overhaul in 2005
Lipno II	ČEZ	1× 1.5	1957
Mělník	ČEZ OZ uzavřený investiční fond[1]	1× 0.590	2010
Mohelno	ČEZ	1× 1.2 1× 0.56	1977 1999
Obříství	ČEZ OZ uzavřený investiční fond[1]	2× 1.679	1995
Pardubice	ČEZ OZ uzavřený investiční fond[1]	1× 1.998	1978 overhaul in 2012
Pastviny	ČEZ OZ uzavřený investiční fond[1]	1× 3	1938 overhaul in 2003
Plzeň-Bukovec	ČEZ OZ uzavřený investiční fond[1]	2× 0.315	2007
Práčov	ČEZ OZ uzavřený investiční fond[1]	1× 9.75	1953 overhaul in 2001
Předměřice nad Labem	ČEZ OZ uzavřený investiční fond[1]	1× 2.6	1953 overhaul in 2009
Přelouč	ČEZ OZ uzavřený investiční fond[1]	2× 0.68 2× 0.49	1927 overhaul in 2005
Spálov	ČEZ OZ uzavřený investiční fond[1]	2× 1.2	1926 overhaul in 1999
Spytihněv	ČEZ OZ uzavřený investiční fond[1]	2× 2	1951 overhaul in 2009
Vydra	ČEZ OZ uzavřený investiční fond[1]	2× 3.2	1939
Želina	ČEZ	2× 0.315 2× 0.015[3]	1994
Small hydro power plants, total		67.3	
Pumped-Storage Hydro Power Plants			
Dalešice	ČEZ	3× 120 1× 115	1978
Dlouhé Stráně I	ČEZ	2× 325	1996
Štěchovice II	ČEZ	1× 45	1947–1949 overhaul in 1996
Pumped-storage hydro power plants, total		1,170.0	
Hydro power plants, total		1,961.1	

[1] Generation license holder is ČEZ Obnovitelné zdroje.
[2] Increase in the maximum capacity of the generator at the SHP Brno-Kníničky by 428 kW and the SHP Hracholusky by 488 kW.
[3] License for the operation of new TGs (2× 15 kW) of the Želina hydro power plant is valid from January 19, 2017.

Photovoltaic Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	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
Dukovany	ČEZ	0.01	1998, 2003
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

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Janov	ČEZ OZ uzavřený investiční fond[1]	2× 2	2009
Věžnice	ČEZ OZ uzavřený investiční fond[1]	2× 2.08	2009
Wind power plants, total		8.2	

[1] Generation license holder is ČEZ Obnovitelné zdroje.

Biogas Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
BPS Čížov	ČEZ OZ uzavřený investiční fond[1]	1× 0.526	2011
Biogas plants, total		0.5	

[1] Generation license holder is ČEZ Obnovitelné zdroje.

Selected Information Concerning the Performance of the Generation Segments in Czechia

	Unit	Generation—Traditional Energy		Generation—New Energy		Total	
		2016	2017	2016	2017	2016	2017
Electricity generation	GWh	56,601	58,078	343	359	56,944	58,436
Heat supply	TJ	18,196	17,896	–	–	18,196	17,896
Installed capacity	MW	12,850	13,221	201	202	13,051	13,423

Fuel

Nuclear Fuel

Nuclear fuel for the Dukovany Nuclear Power Plant is sourced under a long-term contract effective 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). Today, 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 long-term contract on fuel supply. The TVSA-T fuel supported the switching to operation with an increased output of 104% in a four-year fuel cycle and has the potential to enable safe operation of the units in a partial work cycle of five years. Since 2016, a modified fuel type (TVSA-T mod1) has been used in the reactors, but effort has been made in the field of development and licensing of an advanced type of fuel with an increased uranium content (TVSA-T mod2) to further increase fuel efficiency.

In 2017, project work and the documentation were completed for an application for a license needed to use the TVSA-T mod2 fuel to be submitted to the State Office for Nuclear Safety. The first supply of this fuel and its introduction into the unit are scheduled for 2018.

For the production of nuclear fuel, both the uranium and the processing of the raw material, the so-called conversion and enrichment services, are ensured on the basis of long-term contracts, either by acquisition from foreign suppliers or by direct supplies of fuel from its producer (mainly for the Dukovany Nuclear Power Plant).

Due to the termination of commercial uranium mining in Czechia by DIAMO, no domestic uranium was purchased in 2017, for the first time after many years. Processing of its stock held by ČEZ, however, will cover approximately half of the total uranium need of the Dukovany Nuclear Power Plant over the next two years. There are contracts covering overall uranium, conversion, and enrichment needs until circa 2020, some contractual obligations, however, 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 had formerly 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 and in 2017 three stock batches for the Dukovany Nuclear Power Plant were supplied. At the same time, the Lead Test Assemblies project focusing on the development and licensing of the 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 2017 consisted of brown coal with a total amount of 21.8 million tons (96% of coal supplied). The top suppliers of brown thermal coal to ČEZ in 2017 included Severočeské doly, Vršanská uhelná, and Sokolovská uhelná. The main part in the amount of 15.6 million tons (71.4%) was supplied by Severočeské doly, which belongs to the CEZ Group.

Long-term coal supply contracts have been made with 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 amount of hard coal supplied to CEZ Group's power plants in Czechia was 883 thousand tons. A major portion of 663 thousand tons (75%) was supplied by OKD; the remaining 220 thousand tons (25%) was secured by imports from Poland. 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 2017 amounted to 988.6 thousand tons.

Biomass

Biomass consumption within CEZ Group in Czechia totaled 710 thousand tons in 2017. Biomass was burnt at the Hodonín power plant (383 thousand tons), and Poříčí power plant (285 thousand tons). Energetické centrum used a total of 42 thousand tons of phytomass in its heating plant in Otín u Jindřichova Hradce.

Natural Gas

Natural gas deliveries in the amount of 246 GWh were made in 2017 on the basis of an annual contract with ČEZ Prodej, a.s. Natural gas is used as a fuel for the operation of gas boilers and also for starting and stabilizing of the CEZ Group's sources. It is used in Prunéřov, Dětmarovice, Počerady, Tušimice, Temelín, and Ledvice power plants and Dvůr Králové nad Labem and Energocentrum Vítkovice heating plants. For the CCGT Počerady II power plant, natural gas is purchased on the wholesale market.

Electricity Generation Outlook for 2018

Nuclear Power Plants
A standard outage of the unit 2 of the Temelín Nuclear Power Plant is scheduled for 2018 in order to replace the nuclear fuel; renovation of the drainage of the high-pressure turbine section postponed from 2017 will be carried out during the outage too. The renovation is expected to increase the achievable capacity of unit 2 by 1–2 MW_e. The outage of the unit 1 of the Temelín Nuclear Power Plant commenced in December 2017 has also extended until 2018. During this outage, reconstruction of the drainage of the high-pressure turbine section with the same power output benefit should be carried out too. At the Dukovany Nuclear Power Plant, fuel replacement outages will take place in 2018. Above these standard tasks, work will be carried out at all units to improve the operational efficiency. For the units 1 and 2, renovation of intermediate distribution facilities, and a regular eight-year inspection of turbines and generators of the unit 4 will be carried out.
Nuclear power plants are expected to increase their production by 1.4 TWh in comparison to 2017, which was significantly affected by the remaining weld inspections and the related unit outages.

Coal-Fired and Gas-Fired Power Plants
In the portfolio of coal-fired power plants of the CEZ Group, attention will be paid in 2018 to the maximum use of individual sources. The new 660 MW coal-fired unit at the Ledvice power plant will be used in a standard operation. Technical problems with generators will, however, probably result in decreased utilization of the Prunéřov II power plant units.
Within the CEZ Group, environmental upgrades to selected generating facilities will continue. For example, a partial introduction of the new desulfurization is planned at the Mělník I power plant; after the introduction of the complete desulfurization in 2019, the source will meet the new stricter limits for emission of pollutants and will continue to be a significant source of heat for the capital city of Prague.
Electricity generation by coal-fired power plants in 2018 is expected to be higher by 0.7 TWh than the actual generation in 2017. This expectation is based primarily on the full operation of the Ledvice IV power plant and higher utilization of other facilities.

Hydroelectric Power Plants
Performance of major repairs is planned at the Dlouhé Stráně pumped-storage power plant, where a replacement of the impeller will take place in 2018. Production in hydroelectric power plants is expected to be about 0.2 TWh higher than the actual production of 2017. In spite of the planned repair referred to above, high-level utilization of the Dalešice and Dlouhé Stráně pumped-storage power plants is planned.

Heat Generation Outlook for 2018
Total generation of heat for heating purposes is expected to remain at the level of 2017, 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.

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 2017, 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 is seeking to minimize the cost of deviations caused by unplanned outages of resources or inaccurate predictions through active control, reserve planning, and dispatching management of ČEZ's generating facilities.
In 2017, ČEZ reaffirmed again its role as an active trader in the European context, and especially within Central and Southeast Europe. Trading activities were expanded to new markets such as Slovenia, Belgium, and Croatia. Besides electricity, in which it trades in 18 countries, it also trades in natural gas, hard coal, oil products, and emission allowances. ČEZ was the provider of ancillary services for the transmission system operator in Czechia.

In 2017, ČEZ sold electricity for delivery in 2018–2023, particularly through standard products (one-year, one-quarter, one-month) in the OTC market and at exchanges. In 2017, the company also sold electricity at spot exchanges and intraday platforms. On wholesale markets, it made hedges for future sales of electricity generated by corporate plants, hedges for future provisioning of electricity for end customers, and purchases of lacking 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. In 2017, it also traded in options with electricity as their underlying assets, EUAs, and hard coal and oil with financial settlement. By the end of 2017, ČEZ traded on its own account in the majority of EU markets as well as in Switzerland, and in the electricity market in Serbia.

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 according to 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 Regulation of the Electricity and Natural Gas Wholesale Markets).

Distribution

Electricity Distribution

Electricity in approximately 5/8 of Czechia is distributed by ČEZ Distribuce, which arranged for 35,805 GWh of electricity to be supplied to customers in 2017. The year-on-year increase of 855 GWh was caused by higher demand for electricity at the high- and medium-voltage levels (up 601 GWh) and at the low-voltage level (up 254 GWh). Supplies at the low-voltage level were partly influenced in the year-on-year comparison by lower average temperatures in the winter months. The biggest share in that amount (57%) was electricity from the network of ČEPS; its volume was 25,827 GWh, which is 1,069 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 connection points connected to the distribution grid of ČEZ Distribuce as at December 31, 2017.

Customer Service

The first open technical consultation site (customer center) in 2016 in Děčín was followed in 2017 by two new sites—in Ostrava in April and in Kladno in September.

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 investments in the development of automated grid control.

In the field of new technologies, investments were made in measurement technologies in distribution stations, and another wave of remote-controlled elements in medium voltage grids and a pilot project in the field of installation of an optical route for medium voltage lines were implemented. In 2018, new phases of all new technology projects will be executed.

Electricity Distribution Outlook for 2018

ČEZ Distribuce expects to supply 35.979 TWh of electricity to customers in 2018.
CEZ Group's distribution segment in Czechia is undergoing major structural changes in response to the legislative and regulatory requirements getting stricter in Czechia and the European Union. At the end of 2017, a project focused on the redesign of a distribution segment was completed, trying to merge a distributor with its service companies. Objectives of this project in the form of operational efficiency with an impact on savings in the area of operating expenses will begin to materialize from the beginning of 2018.
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 automation of the processing of selected internal processes in the area of client services.
ČEZ Distribuce has also started to implement a 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 Gas

CEZ Group offered end-use customers in Czechia the following commodities and related services in 2017 (through the following companies):

- Electricity (ČEZ Prodej, ČEZ, Elektrárna Počerady, Elektrárna Dětmarovice, Energotrans, Energetické centrum, and Energocentrum Vítkovice)
- Natural gas (ČEZ Prodej, ČEZ Energetické služby)
- Heat/thermal energy (ČEZ Teplárenská, ČEZ, Energetické centrum, ČEZ Energetické služby, Energotrans, Energocentrum Vítkovice, Elektrárna Počerady, and Elektrárna Dětmarovice)
- Electricity distribution provided by a licensed entity (ČEZ Distribuce) that is subject to unbundling

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 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.
In the wake of the migration of customer service for the distributor's clients to ČEZ Distribuce, ČEZ Prodej merged with ČEZ Zákaznické služby on July 1. The core business activity of ČEZ Zákaznické služby was providing comprehensive services for end-use customers (customer service, billing, administration of receivables, recovery of receivables, etc.). The merger aims to enhance efficiency in the provision of the above-mentioned services.

Sales of Services in Decentralized Energy

ČEZ ESCO, a member of CEZ Group, consolidates CEZ Group's expert and sales capacity in energy savings, decentralized sources, lighting, and other energy products. It concentrates on creating integrated offers for business (corporate) customers, small and midsize businesses, and the public sector. 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. Under reinforced segment management, services are categorized into three segments: "Industrial Energy," "Public Administration and Commercial Properties" (including the smart city concept), and "Businesses and Municipalities." ČEZ ESCO's guiding principle is preparing turnkey solutions and services for its customers.
The individual products and services are provided by subsidiaries of ČEZ ESCO: ČEZ Energo, ČEZ Energetické služby, EVČ, ENESA, ČEZ Solární, Energocentrum Vítkovice, AZ KLIMA, ČEZ LDS, ČEZ Bytové domy, KART, AirPlus, HORMEN CE.
In 2017, the portfolio of ČEZ LDS was extended by 25 local distribution systems in Czechia through the acquisition of a 100% share in EASY POWER s.r.o.
ČEZ ESCO further develops its activities focusing on the commercial products and services of the Electromobility and Smart City projects. As part of the Electromobility project, a significant commercial contract was carried out in the field of rental of electric vehicles to a public body—10 electric vehicles were provided for use in normal operation to Dopravní podnik hl. m. Prahy (Prague Public Transport Company).

Major contracts of the ESCO Group in 2017:

- Design and implementation of HVAC system for the assembly hall of the new Jaguar Land Rover automotive plant in Slovakia (a contract of AZ KLIMA)
- Comprehensive modernization of technology at the Prague Congress Center (a contract of ENESA)
- Supply of a smart lighting system that allows to save 70% of electricity in a Hyundai Dymos Czech hall at Nošovice (a contract of ČEZ Energetické služby)
- Construction of a new high-voltage power supply for a SPOLCHEMIE plant (a contract of ČEZ Energetické služby)
- Installation of recharging infrastructure and the necessary transformer stations for Třinec, which became a leader in electric urban mobility thanks to the Smart City Třinec project, as its 10 electric buses are the biggest fleet in operation in Czechia
- Renovation of the lighting system in 5 halls of LOGIT, company active in the textile industry, covering 859 lighting points; the total investment will be paid out from savings over 74 months
- Cold and pressurized air supply for a newly-developed Benteler plant, manufacturing parts for the automotive segment (a contract of ČEZ Energetické služby)
- Construction of photovoltaic power plants in 17 projects during 2017 and 2018 in cooperation with Kaufland; a construction of charging stations for cars and electric bicycles at 125 stores will be carried out by 2020
- Comprehensive management of energy supplies and production technology for Teva Czech Industries in Opava after winning a tender for a supplier of energy services and a supplier of operational maintenance (a contract of ČEZ Energetické služby)
- Construction of a central hot water boiler room in the basement of a building, installation of zone temperature control in inpatient departments, and individual temperature regulation in consulting rooms and examination rooms at the polyclinic section of the hospital in Dunajská Streda, Slovakia (a contract of ENESA)

Sales of Other Products and Services

ČEZ Prodej is a fully-fledged mobile virtual network operator (MVNO) with its own offer of “MOBILE FROM ČEZ” products. Classified as a medium-sized MVNO by the scope of services it provides, ČEZ Prodej’s more than 82,000 active SIM cards make it one of the largest MVNOs in Czechia.

Insurance and assistance services were used by more than 225,000 customers as at the end of 2017.

Outlook for Sales of Electricity, Natural Gas, and Other Products in 2018

Sales of Electricity to End-Use Customers

In 2018, ČEZ Prodej expects a slight decrease in the volume of supplies for the residential-customers segment. Due to the evolution of electricity prices in commodity markets, it is expected that the competitors will target this customer segment via an aggressive pricing policy. To minimize this risk, the offer and product names were simplified and therefore they are now easily comprehensible for customers. Furthermore, the strategy of ongoing purchase of the commodity reduces the risk related to sudden price increases. For the large-customers segment, ČEZ Prodej expects that the downward trend in the volume of supplies will stop in the next year and the stabilization of the volume is expected to occur in the coming years.

Offer in Decentralized Energy and Other Products

In line with the approved strategy, ČEZ ESCO intends to further develop acquisition opportunities in Czechia and abroad, including the settlement of acquisitions of business shares that have already proceeded in the advanced phase of the transaction process. For 2018, a merger of EASY POWER and ČEZ LDS is planned.

In the case of natural gas, customers were provided with an advantageous no-fixation product offer “Plyn na neurčito” (“gas for an indefinite term”) in 2017, which should support the volume of customer acquisitions in 2018 too. CEZ Group expects to strengthen its market share especially in the segment of residential customers and small enterprises. In the large-customer segment, no significant changes are expected in relation to natural gas.

Electricity generation using zero-emission generating facilities is our long-term priority. We obtained the necessary long-term operating license for the remaining two of the four units at the Dukovany Nuclear Power Plant in late 2017. We thus took an awaited step in our preparations for the stable operation of these zero-emission generating facilities.

CEZ Group in Germany

Business Environment

Expansion of renewable energy sources is one of the main pillars of the German energy transition to low carbon and sustainable energy, the so-called Energiewende, based especially on savings and renewables. The share of renewable energy sources in electricity production has been growing steadily. The intention is to increase their share of the total electricity production so that it amounts to 40–45% in 2025 and 55–60% in 2035. Another goal is to reduce the greenhouse gas emissions by 80–95% (compared to 1990) by 2050.
An amendment to the Act on Renewable Energy Sources (EEG 2017), effective from January 1, 2017, was adopted on July 8, 2016. It fundamentally changed the system of subsidies that had so far been based on top-up payments up to the amount of aid determined by government paid in the form of a market premium in addition to the realization price achieved on the stock exchange. This act thus creates the basis for a new form of RES support in Germany, through regularly announced auctions. Auctions are open for onshore and offshore wind farms (20 years of support), solar power plants (20 years of support), and biomass-fired power plants (10 years of support), with the lowest bid being the determining criterion for obtaining the support. For a decisive share of new renewable sources, the amount of aid will result from the auction attended by the individual sources, and is no longer to be determined by the state. The intention is to ensure the integration of renewable energy sources into the market, systematic control of the rate of expansion and a noticeable slowdown in the dynamics of costs through the competition-based determination of the amount of support.
In 2017, three auctions were held to determine the support for solar sources and three auctions for onshore wind farms. Results of individual rounds clearly demonstrate that the determination of the amount of subsidies by a competition-based mechanism directly leads to a reduction in the overall state support.
The Offshore Wind Energy Act (Gesetz zur Entwicklung und Förderung der Windenergie auf See) became valid on January 1, 2017, providing a regulatory framework for receiving support for the construction of offshore wind farms. The first auction round was held in April 2017. A total capacity of 1,490 MW was allocated. The winning projects will be connected in 2025.

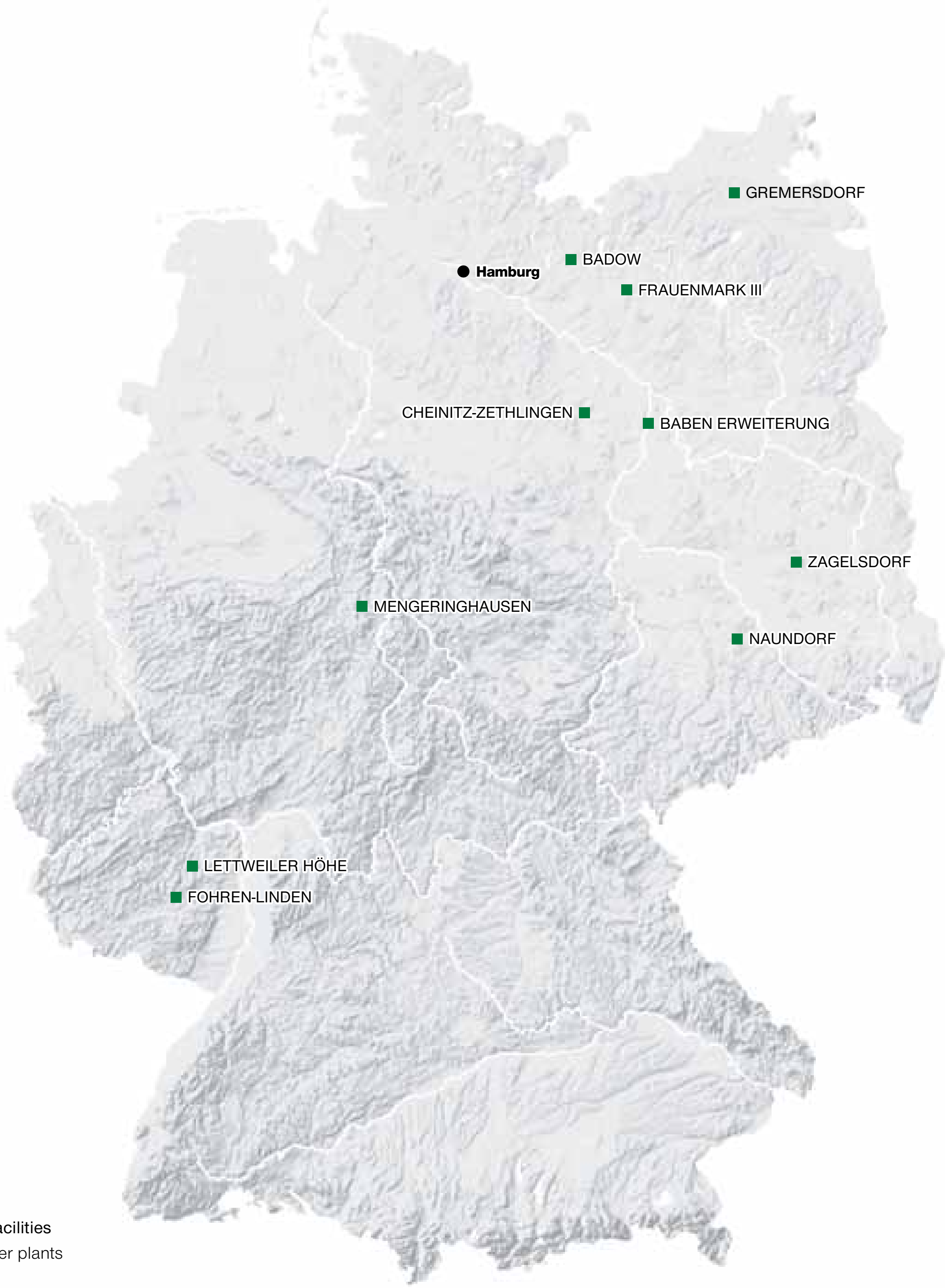
CEZ Group Operations

The revised strategy for the development of renewable energy sources shifts the focus onto the development and/or construction or participation in the construction of onshore wind farms in the Western European region, particularly in Germany and France. Germany offers a number of opportunities for CEZ Group due to the ongoing consolidation of the development market. CEZ Group is interested in projects in the development phase totaling hundreds of MWs.
Since December 2016, CEZ Group has owned generating facilities in Germany—wind farms with the installed capacity of 98.1 MW. In 2017, CEZ Group examined acquisition opportunities in the order of thousands of MW. Subsequently, in mid-2017, it announced the acquisition of the Lettweiler Höhe onshore wind farm located in Rhineland-Palatinate, with a total installed capacity of 35.4 MW. The power plant was acquired from the German fund KGAL focusing on renewable energy sources.
Investments in the development of decentralized technologies and innovative solutions in the Western markets are also of interest.
In 2017, CEZ Group companies acquired a minority stake in the technology company Cloud&Heat Technologies, which develops and installs systems utilizing heat from servers for heating and generating hot water for commercial premises.
CEZ Deutschland GmbH, a subsidiary based in Hamburg, provides support in order to achieve the defined objectives. In 2017, CEZ Group became a member of another major professional association focusing on the energy industry and water management (Bundesverband der Energie- und Wasserwirtschaft, BDEW). An active approach to the membership is ensured by the participation in expert working groups.

Electricity Generation
In 2017 electricity generation amounted to 240 GWh (consolidated production volume). Power plants at Lettweiler Höhe acquired during 2017 produced a total of 77 GWh of electricity for the whole of 2017.

Installed Capacity
As at December 31, 2017, CEZ Group companies in Germany owned onshore wind farms with the installed capacity of 133.5 MW.

Location of CEZ Group Generating Facilities in Germany



Generating facilities

■ Wind power plants

List of CEZ Group Power Plants in Germany as at December 31, 2017

Wind Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	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 mbH & Co. KG	17.7	2014
Lettweiler Höhe	CASANO Mobiliengesellschaft mbH & Co. KG	17.7	2014
Wind power plants, total		133.5	

Selected Information Concerning the Performance of the Generation Segments in Germany

	Unit	Generation—Traditional Energy		Generation—New Energy		Total	
		2016	2017	2016	2017	2016	2017
Electricity generation	GWh	–	–	–	240	–	240
Heat supply	TJ	–	–	–	–	–	–
Installed capacity	MW	–	–	98	134	98	134

Electricity Generation Outlook for 2018

CEZ Group power plants in Germany are projected to generate 316 GWh of electricity in 2018.

Sales—ESCO Services

In August 2017, CEZ Group successfully bought into the Elevion Group (specialist in installation, modernization, and reconstruction of energy facilities in commercial and industrial buildings). The group, with almost 2,000 employees, tradition since 1863, and annual revenues of about CZK 8 billion, represents a stable base for further growth in the ESCO segment on the German market. The Elevion Group operates through its subsidiaries almost all over Germany in more than 30 sites and brings together experts focusing on the construction, optimization and maintenance of electrical and mechanical installations for industrial customers and buildings and on the installation and management of automated systems controlling thermal power, particularly heat savings.

In 2018, CEZ Group expects both organic and acquisition-based growth of the Elevion Group with a focus on energy savings. An analysis of other possible acquisitions on the German market is currently being carried out.

CEZ Group in France

Business Environment

Objectives of the European energy policy for the use of renewable energy were implemented by France in August 2015, when it adopted the Act on Energy Transformation for Green Growth, demonstrating the intention to increase the share of renewable energy sources in final gross energy consumption to 23% by 2020 and to 32% by 2030. At the same time, the objective to reduce the share of the nuclear sector in the electricity generation from 75% to 50% by 2025 was adopted. RTE, the national transmission system operator, however warned in this connection about the risk of a supply shortage after 2020. In November 2017, the government therefore postponed its long-term goal of reducing the share of nuclear energy in electricity production by 2030 or 2035 as the originally set deadline would imply the use of conventional energy sources, which would mean a threat not only to emission reduction targets but also to security of supply and employment. An exact plan for the closure of 7 to 25 reactors will be presented by the end of 2018.

The Multiannual Energy Program (PPE), published in October 2016, is the main tool for the strategic management of energy transformation in France and specifies in detail the goals of development of the various energy sectors by the end of 2023 to increase the installed capacity of renewable energy sources from 45 GW (in June 2016) to 71–78 GW.

The development goals for the electricity generation from renewables in France for onshore wind farms are ambitious and provide a good chance for involvement of foreign investors. For advanced technologies well established on the market, a new mechanism of support for the electricity generation from renewables was introduced in January 2016, replacing the fixed purchase prices. Producers of electricity from renewable energy sources are directly exposed to market signals, they have revenues from direct sale of electricity on the market, and at the same time they are protected by the compensatory premium paid up to a reference amount.

At the same time, in order to achieve a change in the energy mix and decarbonization of energy, the government makes an effort to develop all sectors of renewable energy sources. Formation of a national working group for the simplification and consolidation of rules for onshore wind farms was announced, aiming at the reduction of administrative burden, provision of better access to financial support and improvement of fiscal incentive related to these projects.

Until the end of July 2017, small onshore wind power plants (no more than 6 turbines with the capacity of a single generator not exceeding 3 MW, i.e. with the maximum total installed capacity of 18 MW) had the option of benefiting from the guaranteed purchase price for 15 years; from August 2017 it is possible to apply for support only in the form of a premium above the market price of electricity for the period of 20 years. The scheme was notified by the European Commission in May 2017. In September 2017, the Commission approved the support program for the electricity generation in medium- and large onshore wind power plants. During the next three years, the scheme will provide operators of wind power plants with more than 6 turbines or at least one facility with the rated capacity of more than 3 MW, a premium above the market price of electricity (complément de rémunération) for the period of 20 years, which will be a subject of competition in the form of tenders where the only decisive criterion will be the amount of the support requested. Since November 2017, each six months one tender has been organized for the capacity of 500 MW.

CEZ Group Operations

Electricity Generation

CEZ Group entered France's renewables market in June 2017, when it acquired a portfolio of 9 onshore wind farms from renowned German development firm ABO Wind. The farms, located in six French regions, are in an advanced development stage. Connection to the grid and the first revenues are expected between 2019 and 2022. Up to 101.8 MW of installed capacity can be built in the next years. The power plants have purchasing prices guaranteed for 15 years. Establishment of cooperation will provide additional synergies for further acquisitions in the area of RES in the target regions where the collaboration with a developer will ensure access to other projects at different stages of development.
CEZ France S.A.S. was established on June 28, 2017, to serve as a holding company for the acquired portfolio of wind power plants in the development stage.

New Energy Sector

In July 2017, Inven Capital of CEZ Group acquired a minority stake in the French company VU LOG established in Nice, a global leader in the provision of technology for sharing of environment-friendly cars (autopartage) in cities. The company offers a comprehensive Software-as-a-Service platform enabling car sharing service providers to provide their services to end customers. VU LOG's customers are operators from various countries around the world.

CEZ Group in Poland

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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 electricity from renewables in the total gross electricity consumption for 2020 amounts to 15%. In December 2017, the European Commission notified the Polish auction scheme. In mid-2017, the Ministry of Energy published a draft amendment to the Act on Renewable Energy Sources. The proposal includes, among other things, a new allocation of auction baskets according to technologies, a revised method for calculating the state public support, lower administration burden for the pre-qualification of new RES installations, higher deposits at auctions for RES operators, and a shorter period for the commencement of electricity generation (36 months). The proposed amendment also includes feed-in tariffs and guaranteed surcharges for biogas-fired power plants and hydroelectric power plants with the capacity up to 1 MW as well as new provisions on the modernization of electricity generating facilities utilizing renewable energy sources. It is expected that the above-described changes will become effective in Q2 2018.

In 2017, the Act on Renewable Energy Sources was also amended. The amendment abolished the fixed amount of surcharge for energy generated from RES and instead it linked the amount to the market price of color certificates (green—for wind power plants, blue—for power plants utilizing biogas from agriculture) awarded to the producers for the electricity generated. In the past years, green certificates lost about 90% of their value due to their surplus on the market. The surcharge now amounts to 125% of the average market price of the relevant certificates in the previous year, but not more than PLN 300.03 per MWh.

2017 was the second year of effectiveness of the Act on Investments in Wind Power Plants related to the development of wind power plants in Poland. The act introduced rules for the minimum distance between a wind turbine and residential houses or sites of high natural value, which must be equal to or greater than ten times the wind turbine height. This provision significantly restricted the implementation of wind power projects throughout Poland, including those of CEZ Group. In mid-2017, the Ministry of Energy published a draft amendment to this Act, based on which only the structural parts of wind power plants would be considered for the purpose of real-property tax, and not their technological elements. This would result in a reduced tax burden for the power plant owners.

In the area of energy efficiency, secondary legislation was adopted with the aim of promoting energy savings. Reducing energy consumption is supported by a system of white certificates. This system also supports ČEZ ESCO's activities in Poland.

The Act on Capacities Market was adopted by the Polish Parliament and signed by the President in December 2017. The new act introduces capacity auctions and focuses on generating incentive signals for investments in the energy sector. The first auctions are planned for the fall of 2018, aiming at delivering capacities between 2021 and 2023. The auctions are classified as main and additional auctions. Auctions will be open to operators with usable and certified units with the achievable capacity exceeding 2 MW. Under certain conditions, the support system is also open to foreign units. Annual costs of the capacity market will depend on the results of auctions and are estimated at the level of about PLN 4 billion (approx. CZK 25 billion) per year. Capacity payments will be paid by final consumers from 2021 onwards.

CEZ Group Operations

Electricity Generated in Poland, Gross (GWh)

In 2017, CEZ Group power plants in Poland produced 2,812 GWh of electricity, which is 119 GWh less than in 2016. The Chorzów power plant produced electricity both from coal and biomass. In 2017, it generated 235 GWh of electricity from biomass, i.e. 144 GWh (38%) less than in 2016 due to the decrease in support for co-firing units and lower market prices of green certificates. The Skawina power plant did not generate any electricity by biomass co-firing in 2017 due to unfavorably developing market conditions. The Skawinka small hydro power plant generated 4.1 GWh of electricity in 2017; the small hydro power plant at Borek Szlachecki, commissioned in May 2013, generated 6.2 GWh of electricity.

Heat Generation

The Polish power plants of CEZ Group sold a total of 5,763 TJ of heat in 2017, with the Skawina power plant accounting for 2,849 TJ and the Chorzów power plant for 2,914 TJ.
The Skawina power plant supplied heat to one distribution company, MPEC (Miejskie Przedsiębiorstwo Energetyki Cieplnej S.A. w Krakowie), which supplies heat to Cracow, and to three end customers. The Chorzów power plant supplied heat to three distribution companies. As in the past, the dominant customer was Tauron Ciepło Sp. z o.o. in Katowice, which supplies heat to the cities of Katowice, Chorzów, Świętochłowice, and Siemianowice Śląskie.

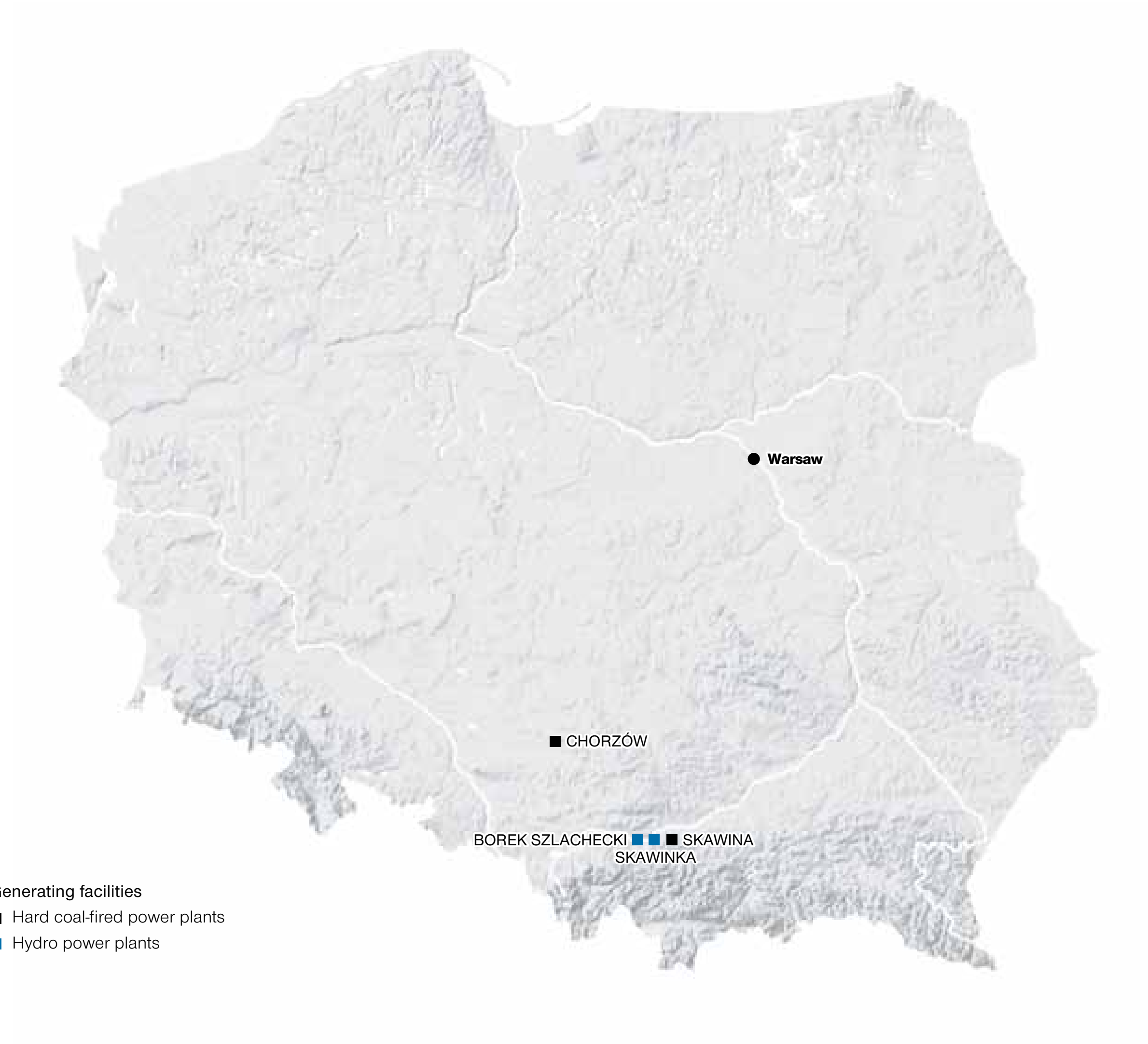
Capital Construction

The most important part of capital construction in Poland was carried out at the Skawina power plant, particularly the modernization of boilers and turbine of TG5. Work on environmental upgrades to the Skawina power plant, consisting in the installation of denitrification equipment, will start in 2018 and are planned to finish in 2020.

Installed Capacity

As at December 31, 2017, 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.

Location of CEZ Group Generating Facilities in Poland



Generating facilities
- Hard coal-fired power plants
- Hydro power plants

List of CEZ Group Power Plants in Poland as at December 31, 2017

Coal-Fired Power Plants

Plant	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2017	Year Commissioned	Desulfurized Since
Chorzów	CEZ Chorzów	hard coal	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 Hydro Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Skawina/Skawinka	CEZ Skawina	1× 1.6	1961
Skawina/Borek Szlachecki	CEZ Skawina	1× 0.885	2013
Small hydro power plants, total		2.5	

Selected Information Concerning the Performance of the Generation Segments in Poland

	Unit	Generation—Traditional Energy		Generation—New Energy		Total	
		2016	2017	2016	2017	2016	2017
Electricity generation	GWh	2,931	2,812	–	–	2,931	2,812
Heat supply	TJ	5,825	5,763	–	–	5,825	5,763
Installed capacity	MW	681	681	–	–	681	681

Solid Fossil Fuels and Sorbents

In 2017, the Skawina and Chorzów power plants consumed a total of approx. 1,543,000 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. The Skawina power plant purchased coal from Katowicki Holding Węglowy S.A., PG Silesia Sp. z o.o., Polska Grupa Górnicza S.A., and Jastrzębska Spółka Węglowa S.A. in 2017.
The Chorzów power plant consumed approximately 221,500 tons of biomass in 2017.

Electricity Generation Outlook for 2018

CEZ Group power plants in Poland are projected to generate 2.8 TWh of electricity in 2018.

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 2,885 GWh of electricity in 2017, which is a year-on-year increase of 956 GWh, due to successful acquisition of new customers belonging to the large customer and commercial retail customer segments. At the same time, the company supplied 371 GWh of natural gas to its customers (in 2016, the supplies were 77 GWh).

Sales—ESCO Services

In October 2017, CEZ Group acquired a 50% share in OEM Energy sp. z o.o. focusing on the modernization and installation of solar thermal and photovoltaic panels. A contract on the purchase of a 100% share in Metrolog, which has long been engaged in the provision of comprehensive services in decentralized generation of electricity and heat, was signed in December 2017.
Furthermore, CEZ Group focuses on organic growth in Poland through CEZ ESCO Polska sp. z o.o., which acquired several projects in the field of energy savings in 2017.

Electricity, Heat, Natural Gas, and ESCO Services Sales Outlook for 2018

The total electricity supply in 2018 is expected to be 2.6 TWh, the heat supply 5.6 thousand TJ. The estimated amount of natural gas supplies in 2018 is 0.8 TWh.
In 2018, CEZ Group expects further acquisitions of companies focusing on energy savings on the Polish market.

CEZ Group in Romania

R

Business Environment

The gradual liberalization of the energy market in Romania continued in 2017. Market liberalization in the corporate customer segment was completed in 2013 and for residential customers on December 31, 2017.
Renewable generation in Romania is supported through “green certificates”. The Romanian government amended the renewables support program in July 2013, with the result that the negotiability of a portion of allocated green certificates was deferred. On the basis of a government ordinance, the new rules on support for the generation of energy from renewable energy sources entered into force on March 31, 2017. As a result of the new enactment, the tradability of green certificates issued from April 1, 2017 was extended from one year to 15 years, i.e. up to March 31, 2032. Another change is that the price of green certificates was fixed, and the period of negotiability of previously deferred certificates as well as the period for which such certificates will be reallocated was extended to eight years starting from January 1, 2018. The government ordinance is valid and effective but still requires a formal approval by the Romanian Parliament.

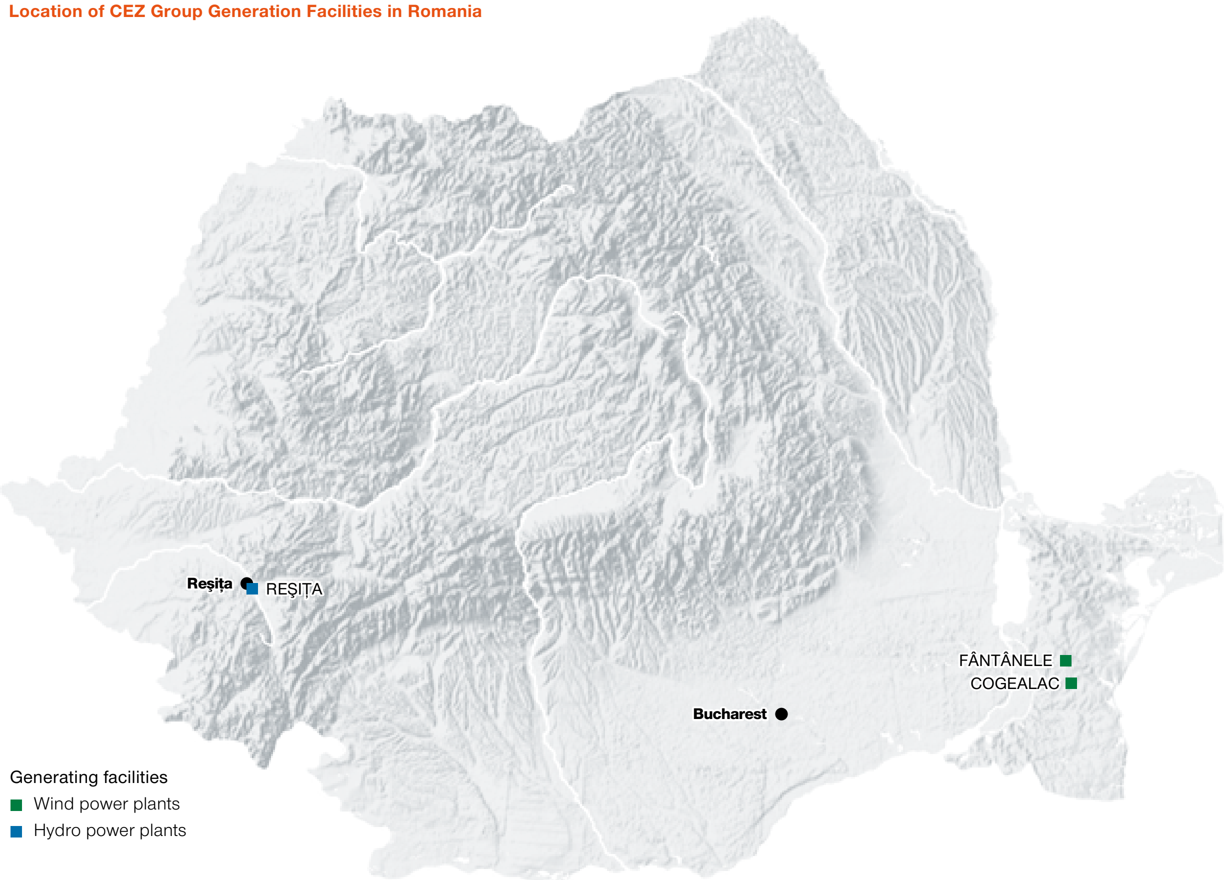
CEZ Group Operations

Electricity Generation
The Fântânele and Cogealac wind farms are eligible to join the support scheme for electricity generation from renewable energy sources in accordance with the applicable legislation and to earn green certificates for their electricity production. For 2017, this support amounted to two green certificates—one allocated and one deferred up to March 31, 2017, and both certificates allocated from April 1, 2017, to December 31, 2017.
In 2017, the Fântânele and Cogealac wind power plants produced electricity in the volume of 1,323 GWh, which was an increase of 164 GWh year-on-year. The higher production in 2017 was thanks to better weather conditions, while at the same time there was no reduction in production by a state-owned transmission system operator in order to regulate the transmission system, as was the case in 2016. Small hydroelectric power plants operated by TMK Hydroenergy Power S.R.L. at Reșița generated 70 GWh of electricity.

Capital Construction
Capital expenditures went primarily into the renovation of individual turbine components of Fântânele and Cogealac wind power plants in 2017.

Installed Capacity
As at December 31, 2017, CEZ Group had a total installed capacity of 622 MW in Romania that remained unchanged year-on-year.

Location of CEZ Group Generation Facilities in Romania



List of CEZ Group Power Plants in Romania as at December 31, 2017

Hydro Power Plants—Reşiţa Site

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Breazova	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 hydro power plants, total		21.984	

Wind Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Cogealac	Ovidiu Development	252.5	2012
Fântânele	Tomis Team M.W. Team Invest	347.5	2010
Wind power plants, total		600.0	

Selected Information Concerning the Performance of the Generation Segments in Romania

	Unit	Generation—Traditional Energy		Generation—New Energy		Total	
		2016	2017	2016	2017	2016	2017
Electricity generation	GWh	–	–	1,251	1,393	1,251	1,393
Heat supply	TJ	–	–	–	–	–	–
Installed capacity	MW	–	–	622	622	622	622

Electricity Generation Outlook for 2018

CEZ Group expects to generate 1.3 TWh of electricity in the Fântânele and Cogealac wind power plants in 2018. The Reșița hydroelectric power plant system should generate 0.1 TWh of electricity.

Distribution

The distribution company CEZ Distributie was renamed to Distributie Energie Oltenia S.A. in accordance with regulatory requirements on January 3, 2017 and now uses a new Distributie Oltenia logo. On the same day, telephone lines of CEZ Vanzare and CEZ Distributie Energie Oltenia customer care centers were physically separated as required by legislation.

During December 2016, the Romanian Regulatory Authority announced tariffs for the regulated distribution and sales segment effective from January 1, 2017. The Romanian regulatory authority decreased the company's average distribution tariff year-on-year once again, by 4.5%. The tariffs were decreased for the second time in a row, as the regulatory authority decreased distribution prices by 11% on average in 2016. The price decreases are due to lower-than-planned inflation and decreasing prices of electricity. The price decision takes no account of a favorable decision of the court of first instance concerning the 2013 appeal of Distributie Energie Oltenia S.A. against negative correction in the past regulatory period. The case is still pending and is now before the court of second instance.

Distributie Energie Oltenia S.A. distributed a total of 6,649 GWh of electricity in 2017, which was a year-on-year increase of 268 GWh.

Capital Construction

Capital expenditures on distribution in 2017 were primarily aimed at improving the parameters of the distribution grid at all voltage levels.

Sales

Sales of Electricity and Natural Gas

In 2017, CEZ Vanzare supplied electricity to end customers in a volume of 3,290 GWh. Despite the year-on-year decrease in supply by 79 GWh, the company maintained an important market share. The reason for the decrease in sales was mainly the increased level of competition in the energy supply market for large industrial companies. At the same time, the company supplied natural gas in the volume of 522 GWh to its end customers in 2017, an increase by 360 GWh year-on-year.

Sales—ESCO Services

Potential acquisition targets in the field of energy services are currently being analyzed.

Electricity and Natural Gas Distribution and Sales Outlook for 2018

The amount of electricity distributed to end customers in 2018 is expected to be 6.7 TWh. Electricity sales to end customers are expected to amount to 3.2 TWh. The estimated amount of natural gas supplies in 2018 is 1.9 TWh due to expected acquisitions of new customers.

CEZ Group in Bulgaria

Business Environment

Customers have had the option to choose their energy supplier in the open market and enter a contract for supplies at unregulated prices since 2016. Yet, households 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.

CEZ Group Operations

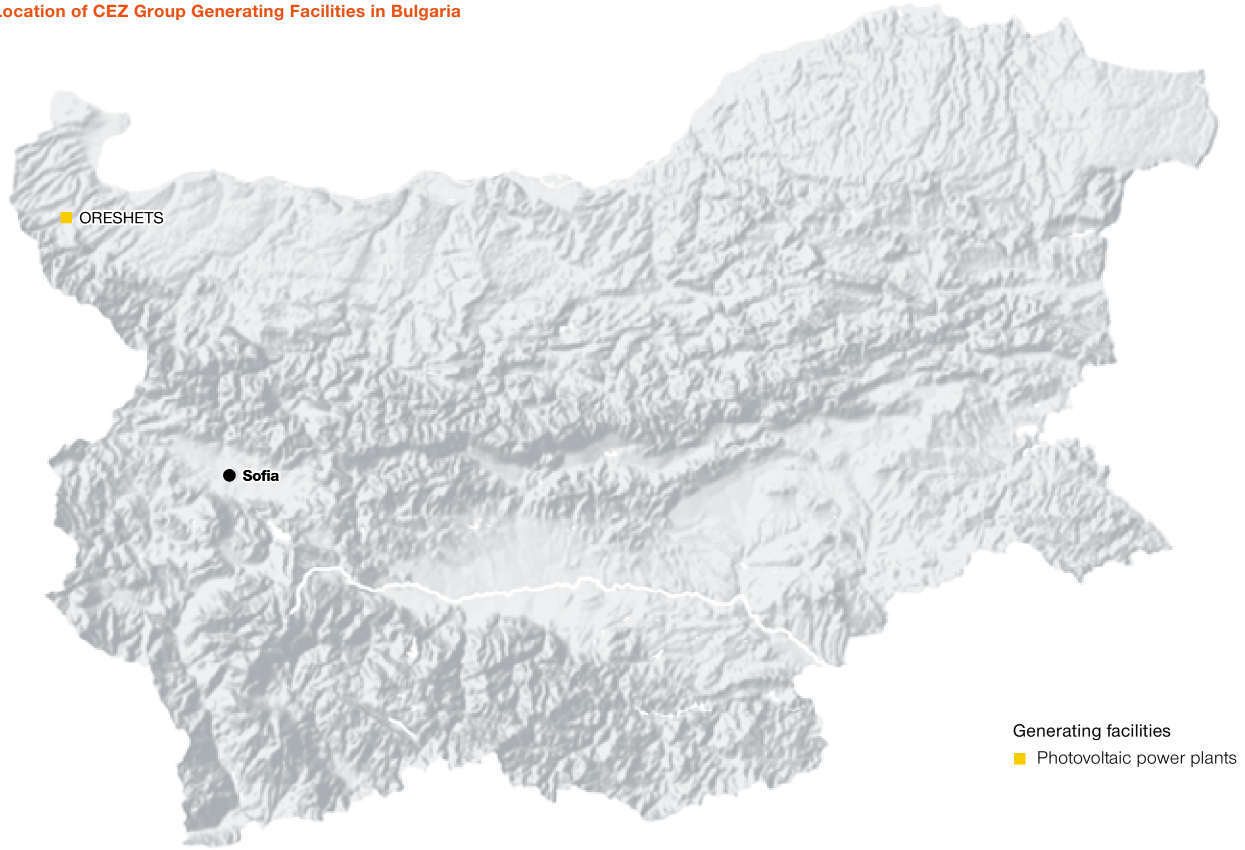
Based on interest shown by several investors in the second half of 2016, CEZ Group decided at the beginning of 2017 to test the market in relation to its shareholdings in Bulgaria. To obtain the widest possible portfolio of bidders, the intention was published in mass media on January 27, 2017, which was in line with the relevant EU market research legislation. The sales process was conducted in a transparent manner and in accordance with the applicable legislation and customary practice. In August, ČEZ received several binding offers for the sale of its assets in Bulgaria. The sale of the Varna power plant took place already in 2017, negotiations on the sale of distribution and other assets continued with one of the bidders, who was granted exclusivity on the basis of the highest bid. The negotiations resulted in the final wording of the purchase contract. The sale of the relevant assets (seven companies in total: CEZ Bulgaria, CEZ Elektro Bulgaria, CEZ Razpredelenie Bulgaria, CEZ Trade Bulgaria, CEZ ICT Bulgaria, Free Energy Project Oreshets, and Bara Group) was subsequently approved by the Board of Directors and the Supervisory Board of ČEZ, a. s. in February 2018. A contract of sale was signed on February 23, 2018. Completion of the transaction is expected to occur during 2018.
Following a series of interventions by Bulgarian authorities damaging ČEZ's business in Bulgaria, ČEZ already in 2016 started international investment arbitration against the Republic of Bulgaria under the Energy Charter Treaty due to their failure to protect the investment. The arbitration claim is not part the above-mentioned sale and the arbitration is carried on by ČEZ, a. s.

Electricity and Heat Generation
In 2017, electricity generation was performed only in the photovoltaic power plant in Oreshets. The Bara biomass gasification power plant was not put into commercial operation after support in the form of a feed-in tariff for biomass-to-electricity projects was abolished. The Varna coal-fired power plant, the utilization of which was suspended from January 1, 2015 due to the non-compliance with the environmental limits laid down in the integrated permit, was sold to Bulgarian company SIGDA OOD at the end of 2017. The transaction was subject to approval by the Bulgarian Office for the Protection of Competition. When the approval was granted, the transaction was completed on December 20, 2017.

Capital Construction
No capital expenditure was made in the Bulgarian production assets in 2017.

Installed Capacity
Due to the sale of the Varna coal-fired power plant and the sale of a part of the Bara biomass gasification power plant, CEZ Group's installed capacity in Bulgaria as at December 31, 2017 decreased to 5.0 MW.

Location of CEZ Group Generating Facilities in Bulgaria



B

List of CEZ Group Power Plants in Bulgaria as at December 31, 2017

Photovoltaic Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Oreshets	Free Energy Project Oreshets	5.0	2012
Photovoltaic power plants, total		5.0	

Selected Information Concerning the Performance of the Generation Segments in Bulgaria

	Unit	Generation – Traditional Energy		Generation – New Energy		Total	
		2016	2017	2016	2017	2016	2017
Electricity generation	GWh	–	–	6	6	6	6
Heat supply	TJ	–	–	–	–	–	–
Installed capacity	MW	1,260	–	7	5	1,267	5

Electricity and Heat Generation Outlook for 2018

The Oreshets photovoltaic power plant is projected to generate 6 GWh of electricity in 2018.

Distribution

CEZ Razpredelenie Bulgaria is responsible for electricity distribution in the western part of Bulgaria including the capital city of Sofia.
On July 1, 2017, the EWRC issued a price decision with effect from July 1, 2017 to June 30, 2018. The price decision does not anticipate the residential market to become completely open, at least not until the end of the regulatory period. Regulated prices of electricity for residential customers slightly increased, primarily due to an increase in the regulated price of electricity to cover technical losses in the distribution grid.
CEZ Razpredelenie Bulgaria distributed a total of 9,588 GWh of electricity in 2017, which was a year-on-year increase of 282 GWh.

Capital Construction

Capital expenditures on distribution went primarily into improving distribution grid quality, replacing electricity meters, critical infrastructure in Sofia, and new connections to the distribution grid. Furthermore, capital expenditure was used for mandatory buyouts of distribution assets.

Sales

At the Shareholders' Meeting of CEZ Elektro Bulgaria held on June 29, 2017, minority shareholders did not approve the renewal of SLAs for the provision of shared services by CEZ Bulgaria valid until October 31, 2017. As a result of this decision, the corresponding shared services were transferred from CEZ Bulgaria to CEZ Elektro Bulgaria with effect from November 1, 2017.
Due to the higher costs of support services after their insourcing to CEZ Elektro Bulgaria, a special price request was filed on October 30, 2017. The subject of the request was the corresponding increase in tariffs due to the increase in operating expenses. The regulatory authority has not responded to this special price request.
CEZ Elektro Bulgaria sold 6,278 GWh of electricity to end customers in 2017, which was a slight year-on-year decrease of 24 GWh. On the market gradually undergoing liberalization, the company has maintained a significant market share.
CEZ Trade Bulgaria sold 3,779 GWh of electricity to end customers on the free market in 2017, i.e. 368 GWh more year-on-year. The increase was due to acquisition of new customers switching from the regulated market to the free market.

Sales—ESCO Services
CEZ ESCO Bulgaria EOOD was established in Bulgaria. The company implements energy projects for end customers on the Bulgarian market.

Electricity and Energy Services Distribution and Sales Outlook for 2018
The expectations of CEZ Group for 2018 are 9.5 TWh of electricity distributed.
In electricity sales, a growing level of competition on the liberalized part of the market is expected. Proactive market activities will continue, including the provision of energy services to customers. Furthermore, changes in energy legislation are expected, potentially resulting in a reduction of volume of electricity sold to customers in the regulated market. In 2018, the volume of electricity supplied to CEZ Elektro Bulgaria's customers is expected to amount to 5.4 TWh and the volume of electricity supplied by CEZ Trade Bulgaria EAD is expected to exceed 3 TWh.

CEZ Group in Turkey

Business Environment

In 2017, the business environment in Turkey continued to be heavily influenced by the war in neighboring Syria and particularly by the domestic political developments.
After a failed coup attempt in 2016 in Turkey and a subsequent proclamation of the state of emergency, a referendum was held in April 2017 on the change of the state system towards a presidential system. Its implementation will take effect only in late 2019, but already in 2017 steps have been taken to support the influence of the president, including certain steps in the energy sector. These factors contributed during 2017 to a significant fluctuation of the Turkish lira exchange rate. After the initial decline in Q1 2017, the exchange rate temporarily returned to the values reported at the beginning of the year (around 3.5 TRY/USD), and then declined significantly to 3.8 TRY/USD in the last quarter. In addition to the negative impact of the exchange rate, the higher-than-expected inflation (around 13%) also affected the economy. Following the deepening instability and uncertainty of future political and economic developments, the S&P rating agency decreased Turkey‘s rating (to the “speculative” BB category with negative outlook). 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 USD-denominated bank loans).
In 2017, electricity businesses were significantly affected by the low rainfall and snowfall throughout Turkey. Low volumes of precipitation adversely affected generation at hydroelectric power plants, which account for a third of the installed capacity of all generating facilities in Turkey. The decrease in generation by the hydroelectric power plants was compensated by the higher generation in thermal and gas-fired power plants. Generation from hydroelectric power plants recorded a 40% decrease compared to expectations. On the other hand, electricity demand grew by 5.7% year-on-year thanks to the growing Turkish economy. The price of electric power grew year-on-year by about 18% mainly due to higher demand.
In the field of electricity distribution and sale, changes in the legislation related to transmission fees resulted in an increase in these fees. Other legislation amendments concerned modifications to electric power tariffs components for protected customers, which resulted in a decrease in revenues.

CEZ Group Operations

Electricity Generation
Electricity was generated by Akenerji Elektrik Üretim A.S. (Akenerji), controlled by ČEZ and its Turkish partner AKKÖK, as well as the company’s subsidiary Egemer Elektrik Üretim A.S. Akenerji owned 1 CCGT power plant, 1 wind power plant, and 7 hydroelectric power plants.
The Akenerji group generated 5,703 GWh of electricity in 2017. The higher electricity generation compared to the previous year (3,698 GWh) was due to higher production in the Egemer CCGT power plant (by 80% compared to 2016), which compensated the under-production by hydroelectric power plants in those regions of Turkey where the Akenerji Group operates.

Capital Construction
TRY 26 million (approx. CZK 140 million) was invested in electricity generation, primarily to increase capacity for the management of secondary voltage frequency control at the Egemer CCGT plant.

Installed Capacity

Location of Generating Facilities Co-Owned by CEZ Group in Turkey

List of Power Plants Co-Owned by the CEZ Group in Turkey as at December 31, 2017

Gas-Fired Power Plants

Plant	Owner	Type of Fuel	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Egemer	Egemer Elektrik Üretim	natural gas	2× 292.09 1× 319.82	2014
Gas-fired power plants, total			904.0	

Wind Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	Year Commissioned
Ayyıldız RES	Akenerji Elektrik Üretim	5× 3 4× 3.3	2009 2016
Wind power plants, total		28.2	

Hydro Power Plants

Plant	Owner	Installed Capacity (MW) as at December 31, 2017	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
Hydro power plants, total		288.9	

Note: Power plants in Turkey are owned by joint ventures and are therefore not included in CEZ Group's total installed capacity.

Electricity Generation Outlook for 2018

The total electricity produced is expected to amount to 4.6 TWh, a lower utilization of hydroelectric power plants is anticipated.

Distribution

Electricity is distributed in Turkey by regulated regional distribution companies. One of them is Sakarya Elektrik Dağitim A.S. (SEDAŞ), controlled by ČEZ and its Turkish partner AKKÖK. The volume of electricity distributed to end customers in 2017 was 9,051 GWh, increasing by 346 GWh year-on-year thanks to growing demand by residential customers as well as by customers among industrial enterprises.

Capital Construction

TRY 112 million (approx. CZK 0.6 billion) was invested in distribution. The investments were primarily aimed at increasing grid capacity and efficiency.

Sales

Sakarya Elektrik Perakende Satıs A.S. (SEPAŞ), which has been selling electricity to end customers mainly in the distribution area of SEDAŞ, sold 10,519 GWh of electricity in 2017. This was a significant increase in comparison with the previous year (8,918 GWh). It was caused by the increase in consumption as well as by a successful acquisition of eligible customers.

Electricity Distribution and Sales Outlook for 2018

CEZ Group's expectations for 2018 are 9.8 TWh of electricity distributed and 9.4 TWh of electricity sold.

CEZ Group in Other Countries

O

CEZ Group has only limited operations in some countries where it is present. These include countries where activities are still under development or have already been wound down, as well as countries where no energy-related business activities are pursued.

Slovakia

Electricity and Heat Generation
CEZ Group did not have any more generating capacity in Slovakia in 2017. Until November 30, 2016, process steam and electricity were produced at the Slovnaft refinery by CM European Power Slovakia, s. r. o., which belonged to a group of joint ventures of ČEZ and MOL. From the beginning of 2016 to November 30, 2016, it supplied 4,581 TJ of heat and generated 451 GWh of electricity.

New Nuclear Facility at Jaslovské Bohunice Being Prepared
The project is proceeding according to an approved business plan; the Ministry of Economy issued a certificate for the construction of energy facility. The new nuclear facility was included in the Trnava Region land-use plan and the final opinion of the Ministry of the Environment on the assessment of effects of the new nuclear facility on the environment was issued. The Zoning Technical Study for the Jaslovské Bohunice electrical substation was prepared and approved by SEPS, the Slovak transmission system operator, and other activities related to the connection to the transmission system were performed. More than 97% of priority land needed for the facility construction has been purchased.

Sales

Sales of Electricity and Natural Gas to End-Use Customers
In 2017, CEZ Slovensko continued to sell electricity and natural gas to the large customers segment and the small customers segment, i.e. residential and SMB customers. Total 2017 supply in all customer segments amounted to 1,773 GWh of electricity, an amount similar to that of 2016, and 3,060 GWh of natural gas with a year-on-year increase of 668 GWh.
As at December 1, 2017, a part of the company (customer portfolio in the residential customer segment) was sold to Východoslovenská energetika a.s. with the aim of focusing on the development of energy services for corporate customers in the future. For the same reason, a change in the sole shareholder of CEZ Slovensko took place, from ČEZ to ČEZ ESCO.

Electricity and Natural Gas Sales Outlook for 2018
Taking into account the sale of the residential customer portfolio, CEZ Slovensko will remain active in the large and small enterprise customers segments in the future, providing energy services in addition to electricity and natural gas sales.
The amount of electricity supplied to the large and small customers segments in 2018 is expected to be similar to that of 2017, while the total supplies of natural gas are expected to decrease to 1.7 TWh.

Sales—ESCO Services
In 2017, CEZ Slovensko was preparing themselves for the introduction of ESCO products to the Slovak market by mapping the market and customer needs. Preparations concerned energy consultancy, proposals for operation of energy facilities, and cooperation on acquisition activities. The effort resulted in offering and contracting energy audits, technical and economic studies, project documentation services, and operations for more than 20 customers belonging to companies, cities, municipalities, and public institutions. These customers will be offered a complete solution for their energy needs: commodity supply, modernization of energy management, installation and operation of modern low-emission or non-emission sources, or services related to electromobility and the concept of smart cities.

Hungary

Sales of Electricity to End-Use Customers

In Hungary, CEZ Hungary Ltd. (CEZ Magyarország Kft.) sold 1,243 GWh of electricity to its end customers in 2017, thus achieving the year-on-year increase of 114 GWh.

Electricity Sales Outlook for 2018

The total amount supplied in 2018 is expected to be similar to that of 2017. We will continue to actively pursue growth in our market share.

Shares of MOL Hungarian Oil and Gas PLC (MOL Nyrt.)

CEZ MH B.V., a member of CEZ Group, sold its 7.5% stake in Hungarian petrochemical company MOL Hungarian Oil and Gas PLC. A 7.4% share was divested in a block sale. Because on February 4, 2014, CEZ MH B.V. issued convertible bonds that the holders could exchange for shares of MOL Hungarian Oil and Gas PLC at EUR 61.25 per share from January 25, 2017, to July 21, 2017 incl., the block sale of shares was undertaken simultaneously with early redemption and cancellation of the convertible bonds. Under these two transactions, settled on April 4, 2017, convertible bonds with a nominal value of EUR 463.1 million (i.e., about 98.5% of outstanding bonds at the original nominal value) were redeemed and 7,561,372 shares of MOL Hungarian Oil and Gas PLC (i.e., about a 7.4% share) were sold.

The convertible bonds that remained outstanding after the above-mentioned transactions were mandatorily redeemed on May 16, 2017 in accordance with the bond terms and conditions and subsequently canceled. All remaining shares of MOL Hungarian Oil and Gas PLC held by CEZ MH B.V. were subsequently sold in the free market. As at December 31, 2017, CEZ Group did not hold any shares of MOL.

Serbia

CEZ Group operates on the wholesale electricity market in Serbia.

Netherlands

CEZ Group operates on the wholesale electricity and natural gas market (both with physical and financial settlement). Otherwise, it does not carry out any business activities in the country. The local subsidiaries are holding or financing companies.

China

One of the companies in the Elevion Group is active in the field of complex energy services in the country. In 2017, VU LOG started its activities in the country, offering technical solution for shared mobility. The company concluded a contract with one local car producer.

Ukraine

Activities of CEZ Group in Ukraine have been terminated. The existing subsidiary CEZ Ukraine LLC is being liquidated.

Providing high-quality, comprehensive services to corporate customers motivates us to introduce new processes and technologies. CEZ Group entered the ESCO services market in Germany—where it acquired the market leader, Elevion—as well as in Poland and Slovakia in 2017. We plan to develop system modernization projects in the heat sector, construction projects for clean electricity and heat generating facilities, projects for energy savings in buildings using EPC with investments repaid directly from savings guaranteed in the contract, street lighting projects, and many other projects in these markets.

P

Innovation Projects

Investments in New Technologies

Inven Capital, SICAV, a.s. (until February 1, 2018 the fund's name was Inven Capital, investiční fond, a.s.) is a qualified investor fund established by ČEZ, a. s., in order to seek out investments in smaller to medium-sized innovative businesses operating in Europe's new energy sector. The fund is active in areas such as energy efficiency, distributed energy production, energy flexibility and storage, energy data services, clean transport, smart city (the use of technologies for more efficient urban management), etc. It focuses primarily on growth investment opportunities in later-stage growth with a sound business model proven by sales and with considerable growth potential. The Inven Capital team reviews up to 500 potential investment opportunities from all around Europe every year, of which approximately 10% get into a detailed analysis stage and 2 or 3 per year are carried through.
In 2017, Inven Capital added Cloud&Heat Technologies based in Dresden to its portfolio. The company designs, builds, and operates the most energy- and cost-efficient distributed and centralized data centers deploying water-cooled servers whose waste heat is used to heat buildings and hot water, which allows their data centers to achieve globally record-breaking energy efficiency, have 60% lower energy costs, and 15% lower total costs than traditional air-cooled solutions. In the second half of 2017, Inven Capital became a shareholder in French company VU LOG, the global leader in providing technology for carsharing involving green cars in cities.

In addition, Inven Capital became a member of Invest Europe (European private equity, venture capital, and infrastructure sectors association) and CVCA (Czech Private Equity and Venture Capital Association) in 2017, expanded its regional focus by adding Israel, and started cooperating with the European Investment Bank (EIB) to receive additional capital provided by the EIB for joint investments with the Inven Capital fund in line with its current investment strategy.
Other companies in the portfolio of Inven Capital: sonnen—manufactures of smart battery systems for storing energy from solar panels and other renewable energy sources, SunFire—develops and manufactures fuel cell technology that is capable of converting fuel to electricity and heat but also vice versa, converting electricity back to hydrogen and other gases (power-to-gas), tado—the European leader offering smart temperature control for households, based on user presence and habits, as well as the renowned London-based fund ETF (The Environmental Technologies Fund).

Electromobility

Czechia

In the field of electromobility, CEZ Group focused primarily on the expansion of its network of public charging stations. As at December 31, 2017, it operated a total of 91 charging stations, of which 40 were DC fast charging stations and 51 AC normal recharging stations. With the increase in the number of charging stations operated, the number of partners in the ČEZ Electromobility project is growing as well, both on the part of private entities and on the part of state administration and municipal entities.
The development of the network of charging stations receives significant support from the Connecting Europe Facility (CEF), where ČEZ participates in the EV Fast Charging Backbone Network Central Europe project, which was approved in 2016 and lasts until the end of 2018; furthermore, ČEZ has the option to use other funds for expanding the network of fast charging stations under the CEZ EV TEN-T Fast Charging Network project, which was approved by the European Commission in 2017 and which builds on the previous project.
Altogether, 102 DC fast charging stations should be created, as well as two locations, each equipped with a combination of renewable energy source, accumulation, and three charging stations. In all cases, the DC fast charging stations will be located close to major TEN-T (Trans-European Transport Network) roads.
Cooperation with ARRIVA CITY and PASSERINVEST GROUP continued successfully, the two electric buses operating on a regular line linking the BB Centrum with Budějovická underground station covered more than 70,000 kilometers in total and transported over a million passengers.
At the same time, CEZ Group offers a wide range of related electromobility services and products for companies, municipalities, and regions through its ČEZ ESCO subsidiary. These include, for example, turnkey services in the field of design and installation of charging stations, wallboxes, charging cables, electrification of automotive fleets, charging platforms, including IT solutions, lease or sale of electric vehicles. For municipalities, ČEZ offers the implementation and operation of electric bus charging stations or conceptual designs of electromobility for individual cities and regions.

An important step in the development of electromobility was the signing of the Memorandum on the Future of the Automotive Industry in Czechia between the Czech Government and the Automotive Industry Association, which highlighted the importance of the automotive industry for the Czech economy and the need to create optimum conditions for the automotive industry to respond to new trends, including alternative fuels and electromobility. Specific measures are set out in an action plan that forms a part of the Memorandum. CEZ Group proactively participated in the preparation of the Memorandum on the areas related to the charging infrastructure.

Romania

CEZ Romania continues to own two electric vehicles and operates two charging stations located in Pitești and Craiova. CEZ Group customers in Romania can recharge their electric cars free of charge.
During 2017, the development of a new prototype of a charging station based on SMS-payment took place. This first commercial charging station will be installed outside of the ČEZ distribution area in Romania, in the city of Timisoara. Its commissioning is expected in the first half of 2018. A decision on further development of electromobility in Romania will be adopted after an evaluation of this pilot project from Timisoara.

Promoting Innovation

ČEZ is a founding member of the I2US cooperation platform, associating innovative, mutually noncompeting utilities. The I2US platform attempts to accelerate innovation to exploit business opportunities and address the needs of customers as well as the energy sector itself. The main tool of collaboration is sharing of innovative opportunities and experience from implementing new services, products, business models, and methods of cooperation with partners.
ČEZ continues to work with the Dutch start-up accelerator Rockstart, where it has already participated in the second round of the Smart Energy program as a partner. As part of a six-month program supported by major commercial entities, 9 to10 best-selected energy start-ups have sought to consolidate their business potential and expand their know-how in order to become desired trading partners on the market after the end of the program. During the final presentations of the Smart Energy Demo Days held on September 13, the progress achieved in the program implementation was presented.

Research and Development

R

In 2017, CEZ Group companies reported expenditure on research and development totaling CZK 1,041.1 million. The expenditures of ČEZ include a reactor vessel material surveillance program (CZK 181 million), which is aimed at obtaining information on the current state of reactor pressure vessels and providing a scientific basis for predicting their useful lifetimes.

CEZ Group Expenditures Relating to Research and Development in 2017 (CZK Millions)

Company	R&D Expenditure	Of Which Subsidized
ČEZ	279.9	–
ČEZ Distribuce	8.8	8.6
ČEZ Energetické produkty	3.3	1.0
ČEZ Teplárenská	0.6	–
ENESA	7.9	5.5
ČEZ Solární	4.3	3.7
Severočeské doly	7.5	–
PRODECO	5.0	–
OSC	1.3	0.7
ÚJV Řež	355.9	74.0
Centrum výzkumu Řež	550.0	523.8
Elimination of intragroup expenses	(183.4)	–
Total	1,041.1	617.3

ČEZ

The system of central coordination of research and development at CEZ Group allows defining key activities with the optimal solution form of R&D projects across the Group, aiming at targeted use of Group synergies. Areas and themes with significant application potential are accented. Research and development activities naturally reflect current trends in energy industry.

International Collaborations and Technology Platforms
ČEZ is a member of the Electric Power Research Institute, Inc., (EPRI) in the nuclear industry sector and in selected traditional energy programs. Participation of ČEZ in the nuclear sector of EPRI allows utilizing a wide range of information, from fuel reliability, corrosion of materials, and safety aspects to new nuclear technologies. We can mention specific results like the first application of the weld overlay method at the nuclear power plant in Czechia. ČEZ is also a member of VGB PowerTech, where it focuses on traditional energy industry and partly on renewable energy sources. ČEZ is also a member of several European technology platforms and European industrial initiatives; it has a strong position in nuclear energy, as documented by its participation in the Sustainable Nuclear Energy Technology Platform (SNETP), the NUGENIA association (focusing on research and development related to Generation II and III nuclear reactors), or the European Sustainable Nuclear Industrial Initiative (ESNII) focusing on promising concepts of Generation IV nuclear reactor. As for domestic activities, ČEZ is active primarily in the "Czech Republic Sustainable Energy" (TPUE) technology platform, which focuses on the development of the environment for energy research and development, strengthening collaboration at the 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.

Nuclear Industry
In 2017, several projects focusing on security and operational aspects were successfully completed. A visualization tool for the development and management of major accidents that has been developed will enable training personnel for these situations, as the legislation now requires. The research continued, including relevant experiments dealing with the cooling of the melt after a hypothetical major accident.
The analysis of the possibilities of handling leaking fuel assemblies at the Temelín Nuclear Power Plant was completed. The analysis focused on processes taking place during fuel drying (stress-strain condition of the cover, fuel fragmentation risks, etc.). Several options were developed for the utilization of packaging assemblies for storing leaking fuel assemblies and fuel rods. Another project focused on methods of determination of characteristic values of sealing and their dependence on the performance of flange joints specific to nuclear installations. Its benefit is an increase in the accuracy of calculations of flange joints and thus a reduction of the risk of operating leaks.
International cooperation around the Halden research reactor (Norway) continues under the coordination by OECD NEA.
A multilateral project focusing on the research of the behavior of highly spent fuel for VVER reactors is implemented here as well.

Non-Nuclear Power

The development focuses on diagnostic methods allowing to optimally manage the use of the facility and utilize its service life, both in end-of-life coal-fired power plants and new and upgraded facilities with innovative materials. Two important research and development projects were completed in 2017. One project focused on steam pipelines, where computational procedures and diagnostic methods were developed to demonstrate the possibility of short-term safe operation of a steam pipeline with detected macro-cracks. The developed methodology received a positive opinion of the Czech Technical Inspectorate. Another project focused on the development of blade control methodologies in the low-pressure parts of steam turbines. Activities focused on the identification and evaluation of inappropriate defects and also on chemical regimes, specifically the prevention of corrosion. As part of the project activities, laser 3D blade scanning was tested, mathematical models of operated blades were developed and the evaluation of the admissibility of the magnitude of the measured defects was mastered.
Monitoring of operation of the first installation of an innovative vortex hydroelectric turbine is in progress at Želina. These turbines, with the capacity of 2×14 kW, produced 180 MWh of electricity over the past year. The concept of the vortex turbine by Prof. František Pochylý of the Brno University of Technology received an award by the Engineering Academy of the Czech Republic in 2017. ČEZ has for a long time been monitoring the development of technologies for energy storage, among other things in connection with the continued development of electricity generation from intermittent renewable energy sources and the development of distributed energy technology.

Projects Supported by National Public Funds

ČEZ is an active participant in projects supported by the Technology Agency of the Czech Republic (TA CR) as an industrial partner. A project aiming at mapping the potential of biomass as an energy source for covering local, regional, or national fuel needs was completed. Two large-scale long-term projects of the Center of Competence program continued: one project, the Center for the Research and Experimental Development of Reliable Energy (CESEN), aims to contribute in the area of increasing the efficiency, extending the service life, operational reliability, safety, and efficiency of coal-fired and nuclear power plants, with particular attention paid to monitoring and diagnostics of steam turbines. The other project, the Waste-to-Energy Competence Center, aims to prepare detailed engineering and economic designs for a set of cost-effective and efficient waste-to-energy facilities and to gain information on waste logistics. A small facility specification was completed in 2017 and a design project for a large facility was developed for a selected site using calculation models.

ČEZ Distribuce

Activities were focused on the implementation of pilot projects for testing of new technologies in the area of medium- and low-voltage grids. The projects dealt with the verification of usability of communications technologies for smart grids on the 22 kV cable line, the preparation for the installation of fault compensation devices in insulated or high-impedance earthed neutral grids in the 110 kV/HV transformer station, and the testing of the second generation of a medium-voltage insulated fault detector. Another project is the evaluation of reliability of individual distribution system elements (element reliability) or evaluation of the operation, usability, and effect of renewable energy sources on the electricity system in Czechia.
Particular attention was devoted to facilities with controllers for management/utilization of excess production from renewable sources, which—according to current experience—often cause deterioration of certain quality parameters of electricity. Voltage stabilization in medium- and low-voltage distribution grids with a high share of renewable energy sources and distributed generation was dealt with too, with a view to assessing their effect and impacts on voltage quality.
The INTERFLEX project, co-financed by the Framework Program for Research and Innovation of the EU Horizon 2020, was launched in 2017. It builds on the already completed international GRID4EU project, in which the Czech participants focused on the development and verification tasks in the Vrchlabí Smart Region. The INTERFLEX project focuses on the verification of the influence of the rapid charging of electric vehicles on the possible deterioration of some parameters of the quality of electricity; it also deals with the problem of voltage stabilization in medium- and low-voltage grids with a high proportion of renewable energy sources and distributed production.

ČEZ Energetické produkty

In 2017, the project of development and industrial optimization of production processes of building materials utilizing a high content of fly ash, supported by the TA CR, was implemented in collaboration with the Faculty of Civil Engineering of the Czech Technical University in Prague and the Faculty of Chemical Technology of UCT in Prague. As regards our own research activities, we can mention the testing of the properties of the cast granulate from the Ledvice power plant with a lower content of FGD gypsum and with the use of products of semi-dry desulfurization method, the verification tests of properties of the binder-stabilized fly ash aiming at the reduction of mercury emissions in the Poříčí power plant boilers, and the application and testing of binder-stabilized fly ash using alternative binders.

ČEZ Teplárenská

ČEZ Teplárenská carried out a pilot application of an innovative heat-insulating coating on the hot water pipeline in the Mělník site. This was a supplementary insulation applied to the metal sheeting that covers the pipe, reducing heat losses.

ENESA

ENESA completed the development and launched an energy portal for cities, utilizing continuously measured data. Its first implementation is used by the city of Písek. ENESA also continues with the European project QUANTUM (Framework Program Horizon 2020), aiming at the application of quality management of the entire life cycle of buildings to reduce CO_2 emissions and improve the indoor environment. For this purpose, the Design-Build methodology for architects, developers, engineering and consultancy firms is also being developed, focusing on the most comprehensible procedures and interpretation. ENESA also tests various types of Internet of Things—based sensors including the application environment.

ČEZ Solární

Cooperation with manufacturers of hybrid battery systems and the related development of new products belongs among development activities in the field of photovoltaic power plants. As part of its research activities, ČEZ Solární participates in the European project INTERFLEX.

Severočeské doly

Activities aimed at increasing the soil capacity of the internal dump site at Bílina Mine were the most important activities in the mining-engineering area. A 3D geotechnical model of the dump site was developed and a compressibility simulation of the dump site was performed. Consistency between the simulation and the actual settling of the dump site by a technical penetration method was demonstrated. The research will continue for three more years, aiming to recognize the behavior of the dump site, to predict interior processes, and to ensure its stability even after its intended increase. In the mining area, it was a continuation of the geophysical and hydrogeological survey of the Libouš II North site using 3D seismics. On the basis of findings of a strictly layered stable structure of the bedrock subsoil, the subsoil model has been reassessed using boreholes on the entire area of the Libouš quarry and its surroundings. The findings were used to analyze the course of the decreased subsoil thickness.

PRODECO

Minor projects focused on the development of more efficient, safer, and more environmentally friendly solutions in the field of mining technology—the back-up control of the bucket-wheel excavator was completed to ensure the safety of the machine crew at locations with possible WW2 ammunition occurrence; a new method of crushing coal using a roll crusher or new types of toothed buckets for the bucket-wheel excavator were developed.

OSC

OSC was involved in the development project aimed at supporting the training of operators of the control room of a nuclear power plant using a simulator by means of automatic data collection from the training of abnormal and extraordinary scenarios.

ÚJV Řež

ÚJV Řež focuses on services and research for operators and producers of energy industry facilities, mainly nuclear facilities, for processing and depositing of radioactive waste, and for diagnostic radiopharmaceuticals for positron emission tomography. In 2017, it dealt with or participated in fifty-six projects supported by public resources.

International Projects

ÚJV Řež is the most important Czech research team working on EU projects in the field of nuclear fission (EURATOM Framework Program). In 2017, it actively participated in three projects of the Seventh Framework Program of the European Union—Severe Accident Facility for European Security Targets (SAFEST), Carbon-14 Source Term (CAST), and the preparation of a research program for the development of Generation IV reactors (ESNII plus). As part of Horizon 2020, ÚJV Řež participated in sixteen projects. Continuing projects include the research of cement materials and their barrier function (Cebama), the development of the reactor melt retention strategy during a major accident (IVMR), or the development of heat removal by the supercritical CO_2 (sCO_2 HeRo). ÚJV Řež further dealt with the problem of instruments and methodology of controlled aging of cables in power plants (TaM Cables) or the European Joint Program for Integration of Radiation Protection (CONCERT). It is also active within the Visegrad Initiative for Nuclear Cooperation (VINCO) and a number of other programs. ÚJV Řež actively participated in IAEA and OECD/NEA projects aimed at improving the safety of nuclear power plants with VVER-type reactors.

National Projects

In 2017, ÚJV Řež dealt with thirty-seven projects supported by national public funds, e.g. those of TA CR, Ministry of Industry and Trade or the Ministry of Interior. Thirty-one TA CR projects included, for example, the research and development of fluorinated salt-cooled nuclear reactor technology, the research of the response of reinforced-concrete and pre-stressed structures of the VVER 1000 units to extreme dynamic loads, the development of apparatus for characterizing materials of engineering barriers in a deep repository of radioactive waste from spent nuclear fuel or participation in the Advanced Center of Nuclear Technologies (CANUT). ÚJV Řež also focuses on the development of hydrogen technologies, from electrolytic hydrogen production, independent energy sources based on hydrogen fuel cell to the methodology of construction of hydrogen filling stations.
Projects supported by the Ministry of Interior focused on fiber-optic sensors for measurements in nuclear power plants in the case of over-project accidents or simulation of fire and smoke propagation in a critical infrastructure facility following an accident or deliberate attack by an aircraft.

Centrum výzkumu Řež

Centrum výzkumu Řež is a research organization focusing on research, development, and innovation in the energy sector, in particular nuclear energy. The backbone of the research infrastructure of the company consists of two research nuclear reactors (LVR-15 and LR-0) and a set of laboratories and experimental facilities (laboratories dealing with nondestructive testing methods, materials, chemical, and microstructural laboratories and experimental technological loops).

SUSEN Project

Implementation of the large capital project SUSEN (Sustainable Energy) brought a substantial expansion of the research infrastructure of Centrum výzkumu Řež; the project was supported under the Research and Development for Innovation Operational Program and partially also under the subsequent Research, Development, and Education Operational Program. The investment part of the project ended on June 30, 2017 and is followed by a sustainability phase with clear scientific and research objectives until 2022. In 2017, the commissioning of all the research infrastructures developed under the SUSEN project was completed—a complex of hot chambers for mechanical experiments and testing of irradiated materials, microchemical and microstructural laboratories for the study of influence of degradation mechanisms on materials, technological experimental loops for experiments modeling the environment in a reactor and related circuits of the concepts of the 2nd, 3rd and 4th generations, nondestructive testing laboratories for the development of modern NDT methods, material laboratories for mechanical testing of nonirradiated materials in various environments, and HELCZA equipment for testing of materials exposed to extreme heat flows.

International Collaboration

Centrum výzkumu Řež is a member of many international organizations, e.g. 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 European Horizon 2020 framework program. In 2017, a total of 15 projects were dealt with within the Horizon 2020 program. They focused on the properties and degradation of materials for reactors of the 4th generation, modern thermodynamic circuits (with supercritical CO_2), research in the field of major accidents (behavior and properties of the core melt), and research on the behavior of construction and building materials to ensure a long-term useful life of power plants (aging of concrete, etc.).

Cooperation implemented on the basis of intergovernmental agreements between Czechia and the USA continued in the form of research and development work in the field of small modular reactors. Centrum výzkumu Řež started the development of its own concept of a small modular reactor, based on high temperature fluoride salts, and filed a patent application in Czechia at the end of the year and prepared a patent application for the USA.

In collaboration with Japanese partners, commercial research projects focusing on the development of methods of processing of remainders under Fukushima reactors—a separation method based on fluoride chemistry—and experiments focusing on the study of melt behavior and physical properties of corium were carried out.

In the field of fusion research, work continued within the EUROfusion transnational project and, in collaboration with Fusion for Energy, launching and testing activities continued for the HELCZA equipment, primarily designed for testing of the first wall panels of the ITER thermonuclear reactor.

National Projects

In 2017, research and development activities continued in relation to projects supported by the TA CR and the Grant Agency of the Czech Republic focusing on the research and development supporting deep repository of radioactive waste and spent nuclear fuel, or the research of materials for reactors of the 4th generation. A significant MSR/FHR Research project was launched, focusing on experimental research into the neutron properties of salts and their effect on reactor materials on the basis of molten fluoride salts.

As part of its contractual research, Centrum výzkumu Řež further developed its collaboration with ČEZ as the operator of nuclear and conventional power plants, especially in the field of nondestructive methods.

CEZ Group Donorship

The donorship area forms a part of CEZ Group's Sustainable Development Strategy – Energy for the Future, under the Being a Good Partner priority. Being a Good Partner is an integral part of all activities of CEZ Group. 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.

C

Donorship

CEZ Group together with the ČEZ Foundation form the largest corporate donor in Czechia. Their comprehensive approach to donorship activities is regularly highly valued by independent experts. Employees are involved in corporate donorship too. In 2017, they participated for the eleventh time in the charity project "Granting Wishes, Thinking about Others" and contributed CZK 2.1 million, supporting 75 families with long-term and seriously ill children and adolescents. The ČEZ Foundation doubled this amount to CZK 4.2 million. Furthermore, employees of CEZ Group bought products from protected workshops worth CZK 1.0 million and collected 1.6 tons of clothing for charity purposes. Using the EPP—Move to Help mobile app, CEZ Group involves the general public in decision-making on project support. In 2017 alone, it contributed to 294 projects based on their selection.

Financial Donorship

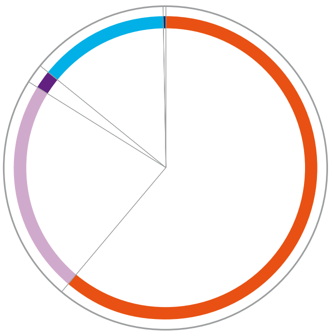
Financial Donations by CEZ Group Companies (CZK Millions)

	For ČEZ Foundation	Direct Donations	Total
ČEZ, a. s.	52.0	60.3	112.3
Other fully consolidated CEZ Group companies	128.6	82.1	210.7
CEZ Group, total	180.6	142.4	323.0

In the context of the long-term priority of CEZ Group to be a good partner, financial donations primarily focus on the 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	36.9	61.2
Culture and environment	13.7	22.8
Education, science, and youth	1.1	1.9
Sports	8.3	13.8
People in need and people with disabilities	0.2	0.4
Total	60.3	100.0



List of Entities Supported by ČEZ

For a file with a list of entities supported by ČEZ in 2017 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	52.0
ČEZ Distribuce	75.0
ČEZ Distribuční služby	25.0
ČEZ ICT Services	0.6
ČEZ Prodej	28.0
Total	180.6

ČEZ Foundation Activities

Over its fifteen-year history, the ČEZ Foundation (www.nadacecez.cz) has provided more than 8,600 foundation contributions totaling CZK 2.36 billion.

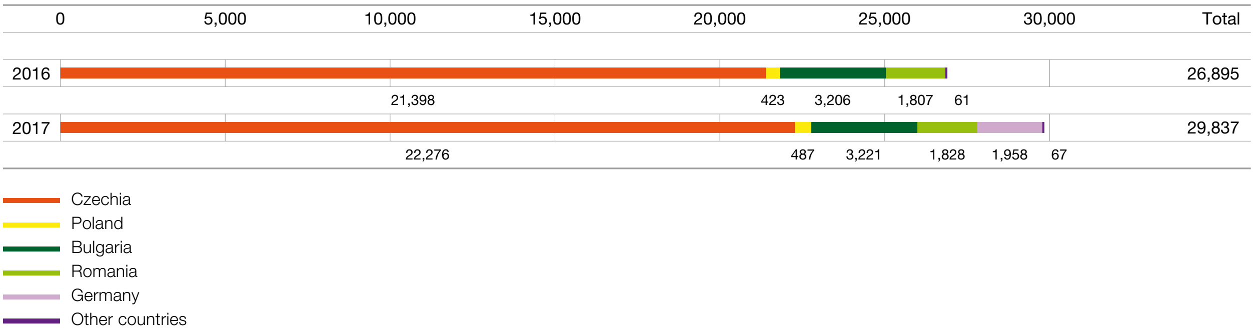
In 2017, it supported 1,015 public benefit projects with CZK 185.96 million under programs responding to society's current needs.
These were regularly opened grant programs and other foundation's activities:
Orange Playgrounds—support for building and renewing children's playgrounds and sports fields.
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 directed towards families with severely ill children.
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.
An important element for involving the public in the Foundation's activities was the 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, 2017, CEZ Group employed 29,837 employees, which is a year-on-year increase by 2,942 employees.

Workforce Headcount as at December 31, by Location



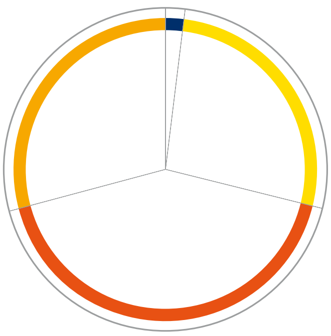
In Czechia, an increase of 878 employees was recorded, mainly by the inclusion of new companies in the consolidated group (299 persons) and by an increase in the headcount, mainly in the sales segment (to serve end customers and to cover the increased number of ESCO group contracts and projects) and the distribution segment (due to demography factors, increasing requirements for renewal and development of grids, customer service); a decrease in the number of employees occurred due to the sale of the Tisová power plant. The increase of 2,064 persons in the number of employees abroad was caused mainly by the acquisition of the German Elevion Group (1,941 persons as at the end of 2017).

Work Force by Age as at December 31, 2017

	%
24 years and under	4
25–29 years	9
30–39 years	21
40–49 years	32
50–59 years	28
60 years or more	7
Total	100

Work Force by Highest Level of Education Achieved as at December 31, 2017

	%
Primary	2
Apprenticeship	27
Secondary	42
Tertiary	29
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:

- Securing training to meet the qualification requirements in accordance with legislative requirements
- Offering a wide range of training to acquire the necessary knowledge and skills beyond the qualifications
- Continually developing a portfolio of in-class, e-learning, and combined training courses
- Implementing a series of 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)
- Implementing graduate and trainee programs (focusing on initial training and earning of the first professional experience): the ČEZ Potentials trainee program has been taking place for 14 years already; it is intended for talented graduates and the portfolio of programs is newly extended also for graduates of technical secondary schools
- Utilization of individual development plans e.g. in succession planning, new forms of development—internal and external mentoring, internal coaching, support for the sharing of key knowledge and experience (knowledge management)

Social Policy

At CEZ Group, social policy consists of a wide range of activities and benefits, both monetary and nonmonetary, 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. CEZ Group companies have a shortened, 37.5-hour work week, one additional week of paid vacation is provided beyond the statutory minimum, and employees get paid leave beyond the scope required by law. They 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 3 days of sick leave; special bonuses for jubilees and on retirement; one-shot social aid in case of an emergency or contributions upon a change in the place of work for employees within CEZ Group. Unlike in previous periods, 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 were a total of 27 local labor organizations operating at ČEZ in 2017, 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, 32 were members of 4 regional associations.

The above-mentioned local unions are members 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. 1 to this collective agreement, in force for the period 2017–2020, was concluded in 2017.

Regular meetings were held between the employer and labor union representatives in 2017 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. In 2017, collective bargaining concerning these valid agreements took place, focusing primarily on payroll and benefits. In the beginning of 2018, collective bargaining culminated in the signing of Amendment No. 17 to the collective agreement at ČEZ, a. s. and the signing of amendments to collective agreements at significant subsidiaries.

14 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 55% of the total headcount, for distribution companies it is more than 75% 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 the end of 2018.

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, 2018, 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; it is currently composed of 23 employee representatives from Czechia, Poland, Bulgaria, and Romania. Two meetings that took place in 2017 dealt with the topics related in particular to CEZ Group's strategy, the Group's financial results, and the activities of CEZ Group.

Environmental Protection

E

As part of environmental protection, we systematically monitor and assess risks and minimize environmental impacts under the integrated prevention system.

Greenhouse Gas Emission Allowances

Czechia
Czechia, along with another 8 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. Its application for partially free allocation of allowances for electricity generation (derogation) from September 2011 was approved by the European Commission. The emission rights for generation of electricity and heat in Czechia for the year 2017 were credited to the respective account in February and July 2017.
Within the derogation, the CEZ Group can acquire 69.6 million tons of allowances in 2013–2020 in Czechia in exchange for investments aimed at reductions of greenhouse gas emissions (no allowances for the Tisová power plant are included in 2017 as it is no longer part of the CEZ Group). The amount of these investments must at least correspond to the value of allowances allocated free of charge under the derogation, which are calculated on the basis of their market price in the previous year. In 2017, CEZ Group submitted to the Ministry of the Environment of the Czech Republic its Report on Investments for the period from October 1, 2016 to September 30, 2017, in which independent financial and energy auditors confirmed that the Group had invested over CZK 621 million in clean, environmentally friendly technologies. Within the derogations, the CEZ Group thus invests more than CZK 34 billion in total.

Poland
A request for partially free allocation of allowances for electricity generation in Poland, where CEZ Group also operates, was approved by the European Commission. Allowances for heat generation for 2017 were allocated to both facilities (Skawina, Chorzów), allowances for electricity generation for 2017 were allocated only to Skawina.

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. The extraction of brown coal releases dust particles; the combustion of fossil fuels results, in particular, in the emissions of sulfur dioxide, nitrogen oxides, carbon monoxide, and dust.
To decrease the amounts of atmospheric emissions of pollutants, combustion facilities operated by CEZ Group are fitted with emission reduction equipment.
To decrease the amount of sulfur oxides, most facilities use a highly efficient flue gas desulfurization method based on limestone wet 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.
At some combustion units (especially fluidized bed boilers), emissions of sulfur dioxide are reduced by replacing fossil fuels with biomass combustion or co-firing.
Dust particles are captured by electrostatic precipitators or bag filters; the efficiency of separation of these pollutants is around 99%.
A supercritical condensing unit of 660 MW_e was commissioned in the Ledvice power plant in 2017, which meets the strictest emission requirements of the national and European legislation.

In 2017, emission limits were met at all CEZ Group coal-fired power plants, the cumulative emission ceiling of ČEZ, a. s. was complied with, 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; the quality of air near coal-fired power plants and coal mines is evaluated. Pollution measurement data is included in the ISKO database run at national level by the Czech Hydrometeorological Institute. When operating its coal-fired power plants and heating plants, CEZ Group monitors their effect on air pollution on a long-term and systematic basis using its own air pollution measurement network. In 2017 it operated nine air pollution monitoring stations located near coal-fired power plants and heating plants and measuring gaseous pollutants (SO_2, NO_X), with five of the monitoring stations also measuring suspended particulate matter (PM_{10}, $PM_{2.5}$).

The public is kept informed on a website about the results of the pollution monitoring conducted in connection with the operation of combustion plants.

Monitoring stations are located in the 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.

At coal storage sites, attention is continually being paid to the prevention of formation of areas with high moisture content (mixing of coal dust with water vapor can lead to self-combustion) and their elimination.

Operation and maintenance of the distribution system equipment containing sulfur fluoride gas, which belongs to the so-called fluorinated greenhouse gases, is carried out in accordance with the applicable legislation.

Poland

In 2017, Skawina power plant did not exceed the emission limits of harmful substances stipulated in its operating license. Chorzów power plant observed monthly limits for these substances, but exceeded the daily limits for nitrogen oxides on 5 days.

Water Protection

Czechia

Operation of the CEZ Group's power plants and heating plants is dependent on the use of surface water, mainly for diversion- or recirculation-based cooling. In the field of water management, CEZ Group focuses—in connection with the operation of technological facilities—on efficient water management, prevention and control of its pollution and observation of water protection principles.

In 2017, all of CEZ Group's generation facilities met the conditions for their operation related to water protection as laid down in their operating licenses issued by competent administrative bodies: Conditions for surface water and groundwater withdrawal and for minimum residual flow rates were observed. At the same time, conditions for discharging of waste water and mine water were observed. Reports on compliance with the conditions of integrated permits are regularly published through water authorities.

In accordance with operational regulations, measures are taken and inspected on an ongoing basis to prevent such substances from getting into groundwater, surface water, or sewage systems. Emergency response plans are prepared for emergencies involving releases of harmful substances and their functionality is checked through emergency exercises.

In October 2017, an accident involving a contractor's truck crane in the Dlouhé Stráně pumped-storage power plant caused a leakage of a large quantity of petroleum substances (fuel and hydraulic oil) to the lower reservoir. Emergency response services were activated immediately after the accident. Thanks to the rapid intervention of the Fire Brigade of the Olomouc Region-Šumperk and the operative approach of the power plant personnel, no petroleum substances escaped from the lower reservoir area. The truck crane wreck will be removed from the lower reservoir in 2018. The quality of water in the lower and upper reservoirs and on the discharge from the lower reservoir is monitored on an ongoing basis.

In 2017, construction of the Teplice dump in the area of the Bílina Mine forefield was completed. For 2018, a higher use of mine water is expected for the purpose of anti-dusting measures—sprinkling of roads and of a part of the overburden conveyors, as supported by capital construction performed in 2017 and 2018.

Fauna Protection and Support

Czechia

In order to comply with the legislative obligation to provide all medium-voltage lines with sufficient technical measures for avian protection by 2024, ČEZ Distribuce drew up a Perch Guard Action Plan. The main purpose of this plan is to define steps and scenarios to ensure sufficient funding, material and installation resources to meet this obligation.

ČEZ Distribuce has been actively involved in the area of protection of birds against electric shocks for years. It is gradually replacing the nonconforming consoles on the existing lines with new secure consoles of the "Pařát" type. In 2017, safe consoles were installed on 567 km of the existing lines, i.e. on 6,305 supporting points. Another activity is a gradual installation of the OKI and Ensto type additional protective systems in places where the installation of the "Pařát" type safe consoles is not currently suitable or technically possible. In 2017, additional protective systems were implemented on approximately 1,850 supporting points. In the coming years, the trend of replacing of inappropriate consoles and installing additional protection systems will continue in line with the approved action plan.

CEZ Group places permanent emphasis on environmental care and protection in the vicinity of its sites. Several important natural sites are located in the protection zone of Dukovany Nuclear Power Plant. CEZ Group is their long-term partner. Furthermore, a pair of European beavers lives in the catch tank. Beavers returned to this site a few years ago.

In 2017, exploration and evaluation of fauna and flora in the areas around the Dukovany Nuclear Power Plant was performed. Biodiversity was also assessed with regard to species, birds and habitats of Community importance. The course and results of these activities, together with the results of surveys carried out in recent years, were subsequently processed within the framework of a biological evaluation collectively mapping out the occurrence of protected species and their habitats. It can be deduced from the results that Dukovany Nuclear Power Plant does not have any unacceptable effects on the environment. The biological evaluation was prepared for the needs of the EIA process for the new nuclear facility in the Dukovany site and is annexed to the EIA documentation, which includes an overall characterization of the environmental status of the areas surrounding the power plant according to legal requirements.

In connection with the effort to improve the quality of water in the Jihlava River, cooperation with the Vysočina Region continues on the development of the Jihlava River Quality Model, which was extended to include the Rokytná and Oslava River Basins and is dealt with by the "For clean Jihlava river" (Za čistou řeku Jihlava) conference.

Support for the nesting of the peregrine falcon continued in 2017 at the sites of most coal-fired power plants and heating plants, but also at the Dukovany Nuclear Power Plant. So far, however, only kestrels have been attracted there. A nest box for peregrine falcons was also newly installed at the Temelín Nuclear Power Plant. Since the first falcon nest box in Czechia was installed at a cooling tower walkway at the Tušimice power plant in 2011, 53 young falcons were reared on tall power plant structures, stacks, and cooling towers. Nesting conditions are also created for sand martins, which are found at the disposal sites of some coal-fired power plants. A large colony of them was discovered at the Stodola site in Tušimice, where protection measures for birds during their nesting season were subsequently implemented.

At the reclaimed wastepond of the Tušimice power plant, a population of critically endangered butterfly species Hipparchia semele was found in the quantity of approximately 300–400 individuals. In order to maintain appropriate conditions for maintaining the population of the species, a sheep and goat grazing was agreed in cooperation with the regional authority and a private farmer, which started in 2016 and continued in 2017. According to preliminary information obtained from an entomologist, the grazing currently means a positive contribution to the protection of the butterfly population.

Severočeské doly continued to place nest boxes. Their occupancy was relatively high, and the nest boxes thus fulfilled their functions. At the Radovesice waste dump, functionality of mounds for lizard breeding was monitored; it was demonstrated especially in the case of insects and smaller vertebrates. In 2017, repeated checks were performed on small ponds that were built for amphibian breeding in the area of conservation measures in order to increase their biodiversity. In order to protect the populations of protected butterfly species of the Lycaenidae family, meadows within the area of conservation measures of the town of Lom were mowed to ensure a permanently suitable environment for these species. A check was carried out on the ponds built on the Pokrok waste dump and confirmed their fast vivification. In the forefield of the Bílina Mine, a spontaneous withdrawal of amphibians from the mining area is confirmed, with the gradual termination of operation and drying of the site under the former Teplice waste dump. In 2017 a transfer of amphibians was carried out from the Teplice waste dump area and from the area of 3 reservoirs where drying is going on. Occurrence of rare bird species in both mines (the tawny pipit, the northern wheatear, and the ortolan bunting) is comparable to previous years. The only exception is the significant decrease in the number of observed ortolan buntings, but this trend is observed throughout Czechia. A large colony of sand martins was found in the "Stodola" and "Severní lom" sites, which serve for the fly ash storage site managed by ČEZ. In a cooperation between Severočeské doly and ČEZ, protection of the colony during nesting was ensured. During 2017, the planting in of pre-cultivated plants of Astragalus danicus was carried out in the Nástup Tušimice Mines site.

As regards the protection of flora and fauna, no major problems were encountered in the territory of both mining sites in 2017 causing conflicts with nature protection. It can be stated that the specified biological conditions for further mining activities are continuously fulfilled at both the Bílina Mine and the Nástup Tušimice Mines. In 2018, much attention will be paid to the issue of earthworks in relation to protecting birds nesting on the ground. All biological surveys in the mining areas of Severočeské doly ensure a long-term fulfillment of the conditions laid down in the EIA process and the Plans of opening, preparing, and mining activities.

In cooperation with other energy companies, the Mendel University in Brno, and the Nature Conservation and Landscape Protection Agency, the processing of the arboristic standard "Care for trees around public technical infrastructure" was completed in 2017, ensuring a protection of trees growing around the electricity system infrastructure. It defines the extent and technique of interventions related to trees implemented to ensure the safe and reliable operation of public technical infrastructure according to the Energy Act.

Bulgaria

CEZ Razpredelenie Bulgaria installed 758 isolators to the distribution lines to prevent bird injuries in 2017.

Romania

83 nests for storks were installed on distribution line poles in Mehedinți, Argeș, Teleorman, Dolj, and Gorj counties.
Protection measures preventing bird injuries were implemented on medium-voltage lines by installing isolators in the Argeș, Teleorman, Olt, and Dolj counties.
Regular monitoring of dead birds and bats was carried out in the vicinity of wind power plants, determining the cause of death. No connection was found with the operation or even the existence of the wind power plants in any case.
In cooperation with the Romanian Ornithological Society (SOR), a project was submitted within the LIFE program. The main objective of the project is the protection of biodiversity in selected Natura 2000 protected areas in the Teleorman, Olt, and Dolj counties.

Germany

Wind farms comply with stringent requirements for the protection of birds and bats, as documented by the study of environmental impacts (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.

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 hygienic noise limits in accordance with the legislation and conditions of the applicable authorizations. Based on a review concluding that noise was reduced to an acceptable level and did not pose a risk to human health, an exemption from noise limits was granted for the operation of the Vítkovice and Poříčí heating plants and the Mělník power plant.

Bulgaria

CEZ Razpredelenie Bulgaria performed 15 noise measurements in collaboration with local sanitation authorities in Sofia and Kyustendil. In one case, the noise standard was exceeded. Following the implementation of noise reduction measures, subsequent measurements demonstrated compliance with the standards. An official protocol documenting the observance of the noise limits was issued.

Poland

The Skawina and Chorzów power plants complied with the required noise limits. During the night-time, noise from the Chorzów power plant is just below the permitted limit, and therefore at this time the fuel is not transported into the boiler area of the power plant.

Romania

Noise generated by the wind farms is monitored regularly.
No violation of noise limits was found.

Germany

The monitoring of the wind farms confirmed the observation of noise limits.

Water Consumption and Emissions

CEZ Group Water Consumption and Emissions in Czechia

	Unit	2016	2017	2017/2016 Index (%)
Total water consumption	Thousands of cubic meters	541,876	508,964	93.9
Of which: Surface water	Thousands of cubic meters	541,769	508,867	93.9
Groundwater	Thousands of cubic meters	107	97	90.7
Emissions and specific emissions of air pollutants				
Particulate matter	Tons	1,521	1,421	93.4
Sulfur dioxide	Tons	25,337	24,300	95.9
Nitrogen oxides	Tons	25,092	22,720	90.5
Carbon monoxide	Tons	6,602	6,083	92.1
Carbon dioxide	Tons	27,666,116	25,057,242	90.6

Changes in CEZ Group Ownership Interests

C

Year 2017

Czechia

- January 1—Energie2 Prodej, s.r.o. ceased to exist by a merger with ČEZ Prodej, s.r.o.
- January 2—A 100% stake in Elektrárna Tisová, a.s. was sold
- March 13—The entire 12% stake in ŠKO-ENERGO, s.r.o. was transferred from ČEZ, a. s. to ČEZ ESCO, a.s.
- March 13—The entire 5% stake in ŠKO-ENERGO FIN, s.r.o. was transferred from ČEZ, a. s. to ČEZ ESCO, a.s.
- June 2—Energotrans, a.s. sells 5% equity stake in Energotrans SERVIS, a.s. (now PT Transit, a.s.) to Pražská teplárenská a.s.
- June 14—ČEZ Bytové domy, s.r.o. was established, with a 51% stake held by ČEZ ESCO, a.s.
- June 27—The stake of ČEZ, a. s. in VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s. increased from 39.25% to 41.87% when a decrease in the company's stated capital was registered
- July 1—ČEZ Zákaznické služby, s.r.o. ceased to exist by a merger with ČEZ Prodej, s.r.o., whose form changed from a limited liability company to a joint-stock company at the same date
- September 4—ČEZ ESCO, a.s. purchased a 100% stake in KART, spol. s r.o.
- November 1—ČEZ ESCO, a.s. purchased a 100% stake in AirPlus, spol. s r.o.
- December 1—ČEZ LDS, s.r.o. purchased a 100% stake in EASY POWER s.r.o.
- December 4—ČEZ ESCO, a.s. purchased a 51% stake in HORMEN CE, a.s.
- December 20—Energotrans, a.s. purchased the remaining 5% shares of Areál Třeboradice, a.s. from Pražská teplárenská, a.s.

Bulgaria

- March 24—New company CEZ ESCO Bulgaria EOOD was registered in the Commercial Register; the company is wholly owned by CEZ Bulgarian Investments B.V.
- December 20—The stake in TEC Varna EAD was sold

China

- August 24—A 100% stake in ETS Efficient Technical Solutions Shanghai Co. Ltd. was acquired in connection with the acquisition of the Elevion Group
- November 23—VU LOG decided to establish a subsidiary in the country, which was later carried out

France

- June 28—CEZ France S.A.S. was established; its sole shareholder is German company CEZ Erneuerbare Energien Beteiligungs GmbH
- July 7—Ferme Eolienne des Breuils S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne des Grands Clos S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de Saint-Aulaye S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de Seigny S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de Saint-Laurent-de-Ceris S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de Thorigny S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de la Piballe S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne du Germancé S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 7—Ferme Eolienne de Neuville-aux-Bois S.A.S. was bought; its sole shareholder is French company CEZ France S.A.S.
- July 20—A minority share was acquired in VU LOG S.A.S. by Inven Capital, investiční fond, a.s.

Germany

- April 7—wpd Windparks Luv GmbH was renamed to CEZ Windparks Luv GmbH
- April 7—wpd Windparks Lee GmbH was renamed to CEZ Windparks Lee GmbH
- April 7—wpd Windparks Nordwind GmbH was renamed to CEZ Windparks Nordwind GmbH
- April 26—An increase of the stated capital of Cloud&Heat Technologies GmbH, by which Inven Capital, investiční fond, a.s. acquired a 14.27% share in the company's stated capital, was registered in the Commercial Register
- July 4—CEZ ESCO I GmbH was established; until November 1, it was wholly owned by the Dutch company CEZ ESCO Poland B.V.
- August 24—Acquisition of the Elevion Group took place; CEZ ESCO I GmbH acquired a 15.78% stake in Elevion GmbH and at the same time, it became the sole owner of TGA Elektro Holding Deutschland GmbH, which owned the remaining 84.22% stake in Elevion GmbH; The total stake of ČEZ in the Elevion Group thus totaled 100%
- August 24—In connection with the acquisition of the Elevion Group, as described in the previous point, stakes in EAB Elektroanlagenbau GmbH Rhein/Main, D-I-E Elektro AG, Rudolf Fritz GmbH, ETS Efficient Technical Solutions GmbH, ETS Efficient Technical Solutions Shanghai Co. Ltd., HAu.S GmbH, Elektro-Decker GmbH, EAB Automation Solutions GmbH, Horst Heinzel Kommunikationssysteme GmbH (ceased to exist by merger on January 8, 2018 with retrospective effect from July 1, 2017 – the company merged with D-I-E- Elektro AG), Fluss-Strom Energy GmbH, and REK Errichtungs GmbH were acquired
- August 29—Acquisition of (100% stakes in) CASANO Mobiliengesellschaft mbH & Co. KG and BANDRA Mobiliengesellschaft mbH & Co. KG was carried out through CEZ Erneuerbare Energien Beteiligungs GmbH; through these acquired companies, a 51% stake in juwi Wind Germany 100 GmbH & Co. KG is also held
- October 22—CEZ ESCO Poland B.V. became a limited partner with 37.5% stake in Elevion Co-Investment GmbH & Co. KG
- November 1—CEZ ESCO Poland B.V., so far a sole owner of CEZ ESCO I GmbH, transferred 8% of its stake to Elevion Co-Investment GmbH & Co. KG, keeping the remaining 92%; by this act, CEZ Group's stake in the capital of Elevion GmbH decreased from 100% to 95%
- December 14—A merger of TGA Elektro Holding Deutschland GmbH and Elevion GmbH took place by being registered in the Commercial Register with the record date of August 1, 2017; CEZ ESCO I GmbH thus became the sole owner of Elevion GmbH
- December 20—Stakes in CEZ Erneuerbare Energien Beteiligungs GmbH and CEZ Erneuerbare Energien Verwaltungs GmbH were transferred within the Group, the new owner is CEZ ESCO Poland B.V.

Netherlands

- December 31—CM European Power International B.V. ceased to exist

Poland

- May 15—Farma Wiatrowa Leśce sp. z o.o. (in liquidation) ceased to exist
- May 19—Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o. (in liquidation) ceased to exist
- May 20—Elektrownie Wiatrowe Lubiechowo sp. z o.o. (in liquidation) ceased to exist
- May 25—Mega Energy sp. z o.o. (in liquidation) ceased to exist
- May 25—Baltic Green VII sp. z o.o. (in liquidation) ceased to exist
- June 9—Baltic Green IV sp. z o.o. (in liquidation) ceased to exist
- June 22—Baltic Green Construction sp. z o.o. sold its stake in Baltic Green X sp. z o.o. within CEZ Group; the new 100% owner is CEZ Chorzów S.A.
- September 13—Baltic Green Construction sp. z o.o. sold its stake in Baltic Green VIII sp. z o.o. within the Group; the new 100% owner is CEZ ESCO Poland B.V.
- September 18—CEZ Poland Distribution B.V. sold its minority stake in CEZ ESCO Polska sp. z o.o. within the Group; the new 100% owner is CEZ ESCO Poland B.V.
- October 6—ESCO City I sp. z o.o. was established; it is owned by the Dutch companies CEZ ESCO Poland B.V. and CEZ Poland Distribution B.V.
- October 11—ESCO City III sp. z o.o. was established; it is owned by the Dutch companies CEZ ESCO Poland B.V. and CEZ Poland Distribution B.V.
- October 18—ESCO City II sp. z o.o. was established; it is owned by the Dutch companies CEZ ESCO Poland B.V. and CEZ Poland Distribution B.V.
- October 25—50% stake in OEM Energy sp. z o.o. was purchased through the Dutch company CEZ ESCO Poland B.V.; OEM GROUP sp. z o.o., a Polish company, owns the remaining 50% stake

Romania

- January 3—As part of its rebranding, CEZ Distributie S.A. was renamed to Distributie Energie Oltenia S.A.

North America

- July 20—In connection with the acquisition of a minority stake in VU LOG S.A.S. by Inven Capital, investiční fond, a.s., stakes in Vulog Technologies Inc. (US Office) and Vulog Technologies Ltd (Canada Office) were acquired

Slovakia

- December 13—CEZ Group's entire 100% stake in CEZ Slovensko, s.r.o. was transferred from ČEZ, a. s. to ČEZ ESCO, a.s.

2018 Until the Annual Report Closing Date

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 its 48% stake in Osvětlení a energetické systémy a.s.
- 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.

Albania

- February 1—Shared Services Albania Sh.A. ceased to exist by liquidation

Poland

- January 31—CEZ ESCO Poland B.V. became the sole shareholder in Metrolog sp. z o.o.
- February 21—CEZ Group increased its stake in OEM Energy sp. z o.o. from 50% to 51%

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The advancement of the energy sector puts high demands on the staff taking care of the production, distribution, and sales of our products and services. That is why we have been collaborating with technical schools since the 1990s, offering them education programs in our field. We are in touch with more than fifty secondary schools and thirteen universities and colleges, striving to spur students' interest in the energy sector to source new colleagues.

Litigation and Other Proceedings Involving CEZ Group Companies

Litigation

Czechia

ČEZ, a. s.

1. ČEZ, a. s. registers suits related to the implementation of squeeze-outs:
   - Action seeking review of the adequacy of consideration and award of the right to a different amount of consideration in the process of squeeze-out in Severočeské doly a.s. The proceedings are pending before the court of first instance. Should the complainants win the litigation, the total additional payment could be in the order of tens or hundreds of millions of CZK. The outcome of the proceedings is now impossible to predict.
   - Action against ČEZ Teplárenská, a. s. seeking review of the adequacy of consideration and award of the right to a different amount of consideration in the process of squeeze-out in United Energy, a.s. The parties to the dispute reached an agreement on the settlement of the claims through a mediation ordered by the court. The legal proceedings will be discontinued in the nearest future. ČEZ Teplárenská, a.s. is not the obligor in the sense of any settlement payment.
2. The receiver appointed to Lignit Hodonín, s.r.o. filed an action against ČEZ, a. s. in August 2010 for damages exceeding CZK 196 million, allegedly resulting from abuse of a dominant position in determining the purchase price of brown coal deliveries and the amount of the maximum discount for faulty performance. ČEZ, a. s. denies the claim in full. At the moment, the receivable is held by Ultra Plus Holding Limited, which acts as the claimant in the proceedings. The outcome of the proceedings is impossible to predict.
3. Administrative proceedings relating to a price check regarding purchasing prices of brown thermal coal, conducted by the Specialized Tax Office at ČEZ, a. s., were completed finally in late 2015. A final fine of CZK 150 million was imposed on ČEZ, a. s. for violating the Prices Act when paying the price of brown thermal coal supplied by Sokolovská uhelná, právní nástupce, a.s. in 2009 to 2013. The decision imposing the fine is reviewed by the Municipal Court in Prague on the basis of an action filed by ČEZ, a. s.
4. ČEZ, a. s. and some of its subsidiaries also face 31 litigations initiated by the same plaintiff, Lesy České republiky, s.p. All the actions have the same grounds, namely a claim for compensation for loss caused by the operations of ČEZ, a. s. and its subsidiaries in forest crops in 1997 and 1999–2014. The oldest action is from 1999 and the latest one is from 2016. The total sum of damages claimed, incl. accessories thereof, amounts to CZK 517 million.
5. In July 2013, Mr. Vladimír Juha filed an action against ČEZ, a. s. with the Municipal Court in Prague, in which (after action extension) he was seeking payment of a total of EUR 4 million with accessories thereof. The receivables in dispute 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. Receivables were assigned several times, the last plaintiff was the Slovak company M 8 Slovakia, spol. s r. o. The court of first instance dismissed the action in its entirety. In February 2017, this decision was confirmed by the appellate court. The subsequent devolutive appeal of the plaintiff was rejected by the Supreme Court of the Czech Republic in October 2017. In January 2018, M 8 Slovakia, spol. s r.o. filed a constitutional complaint. The outcome of the proceedings is impossible to predict.
6. ČEZ, a. s. filed an action against Walo Bertschinger AG, a company having its registered office at Limmatstrasse 73, 8005 Zurich, with the Commercial Court of the Canton of Zurich, Switzerland, in March 2016. The company was a contractor whose work consisted in repairs of the cladding of the upper reservoir of the Dlouhé Stráně hydroelectric power plant. The action seeks repair of defects in the work or, if the defects are not remedied by the defendant as decided, payment of a monetary amount equal to the value of the matter in dispute, i.e. CZK 205 million. The first and only court hearing to date was held in January 2017. It, however, dealt only with procedural issues. The parties then held amicable negotiations but these were terminated when no agreement could be reached. Currently, the court has been presented the relevant statements of the parties to the proceedings as requested by the court in relation to the case. Considering the above, the outcome of the litigation is currently impossible to predict.

7. In insolvency proceedings against PLP a.s., Teplárna Trmice, a.s., the legal predecessor of ČEZ Teplárenská, a.s., submitted an unsecured claim for CZK 191 million, consisting of losses arising from failure to pay for electricity, heat, and raw water supplied, and a receivable of nearly CZK 29 million arising from the penalty requested. Both receivables were recognized in review hearings that took place in the first half of 2011. The enterprise of the debtor, PLP a.s., was realized for USD 10 million. The proceeds were rendered to the secured creditor in July 2013. The amount of settlement for ČEZ Teplárenská, a.s. in the insolvency proceedings in question is still zero. The insolvency proceedings have not yet been completed.
8. In November 2016, ČEZ, a. s. filed an action against ŠKODA JS a.s., seeking payment of CZK 611 million with accessories thereof in damages; the claimed amount represents the portion of loss incurred by ČEZ, a. s. to date in the form of lost profits due to wrongly performed radiographic inspections of welded joints at the Dukovany Nuclear Power Plant. In its response to the action, the defendant company rejected the claim of ČEZ, a. s. In June 2017, ČEZ, a. s. sent to the court its replication to the defendant's statement, in which it rejected the defendant's procedural defense and insisted on the action in full. No hearing of the case has been ordered yet. Considering the early stage of the litigation, its outcome is impossible to predict.
9. In February 2017, eleven tenants of apartments initiated a litigation against ČEZ, a. s. before the District Court for Prague 4, seeking determination of title to properties in the cadastral district of Písnice (Písnice housing estate). The plaintiffs claim that the owner of the properties is the Czech Republic. The properties in dispute were transferred by ČEZ, a. s. to CIB RENT PÍSNICE s.r.o. in a tendering procedure for an amount of CZK 1.3 billion. Following a transfer of ownership, CIB RENT PÍSNICE s.r.o. became the defendant based on a resolution adopted in October 2017, ČEZ, a. s., then joined the proceedings as an intervener. In February 2018, the claim of the plaintiffs was nonfinally dismissed by the District Court for Prague 4.
10. ČEZ, a. s. is involved in disputes with 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 tax overpayment was refunded in 2015 and the tax authority refused to award interest on tax authority misconduct). ČEZ, a. s. also filed analogous actions as the successor of Teplárna Trmice, a.s. No decisions on the actions filed have been taken yet.

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ČEZ Distribuce, a. s.

11. In May 2013, ČEZ Distribuce, a. s. was served an action of SPR a.s., seeking payment of CZK 10 million with accessories thereof. The plaintiff's additional submissions successively increased the amount claimed to approximately CZK 213 million. The plaintiff deems its claim to be the loss that it allegedly incurred due to a breach of obligations by ČEZ Distribuce, a. s. in relation to the connection of the Dubí photovoltaic power plant to the distribution grid. The proceedings are pending; the outcome is impossible to predict.
12. The following actions seeking the recovery of unjust enrichment consisting of the electricity distribution price component to cover costs associated with electricity support in relation to local (in-house) consumption that was allegedly incorrectly billed but duly paid by the plaintiffs have been filed against ČEZ Distribuce, a. s.: in August 2015, an action was filed by UNIPETROL RPA, s.r.o. seeking a payment of CZK 303 million with accessories thereof; at the same time an action was filed by ArcelorMittal Ostrava a.s. seeking a payment of CZK 394 million with accessories thereof; in March 2016, an action was filed by Biocel Paskov seeking a payment of approximately CZK 100 million with accessories thereof. The plaintiffs believe that they were not supposed to pay the electricity distribution price component to cover costs associated with electricity support from January 1, 2013 to October 1, 2013, and that they were billed for said price component without legal title by ČEZ Distribuce, a. s. The action of ArcelorMittal Ostrava a.s. and the action of UNIPETROL RPA, s.r.o. were dismissed by courts of first instance, whose decisions are not final yet. Both companies appealed against the judgments. In May 2017, following the completion of the proceedings conducted by the ERO, an analogous action was filed by Mondi Štětí a. s. for a payment of CZK 276 million with accessories thereof. No meritorious judgment has yet been issued in any of the above-mentioned court proceedings. The proceedings are pending; their outcomes are impossible to predict.
13. In March 2016, ČEZ Distribuce, a. s. filed an action against OTE, a.s. with the District Court for Prague 8, seeking the recovery of unjust enrichment of almost CZK 1.9 billion (with accessories thereof) 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., in relation to local (in-house) electricity consumption in the period from January 1 to October 1, 2013. The action results from ambiguous regulation in the period in question, as it is not certain whether or not ČEZ Distribuce, a. s. was required to collect the Contribution from its customers and transfer it to OTE, a.s. ČEZ Distribuce, a. s. filed the action to prevent the expiration of the period of limitation applicable to the claim. The court of first instance first discontinued the proceedings on grounds of lack of competence, claiming that the authority to decide the matter belongs to the Energy Regulatory Office (ERO). The appellate court dismissed this decision on the appeal of ČEZ Distribuce, a. s. and returned the case to the District Court for Prague 8. It discontinued the proceedings on grounds of lack of competence for the second time, which ČEZ Distribuce, a. s. appealed against once again. In February 2018, the Municipal Court in Prague confirmed the decision of the court of first instance concerning its lack of competence to decide on this case. ČEZ Distribuce, a. s. will file a devolutive appeal against the decision of the Municipal Court in Prague. The outcome of the proceedings is impossible to predict. ČEZ Distribuce, a. s. filed an analogous action against OTE, a.s. for the period from October 2 to December 31, 2013, seeking more than CZK 871 million, which was subsequently increased by ČEZ Distribuce, a. s. to CZK 3.5 billion. The District Court for Prague 8 discontinued the proceedings because of its lack of competence; in relation to the appeal of ČEZ Distribuce, a. s., the Municipal Court in Prague confirmed the decision. ČEZ Distribuce, a. s., filed a devolutive appeal against this decision and is now awaiting the verdict of the appellate court. The outcome of the proceedings is impossible to predict. Subsequently, ČEZ Distribuce, a. s. filed a third action against OTE, a.s. seeking the amount of CZK 2.3 billion. The case is now at the District Court for Prague 8 and is waiting for its next steps. The outcome of the proceedings is impossible to predict.
14. In September 2016, an action was filed by ČEZ Distribuce, a. s. with the District Court in Mladá Boleslav against ŠKO-ENERGO, s.r.o., seeking a payment of the electricity distribution price component to cover costs associated with electricity support in relation to local (in-house) consumption for the period of April 1 to October 1, 2013. The amount of the alleged underpayment exceeds CZK 113 million. The action results from ambiguous regulation in the period in question, as it is not certain whether or not ČEZ Distribuce, a. s. was required to collect the Contribution from its customers. This is a lawsuit that mirrors those mentioned above to a large extent. ČEZ Distribuce, a. s. filed the action to prevent the expiration of the period of limitation applicable to the claim. The District Court in Mladá Boleslav discontinued the proceedings on grounds of lack of competence; when appealed by ČEZ Distribuce, a. s., the decision was affirmed by the appellate court, the Regional Court in Prague. ČEZ Distribuce, a. s. filed a devolutive appeal against its decision with the Supreme Court (while another devolutive appeal against the decision on legal costs was filed in the same case by ŠKO-ENERGO, s.r.o.). Both devolutive appeals are awaiting the decision of the appellate court. The outcome of the proceedings is impossible to predict.
15. In insolvency proceedings against Česká energie, a.s., ČEZ Distribuce, a. s. submitted an unsecured receivable of approximately CZK 138 million with accessories thereof, arising from failure to pay for distribution system services under a Framework Contract for Distribution System Services. The insolvency proceedings were started in December 2016 and the debtor, Česká energie, a.s., was declared bankrupt in April 2017. The appellate court, the High Court in Prague, canceled the bankruptcy resolution and returned the case to the Municipal Court in Prague for further proceedings. The insolvency proceedings are still pending.

16. In December 2017, the insolvency proceedings of ENWOX ENERGY s.r.o. were commenced. ČEZ Distribuce, a. s. filed an insolvency petition against the company together with a proposal for a bankruptcy claim and, at the same time, submitted its due and unsecured receivable in the amount of approximately CZK 113 million with the accessories thereof. The receivable resulted from nonpayment of the distribution system services pursuant to the Framework Agreement on the Provision of Distribution System Services. The insolvency proceedings are still pending.

ČEZ Prodej, a.s.

17. Since June 2010, ČEZ Prodej, a.s. has been involved in a litigation with Správa železniční dopravní cesty, státní organizace (Railway Infrastructure Administration, SŽDC), in which it is seeking CZK 805 million in damages. The ground of the dispute is a breach of an electricity supply contract by SŽDC, consisting in failure to take deliveries of the agreed amount of electricity in 2010, and the resulting loss. The High Court in Prague as the appellate court decided the case in its judgment from March 2015 by admitting the claim of ČEZ Prodej, a.s. in full, and SŽDC had to pay ČEZ Prodej, a.s. the full amount in dispute, including accessories thereof. SŽDC complied with the judgment. Consequently the Supreme Court of the Czech Republic, following a devolutive appeal of the SŽDC, annulled the decisions of the first and second instance courts and returned the case to the court of first instance for further proceedings. The outcome is impossible to predict at the moment. Following the aforementioned judgment of the Supreme Court of the Czech Republic, SŽDC called on ČEZ Prodej, a.s. to refund the amount of CZK 805 million with the accessories thereof. After performing a legal assessment of the whole case, ČEZ Prodej, a.s. did not comply with the request. In consequence, SŽDC filed an action against ČEZ Prodej, a.s. in October 2017, seeking the recovery of unjust enrichment of CZK 805 million with accessories thereof. The proceedings are pending and the outcome is impossible to predict at the moment.
18. Since January 2013, ČEZ Prodej, a.s. has been involved in litigation with Správa železniční dopravní cesty, státní organizace (Railway Infrastructure Administration, SŽDC), in which it is seeking CZK 857 million in damages. The ground of the litigation, which is still pending, is a breach of an electricity supply contract by SŽDC, consisting in failure to take deliveries of the agreed amount of electricity in 2011, and the resulting loss. In November 2016, the Municipal Court in Prague upheld the claims in their entirety. However, the appellate court, the High Court in Prague, annulled the judgment of the court of first instance and returned the case to the court of first instance for further proceedings. The outcome of the proceedings is impossible to predict at the moment.
19. Since March 2012, ČEZ Prodej, a.s. has been involved in a litigation with VÍTKOVICE, a.s., heard by the Regional Court in Ostrava, in which it is seeking CZK 386 million with accessories thereof in damages as a result of a breach of an electricity supply contract for 2011 and CZK 10 million as a payment for electricity consumed but unpaid for in 2011. The court of first instance dismissed the action for damages in June 2016 and only admitted compensation for the electricity supplied, amounting to CZK 4 million. ČEZ Prodej, a.s. filed an appeal against the negative part of the judgment, but the High Court in Olomouc affirmed the decision of the court of first instance in April 2017. ČEZ Prodej, a.s. filed a devolutive appeal against the judgment of the appellate court, but it was rejected by the Supreme Court of the Czech Republic in September 2017. By this decision the dispute was finally completed.
20. ČEZ Prodej, a.s. is involved in a litigation against ACTHERM, spol. s r.o., heard by the District Court for Prague 4, seeking damages exceeding CZK 185 million. The litigation was initiated in April 2016 on the grounds of loss incurred by ČEZ Prodej, a.s. due to the actions of the defendant as the distribution system operator during the registration of photovoltaic electricity producers Saša - Sun s.r.o., Zdeněk - Sun s.r.o., and VT-SUN, s.r.o. in the market operator's system and the delivery of information on the amount of support paid to the producers to ČEZ Prodej, a.s. On the proposal of ČEZ Prodej, a.s., the court adopted a nonfinal resolution suspending the proceedings until the completion of the contested administrative proceedings against OTE, a.s. conducted by the Energy Regulatory Office (ERO) on the proposal of ČEZ Prodej, a.s., seeking the payment of an amount exceeding CZK 124 million as the outstanding difference between the purchase prices paid to Saša - Sun s.r.o., Zdeněk - Sun s.r.o., and VT-SUN, s.r.o. as producers and the purchase prices that were actually reimbursed by OTE, a.s. to ČEZ Prodej, a.s. as the mandatory purchaser. The administrative proceedings conducted by the ERO were completed finally in September 2016 by rejecting the proposal of ČEZ Prodej, a.s., whereby the reason for suspension vanished; however, ČEZ Prodej, a.s. subsequently filed an action contesting the ERO's decision with the District Court for Prague 8 in November 2016, seeking to replace the administrative decision with a court ruling (the defendant continues to be OTE, a.s.). ČEZ Prodej, a.s. therefore proposed that the litigation heard by the District Court for Prague 4 be suspended again and the court, by its resolution from June 2017, suspended the proceedings again until the litigation concerning the action contesting the ERO's decision is concluded upon a final judgment. ČEZ Prodej, a.s. also filed a motion to extend the action to include loss occurring in the next period, amounting to more than CZK 61 million, which the court accepted by its resolution in May 2017, thus the total loss claimed by the action now exceeds CZK 185 million.

21. Based on actions filed in March 2017, ČEZ Prodej, a.s. is carrying on litigation against Saša - Sun s.r.o., Zdeněk - Sun s.r.o., and VT-SUN, s.r.o., heard by the District Court in Hodonín. Based on these actions, ČEZ Prodej, a.s. is seeking the recovery of unjust enrichment amounting to nearly CZK 160 million from the companies (CZK 61 million in the case of Saša - Sun s.r.o., CZK 69 million in the case of Zdeněk - Sun s.r.o., and CZK 29 million in the case of VT-SUN, s.r.o.), which consists in the collection of higher purchase prices than those reimbursed to ČEZ Prodej, a.s. by OTE, a.s. Although they are separate litigations, they are based on the same legal and factual bases that are inseparably related to the disputed, finally concluded administrative proceedings against OTE, a.s. before the ERO. Since the motion of ČEZ Prodej, a.s. against OTE, a.s. was dismissed finally in the disputed administrative proceedings, ČEZ Prodej, a.s. asserted its claim in an action against the aforementioned producers that received the support too. The proceedings concerning the action of ČEZ Prodej, a.s. against Saša - Sun s.r.o. and Zdeněk - Sun s.r.o. were nonfinally suspended by the court until the lawsuit heard by the District Court for Prague 8, initiated by the action of ČEZ Prodej, a.s. against OTE, a.s. in which ČEZ Prodej, a.s. seeks to replace the administrative decision of ERO with a court ruling, is concluded upon final judgment. ČEZ Prodej, a.s. filed an appeal against the suspending resolution in all three cases; no decision on the appeal has been taken yet.

Energotrans, a.s.

22. Energotrans, a.s. is involved in disputes with 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 tax overpayment was refunded in 2015 and the tax authority refused to award interest on tax authority misconduct). No decisions on the actions filed have been taken yet.

ŠKODA PRAHA Invest s.r.o.

23. In insolvency proceedings against MODŘANY Power, a.s., ŠKODA PRAHA Invest s.r.o. submitted receivables relating to the execution of projects for the construction of a new 660MW$_e$ unit at the Ledvice power plant, the comprehensive renovation of the Prunéřov II power plant, and the construction of a new 880MW$_e$ CCGT unit at the Počerady power plant, as well as projects at the Dukovany Nuclear Power Plant. In December 2017, a settlement agreement was concluded between ŠKODA PRAHA Invest s.r.o. and MODŘANY Power, a.s., on the basis of which the mutual disputed receivables of both companies were settled and the remaining unconditional receivables were settled out of court (submission of the first part of unconditional receivables was withdrawn already in December 2016) resulting from contractual fines for the late delivery of the work declared in the insolvency proceedings (in the amount of about CZK 286 million). In January 2018, declarations of these remaining unconditional receivables were withdrawn by ŠKODA PRAHA Invest s.r.o. Conditional receivables were not affected by the settlement agreement and continue to be declared in the insolvency proceedings in question.
24. In insolvency proceedings involving the assets of Chladicí věže Praha, a. s., ŠKODA PRAHA Invest s.r.o. submitted receivables relating to the execution of the 880MW$_e$ CCGT Unit project at the Počerady power plant. Specifically, there is a conditional receivable arising from potential defects occurring during the warranty period, up to a possible total of CZK 438 million, and ŠKODA PRAHA Invest s.r.o. notified the court that this claim is unconditional in the amount of approx. CZK 21.3 million. Furthermore, there are unconditional receivables arising from liability for defects and/or compensation for loss incurred in remedying defects and from a contractual penalty for default in remedying notified defects, in a total amount exceeding CZK 13 million. Said submitted receivables were denied by the receiver. Therefore, ŠKODA PRAHA Invest s.r.o. filed an action to determine the authenticity and amounts of all of the denied receivables with the Municipal Court in Prague in July 2016. No decision on this action has been taken yet. In addition, ŠKODA PRAHA Invest s.r.o. is claiming its rights arising out of a bank guarantee issued by PPF banka a.s., in an action seeking the payment of approximately CZK 43 million filed with the District Court for Prague 6 in March 2016. At the end of February 2018, the District Court for Prague 6 nonfinally awarded the claimed amount from a bank guarantee to ŠKODA PRAHA Invest s.r.o.

25. In insolvency proceedings involving the assets of VÍTKOVICE POWER ENGINEERING a.s. (VPE), ŠKODA PRAHA Invest s.r.o. submitted receivables relating to the execution of projects for the construction of a new 660MW$_e$ unit at the Ledvice power plant and the comprehensive renovation of the Prunéřov II power plant. Specifically, there is a conditional receivable arising out of potential defects occurring during the warranty period, up to a possible total of approximately CZK 8,783 million (only in relation to the Prunéřov II project). Furthermore, there are unconditional receivables totaling more than CZK 20 million (in relation to the Prunéřov II project) and more than CZK 105 million (in relation to the new Ledvice power plant unit). During a review hearing held in November 2016, VPE and the receiver denied—in relation to the Prunéřov II project—the authenticity and the amounts of the submitted conditional and unconditional claims receivables totaling almost CZK 8,803 million (i.e., all submitted claims relating to the Prunéřov II project, except for unconditional claims submitted on account of sublease contracts exceeding CZK 0.3 million) and at the same time, VPE denied—in relation to the new Ledvice power plant unit—the authenticity and the amounts of all unconditional claims exceeding CZK 105 million in total. Therefore, ŠKODA PRAHA Invest s.r.o. filed four incidental actions to determine the authenticity and amounts of all of the denied claims with the Regional Court in Ostrava in December 2016. With regard to the procedural changes leading to the fact that the unconditional receivables related to the new facility in the Ledvice power plant are deemed to have been established for the purposes of the insolvency proceedings, the incidental action relating to those receivables has been withdrawn and the incidental proceedings in question have been discontinued. No decisions on the remaining three actions have been taken yet.
26. In June 2017, ŠKODA PRAHA Invest s.r.o. filed an action against NOEN, a.s. at the District Court for Prague 1 seeking a payment of an amount exceeding CZK 92 million, representing contractual fines. Furthermore, ŠKODA PRAHA Invest s.r.o. filed an action against NOEN, a.s. in October 2017 at the same court, seeking a payment of almost CZK 136 million, once again representing contractual fines. No decisions on these actions have been taken yet. The outcome of the proceedings is impossible to predict.

Poland

27. In 2009, Agrowind Kończewo sp. z o.o. (AWK) filed an action against seven companies jointly and severally, one of which is Eco-Wind Construction S.A. (EWC), seeking PLN 22,653,583 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. As at December 4, 2012, the claim was increased to a total of PLN 112,712,952 plus interest (approx. CZK 699 million). The litigation can be expected to last for up to several years.

Turkey

28. Sakarya Elektrik Dağitim A.S. (SEDAŞ) and Sakarya Elektrik Perakende Satış A.S. (SEPAŞ) have been filing appeals against the administrative decisions of the Turkish energy market regulatory authority (EPDK) (the former since 2011 and the latter since 2013) that were the basis for reducing the portion of the companies' operating expenses that was automatically recognized in tariffs. The level of SEDAŞ's and SEPAŞ's operating expenses is defined by EPDK's decision. The level of both companies' operating expenses was gradually reduced by EPDK's decisions, which the companies appealed against and strove to get canceled. On December 18, 2012, one of the disputes was decided by the administrative court in Ankara in favor of SEDAŞ. EPDK appealed against the first instance decision to the Supreme Administrative Court of Turkey. No decision on the appeal has been taken yet. Four disputes were decided by the administrative court in favor of EPDK regulatory authority during 2016. SEPAŞ and SEDAŞ appealed against the first instance decision to the Supreme Administrative Court of Turkey. No decisions on the appeals have been taken yet. The remaining litigation is in the stage of submission of pleadings.

29. Distribution and sales companies in Turkey are facing litigation concerning a refund of the costs of technical and nontechnical losses paid for by the companies' customers. In the case of Sakarya Elektrik Dağitim A.S. (SEDAŞ) and Sakarya Elektrik Perakende Satış A.S. (SEPAŞ), the total amount of currently pending litigations is not material for the companies and with regards to legislation adopted in 2016 it is expected that disputes will be resolved in favor of SEDAŞ and SEPAŞ.
30. In March and May 2016, Sakarya Elektrik Dağitim A.S. (SEDAŞ) filed three administrative actions, and Sakarya Elektrik Perakende Satış A.S. (SEPAŞ) filed two administrative actions against the decisions of the Turkish energy regulatory authority (EPDK) 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, and regulating the limits of SEPAŞ's revenue from electricity sales and limits of SEPAŞ's costs and expenses in the regulatory period of 2016 to 2020. On March 6, 2017, one of the disputes was decided by the court of first instance partially in favor of SEPAŞ. SEPAŞ filed an appeal against the judgment. In late 2016, some of the administrative decisions contested in court were modified by EPDK in favor of SEDAŞ and SEPAŞ; however, EPDK took only partial account of the companies' claims. Therefore, SEDAŞ and SEPAŞ filed new administrative actions against said administrative decisions in April 2017. Some of the actions were refiled on July 10, 2017 owing to a previous procedural decision of the administrative court.

Romania

31. Distributie Energie Oltenia S.A. has been carrying on a lawsuit against the regulatory authority concerning distribution tariffs in the 2nd regulatory period since early 2014. In April 2016, the court of first instance partially admitted the complaint of Distributie 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 the 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.

Bulgaria

32. CEZ Razpredelenie Bulgaria AD and CEZ Elektro Bulgaria AD appealed in 2016 and 2017 against numerous decisions of the regulatory authority—Energy and Water Regulatory Commission (EWRC)—stipulating prices of electricity. Court hearings are underway.
33. CEZ Razpredelenie Bulgaria AD appealed against certain decisions of the regulatory authority stipulating prices of access to the distribution network for producers of electricity from RES purchased at preferential prices, and obligatory compensation to producers of electricity from RES. The regulatory authority's decision on prices of access to the distribution network for RES producers has been annulled by the court. The case was returned to the regulatory authority to adopt a new decision. The court rejected the company's appeal by its decision from June 2017. Other court hearings concerning the stipulation of obligatory compensation for individual producers of electricity from RES were reopened.
34. In March 2014, NEK filed an action against CEZ Razpredelenie Bulgaria AD with 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. On December 11, 2017, the court of first instance dismissed the action brought by ESO EAD; ESO EAD filed an appeal against the decision. The date of the next hearing will be determined.
35. 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, claiming 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 195 final court decisions: 95 of them confirmed the imposed penalties, and the penalties were paid by the company; 100 of them definitely dismissed the penalties. The remaining cases are still pending.

36. 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, CPC decided on a fine in the amount of BGN 1.14 million (approximately CZK 14.3 million) for CEZ Elektro Bulgaria AD and BGN 1.06 million (approximately CZK 13.9 million) for CEZ Razpredelenie Bulgaria AD. Both companies appealed against this decision to the Supreme Administrative Court. The next hearing is scheduled for February 4, 2019.
37. On September 17, 2015, the National Energy Company EAD (NEK) brought an action against CEZ Elektro Bulgaria AD on the grounds of its alleged receivable for unpaid electricity from January–February 2014. The amount claimed is BGN 6.4 million (approximately CZK 83 million), including penalty interest. CEZ Elektro Bulgaria AD filed an objection to the action for its groundlessness, as it had set off its receivables from the plaintiff against the plaintiff's receivables. The court of first instance issued an unclear ruling on October 11, 2016. CEZ Elektro Bulgaria AD appealed. On April 24, 2017, the court affirmed the decision of the court of first instance disallowing NEK's claims on the grounds of the setoff of receivables with CEZ Elektro Bulgaria AD in the amount of BGN 5.6 million. At the same time, the court reversed the decision of the court of first instance on NEK's claim for the remaining portion of the receivable. No party appealed against the decision and the decision is in effect. On July 12, 2017, NEK and CEZ Elektro Bulgaria AD agreed on an out-of-court settlement with a positive effect of CZK 0.4 billion on the 2017 income.
38. The Commission for Protection against Discrimination has opened the case No. 258/2008 for alleged discrimination based on ethnic origin caused by installing junction boxes at a height of 6–8 meters in some areas, while in other areas at a height of 1–2 meters. On July 16, 2015, the Court of Justice of the European Union in Luxembourg ruled that Anelya Nikolova was discriminated against. The Administrative Court in Sofia took over the case. On August 10, 2017, the Administrative Court decided to return the case back to the Commission for Protection against Discrimination. The Commission reopened the case and is expected to schedule the next hearing.
39. In April 2017, Piraeus Bank filed an action against Bara Group EOOD concerning pledged receivables 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 receivable amounting to BGN 3 million (approximately CZK 39 million). Bara Group EOOD submitted its objections to the action in writing and it is now necessary to wait for a hearing to be fixed by the court of first instance.

Other Proceedings

Czechia

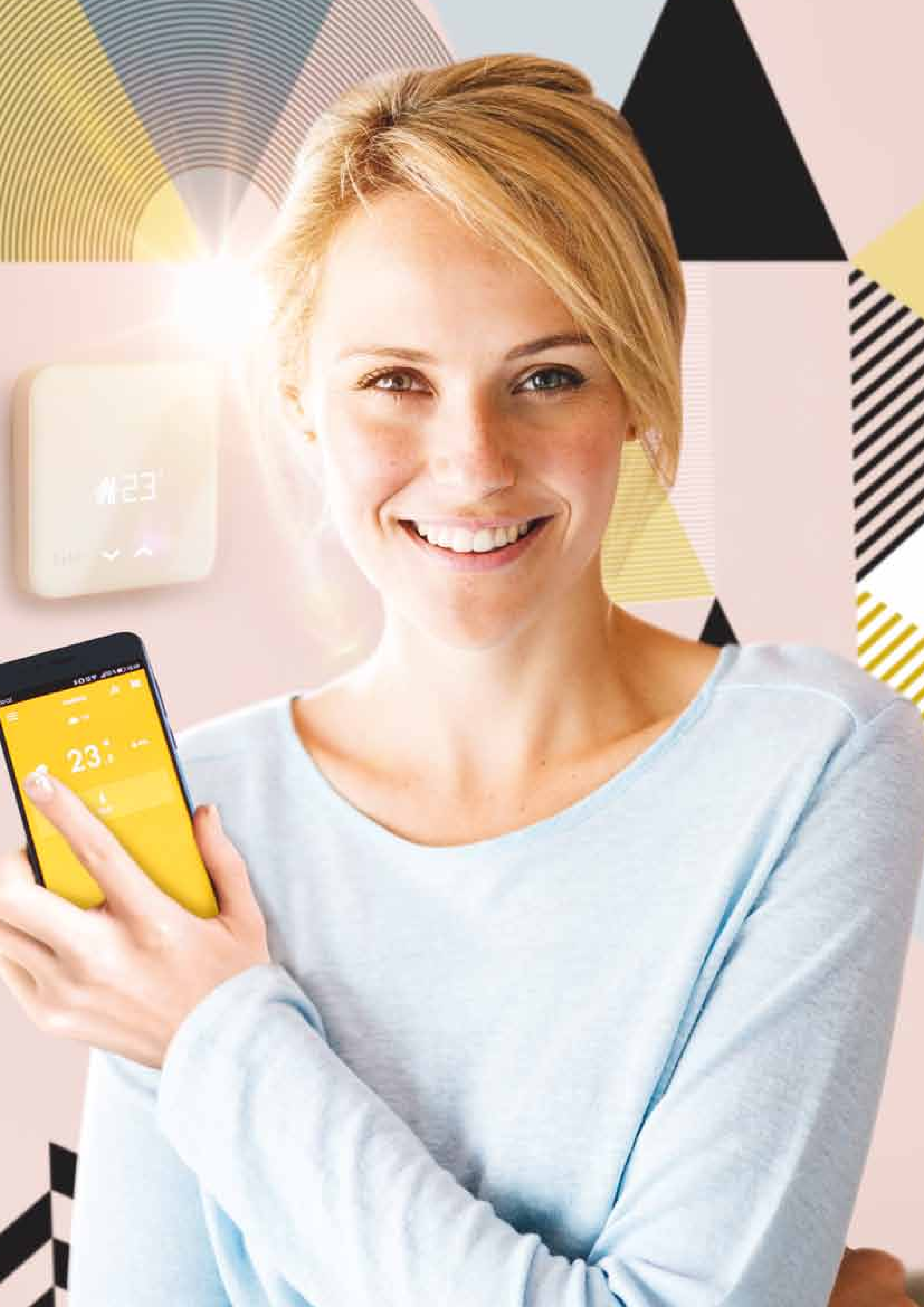
As part of an investigation into possible criminal activity related to obtaining a license to operate the Vranovská Ves photovoltaic power plant, police authorities issued a resolution to secure a replacement value of the likely proceeds of this criminal activity pursuant to the Code of Criminal Procedure, specifically:

1. securing of receivables of ČEZ Obnovitelné zdroje, s.r.o. against OTE, a.s. as at December 31, 2017 in the form of the paid support for the green bonus, in the total amount of nearly CZK 584 million; the amount in question will be deposited on a bank account maintained by 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; for the duration of the security, ČEZ, a. s. cannot dispose of these funds.

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 hence 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. There is no current progress in the procedure in spite of constant appeals for its cessation, including interventions by the European Commission. 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 nonprotection of investment of ČEZ, a. s. 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, nonimproving critical situation in the country's energy market. The claim amounts to hundreds of millions of EUR. ČEZ repeatedly called upon the Bulgarian government to improve the existing situation speedily and compensate incurred losses. It sent the Bulgarian government a Notice of Dispute in November 2015, 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 have not resulted in any official response by the competent authorities since 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 was not part of the sale of Bulgarian assets approved by ČEZ's bodies in February 2018 and the arbitration is carried on by ČEZ, a. s.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Smart technologies are becoming a standard part of our world. Not long ago, many of us could hardly imagine being able to control their entire home remotely, using a cell phone. Now more and more people enjoy such conveniences every day, including energy-related devices—smart thermostats.

Basic Organization Chart of ČEZ, a. s. as at March 19, 2018

Shareholders' Meeting

Supervisory Board

Board of Directors

- **Chief Executive Officer Division**
  Daniel Beneš
  Chief Executive Officer
  - Internal Audit
  - Communication and Marketing of CEZ Group
  - Security of CEZ Group
  - Management System
  - CEZ Group Safety Inspectorate
  - Legal
  - Corporate Compliance
  - CEZ Group Public Affairs
  - CEO's Office
- **Finance Division**
  Martin Novák
  Division Head
  - Accounting
  - Central Controlling
  - Financing
  - Taxes
  - Risk Management
  - Subsidiaries Administration
- **Fossil and Hydro Generation Division**
  Ladislav Štěpánek
  Division Head
  - Mělník Power Plant, Trmice Heat Station
  - Počerady and Ledvice Power Plants
  - Tušimice and Prunéřov Power Plants
  - Hydro Power Plants
  - Poříčí and Hodonín Power Plants
  - Production Management
  - Asset Management Fossil and Hydro Energy
  - Fossil and Hydro Energy Engineering
  - Fossil and Hydro Energy Division Office
- **Administrative Division**
  Michaela Chaloupková
  Division Head
  - Procurement for Production and Mining
  - Procurement for Distribution
  - Procurement of Noncore Services and Materials
  - Fuel Cycles
  - Human Resources
  - Ombudsman ČEZ
  - Performance Management Administrative Division

Audit Committee

Sales and Strategy Division
Pavel Cyrani
Division Head

- Trading
- ESCO Foreign
- Development Foreign Sales
- Strategy
- Performance Management
- Clean Technology

Renewable Energy and Distribution Division
Tomáš Pleskač
Division Head

- Renewable Resources
- Mergers, Acquisitions
- Operation and Maintenance of Renewable Resources
- Foreign Acquisition Turkey
- Performance Management
- Foreign Acquisition Management
- Valuation

Nuclear Energy Division
Bohdan Zronek
Division Head

- Safety and Preparation of Staff
- Asset Management Nuclear Energy
- Nuclear Energy Engineering
- Nuclear Power Plant Construction
- Dukovany Nuclear Power Plant
- Temelín Nuclear Power Plant
- Performance Management Improvement
- Nuclear Energy Division Office

Information for Shareholders and Investors

Financial Calendar	Date
CEZ Group 2017 Annual Report—electronic Czech and English versions	April 18, 2018
CEZ Group 2017 Annual Report—printed Czech version	April 18, 2018
CEZ Group 2017 Annual Report—printed English version	April 27, 2018
CEZ Group non-audited consolidated financial results for Q1 2018	May 10, 2018
Interim consolidated financial statements	
Conference call (in English)	
ČEZ, a. s. non-audited financial results for Q1 2018	May 10, 2018
CEZ Group non-audited consolidated financial results for H1 2018	August 7, 2018
Interim consolidated financial statements	
Conference call (in English)	
ČEZ, a. s. non-audited financial results for H1 2018	August 7, 2018
CEZ Group 2018 Half-Year Report	August 31, 2018
CEZ Group non-audited consolidated financial results for Q1–Q3 2018	November 8, 2018
Interim consolidated financial statements	
Conference call (in English)	
ČEZ, a. s. non-audited financial results for Q1–Q3 2018	November 8, 2018

Contacts		
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Alice Horáková	alice.horakova@cez.cz	+420 211 042 460
List of Area Contacts in Czechia	http://www.cez.cz/cs/pro-media/kontakt-pro-media.html	
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/	
Investor Relations		
Barbara Seidlová	barbara.seidlova@cez.cz	+420 211 042 529
Jan Hájek	jan.hajek@cez.cz	+420 211 042 687
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Martin Schreier	martin.schreier@cez.cz	+420 211 042 612
ČEZ Foundation	www.nadacecez.cz	+420 211 046 726

Contacts		
Customer Care Line in Czechia—Sales Mailing address: ČEZ Prodej, a.s. Guldenerova 2577/19 326 00 Plzeň	https://www.cez.cz/cs/kontakty.html	+420 800 810 820 fax: +420 371 102 008 When calling from abroad: +420 371 100 100
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 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 Hungary	sales@cez.hu	+36 1 266 9324 fax: +36 1 266 9331
Customer Care Line in Romania—Sales Mailing address: CEZ Romania S.A. Str. Depozitelor 2 Târgu Jiu, judetul Gorj cod postal 210238	cez_crc@cez.ro	0251 929 (when calling from Romania) fax: 0248 524 834
Customer Care Line in Romania—Distribution Mailing address: Distributie 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
Customer Care Line in Slovakia Mailing address: ČEZ Slovensko, s.r.o. Mlynské nivy 48 821 09 Bratislava	cez@cez.sk	0850 888 444 (when calling from Slovakia)
Representation in France	info@cezfrance.fr Additional information: www.youtube.com/watch?v=NCd9FC0Q48Q	
Representation in Germany	info@cezgroup.de	+49 40 82215 3186
Web Sales Office	www.cez.cz/cs/sluzby-pro-zakazniky/cez-online.html	
Offer of Services for Customers	https://www.cez.cz/cs/sluzby-pro-zakazniky.html	
CEZ Group Ombudsman in Czechia Josef Sedlák Mailing address: Ombudsman ČEZ Hvězdova 1716/2b 140 62 Praha 4	www.cez.cz/cs/odpovedna-firma/ombudsman.html	No phone contact
CEZ Group Ombudsman in Bulgaria Radoslav Dimitrov Mailing address: Tsarigradsko Shosse 159 1784 Sofia	http://www.cez.bg/edee/qf/bg/bsramjet/bg3/ombudsman	+359 (0) 28 958 450 fax: +359 (0) 28 959 770

Glossary of Selected Terms and Abbreviations

Term	Commentary
EIA	Environmental Impact Assessment
GRID4EU Project	Project focusing on the support for the development of smart grid
Horizon 2020	European Union Framework Program for Research and Innovation in 2014–2020, defining a framework for EU support of research and innovation activities.
INEA	Innovation and Networks Executive Agency Innovation and Networks Executive Agency is responsible for the management of EU programs supporting reserach and infrastructure in the area of transport, energy and telecommunications.
INES	International Nuclear Event Scale An international scale rating the significance of nuclear events. Used since March 1990. Events are rated at seven levels. Events that have no safety significance and are rated at Level 0 (below the scale), are called “deviations.” According to IAEA guidelines, it is not appropriate to use INES to compare safety performance between power plants, operators, or countries. Procedures for notifying the public of the less significant events can differ and it is difficult to ensure uniformity in the assessment of events below the scale, at Level 0, and at Level 1.
OPEC	Organization of the Petroleum Exporting Countries
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.
OTE	OTE, a.s. It performs the activities of a market operator under a license from the Energy Regulatory Office. It organizes gas and electricity spot market as well as—in cooperation with the transmission system operator—the balancing market for regulation energy. It evaluates variations between actual and contracted deliveries/consumption of electricity and natural gas for the entire Czech territory and ensures their clearing and settlement at clearing entities.
PSE	Prague Stock Exchange
Public affairs	Strategic and communication influence of companies on decision-making processes in politics or other decision-making entities.
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.
SICAV	Société d‘investissement à capital variable Variable-capital joint-stock company. Method of collective investment in the form of an open-ended investment fund.
SPV	Special purpose vehicle
SÚJB	State Office for Nuclear Safety (Státní úřad pro jadernou bezpečnost)
TA CR	Technology Agency of the Czech Republic (Technologická agentura ČR)
WANO	The World Association of Nuclear Operators

List of Units and Abbreviations Used

Unit	Commentary
t	Metric 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

With the exception of three chapters of the Annual Report, company names are used without legal form designations. Full names of companies outside of the CEZ Group are listed in the following table. Names of the CEZ Group companies are included in the “Related Parties Report,” which forms part of this Annual Report.

Names of Companies Outside of CEZ Group

(Short) Name Used	Full Name According to the Commercial Register
ABO Wind	ABO Wind AG
AKKÖK	Akkök Holding A.S.
ARRIVA CITY	ARRIVA CITY s.r.o.
Burza cenných papírů Praha	Burza cenných papírů Praha, a.s.
Cloud&Heat Technologies	Cloud&Heat Technologies GmbH
ČEPS	ČEPS, a.s.
DIAMO	DIAMO, státní podnik
Dopravní podnik hl. m. Prahy	Dopravní podnik hl. m. Prahy, akciová společnost
EEX	European Energy Exchange AG
FVE Dubí	FVE Dubí s.r.o.
FVE Vranovská Ves	FVE Vranovská Ves a.s.
Hyundai Dymos Czech	Hyundai Dymos Czech, s.r.o.
Chimimport	Chimimport AD
KGAL	KGAL Capital GmbH & Co. KG
Kongresové centrum Praha	Kongresové centrum Praha, a.s.
KOTOUČ ŠTRAMBERK	KOTOUČ ŠTRAMBERK, spol. s r. o.
Krkonošské vápenky Kunčice	Krkonošské vápenky Kunčice , a.s.
LOGIT	LOGIT s.r.o.
MOL	MOL Hungarian Oil and Gas PLC (MOL Nyrt.)
Národní energetická společnost EAD (NEK)	Natsionalna Elektricheska Kompania EAD
OKD	OKD, a.s. (Note: in bankruptcy)
PASSERINVEST GROUP	PASSERINVEST GROUP, a.s.
PG Silesia Sp. z o.o.	PG Silesia Sp. z o.o. (Przedsiębiorstwo Górnicze „SILESIA“ sp. z o.o.)
PSE	Prague Stock Exchange (Burza cenných papírů Praha, a.s.)
RTE	RTE Réseau de transport d‘électricité
SEPS	Slovenská elektrizačná prenosová sústava, a.s.
Slovnaft	SLOVNAFT, a.s.
Sokolovská uhelná	Sokolovská uhelná, právní nástupce, a.s.
sonnen	sonnen GmbH
SPOLCHEMIE	SPOLCHEMIE, a.s.
SunFire	SunFire GmbH
tado	tado GmbH
Teva Czech Industries	Teva Czech Industries s.r.o.
TVEL	akciová společnost TVEL – акционерное общество «ТВЭЛ»
Vápenka Čertovy schody	Vápenka Čertovy schody a.s.
VÁPENKA VITOŠOV	VÁPENKA VITOŠOV s.r.o.
Vršanská uhelná	Vršanská uhelná a.s.
VU LOG	VU LOG S.A.S.
Warsaw Stock Exchange (WSE)	Giełda Papierów Wartościowych w Warszawie S.A.
Westinghouse Electric Sweden	Westinghouse Electric Sweden AB

Totals and subtotals in this Annual Report can differ from the sum of partial values due to rounding.
Pursuant to the Accounting Act, the CEZ Group compiles a separate report containing non-financial information (the Sustainable Development Report) for the accounting period of 2017, which will be, in accordance with the Act, compiled by June 30, 2018 and subsequently published on: www.cez.cz/zpravaoudrzitelnosti.

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	
Net Debt	
Purpose:	The indicator shows the real level of a company's financial debt, i.e., the nominal amount of debt net of cash, cash equivalents, and highly liquid financial assets held by the company. The indicator is primarily used to assess the overall appropriateness of the company's debt, e.g., in comparison with selected corporate profit or balance sheet indicators.
Definition:	Long-Term Debt, Net of Current Portion + Current Portion of Long-Term Debt + Short-Term Loans – (Cash and Cash Equivalents + Highly Liquid Financial Assets).
Explanation of a change compared to the 2016 Annual Report:	Change in accounting terms without impact on the substance.
Adjusted Net Income (After-Tax Income, Adjusted)	
Purpose:	This is a supporting indicator, intended primarily for investors, creditors, and shareholders, which allows interpreting achieved financial results with the exclusion of extraordinary, usually nonrecurring effects that are generally unrelated to ordinary financial performance and value creation in a given period.
Definition:	Net income (after-tax income) +/– additions to and reversals of impairments of property, plant, and equipment and intangible assets, including goodwill +/– additions to and reversals of impairments of developed projects +/– other extraordinary effects that are generally unrelated to ordinary financial performance in a given year and value creation in a given period +/– effects of the above on income tax.
Dividend per Share (Gross)	
Purpose:	The indicator expresses a shareholder's right to the payment of a share in a joint-stock company's profits (usually for the past year) corresponding to the holding of one share. The subsequent payment of the share in profits is usually subject to taxes, which may be different for different shareholders; therefore, the value before taxes is reported.
Definition:	Dividend awarded in the current year, before taxes, per outstanding share (paid in the reported year from the profits of prior periods).
EBITDA (EBIT Before Depreciation and Amortization, Impairments, and Asset Sales)	
Purpose:	This is an important economic indicator showing a business's operating efficiency comparable to other companies, as it is unrelated to the company's depreciation and amortization policy and capital structure or tax treatment. It is one of the fundamental indicators used by companies to set their key financial and strategic objectives.
Definition:	Earnings before taxes and other expenses and revenues + depreciation and amortization +/– impairments of property, plant, and equipment and intangible assets, including goodwill (including write-off of canceled investments) +/– sales of property, plant, and equipment and intangible assets.
Net Debt / EBITDA	
Purpose:	This indicates a company's capability to decrease and pay back its debt as well as its ability to take on additional debt to grow its business. CEZ Group uses this indicator primarily to assess the adequacy of its capital structure to the structure and stability of its expected cash flows.
Definition:	Net Debt / EBITDA. EBITDA is the running total for the past 12 months; Net Debt is the amount at the end of the period, i.e., December 31.
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 – Corporate Income Tax Rate) / 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.

Indicator	
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.
Explanation of a change compared to the 2016 Annual Report:	Change in accounting terms without impact on the substance.
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.

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

Net Debt Indicator—Highly Liquid Financial Assets Item (CZK millions):

	As at Dec 31, 2016	As at Dec 31, 2017
Short-term debt securities available for sale	7	2,807
Short-term debt securities held to maturity	2,945	–
Short-term deposits	2,040	500
Long-term deposits	500	500
Long-term debt securities available for sale	4,646	1,787
Highly liquid financial assets, total	10,138	5,594

Adjusted Net Income Indicator—Individual Components:

Adjusted Net Income (After-Tax Income, Adjusted)	Unit	Q1–Q4 2016	Q1–Q4 2017
Net income	CZK millions	14,575	18,959
Impairments of property, plant, and equipment and intangible assets, including goodwill	CZK millions	3,114	(142)
Impairments of developed projects*	CZK millions	671	523
Impairments of property, plant, and equipment and intangible assets, including goodwill, at joint ventures**	CZK millions	1,312	1,251
Effects of additions to or reversals of impairments on income tax***	CZK millions	(32)	107
Other extraordinary effects	CZK millions	–	–
Adjusted net income	CZK millions	19,640	20,698

* 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 joint ventures in the Consolidated Statement of Income.
*** Included in the row Income taxes (deferred tax) in the Consolidated Statement of Income.

Supplementary Information on CEZ Group Members

Individual Results of Fully Consolidated Companies (in CZK millions)

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2016	2017	2016	2017
ČEZ, a. s.	81,793	77,257	16,793	15,468
A.E. Wind S.A.	–	–	(2)	(2)
AirPlus, spol. s r.o.	–	144	–	21
Areál Třeboradice, a.s.	11	12	4	3
AZ KLIMA a.s.	571	682	55	60
AZ KLIMA SK, s.r.o.	70	214	4	8
Baltic Green Construction sp. z o.o.	–	–	(1)	(1)
Baltic Green I sp. z o.o.	–	–	(1)	–
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.	–	–	–	–
Baltic Green X sp. z o.o.	–	–	–	–
BANDRA Mobiliengesellschaft mbH & Co. KG	–	119	–	81
Bara Group EOOD	6	–	(4)	(4)
CASANO Mobiliengesellschaft mbH & Co. KG	–	124	–	88
Centrum výzkumu Řež s.r.o.	510	682	26	37
CEZ Bulgaria EAD	714	634	12	11
CEZ Bulgarian Investments B.V.	1	1	(20)	(23)
CEZ Deutschland GmbH	5	82	(21)	(5)
CEZ Elektro Bulgaria AD	17,462	16,672	13	547
CEZ Erneuerbare Energien Beteiligungs GmbH	–	–	(1)	(9)
CEZ Erneuerbare Energien Verwaltungs GmbH	2	7	–	(2)
CEZ ESCO Bulgaria EOOD	–	–	–	(2)
CEZ ESCO I GmbH	–	–	–	(31)
CEZ ESCO Poland B.V.	–	9	(2)	(255)
CEZ ESCO Polska sp. z o.o.	–	56	(21)	(58)
CEZ France S.A.S.	–	–	–	(2)
CEZ Hungary Ltd.	1,513	1,631	34	(96)
CEZ Chorzów S.A.	2,662	2,506	1,073	899
CEZ ICT Bulgaria EAD	265	244	132	119
CEZ International Finance B.V.	–	–	(5)	(4)
CEZ MH B.V.	–	–	(4)	(10)
CEZ Poland Distribution B.V.	13	40	(200)	(32)
CEZ Polska sp. z o.o.	188	186	17	17
CEZ Produkty Energetyczne Polska sp. z o.o.	139	167	22	26
CEZ Razpredelenie Bulgaria AD	5,633	5,832	1,267	1,335
CEZ Romania S.A.	885	863	57	108
CEZ Skawina S.A.	2,148	1,980	312	225
CEZ Slovensko, s.r.o.	6,294	6,813	202	(108)
CEZ Srbija d.o.o.	110	269	(10)	10
CEZ Towarowy Dom Maklerski sp. z o.o.	15	15	1	1
CEZ Trade Bulgaria EAD	5,394	5,825	87	67
CEZ Trade Polska sp. z o.o.	2,770	4,176	49	(30)
CEZ Trade Romania S.R.L.	43	39	3	5
CEZ Ukraine LLC	–	–	–	–
CEZ Vanzare S.A.	9,507	8,704	174	46
CEZ Windparks Lee GmbH	–	–	–	(1)

Depreciation and Amortization		Net Income		Total Assets		Equity	
2016	2017	2016	2017	2016	2017	2016	2017
(15,253)	(15,555)	8,834	5,105	536,934	532,770	200,698	187,507
–	–	(4)	(231)	244	5	69	(159)
–	(1)	–	15	–	57	–	27
(16)	(16)	(10)	(10)	222	209	183	173
(7)	(12)	39	38	384	380	157	175
–	(1)	2	6	29	97	14	16
–	–	(151)	(311)	422	207	(147)	207
–	–	(1)	–	166	184	5	5
–	–	(85)	(19)	27	8	(76)	(95)
–	–	(33)	(2)	9	3	(25)	(27)
–	–	(18)	(5)	10	3	(16)	(21)
–	–	(9)	(1)	3	1	(7)	(8)
–	–	–	–	–	1	–	1
–	–	–	(42)	56	7	–	(42)
–	–	–	–	–	6	–	–
–	(64)	–	(35)	–	776	–	(48)
(17)	–	(163)	(18)	38	42	(354)	(352)
–	(64)	–	(28)	–	794	–	(45)
(18)	(26)	1	(7)	945	667	378	372
(5)	(4)	6	6	597	252	110	109
–	–	(249)	(138)	691	520	687	518
–	–	(21)	(6)	22	148	14	135
–	–	9	489	4,425	4,270	1,232	1,642
–	–	(1)	(89)	1,291	1,709	–	(19)
–	–	–	(2)	2	12	–	2
–	–	–	(2)	–	46	–	1
–	–	–	(63)	–	5,002	–	3,497
–	–	(2)	(255)	22	4,006	21	3,838
–	–	(18)	(48)	10	86	1	57
–	–	–	(3)	–	318	–	7
–	–	22	(96)	347	377	114	14
(205)	(196)	739	597	11,822	11,309	6,197	6,200
(100)	(88)	25	26	352	426	117	136
–	–	15	(1)	1,523	6	1,522	5
–	–	(846)	4,430	16,706	1,402	2,879	1,401
–	–	(332)	(502)	5,738	12,905	4,654	7,254
(6)	(7)	673	447	16,237	16,069	9,923	10,373
–	–	18	21	70	81	50	46
(891)	(865)	343	412	11,263	11,724	8,592	7,881
(34)	(56)	14	32	2,545	2,537	161	219
(265)	(239)	(33)	(27)	4,263	4,101	2,180	2,147
–	–	150	(94)	1,415	1,760	648	520
–	–	(9)	8	62	44	25	33
–	–	3	3	292	455	45	49
(1)	–	75	57	1,032	1,131	333	369
–	–	35	(31)	1,006	1,259	157	126
–	–	2	4	23	21	14	17
–	–	–	–	–	–	–	–
–	–	108	50	1,825	1,840	497	418
–	–	–	(1)	96	91	–	(1)

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2016	2017	2016	2017
CEZ Windparks Luv GmbH	–	–	–	(1)
CEZ Windparks Nordwind GmbH	–	–	–	(1)
ČEZ Bohunice a.s.	–	–	(4)	(4)
ČEZ Bytové domy, s.r.o.	–	–	–	(6)
ČEZ Distribuce, a. s.	49,747	47,484	16,401	15,569
ČEZ Distribuční služby, s.r.o.	5,934	5,553	1,098	491
ČEZ Energetické produkty, s.r.o.	957	1,302	87	83
ČEZ Energetické služby, s.r.o.	1,618	1,737	126	137
ČEZ ENERGOSERVIS spol. s r.o.	1,249	1,213	26	15
ČEZ ESCO, a.s.	107	545	(131)	(121)
ČEZ ICT Services, a. s.	3,001	2,420	923	755
ČEZ Inženýring, s.r.o.	181	163	20	20
ČEZ Korporátní služby, s.r.o.	1,838	1,851	405	437
ČEZ LDS, s.r.o.	–	22	–	(3)
ČEZ Obnovitelné zdroje, s.r.o.	2,154	2,259	488	157
ČEZ OZ uzavřený investiční fond a.s.	1,330	1,705	940	1,645
ČEZ Prodej, a.s.	67,090	61,167	4,805	3,988
ČEZ Recyklace, s.r.o.	2	2	–	–
ČEZ Solární, s.r.o.	48	140	15	38
ČEZ Teplárenská, a.s.	2,967	2,800	402	374
D-I-E ELEKTRO AG	–	371	–	36
Distributie Energie Oltenia S.A.	5,073	4,849	1,797	1,694
EASY POWER s.r.o.	–	43	–	10
EAB Automation Solutions GmbH	–	50	–	(3)
EAB Elektroanlagenbau GmbH Rhein/Main	–	889	–	82
Eco-Wind Construction S.A.	245	23	(310)	(73)
EGP INVEST, spol. s r.o.	188	4	15	(16)
Elektrárna Dětmarovice, a.s.	2,927	2,659	320	(36)
Elektrárna Dukovany II, a. s.	–	–	(4)	(7)
Elektrárna Mělník III, a. s.	–	–	(2)	(2)
Elektrárna Počerady, a.s.	7,674	5,419	1,179	826
Elektrárna Temelín II, a. s.	–	–	(4)	(5)
Elektro-Decker GmbH	–	91	–	2
Elevion GmbH	–	61	–	5
Energetické centrum s.r.o.	205	175	79	31
Energocentrum Vítkovice, a. s.	320	260	(21)	(47)
Energotrans, a.s.	3,734	3,597	1,328	1,192
ENESA a.s.	320	140	28	20
ESCO City I sp. z o.o.	–	–	–	–
ESCO City II sp. z o.o.	–	–	–	–
ESCO City III sp. z o.o.	–	–	–	–
ETS Efficient Technical Solutions GmbH	–	851	–	15
ETS Efficient Technical Solutions Shanghai Co., Ltd.	–	12	–	–
EVČ s.r.o.	316	276	13	(29)
Ferme Eolienne de la Piballe S.A.S.	–	–	–	–
Ferme Eolienne de Neuville-aux-Bois S.A.S.	–	–	–	–
Ferme Eolienne de Saint-Aulaye S.A.S.	–	–	–	–
Ferme Eolienne de Saint-Laurent-de-Ceris S.A.S.	–	–	–	–
Ferme Eolienne de Seigny S.A.S.	–	–	–	–
Ferme Eolienne de Thorigny S.A.S.	–	–	–	–
Ferme Eolienne des Breuils S.A.S.	–	–	–	–
Ferme Eolienne des Grands Clos S.A.S.	–	–	–	(2)
Ferme Eolienne du Germancé S.A.S.	–	–	–	–
Free Energy Project Oreshets EAD	39	38	32	31
HAu.S GmbH	–	136	–	9
HORMEN CE a.s.	–	202	–	13
Inven Capital, investiční fond, a.s.	–	–	(37)	(41)
KART, spol. s r.o.	–	141	–	17
M.W. Team Invest S.R.L.	219	345	132	276
MARTIA a.s.	629	810	(6)	25
OEM Energy sp. z o.o.	–	105	–	8
OSC, a.s.	144	143	40	35
Ovidiu Development S.R.L.	731	968	1,033	1,132
PRODECO, a.s.	1,395	1,363	57	66
Revitrans, a.s.	1,656	1,549	497	466

	Depreciation and Amortization		Net Income		Total Assets		Equity	
	2016	2017	2016	2017	2016	2017	2016	2017
	–	–	–	(2)	293	282	–	(1)
	–	–	–	–	180	172	9	9
	–	–	(4)	(14)	3,210	3,196	3,210	3,195
	–	(1)	–	(6)	–	17	–	(6)
	(6,822)	(6,979)	7,596	6,793	138,010	136,820	99,145	101,668
	(713)	(374)	226	91	6,703	6,293	5,757	5,632
	(13)	(13)	60	55	493	622	307	350
	(65)	(64)	39	57	1,504	1,554	1,047	1,094
	(5)	(6)	19	5	664	455	83	85
	–	–	(100)	(48)	2,703	3,690	2,574	3,463
	(729)	(574)	307	150	4,734	4,492	3,457	3,607
	–	–	16	16	185	190	99	115
	(189)	(205)	210	195	4,259	4,281	3,665	3,740
	–	(1)	–	(4)	17	87	17	13
	–	–	489	151	1,016	1,256	622	773
	(750)	(749)	51	695	10,179	9,860	9,434	9,350
	(379)	(401)	3,579	2,829	27,277	25,908	9,320	8,600
	–	–	–	–	76	99	–	–
	(1)	(2)	18	29	58	144	44	73
	(292)	(284)	111	113	3,904	3,720	3,025	2,937
	–	(4)	–	29	–	398	–	114
	(1,136)	(1,149)	456	423	16,422	15,343	10,655	10,172
	–	(3)	–	5	–	40	–	16
	–	(2)	–	(5)	–	80	–	12
	–	(3)	–	74	–	584	–	220
	(1)	–	(336)	(70)	180	79	(208)	55
	(3)	–	11	(17)	139	12	99	2
	(83)	(75)	260	(41)	2,674	2,410	1,884	1,584
	–	(1)	(4)	(8)	1,089	1,068	1,045	1,037
	–	–	(2)	(2)	13	11	13	11
	(632)	(573)	439	202	9,654	9,295	7,735	7,656
	(1)	(5)	(5)	(9)	2,130	2,121	2,066	2,057
	–	(3)	–	(3)	–	249	–	20
	–	(1)	–	(95)	–	1,463	–	633
	(26)	(25)	41	3	318	315	199	202
	5	3	(13)	(44)	182	287	43	137
	(223)	(235)	900	818	5,236	4,979	4,007	3,929
	(1)	(1)	20	10	121	87	51	56
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	(8)	–	2	–	829	–	56
	–	–	–	–	–	24	–	5
	(3)	(4)	20	(18)	221	201	80	62
	–	–	–	–	–	–	–	–
	–	–	–	–	–	3	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	(1)	–	1	–	(1)
	–	–	–	–	–	–	–	–
	(13)	(13)	15	14	173	153	54	65
	–	(3)	–	4	–	121	–	26
	–	(5)	–	6	–	105	–	32
	–	–	(34)	(41)	2,044	2,200	2,032	2,185
	–	–	–	15	–	64	–	48
	(95)	(81)	(238)	187	1,849	1,745	1,524	1,581
	(11)	(11)	(16)	13	248	320	50	63
	–	–	–	6	–	61	–	47
	(6)	(6)	27	24	157	152	104	98
	(324)	(265)	(533)	821	7,898	8,055	7,427	7,620
	(24)	(25)	29	37	1,235	1,387	437	449
	(295)	(203)	180	236	1,618	1,806	1,118	1,174

Fully Consolidated Companies	Operating Revenues		EBITDA	
	2016	2017	2016	2017
Rudolf Fritz GmbH	–	869	–	57
SD - Kolejová doprava, a.s.	1,310	1,133	525	425
Severočeské doly a.s.	9,917	9,548	4,411	4,056
Shared Services Albania Sh.A.	–	–	(1)	4
ŠKODA PRAHA a.s.	139	123	9	(75)
ŠKODA PRAHA Invest s.r.o.	5,961	2,280	(78)	91
Telco Pro Services, a. s.	626	645	160	176
Tepelné hospodářství města Ústí nad Labem s.r.o.	534	526	43	40
TMK Hydroenergy Power S.R.L.	84	71	160	98
Tomis Team S.A.	1,030	1,132	1,413	1,404
ÚJV Řež, a. s.	1,583	1,695	236	240
Windpark Baben Erweiterung GmbH & Co. KG	39	44	34	39
Windpark Badow GmbH & Co. KG	106	116	92	96
Windpark Cheinitz-Zethlingen GmbH & Co. KG	10	100	(1)	76
Windpark Frauenmark III GmbH & Co. KG	3	8	2	7
Windpark Fohren-Linden GmbH & Co. KG	16	52	6	40
Windpark Gremersdorf GmbH & Co. KG	10	32	7	28
Windpark Mengeringhausen GmbH & Co. KG	17	68	4	53
Windpark Naundorf GmbH & Co. KG	33	37	29	32
Windpark Zagelsdorf GmbH & Co. KG	17	42	11	32

Individual Results of Joint Ventures and Affiliates (in CZK millions)

Joint Ventures and Affiliates	Operating Revenues		EBITDA	
	2016	2017	2016	2017
Akcez Enerji A.S.	–	–	(10)	(15)
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	–	–	(1)	(1)
AK-EL Yalova Elektrik Üretim A.S.	–	–	(1)	(1)
Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.	–	–	(1)	(2)
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	4,829	5,782	128	(104)
Akenerji Elektrik Üretim A.S.	1,711	1,240	1,116	757
ČEZ Energo, s.r.o.	825	938	191	253
Egemer Elektrik Üretim A.S.	7,898	8,127	640	173
Elevion Co-Investment GmbH & Co. KG	–	–	–	–
Jadrová energetická spoločnosť Slovenska, a. s.	19	18	(79)	(63)
juwi Wind Germany 100 GmbH & Co. KG	–	20	–	5
LOMY MOŘINA spol. s r.o.	239	217	51	37
Sakarya Elektrik Dagitim A.S.	5,542	4,167	1,249	1,121
Sakarya Elektrik Perakende Satis A.S.	19,379	17,991	175	208

Fees Charged by External Auditors to Companies of the Consolidated CEZ Group in 2017 (CZK millions)

	Audit Services	Tax Consulting	Economic and Organizational Consulting	Other	Total
ČEZ, a. s.	23.2	2.2	2.6	5.1	33.1
Fully consolidated CEZ Group companies	56.2	1.4	4.9	6.4	68.8
CEZ Group, total	79.4	3.6	7.4	11.5	101.9

Depreciation and Amortization		Net Income		Total Assets		Equity	
2016	2017	2016	2017	2016	2017	2016	2017
–	(7)	–	43	–	749	–	87
(67)	(82)	370	277	1,124	1,015	801	708
(2,460)	(2,382)	2,320	1,842	32,905	33,130	22,515	22,205
–	–	(2)	4	17	12	9	12
–	–	2	(79)	767	680	707	628
(1)	(1)	(103)	57	1,978	1,249	189	246
(135)	(144)	20	25	1,144	1,158	907	952
(20)	(15)	20	22	452	440	225	217
(69)	(66)	51	9	979	834	214	205
(327)	(260)	(1,116)	561	9,391	9,138	7,891	8,037
(98)	(103)	130	67	2,834	3,036	1,674	1,768
(22)	(22)	–	5	463	424	1	5
(58)	(56)	5	7	1,116	1,011	(35)	(26)
(3)	(34)	(12)	27	736	694	(12)	14
(2)	(5)	(1)	1	96	89	(1)	–
(10)	(29)	(17)	(2)	652	568	(15)	(16)
(7)	(18)	(5)	(2)	391	329	(5)	(7)
(7)	(34)	(10)	3	729	673	(15)	(11)
(14)	(15)	9	8	332	310	13	19
(10)	(16)	(7)	7	346	325	(7)	1

Depreciation and Amortization		Net Income		Total Assets		Equity	
2016	2017	2016	2017	2016	2017	2016	2017
–	–	(861)	133	7,051	5,446	1,292	1,112
–	–	43	42	625	491	617	487
–	–	10	11	70	57	69	56
–	–	2	1	27	23	27	22
(1)	(1)	125	(102)	935	510	330	166
(343)	(305)	(646)	(535)	16,313	12,125	6,155	4,280
(145)	(173)	34	53	1,914	2,119	824	1,027
(437)	(366)	(3,416)	(2,287)	13,199	9,910	(4,273)	(5,175)
–	–	–	2	–	397	–	397
(23)	(16)	(92)	(72)	5,818	5,425	5,800	5,413
–	(5)	–	–	–	83	–	–
(26)	(25)	21	10	408	389	354	343
(2)	–	747	660	5,107	4,843	1,065	662
–	(10)	146	125	5,146	3,749	864	693

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, 2017, to December 31, 2017

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, 2017, to December 31, 2017 (the "relevant period"), as follows. When preparing this Report, the Board of Directors applied knowledge and information available to members of the Company's Board of Directors on the date of this 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, 2017, 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.
2 AirPlus, spol. s r.o.
3 Akcez Enerji A.Ş.
4 AK-EL Kemah Elektrik Üretim ve Ticaret A.Ş.
5 AK-EL Yalova Elektrik Üretim A.Ş.
6 Akenerji Doğal Gaz Ithalat Ihracat ve Toptan Ticaret A.Ş.
7 Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.
8 Akenerji Elektrik Üretim A.Ş.
9 Areál Třeboradice, a.s.
10 AZ KLIMA a.s.
11 AZ KLIMA SK, s.r.o.
12 AZ VENT s.r.o.
13 Baltic Green Construction sp. z o.o.
14 Baltic Green I sp. z o.o.
15 Baltic Green II sp. z o.o.
16 Baltic Green III sp. z o.o.
17 Baltic Green IV sp. z o.o. w likwidacji
18 Baltic Green V sp. z o.o.
19 Baltic Green VI sp. z o.o.
20 Baltic Green VII sp. z o.o. w likwidacji
21 Baltic Green VIII sp. z o.o.
22 Baltic Green IX sp. z o.o.
23 Baltic Green X sp. z o.o.
24 BANDRA Mobiliengesellschaft mbH & Co. KG
25 Bara Group EOOD
26 CASANO Mobiliengesellschaft mbH & Co. KG
27 Centrum výzkumu Řež s.r.o.
28 CEZ Bulgaria EAD
29 CEZ Bulgarian Investments B.V.
30 CEZ Chorzów S.A.
31 CEZ Deutschland GmbH
32 CEZ Elektro Bulgaria AD
33 CEZ Erneuerbare Energien Beteiligungs GmbH
34 CEZ Erneuerbare Energien Verwaltungs GmbH
35 CEZ ESCO Bulgaria EOOD
36 CEZ ESCO I GmbH
37 CEZ ESCO Poland B.V.
38 CEZ ESCO Polska sp. z o.o.
39 CEZ France S.A.S.
40 CEZ Hungary Ltd.
41 CEZ ICT Bulgaria EAD
42 CEZ International Finance B.V.
43 CEZ MH B.V.
44 CEZ Poland Distribution B.V.
45 CEZ Polska sp. z o.o.
46 CEZ Produkty Energetyczne Polska sp. z o.o.
47 CEZ Razpredelenie Bulgaria AD
48 CEZ Romania S.A.
49 CEZ Skawina S.A.
50 CEZ Slovensko, s.r.o.
51 CEZ Srbija d.o.o.
52 CEZ Towarowy Dom Maklerski sp. z o.o.
53 CEZ Trade Bulgaria EAD
54 CEZ Trade Polska sp. z o.o.
55 CEZ Trade Romania S.R.L.
56 CEZ Ukraine LLC
57 CEZ Vanzare S.A.
58 CEZ Windparks Lee GmbH
59 CEZ Windparks Luv GmbH
60 CEZ Windparks Nordwind GmbH
61 CM European Power International B.V.
62 ČEZ Bohunice a.s.
63 ČEZ Bytové domy, s.r.o.
64 ČEZ Distribuce, a. s.
65 ČEZ Distribuční služby, s.r.o.
66 ČEZ Energetické produkty, s.r.o.
67 ČEZ Energetické služby, s.r.o.
68 ČEZ Energo, s.r.o.
69 ČEZ ENERGOSERVIS spol. s r.o.
70 ČEZ ESCO, a.s.
71 ČEZ ICT Services, a. s.
72 ČEZ Inženýring, s.r.o.
73 ČEZ Korporátní služby, s.r.o.
74 ČEZ LDS s.r.o.
75 ČEZ Obnovitelné zdroje, s.r.o.
76 ČEZ OZ uzavřený investiční fond a.s.
77 ČEZ Prodej, a.s.
78 ČEZ Recyklace, s.r.o.
79 ČEZ Solární, s.r.o.
80 ČEZ Teplárenská, a.s.
81 ČEZ Zákaznické služby, s.r.o.
82 D-I-E Elektro AG
83 Distributie Energie Oltenia S.A.
84 EAB Automation Solutions GmbH
85 EAB Elektroanlagenbau GmbH Rhein/Main
86 EASY POWER s.r.o.
87 Eco-Wind Construction S.A.
88 Egemer Elektrik Üretim A.Ş.
89 EGP INVEST, spol. s r.o.
90 Elektrárna Dětmarovice, a.s.
91 Elektrárna Dukovany II, a. s.
92 Elektrárna Mělník III, a. s.
93 Elektrárna Počerady, a.s.
94 Elektrárna Temelín II, a. s.
95 Elektrárna Tisová, a.s.
96 Elektro-Decker GmbH
97 Elektrownie Wiatrowe Lubiechowo sp. z o.o. w likwidacji
98 Elevion GmbH
99 Energetické centrum s.r.o.
100 Energie2 Prodej, s.r.o.

101 Energocentrum Vítkovice, a. s.
102 Energotrans, a.s.
103 ENESA a.s.
104 ESCO CITY I sp. z o.o.
105 ESCO CITY II sp. z o.o.
106 ESCO CITY III sp. z o.o.
107 ETS Efficient Technical Solutions GmbH
108 ETS Efficient Technical Solutions Shanghai Co. Ltd.
109 EVČ s.r.o.
110 Farma Wiatrowa Leśce sp. z o.o. w likwidacji
111 Farma Wiatrowa Wilkołaz-Bychawa sp. z o.o. w likwidacji
112 Ferme Eolienne de la Piballe S.A.S.
113 Ferme Eolienne de Neuville-aux-Bois S.A.S.
114 Ferme Eolienne de Saint-Aulaye S.A.S.
115 Ferme Eolienne de Saint-Laurent-de-Céris S.A.S.
116 Ferme Eolienne de Seigny S.A.S.
117 Ferme Eolienne de Thorigny S.A.S.
118 Ferme Eolienne des Breuils S.A.S.
119 Ferme Eolienne des Grands Clos S.A.S.
120 Ferme Eolienne du Germancé S.A.S.
121 Free Energy Project Oreshets EAD
122 HAu.S GmbH
123 HORMEN CE a.s.
124 HORMEN SK s. r. o.
125 Horst Heinzel Kommunikationssysteme GmbH
126 in PROJEKT LOUNY ENGINEERING s.r.o.
127 Inven Capital, investiční fond, a.s.
128 Jadrová energetická spoločnosť Slovenska, a. s.
129 juwi Wind Germany 100 GmbH & Co. KG
130 KART, spol. s r.o.
131 LOMY MOŘINA spol. s r.o.
132 M.W. Team Invest S.R.L.
133 MARTIA a.s.
134 Mega Energy sp. z o.o. w likwidacji
135 Nuclear Safety & Technology Centre s.r.o.
136 OEM Energy sp. z o.o.
137 OSC, a.s.
138 Ovidiu Development S.R.L.
139 PRODECO, a.s.
140 Revitrans, a.s.
141 Rudolf Fritz GmbH
142 Sakarya Elektrik Dağitim A.Ş.
143 Sakarya Elektrik Perakende Satiş A.Ş.
144 SD - Kolejová doprava, a.s.
145 Severočeské doly a.s.
146 Shared Services Albania Sh.A.
147 ŠKODA PRAHA a.s.
148 ŠKODA PRAHA Invest s.r.o.
149 ŠKO-ENERGO FIN, s.r.o.
150 ŠKO-ENERGO, s.r.o.
151 TEC Varna EAD
152 Telco Pro Services, a. s.
153 Tepelné hospodářství města Ústí nad Labem s.r.o.
154 Teplo Klášterec s.r.o.
155 TGA Elektro Holding Deutschland GmbH
156 TMK Hydroenergy Power S.R.L.
157 Tomis Team S.A.
158 ÚJV Řež, a. s.
159 Ústav aplikované mechaniky Brno, s.r.o.
160 Výzkumný a zkušební ústav Plzeň s.r.o.
161 Windpark Baben Erweiterung GmbH & Co. KG
162 Windpark Badow GmbH & Co. KG
163 Windpark Fohren-Linden GmbH & Co. KG
164 Windpark Frauenmark III GmbH & Co. KG
165 Windpark Gremersdorf GmbH & Co. KG
166 Windpark Cheinitz-Zethlingen GmbH & Co. KG
167 Windpark Mengeringhausen GmbH & Co. KG
168 Windpark Naundorf GmbH & Co. KG
169 Windpark Zagelsdorf GmbH & Co. KG

CEZ Group includes the CEZ Concern, which is headed by ČEZ, a. s. as the managing entity and the members of which were the following managed entities in the relevant period: Areál Třeboradice, a.s.; ČEZ Bohunice a.s.; ČEZ Distribuce, a. s.; ČEZ Distribuční služby, s.r.o.; 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.; ČEZ Korporátní služby, s.r.o.; ČEZ Obnovitelné zdroje, s.r.o.; ČEZ Prodej, a.s.; ČEZ Teplárenská, a.s.; ČEZ Zákaznické služby, s.r.o. (the company ceased to exist as a result of a merger by acquisition by ČEZ Prodej, a.s., with effect from July 1, 2017); Elektrárna Dětmarovice, a.s.; Elektrárna Dukovany II, a. s.; Elektrárna Mělník III, a. s.; Elektrárna Počerady, a.s.; Elektrárna Temelín II, a. s.; Elektrárna Tisová, a.s. (the company was removed from the concern with effect from January 2, 2017); Energetické centrum s.r.o.; Energocentrum Vítkovice, a. s.; Energotrans, a.s.; MARTIA a.s.; PRODECO, a.s.; Revitrans, a.s.; SD - Kolejová doprava, a.s.; Severočeské doly 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 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, 2018 and the preparation of this Report:

- ČEZ Distribuční služby, s.r.o. — the company ceased to exist as a result of a merger by acquisition by ČEZ Distribuce, a. s. on January 1, 2018
- ČEZ Inženýring, s.r.o. — the company ceased to exist as a result of a merger by acquisition by ČEZ, a. s. on January 1, 2018
- Nuclear Safety & Technology Centre s.r.o. — the company went into liquidation on January 1, 2018
- ENESA a.s. — a 25% share was acquired by the majority holder, ČEZ ESCO, a.s., becoming the holder of a 100% share, on January 2, 2018
- ČEZ OZ uzavřený investiční fond a.s. — a share of 0.04%, held in the company by ČEZ, a. s., was sold on January 2, 2018
- Metrolog sp. z o.o., company identification No.: 0000071593, with its registered office at ul. Kościuszki 97, 64-700 Czarnków, Poland — a 100% share was acquired by CEZ ESCO Poland B.V. on January 31, 2018
- Inven Capital, investiční fond, a.s. — the company was transformed into an investment company with variable capital and its name was changed accordingly to Inven Capital, SICAV, a.s. on February 1, 2018
- OEM Energy sp. z o.o. — the share of CEZ ESCO Poland B.V. was increased to 51% on February 21, 2018

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 BH CAPITAL, a.s. v likvidaci (in liquidation)
3 Czech Airlines Handling, a.s.
4 Czech Airlines Technics, a.s.
5 ČEPRO, a.s.
6 Česká exportní banka, a.s.
7 České aerolinie a.s.
8 Český Aeroholding, a.s.
10 ENOVIP d.o.o.
11 Exportní garanční a pojišťovací společnost, a.s.
12 GALILEO REAL, k.s.
13 HOLDING KLADNO a.s."v likvidaci" (in liquidation)
14 IMOB a.s.
15 JUNIOR centrum, a.s. v likvidaci (in liquidation)
16 Kongresové centrum Praha, a.s.
17 Letiště Praha, a. s.
18 LEVAS d.o.o.
19 MERO ČR, a.s.
20 MERO Germany AG
21 MUFIS a.s.
22 Ormilk, a.s.v likvidaci (in liquidation)
23 PRISKO a.s.
24 Realitní developerská, a.s.
25 SERENUM, a.s.
26 Severočeské mlékárny, a.s. Teplice
27 Sky Venture a.s.
28 STROJÍRNY TATRA PRAHA,a.s.v likvidaci (in liquidation)
29 THERMAL-F, a.s.
30 VIPAP Vertriebs und Handels GmbH
31 VIPAP VIDEM KRŠKO d.d.
32 Výzkumný a zkušební letecký ústav, a.s.
33 VZLU TECHNOLOGIES, a.s.
34 VZLU TEST, a.s.
35 Whitelines Industries a.s.
36 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 parent 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 contracts effective between ČEZ, a. s. and the Controlling Entity and other entities controlled by the Controlling Entity in the relevant period, which constitutes Annex 2 to the Related Parties Report. 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.

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" (in liquidation)
- Ormilk, a.s.v likvidaci (in liquidation)
- Severočeské mlékárny, a.s. Teplice
- STROJÍRNY TATRA PRAHA,a.s.v likvidaci (in liquidation)

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, 2017, to December 31, 2017
2. List of Mutual Contracts[1]

[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.

Annex 2 List of Mutual Contracts

Company Name (Contracting Party)	Agreement File Number	Agreement Title
A.E. Wind S.A.	2015/2	Loan Facility Agreement of April 16, 2015 (Agreement Subject: Loan)
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 of July 1, 2013 (Agreement Subject: Provision of Services)
Akcez Enerji A.Ş.	5600004322	Individual Agreement on the Provision of Services No. I of July 1, 2013 (Agreement Subject: Provision of Services)
Akcez Enerji A.Ş.	5600004323	Individual Agreement on the Provision of Services No. II of July 1, 2013 (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	5600001690	Framework Agreement on the Provision and Coordination of Services of May 10, 2010 (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	5600001691	Individual Agreement on the Provision of Services No. I of May 10, 2010 (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	5600001692	Individual Agreement on the Provision of Services No. II of May 10, 2010 (Agreement Subject: Provision of Services)
Akenerji Elektrik Üretim A.Ş.	4100503098	Lease Agreement for Non-Residential Facilities of February 28, 2011
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.	5600008100	Service Agreement
AZ KLIMA a.s.		Agreement on the Issuance of Guarantees of March 15, 2017 (Agreement Subject: Provision of Guarantees)
AZ KLIMA a.s.	4101689777	Air Conditioning Remodeling
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 SK, s.r.o.		Agreement on the Issuance of Guarantees of March 15, 2017 (Agreement Subject: Provision of Guarantees)
AZ VENT a.s.		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 of August 20, 2015 (Agreement Subject: Loan)
Baltic Green VII sp. z o.o. w likwidacji	2015/3	Loan Facility Agreement of April 16, 2015 (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 of July 1, 2014 (Agreement Subject: Advisory Services in Connection with the Biomass Power Plant Construction)
Centrum výzkumu Řež s.r.o.	4400034251	Agreement on Provision of Technical Assistance During Troubleshooting
Centrum výzkumu Řež s.r.o.	4400036427	Agreement on Provision of Technical Assistance During Troubleshooting
Centrum výzkumu Řež s.r.o.	4400039660	Agreement on Work – Experimental Verification of Fixtures
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 of June 25, 2007 (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	HS30023141	Individual Agreement on the Provision of Services No. I of June 25, 2007 (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	5600002751	Individual Agreement on the Provision of Services No. II of December 1, 2011 (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	4100088819	Individual Agreement on the Provision of Services No. VII of November 5, 2010 (Agreement Subject: Provision of Services)
CEZ Bulgaria EAD	4101263303	Agreement on the Provision of Legal Services of November 9, 2015 (Agreement Subject: Provision of Legal Services)
CEZ Bulgaria EAD	4101313450	Agreement on the Provision of Advisory Services (Agreement Subject: Representation Among the Bulgarian Administrative Bodies)
CEZ Bulgarian Investments B.V.		Mutual Credit Facility Agreement of March 1, 2011 (Agreement Subject: Mutual Credit Facilities)
CEZ Bulgarian Investments B.V.		Agreement on Provision of Services of December 20, 2011 (Agreement Subject: Provision of Services)
CEZ Deutschland GmbH		Mutual Credit Facility Agreement of January 12, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Deutschland GmbH	2012/8	Loan Facility Agreement (Agreement Subject: Loan)
CEZ Deutschland GmbH	5600008310	Agreement on the Provision of Services of January 1, 2017 (in the Purchase Activity Area)
CEZ Deutschland GmbH	5600007930	Agreement on Provision of Services of February 1, 2017 (Agreement Subject: Payment Transactions)
CEZ Deutschland GmbH	5600005921	Agreement on the Provision of Advisory Services (Agreement Subject: Provision of Advisory Services)
CEZ Electro 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 of September 14, 2016 (Agreement Subject: Payment Transactions)
CEZ Erneuerbare Energien Beteiligungs GmbH	5600007562	Agreement on Provision of Services of September 14, 2016 (Agreement Subject: Payment Transactions)
CEZ Erneuerbare Energien Verwaltungs GmbH		Mutual Credit Facility Agreement of June 29, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ ESCO I GmbH		Mutual Credit Facility Agreement of October 4, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ ESCO I GmbH	5600008731	Agreement on Provision of Services (Agreement Subject: Provision of Services)
CEZ ESCO Poland B.V.		Mutual Credit Facility Agreement of June 20, 2016 (Agreement Subject: Mutual Credit Facilities)
CEZ ESCO Poland B.V.	5600008921	Agreement on the Provision of Project Support Services (Agreement Subject: Advisory Services in Connection with the Project Purchases)
CEZ ESCO Poland B.V.	5600008220	Agreement on the Provision of Advisory Services (Agreement Subject: Provision of Advisory Services)
CEZ ESCO Polska sp. z o.o.		Agreement of the Issuance of Guarantees of January 20, 2017 (Agreement Subject: Provision of Guarantees)
CEZ France S.A.S.		Mutual Credit Facility Agreement of July 25, 2017 (Agreement Subject: Mutual Credit Facilities)

Company Name (Contracting Party)	Agreement File Number	Agreement Title
CEZ France S.A.S.	5600008420	Agreement on Provision of Services of August 14, 2017 (Agreement Subject: Payment Transactions)
CEZ France S.A.S.	5600008980	Agreement on Provision of Project Support Services (Agreement Subject: Advisory Services in Connection with the Project Purchases)
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 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 of June 10, 2008 (ICT Services)
CEZ Hungary Ltd.	5600004735	Agreement on Provision of Services of December 20, 2013 (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.		License Agreement on Provision of the Right to Use ČEZ Trademarks on Hungary's Territory of December 30, 2014
CEZ Chorzów S.A.	XVIII/857	General Agreement on Power Supply and Consumption (EFET) of November 30, 2006
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 ICT Bulgaria EAD	4101616584	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ International Finance B.V.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities, Cash Pool)
CEZ International Finance B.V.		Agreement on Provision of Services of December 23, 2011 (Agreement Subject: Provision of Services)
CEZ International Finance Ireland Ltd.		Agreement on Provision of Services of December 23, 2012 (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.	2014/1	Loan Facility Agreement (Agreement Subject: Loan)
CEZ MH B.V.		Agreement on Provision of Services of December 27, 2011 (Agreement Subject: Provision of Services)
CEZ Poland Distribution B.V.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities, Cash Pool)
CEZ Poland Distribution B.V.	2016/5	Loan Facility Agreement (Agreement Subject: Loan)
CEZ Poland Distribution B.V.		Agreement on Provision of Advisory Services of December 29, 2014 (Agreement Subject: Provision of Services)
CEZ Poland Distribution B.V.		Agreement on Provision of Services of December 23, 2011 (Agreement Subject: Provision of Services)
CEZ Poland Distribution B.V.	5600005470	Agreement on the Provision of Advisory Services (Agreement Subject: Provision of Advisory Services)
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.	CP/U/17/00007	License Agreement (Agreement Subject: Provision of the Right to Use ČEZ Trademarks) of January 31, 2017
CEZ Polska sp. z o.o.	HS30034973/ 5600000350	Framework Agreement on the Provision and Coordination of Services of December 19, 2007 (Agreement Subject: Provision of Services)
CEZ Polska sp. z o.o.	5600007223	New Individual Agreement on the Provision of Services No. I of January 1, 2016 (Agreement Subject: Provision of Services)
CEZ Polska sp. z o.o.	HS30023143/ 560006086	Individual Agreement on the Provision of Services No. III of September 22, 2009 (Agreement Subject: Provision of Services)
CEZ Polska sp. z o.o.	5600005695	Agreement on Advisory Services in the Wind Projects Area of April 3, 2015
CEZ Polska sp. z o.o.	4101309869	Agreement on the Provision of Advisory Services (Agreement Subject: Representation Among the Polish Administrative Bodies)
CEZ Razpredelenie Bulgaria AD	4101618084	Agreement on Provision of Information (Agreement Subject: Provision of Information)
CEZ Romania S.A.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities)
CEZ Romania S.A.	HS30025510/ 5600001690	Framework Agreement on the Provision and Coordination of Services of August 20, 2007 (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30025518	Individual Agreement on the Provision of Services No. I of August 21, 2007 (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30025524	Individual Agreement on the Provision of Services No. II of August 22, 2007 (Agreement Subject: Provision of Services)
CEZ Romania S.A.	HS30043446/ 5600005086	Individual Agreement on the Provision of Services No. III of November 7, 2016 (Agreement Subject: Provision of IT Services)
CEZ Romania S.A.	4100020296	Agreement on the Provision of Services (Agreement Subject: GPS Lease)
CEZ Romania S.A.	4101311920	Agreement on the Provision of Advisory Services (Agreement Subject: Representation Among the Romanian Administrative Bodies)
CEZ Silesia B.V.		Mutual Credit Facility Agreement of February 25, 2010 (Agreement Subject: Mutual Credit Facilities)
CEZ Silesia B.V.		Agreement on Provision of Services of December 27, 2011 (Agreement Subject: Provision of Services)
CEZ Skawina S.A.	1012/2006	General Agreement on Power Supply and Consumption (EFET) of July 1, 2006
CEZ Skawina S.A.	1012/2006	Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of July 1, 2006
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 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 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.		13 Agreements on Individual Supply of Origin Guarantees
CEZ Slovensko, s.r.o.		Comprehensive Power Supply Agreement of December 22, 2015

Company Name (Contracting Party)	Agreement File Number	Agreement Title
CEZ Slovensko, s.r.o.		Agreement on Access to Virtual Gas Reservoir and Gas Storage of March 2, 2016
CEZ Slovensko, s.r.o.		Agreement on Access to Virtual Gas Reservoir and Gas Storage of March 23, 2017
CEZ Slovensko, s.r.o.	5600002650	Agreement on Provision of Services of June 10, 2008 (ICT Services)
CEZ Slovensko, s.r.o.	5600003070	General Agreement on the Provision of Services of January 2, 2012 (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 Srbija d.o.o.		Agreement on the Issuance of Guarantees of November 5, 2006
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 of June 19, 2008 (ICT Services)
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.		Agreement on Business Cooperation in Power Wholesale in Serbia of October 20, 2008
CEZ Srbija d.o.o.		Agreement on Provision of Services in Connection with Wholesale Electricity Trading in Serbia of August 1, 2017
CEZ Towarowy Dom Maklerski sp. z o.o.		Agreement on the Provision of Brokerage Services on Markets Organized by TGE (Towarową Giełda Energii, the Polish Commodity Exchange) of July 30, 2014
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 of August 26, 2016 (Trading Services)
CEZ Trade Bulgaria EAD	5600008721	Agreement on Provision of Services No. II of December 8, 2017 (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	4101618611	Agreement on Provision of Information (Agreement Subject: Provision of Information)
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 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
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 of December 20, 2013 (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 Network Operator)
CEZ Trade Polska sp. z o.o.	5600006070	Agreement on Provision of Services of July 23, 2015 (ICT Services)
CEZ Trade Romania S.R.L.		Agreement on the Issuance of Guarantees of June 10, 2007
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 of December 27, 2016 (Trading Services)
CEZ Trade Romania S.R.L.		Agreement on Provision of Services in Connection with Power Trading Balancing in Romania of December 27, 2012
CEZ Vanzare S.A.	91_1	Agreement of the Issuance of Guarantees of January 23, 2013 (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 the Provision of Services of February 1, 2013
CEZ Vanzare S.A.		Agreement on Comprehensive Power Supply of September 1, 2010
CEZ Windparks Lee GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Windparks Lee GmbH	5600008360	Agreement on the Provision of Services of June 19, 2017 (Agreement Subject: Payment Transactions)
CEZ Windparks Luv GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Windparks Luv GmbH	5600008361	Agreement on the Provision of Services of June 19, 2017 (Agreement Subject: Payment Transactions)
CEZ Windparks Nordwind GmbH		Mutual Credit Facility Agreement of May 26, 2017 (Agreement Subject: Mutual Credit Facilities)
CEZ Windparks Nordwind GmbH	5600008362	Agreement on the Provision of Services of June 19, 2017 (Agreement Subject: Payment Transactions)
CM European Power International B.V.		Loan Facility (Agreement Subject: Back-to-Back Loans to Finance Tranche Under Loan Facility No. 0545878/01CRZ)
CM European Power Slovakia s. r. o.	0545878/ 01CRZ	Loan Facility (Agreement Subject: Loan)
ČEPRO, a.s.	5600006821	TOLEX Sale
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.	5600001497	Agreement of Provision of Services (Purchase Services—Selection and Award Proceedings)
ČEZ Bohunice a.s.	5600006022	Service Provision Agreement (Provision of Media Services)
ČEZ Bohunice a.s.		Agreement on Personal Data Processing of June 28, 2011
ČEZ Distribuce, a. s.	42004	General Agreement on the Emergency Assistance (Poříčí Island) of April 26, 2016
ČEZ Distribuce, a. s.	4101100770	General Agreement on Location Swap and Provision of Regulation During Power Supply to the Poříčí Separated Island of May 16, 2016
ČEZ Distribuce, a. s.	4101107323	Agreement on the Provision of Supporting Services in Voltage and Idle Power Regulation of December 15, 2014
ČEZ Distribuce, a. s.	4101245122	Agreement on the Provision of Regulation Services During Power Supply to the Střelná Separated Island of April 26, 2016

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ Distribuce, a. s.		2 Agreements on Provision of Distribution Services of December 22, 2015
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.	4101098911	Non-Residential Facility Lease
ČEZ Distribuce, a. s.	4101418462	Purchase Agreement—Purchase of the Vítkov Facility
ČEZ Distribuce, a. s.	4101440647	Agreement on Cyber Security
ČEZ Distribuce, a. s.	4101492251	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Distribuce, a. s.	4101508388	Purchase Agreement
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.		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 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.	4400022264	Non-Residential Facility Lease
ČEZ Distribuce, a. s.	4400022272	Land Lease
ČEZ Distribuce, a. s.	5600007540	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Distribuce, a. s.	4400019020	Service Agreement
ČEZ Distribuce, a. s.		Agreement on Transformer Station Ownership Right Transfer
ČEZ Distribuce, a. s.	4400037612	Agreement on Personal Data Processing
ČEZ Distribuce, a. s.	4400037593	Service 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 Distribuční služby, s.r.o.	286935	Contract on Inspection Activities – Diagnostic Measuring, Tests, and Evaluations Related to Electrical Equipment
ČEZ Distribuční služby, s.r.o.	4400009229	Contract for Work—Periodic Protective Equipment Testing
ČEZ Distribuční služby, s.r.o.	4400018682	General Agreement on Provision of Services Related to the Energy Facility Operation
ČEZ Distribuční služby, s.r.o.	4400031454	Agreement on the Provision of Electromobility Services
ČEZ Distribuční služby, s.r.o.	5600001331	General Agreement on the Provision of Services Related to Preventive Maintenance, Repairs, Operation, and Elimination of Defects in Electrical Equipment at the Locations of Hydroelectric Power Plants
ČEZ Distribuční služby, s.r.o.	4400037754	Performing Cable Diagnostic Measurements
ČEZ Distribuční služby, s.r.o.	5600002172	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Distribuční služby, s.r.o.	5600006000	Service Agreement
ČEZ Distribuční 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 Distribuční 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 Distribuční služby, s.r.o.	5600001477	Service Agreement
ČEZ Energetické produkty, s.r.o.		Mutual Credit Facility Agreement Based on the Multi-Level 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 Multi-Level 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	Reclamation of the Tušimice Power Plant's Wastepond
ČEZ Energetické produkty, s.r.o.	4100751524	Reclamation of the Tušimice Power Plant's Wastepond
ČEZ Energetické produkty, s.r.o.	4100770297	Agreement on Work—Silvicultural Services Provided in 2013–2017
ČEZ Energetické produkty, s.r.o.	4101004790	Reclamation of the Ledvice Power Plant's Wastepond
ČEZ Energetické produkty, s.r.o.	4101154125	Biological Reclamation
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 Wastepond Area
ČEZ Energetické produkty, s.r.o.	4101300008	Contract for Work Concerning the Biocorridor III Completion
ČEZ Energetické produkty, s.r.o.	4101306666	Reverse Infiltration of Leachate
ČEZ Energetické produkty, s.r.o.	4101307199	Reclamation of Wastepond
ČEZ Energetické produkty, s.r.o.	4101317927	Territory Reclamation Upon the Removal of the Railway Corridors of the Prunéřov Power Plant
ČEZ Energetické produkty, s.r.o.	4101331489	Scrap Metal Sale Support
ČEZ Energetické produkty, s.r.o.	4101356190	Drum Renovation
ČEZ Energetické produkty, s.r.o.	4101389613	Contract for Reclamation Work
ČEZ Energetické produkty, s.r.o.	4101401701	Subsequent Wastepond Reclamation
ČEZ Energetické produkty, s.r.o.	4101413869	Completion of REACH 2016 (REACH—EU's Chemical Policy)
ČEZ Energetické produkty, s.r.o.	4101437064	Securing the Fučík Wastepond After Flotation
ČEZ Energetické produkty, s.r.o.	4101440739	Liquidation of Septics
ČEZ Energetické produkty, s.r.o.	4101451385	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101452528	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101461969	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101463649	Agreement on Work—Completion of Road Networks around the Panský les Wastepond

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ Energetické produkty, s.r.o.	4101465993	Reconstruction of the Control System and Computers for Dry Ash Collection
ČEZ Energetické produkty, s.r.o.	4101478661	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101480401	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101482344	Purchase Agreement (Cyclone Spare Part—Nozzle)
ČEZ Energetické produkty, s.r.o.	4101489114	Reconstruction of the LINATEX Pumps
ČEZ Energetické produkty, s.r.o.	4101493511	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101499598	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101506490	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101506493	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101508224	Replacement Tree Planting
ČEZ Energetické produkty, s.r.o.	4101510054	Completion of Floricultural Services and Reclamation
ČEZ Energetické produkty, s.r.o.	4101510809	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101510860	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4400004269	Agreement on the Operation of the Rear Fuel Cycle
ČEZ Energetické produkty, s.r.o.	4400004326	Agreement on the Provision of Works Associated with the Rear Fuel Cycle
ČEZ Energetické produkty, s.r.o.	4400029309	Agreement on the Maintenance and Repairs of the Logical Group of Secondary Power Products and Fuel Management
ČEZ Energetické produkty, s.r.o.	4400029343	Agreement on the Maintenance and Repairs of the Logical Group of Secondary Power Products and Fuel Management
ČEZ Energetické produkty, s.r.o.	4400029531	Agreement on the Maintenance and Repairs of the Logical Group of Secondary Power Products and Fuel Management
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.	4400035310	Powdery Limestone Transportation
ČEZ Energetické produkty, s.r.o.	5600003720	Purchase Agreement for the Sale of Unnecessary Certificated Secondary Energy Products
ČEZ Energetické produkty, s.r.o.	5600004760	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energetické produkty, s.r.o.	5600005540	Purchase Agreement (Diesel Fuel)
ČEZ Energetické produkty, s.r.o.	5600006640	Purchase Agreement (Distribution Wheels)
ČEZ Energetické produkty, s.r.o.	5600007730	Temporary Ash Silo
ČEZ Energetické produkty, s.r.o.	4101271364	Emergency Slag Flotation to the Wastepond
ČEZ Energetické produkty, s.r.o.	4101377773	Hydrogen Cooler Renovation
ČEZ Energetické produkty, s.r.o.	5600001489	Service 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 Secondary Energy Products Transport Logic Units
ČEZ Energetické produkty, s.r.o.	4400038005	Agreement on Maintenance and Repairs for Coal and Secondary Energy Products Transport Logic Units
ČEZ Energetické produkty, s.r.o.	4400038032	Agreement on Maintenance and Repairs for Coal and Secondary Energy Products Transport Logic Units
ČEZ Energetické produkty, s.r.o.	4400038038	Agreement on Maintenance and Repairs for Coal and Secondary Energy Products Transport 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	Calcium Sulphate Sales
ČEZ Energetické produkty, s.r.o.	4101519315	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101522876	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101525600	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101528010	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101532300	Performing the Biological Reclamation
ČEZ Energetické produkty, s.r.o.	4101535284	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101546228	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101548740	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101549573	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101555069	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101555357	Performing the Biological Reclamation
ČEZ Energetické produkty, s.r.o.	4101568427	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101569862	Making the Slag Feed System Durable
ČEZ Energetické produkty, s.r.o.	4101571114	Building Reclamation Completion
ČEZ Energetické produkty, s.r.o.	4101573218	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101575224	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101577400	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101579892	Replacement Tree Planting
ČEZ Energetické produkty, s.r.o.	4101580103	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101582563	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101587494	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101590381	Purchase Agreement (Cyclone Spare Part)

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ČEZ Energetické produkty, s.r.o.	4101590786	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101592010	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101595454	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101597944	Severní Lom Reclamation
ČEZ Energetické produkty, s.r.o.	4101599156	Landscape Silvicultural Care
ČEZ Energetické produkty, s.r.o.	4101599288	Biological Reclamation of Containers
ČEZ Energetické produkty, s.r.o.	4101603835	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101608818	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101610179	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101611851	Fly Ash Analyses
ČEZ Energetické produkty, s.r.o.	4101621445	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101626679	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101628131	Building Forest Road Networks
ČEZ Energetické produkty, s.r.o.	4101637454	Service Agreement to Meet the Requirements Stipulated by the REACH Regulation
ČEZ Energetické produkty, s.r.o.	4101637687	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101638040	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101640507	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101643716	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101653597	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101655507	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101661079	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101662995	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101665627	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101671846	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101680800	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101681283	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101682589	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101686343	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101686935	Tensioning Drum Roller Renovation
ČEZ Energetické produkty, s.r.o.	4101692850	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101694873	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101695288	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101697508	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101700086	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101702487	Purchase Agreement (Fasteners)
ČEZ Energetické produkty, s.r.o.	4101705128	Reconstruction of the Fly Ash Pneumatic Transport
ČEZ Energetické produkty, s.r.o.	4101707419	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101708956	Reclamation—Construction of Part A of the Container
ČEZ Energetické produkty, s.r.o.	4101710769	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101716840	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4101723258	Purchase Agreement (Cyclone Spare Part)
ČEZ Energetické produkty, s.r.o.	4400038083	Clearing the Stream Bed
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.	30033751	Agreement on the Sale of Stock Goods
ČEZ Energetické služby, s.r.o.	4101302828	Agreement on Electrical Equipment Maintenance and Repairs
ČEZ Energetické služby, s.r.o.	4101416382	Lighting System Renewal Agreement
ČEZ Energetické služby, s.r.o.	4101497766	Disassembly and Removal of the Charging Stations
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.	4400030014	Agreement on Securing Technological Equipment Lubrication
ČEZ Energetické služby, s.r.o.	5600006540	Agreement on the Assignment of Rights and Obligations from the Agreement on Cooperation During Operation Securing
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.		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.	4101315963	Agreement on Combined Gas Supplies
ČEZ Energetické služby, s.r.o.	4101319498	Agreement on Circulated Water Supply and Consumption
ČEZ Energetické služby, s.r.o.	4101319440	Agreement on Process Water Supply and Consumption
ČEZ Energetické služby, s.r.o.	4101316747	Agreement on Thermal Energy Supply

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ Energetické služby, s.r.o.	4101116484	Agreement on Non-Residential Facilities Lease
ČEZ Energetické služby, s.r.o.	4101154425	Agreement on Technical Assistance During Inspection and Professional Activities
ČEZ Energetické služby, s.r.o.	4101178570	Agreement on Media Services Provision
ČEZ Energetické služby, s.r.o.	4101437964	Agreement on Project Documentation
ČEZ Energetické služby, s.r.o.	4101488290	Control Panel Relocation
ČEZ Energetické služby, s.r.o.	4101505460	Documentation of the Kníničky Technical Protection System
ČEZ Energetické služby, s.r.o.	4101514299	Disassembly and Removal of a Charging Station
ČEZ Energetické služby, s.r.o.	4400032502	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
ČEZ Energetické služby, s.r.o.	5600001322	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Energetické služby, s.r.o.	4101459221	Agreement on Circulated Water Supply and Consumption
ČEZ Energetické služby, s.r.o.	4101459222	Agreement on Process Water Supply and Consumption
ČEZ Energo, s.r.o.	5600006555	Agreement on the Provision of Services (Webpages)
ČEZ Energo, s.r.o.	5600007397	License Agreement on the Provision of the Right to Use Trademarks
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.	239	Contract for Work Concerning the Provision of Specialized Services in the Area of Technological Decontamination
ČEZ ENERGOSERVIS spol. s r.o.	1833	Contract for Work—Provision of Operating Services in the Waste Management Area
ČEZ ENERGOSERVIS spol. s r.o.	7221	Agreement on the Provision of Special Services
ČEZ ENERGOSERVIS spol. s r.o.	15429	Agreement on Canteens
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.	30016736	System Management of Decontamination and Special Washrooms
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.	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.	4101064791	Coal Grinder Supply and Installation
ČEZ ENERGOSERVIS spol. s r.o.	4101112762	Pressure Surges in the TVD (Critical Technical Water) Pipeline During a TVD Pump Shutdown
ČEZ ENERGOSERVIS spol. s r.o.	4101126818	Equipment Preventing Falls of Workers from the Crane Lines and Simultaneously Enabling Their Relatively Free and Safe Movement
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.	4101176663	Construction Modifications
ČEZ ENERGOSERVIS spol. s r.o.	4101201012	Replacement of Electric Motors
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.	4101290914	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101292935	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101297592	Generator Bearing Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101300552	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101313807	Renovation
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.	4101358672	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101361562	Preparation of Welds for Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4101361623	Renovation
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.	4101376213	Connection
ČEZ ENERGOSERVIS spol. s r.o.	4101379180	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101379189	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101382713	Preparation of Welds for Inspections
ČEZ ENERGOSERVIS spol. s r.o.	4101387936	Modification of Bridges

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4101388726	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101389424	Bracket Modification, Expert Assistance
ČEZ ENERGOSERVIS spol. s r.o.	4101396577	Replacement of Cups and Replacement of the Loops for a Trap
ČEZ ENERGOSERVIS spol. s r.o.	4101403011	Turbine Spare Part
ČEZ ENERGOSERVIS spol. s r.o.	4101407109	Connection
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.	4101416774	Spare Part—Air-Conditioning Units
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.	4101448773	Building Permit Documentation and Construction Completion Documentation—Reconstruction of the Mělník Power Plant's Warehouse
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.	4101471049	Sealing
ČEZ ENERGOSERVIS spol. s r.o.	4101472194	Crane Alignment
ČEZ ENERGOSERVIS spol. s r.o.	4101472828	Pin Equipment Lifting
ČEZ ENERGOSERVIS spol. s r.o.	4101178601	Machinery Replacement
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.	4101504017	Sealing
ČEZ ENERGOSERVIS spol. s r.o.	4101511035	Addition of Check Valves
ČEZ ENERGOSERVIS spol. s r.o.	4400001167	URAO (Radioactive Waste Storage Site) Operation
ČEZ ENERGOSERVIS spol. s r.o.	4400004082	Logical Unit Maintenance
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.	4400007640	Logical Unit Maintenance
ČEZ ENERGOSERVIS spol. s r.o.	4400008410	Logical Unit Maintenance
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.	4400017985	Logical Unit Maintenance
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.	4400026606	Piping Bellow Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4400027621	Overhaul of the Condensation Pumps
ČEZ ENERGOSERVIS spol. s r.o.	4400029159	Securing the Maintenance and Repairs of the Generator, Turbine, and Joint Equipment
ČEZ ENERGOSERVIS spol. s r.o.	4400030368	Securing Sleeve Distribution
ČEZ ENERGOSERVIS spol. s r.o.	4400031304	Securing the Cooling Water Cleanliness and Prevention of Any Development of Potential Sediments in the Lines and Clogging of the Cooler Tubes Through 2 Filters with Automatic Cleaning and Desludging
ČEZ ENERGOSERVIS spol. s r.o.	4400031394	Securing the Cooling Water Cleanliness and Prevention of Any Development of Potential Sediments in the Lines and Clogging of the Cooler Tubes Through 2 Filters with Automatic Cleaning and Desludging
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.	4400032379	Repairs of Fixtures and Equipment
ČEZ ENERGOSERVIS spol. s r.o.	4400032565	Securing 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.	4400033117	Tripping Valve Overhaul

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4400033182	Repair of the Heating Water Pump Algorithms
ČEZ ENERGOSERVIS spol. s r.o.	4400033324	Logical Unit Maintenance and Repair
ČEZ ENERGOSERVIS spol. s r.o.	4400033595	Crane Works
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.	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.	4400035818	Qualification Securing
ČEZ ENERGOSERVIS spol. s r.o.	4400035941	Switchboard Repair
ČEZ ENERGOSERVIS spol. s r.o.	4400035986	Assistance Provided During the Rotor Replacements
ČEZ ENERGOSERVIS spol. s r.o.	4400036474	Securing Readiness to Provide Emergency Assistance
ČEZ ENERGOSERVIS spol. s r.o.	5600007260	General Agreement on the Sale of Stock Goods of June 27, 2016
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.	4400036885	Generator Noise Measuring in the Engine Room
ČEZ ENERGOSERVIS spol. s r.o.	4400037161	Operation and Handling of Foreign Material Exclusion (FME) Boxes
ČEZ ENERGOSERVIS spol. s r.o.	4400037453	Cash Provision Agreement on the Electronic Fire Prevention System
ČEZ ENERGOSERVIS spol. s r.o.	4400037585	Pump Recirculation Piping Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4400038934	Cash Provision Agreement on Resolution of Environmental Events
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.	4400039613	Replacement of Circulation Pumps
ČEZ ENERGOSERVIS spol. s r.o.	4400040065	Test Body Storage Manager
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.	4101526634	Implementation of Unplanned Additional Temporary Measures Necessary to Complete the Construction
ČEZ ENERGOSERVIS spol. s r.o.	4101527947	Replacing the Heating Water Heater on a Unit Exchange Station
ČEZ ENERGOSERVIS spol. s r.o.	4101554167	Reconstruction of Critical Technical Water Pump Discharge Node—Feasibility Study
ČEZ ENERGOSERVIS spol. s r.o.	4101556183	Pump Stoppers
ČEZ ENERGOSERVIS spol. s r.o.	4101562719	Pipeline Reconstruction
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.	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.	4101598524	Anchor Modifications
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.	4101620815	Bypass Fixture Replacements
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.	4101655651	Equipment Replacement
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.	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.	4101687967	Raw Water Pipeline Reconstruction
ČEZ ENERGOSERVIS spol. s r.o.	4101693150	Analysis Processing
ČEZ ENERGOSERVIS spol. s r.o.	4101702082	Routing Modification
ČEZ ENERGOSERVIS spol. s r.o.	4400036848	Cable Tray Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400037328	Steel Structure Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400037342	Seal Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400037611	Pipeline Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4400038130	Turbogenerator Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400038268	Quick-Release Board Repairs
ČEZ ENERGOSERVIS spol. s r.o.	4400039327	Feeder Overhauls
ČEZ ENERGOSERVIS spol. s r.o.	5600007961	Purchase Agreement

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ ENERGOSERVIS spol. s r.o.	4101515214	Confidentiality Agreement
ČEZ ENERGOSERVIS spol. s r.o.	4101527496	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101538694	Production of Turbine Dividing Covers
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.	4101558414	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101562901	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101573953	Material Purchase
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.	4101589672	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101591141	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101599758	Base Materials
ČEZ ENERGOSERVIS spol. s r.o.	4101620596	Machinery Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101649585	Material Purchase
ČEZ ENERGOSERVIS spol. s r.o.	4101654981	Material Purchase
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.	4101687187	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101692709	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101698267	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101705236	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4101717386	Renovation
ČEZ ENERGOSERVIS spol. s r.o.	4400036413	Provision of Transport Services and Cleaning
ČEZ ENERGOSERVIS spol. s r.o.	4400037951	Waste Liquidation
ČEZ ENERGOSERVIS spol. s r.o.	4101540965	Warehouse Operation 2017–2021
ČEZ ENERGOSERVIS spol. s r.o.	4101554439	Auxiliary Work for Promotional Material Installations
ČEZ ENERGOSERVIS spol. s r.o.	4101573953	Motor Rack Supply
ČEZ ENERGOSERVIS spol. s r.o.	4101686707	Electrical Equipment and Lightning Conductor Revisions
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.	5600007560	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ENERGOSERVIS spol. s r.o.	90102710	Waste Release
ČEZ ENERGOSERVIS spol. s r.o.	100078	Operation of the Heat Exchanger Stations
ČEZ ENERGOSERVIS spol. s r.o.	30007884	Provision of Decontamination Work for Equipment Maintenance Purposes
ČEZ ENERGOSERVIS spol. s r.o.	4100796553	Air Tank Connection Change and Replacement
ČEZ ENERGOSERVIS spol. s r.o.	4100968174	Seismic Reinforcement of the Supporting Structures
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.	4101478653	Optimization of Injection Flows
ČEZ ENERGOSERVIS spol. s r.o.	4101482241	Pipeline Replacement–Documentation
ČEZ ENERGOSERVIS spol. s r.o.	4101499964	Rescuing from the Elevator Shaft–Training
ČEZ ENERGOSERVIS spol. s r.o.	4101725885	Provision of training
ČEZ ENERGOSERVIS spol. s r.o.	4400036026	Repair of Water Chambers of One-Body Coolers
ČEZ ENERGOSERVIS spol. s r.o.	4400036268	General Agreement on Maintenance, Repairs, and Inspections of Hydro Power Plants Equipment
ČEZ ENERGOSERVIS spol. s r.o.	4400036269	General Agreement on Maintenance, Repairs, and Inspections of Hydro Power Plants Equipment
ČEZ ENERGOSERVIS spol. s r.o.	4400036524	Provision of Minor Electrical Maintenance
ČEZ ENERGOSERVIS spol. s r.o.	4400036540	Provision of Minor Electrical Maintenance
ČEZ ENERGOSERVIS spol. s r.o.	4400037302	Fixation of Radioactive Sludge into the Geo-Polymer Matrix
ČEZ ENERGOSERVIS spol. s r.o.	4400038583	Repair and Painting of the Gantry Crane Gully
ČEZ ENERGOSERVIS spol. s r.o.	4400039392	Processing of the Switchboard Repair Project
ČEZ ENERGOSERVIS spol. s r.o.	4400039765	Rectification of the Safety Defect
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.	4400040643	Crane Work
ČEZ ENERGOSERVIS spol. s r.o.	4400024709	Service Agreement
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

Company Name (Contracting Party)	Agreement File Number	Agreement Title
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.	5600007090	License Agreement on the Provision of the Right to Use Trademarks
ČEZ ESCO, a.s.	5600005880	Agreement on the Provision of Services of May 25, 2015
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.		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 Ceding the Cooperation Agreement of March 16, 2017
ČEZ ESCO, a.s.		Agreement on Non-Monetary Surcharge of March 13, 2017
ČEZ ESCO, a.s.	5600007970	Internal Audit Agreement
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.	4100017278	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100024933	Contract for the Provision of Services—Bulgaria
ČEZ ICT Services, a. s.	4100028983	Contract for the Provision of IT and Telecommunication Services
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.	4100686771	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100696052	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100696172	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.	4100933712	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4100969411	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101027840	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101077705	Agreement on the Completion of the "Failure Signaling System and the TELEDU and MSE Remote Measuring Systems" Project
ČEZ ICT Services, a. s.	4101082582	Agreement on Future Agreement Concerning the "Configuration Management Information System for the CEZ Group" Project
ČEZ ICT Services, a. s.	4101082629	Agreement on Future Agreement Concerning the Asset Suite System Upgrade Project
ČEZ ICT Services, a. s.	5600005613	Order Contract—Supply, Assembly, and Service of Technical Protection Systems and Electric Fire Alarm Systems
ČEZ ICT Services, a. s.	4101129964	Agreement on Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101176955	Contract for the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4101234276	Agreement on Future Agreement Concerning a Project for the "Personnel Preparation Center"
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.	4101439085	Agreement on Cyber Security
ČEZ ICT Services, a. s.	4101441573	Agreement on Cyber Security
ČEZ ICT Services, a. s.	4101506074	Agreement on Future Agreement Concerning the Business Intelligence Project
ČEZ ICT Services, a. s.	4400011179	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
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	Agreement on the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4400028994	Agreement on Repair
ČEZ ICT Services, a. s.	4400033124	Agreement on the Provision of IT and Telecommunication Services
ČEZ ICT Services, a. s.	4400035633	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
ČEZ ICT Services, a. s.	5600002300	Agreement on Non-Residential Facility Lease

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ ICT Services, a. s.	5600004330	License Agreement on the Provision of the Right to Use Trademarks
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	Agreement on Media Services Provision
ČEZ ICT Services, a. s.	4400039787	Agreement on Media Services Provision
ČEZ ICT Services, a. s.	4101673186	Non-Residential Facility Lease
ČEZ ICT Services, a. s.	4101701197	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ ICT Services, a. s.	4101703596	Land Lease
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.		Mutual Credit Facility Agreement of August 27, 2012 (Agreement Subject: Mutual Credit Facilities)
ČEZ Inženýring, s.r.o.	4101014861	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101014888	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101016373	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101016918	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101033955	Non-Residential Facility Lease
ČEZ Inženýring, s.r.o.	4101035064	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101044877	Non-Residential Facility Lease
ČEZ Inženýring, s.r.o.	4101044935	Non-Residential Facility Lease
ČEZ Inženýring, s.r.o.	4101059782	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101059783	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Inženýring, s.r.o.	4101449145	Roof Cladding Reconstruction
ČEZ Inženýring, s.r.o.	4101525729	Activities Related to the Ledvice Power Plant Renovation
ČEZ Inženýring, s.r.o.	4400037193	Design Work
ČEZ Inženýring, 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 Inženýring, s.r.o.	5600006610	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Inženýring, s.r.o.	5600005290	Service Agreement
ČEZ Korporátní služby, s.r.o.	4101513705	Waste Liquidation
ČEZ Korporátní služby, s.r.o.	4101525029	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4101525082	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4100100804	Agreement on Vehicle and Fuel Card Lease
ČEZ Korporátní služby, s.r.o.	4100472333	Land Lease
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.	4101259714	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4101266234	Non-Residential Facility Lease
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 Agreement
ČEZ Korporátní služby, s.r.o.	4400012997	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400012999	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400013013	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400018935	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	4400020806	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400020807	Non-Residential Facility Lease
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.	4400023661	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400024525	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400025952	Non-Residential Facility Lease
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

Company Name (Contracting Party)	Agreement File Number	Agreement Title
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.	4400032167	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400032953	Operating Vehicle Lease—Electromobility
ČEZ Korporátní služby, s.r.o.	4400033351	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400033541	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400034160	Non-Residential Facility Lease
ČEZ Korporátní služby, s.r.o.	4400034212	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
ČEZ Korporátní služby, s.r.o.	4400036650	Service Agreement
ČEZ Korporátní služby, s.r.o.	5600005821	Agreement on the Provision of Electromobility Services
ČEZ Korporátní služby, s.r.o.	4400012996	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400035704	Service Agreement
ČEZ Korporátní služby, s.r.o.	4400035705	Service Agreement
ČEZ Korporátní služby, s.r.o.	5600007620	Agreement on the Future Sublease Contract
ČEZ Korporátní služby, s.r.o.	4101547155	Non-Residential Facility Lease
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.		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 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.	4400029912	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Korporátní služby, s.r.o.	5600007401	License Agreement on the Provision of the Right to Use Trademarks
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.		Agreement on Electric Power Supply of June 27, 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.	5600007396	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Obnovitelné zdroje, s.r.o.	5600001484	Service Agreement
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.	5600003200	License Agreement on the Provision of the Right to Use Trademarks
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.	5600005985	Agreement on the Provision of Services (Internet Profile Editing)
ČEZ OZ uzavřený investiční fond a.s.	5600006621	Agreement on Outsourcing of December 30, 2013
ČEZ OZ uzavřený investiční fond a.s.		Agreement on Establishment of an Easement of March 20, 2013
ČEZ Prodej, a.s.	4400038630	Billing Service Agreement
ČEZ Prodej, a.s.	4101514073	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101514190	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517085	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517178	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517200	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517230	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517250	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517292	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517295	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101517298	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101519042	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101519090	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101519959	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101555970	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101593863	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101668190	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101670946	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101672825	Electric Power Supplies for Electromobility
ČEZ Prodej, a.s.	4101704187	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Prodej, a.s.	4101527823	Agreement on Combined Gas Supplies
ČEZ Prodej, a.s.		Agreement on Providing Comprehensive Power Supply of August 29, 2008
ČEZ Prodej, a.s.		Agreement on Providing Comprehensive Gas Supply of December 22, 2009
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
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 the Provision of Services of February 10, 2010
ČEZ Prodej, a.s.		Agreement on Securing the Supply Safety Standard in 2016–2017 of June 29, 2016
ČEZ Prodej, a.s.		Agreement on Securing the Supply Safety Standard in 2017–2018 of June 20, 2017

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ Prodej, a.s.		Agreement on Electric Power Supply of December 31, 2013
ČEZ Prodej, a.s.		Agreement on Electric Power Supply of December 29, 2010
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.	4400031874	Agreement on Combined Gas Supplies
ČEZ Prodej, a.s.	5600006368	Agreement on the Provision of Electromobility Services
ČEZ Prodej, a.s.	4400036706	Service Agreement
ČEZ Prodej, a.s.	4400038845	Agreement on the Provision of Electromobility Services
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 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.		Mutual Credit Facility Agreement of March 1, 2011 (Agreement Subject: Mutual Credit Facilities)
ČEZ Prodej, a.s.	5600005170	License Agreement on the Provision of the Right to Use Trademarks
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 Recyklace, s.r.o.	4400029589	Securing the Obligations of the Solar Power Plant Operator
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.	5600006556	Agreement on the Provision of Services Concerning the Company's Websites of November 30, 2015
ČEZ Recyklace, s.r.o.	5600006580	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Solární, s.r.o.	4101661559	Supply and Installation of a Roof Photovoltaic System
ČEZ Solární, s.r.o.	4101700133	Verification
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 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.	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.	4101408968	Technical Assistance Agreement–Welding Process Inspection
ČEZ Teplárenská, a.s.	4101471845	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4101490896	Technical Assistance Agreement–Welding Process Inspection
ČEZ Teplárenská, a.s.	4400019297	Service Agreement
ČEZ Teplárenská, a.s.	4400026444	Supply of Electric Power, Heat, Water/Sewer Fees
ČEZ Teplárenská, a.s.	4400027063	Non-Residential Facility Lease
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 Agreement

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ČEZ Teplárenská, a.s.	5600005275	Agreement on Gas Supply
ČEZ Teplárenská, a.s.	5600006054	Contract for Work Concerning Water Chemical Analyses
ČEZ Teplárenská, a.s.	5600007400	Technical Assistance Agreement–Welding Process Inspection
ČEZ Teplárenská, a.s.	5600007911	Technical Assistance Agreement–Welding Process Inspection
ČEZ Teplárenská, a.s.	4400036857	Technical Assistance Agreement–Welding Process Inspection
ČEZ Teplárenská, a.s.	4400039269	Service Agreement
ČEZ Teplárenská, a.s.	4101705066	Agreement on Drinking Water Sales, and Drainage and Disposal of Sewage Water
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.	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.	5600005386	Agreement on Drinking Water Supply, and Drainage and Disposal of Sewage Water
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.	4101364334	Agreement on the Partial Payment of the Study Price
ČEZ Teplárenská, a.s.	4400017657	Mandate Contract
ČEZ Teplárenská, a.s.	4400030836	Agreement on the Provision of Services (Media Services)
ČEZ Teplárenská, a.s.	5600004162	License Agreement on the Provision of the Right to Use Trademarks
ČEZ Teplárenská, a.s.	000265_2017	Agreement on Change of the Legal Easement Scope
ČEZ Teplárenská, a.s.		Agreement on the Transfer of a Part of the Employer's Activities of June 30, 2017
ČEZ Teplárenská, a.s.	001128_2011	Agreement on Personal Data Processing
ČEZ Teplárenská, a.s.	4400039032	Agreement on the Processing of Building Energy Performance Certificates
ČEZ Teplárenská, a.s.	4400039421	Agreement on the Processing of Building Energy Performance Certificates
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.	4101615857	Agreement on Work—Emergency Intervention
ČEZ Teplárenská, a.s.	000266_2017	Agreement on Establishment of the Common Right
ČEZ Teplárenská, a.s.	4400009302	Service Agreement
ČEZ Zákaznické služby, s.r.o.		Agreement on the Provision of Services of December 30, 2005
ČEZ Zákaznické služby, s.r.o.		Agreement on the Issuance of Guarantees of November 30, 2009
ČEZ Zákaznické 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 Zákaznické 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 Zákaznické služby, s.r.o.	5600007330	License Agreement on the Provision of the Right to Use Trademarks
Distributie Energie Oltenia S.A.		Agreement on the Issuance of Guaranties of April 5, 2013 (Agreement Subject: Provision of Guarantees)
Distributie Energie Oltenia S.A.		General Agreement on Power Supply and Consumption (EFET) of June 1, 2014
Eco-Wind Construction S.A.	4101540388	Advisory Services
Eco-Wind Construction S.A.	2012/2	Loan Facility Agreement of February 3, 2012 (Agreement Subject: Loan)
Eco-Wind Construction S.A.	4101540388	Agreement on the Provision of Advisory Services (Agreement Subject: Mutual (Bilateral) Advisory Services in Connection with the Project Purchases)
EGP INVEST, spol. s r.o.	4100985958	Seismic Reinforcement of the Supporting Structures

Company Name (Contracting Party)	Agreement File Number	Agreement Title
EGP INVEST, spol. s r.o.	4101016310	Technical Assistance During the Implementation of the KO EPRII (Comprehensive Renewal of the Prunéřov II Power Plant) Project
EGP INVEST, spol. s r.o.	4101045836	Seismic Reinforcement of the Supporting Structures—Author Supervision
EGP INVEST, spol. s r.o.	4101347823	Agreement on the Plan of Decommissioning of the Dukovany Nuclear Power Plant 2016–2017
EGP INVEST, spol. s r.o.	4101368435	Administrative Building Plan Evaluation
EGP INVEST, spol. s r.o.	4101329573	Reconstruction of the Switching Room Communication Systems
EGP INVEST, spol. s r.o.	4101330523	Installation of Firm Measuring Points in the Gas Containers
EGP INVEST, spol. s r.o.	4101335477	Reinforcement of the Machine Room Against External Impacts
EGP INVEST, spol. s r.o.	4101406750	Reinforcement of the Machine Room Against External Impacts—Final Assessment Report
EGP INVEST, spol. s r.o.	4101441382	Installation of Firm Measuring Points in the Gas Containers—Author Supervision
EGP INVEST, spol. s r.o.	4400036727	Documentation of Selected Buildings
EGP INVEST, spol. s r.o.	4400037293	Project Documentation Inspection
EGP INVEST, spol. s r.o.	4101527150	Processing of Detailed Analysis of Variants and Recommendation of the Most Suitable Variant for Provision of the Autonomous Steam Source
EGP INVEST, spol. s r.o.	4101542130	Raw Water Pipeline Reconstruction
EGP INVEST, spol. s r.o.	4101563115	Performance of the Author Supervision
EGP INVEST, spol. s r.o.	4101569630	Seismic Reinforcement of the Supporting Structures
EGP INVEST, spol. s r.o.	4101587323	Computational Model Processing
EGP INVEST, spol. s r.o.	4101589932	Project Processing
EGP INVEST, spol. s r.o.	4101596502	Raw Water Pipeline Reconstruction
EGP INVEST, spol. s r.o.	4101609316	Seismic Reinforcement of the Supporting Structures
EGP INVEST, spol. s r.o.	4101611072	Re-Evaluation of the Accompanying Documentation
EGP INVEST, spol. s r.o.	4101617996	Processing the Technical and Economic Assessment of the Peripheral Casing Thermal Insulation and Repair Proposal
EGP INVEST, spol. s r.o.	4101602342	Processing of the Project Documentation for Construction Realization and Provision of the Construction Author Supervision
Elektrárna Dětmarovice, a.s.	4100731793	Agreement on Non-Residential Facility Lease
Elektrárna Dětmarovice, a.s.	4100732656	Agreement on Thermal Energy Supply
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.		General Agreement on Power Supply and Consumption (EFET) of December 10, 2012
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.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of December 10, 2012
Elektrárna Dětmarovice, a.s.		Agreement on the Acceptance of Responsibility for Deviation, Deviation Payment Re-booking, and Regulation Energy of December 2, 2015
Elektrárna Dětmarovice, a.s.		11 Agreements on Completion of Technical Compensation for Provision of Supporting Services
Elektrárna Dětmarovice, a.s.	4400029875	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
Elektrárna Dětmarovice, a.s.	4400032921	Agreement on the Provision of Services Internet Profile Editing
Elektrárna Dětmarovice, a.s.	5600005241	License Agreement on the Provision of the Right to Use Trademarks
Elektrárna Dětmarovice, a.s.	4400023052	Service Agreement
Elektrárna Dukovany II, a. s.	4101598808	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Dukovany II, a. s.	4101706830	Supply of Electric Power, Heat, Water/Sewer Fees
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.	4101486029	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Dukovany II, a. s.	4101488233	Non-Residential Facility Lease
Elektrárna Dukovany II, a. s.	5600006882	Service 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 Agreement
Elektrárna Počerady, a.s.	940052_2014	General Agreement on Provision of Services Concerning Transfers of Contracts on Provision of Supporting Services of December 29, 2015
Elektrárna Počerady, a.s.	940074_2013	Agreement on Rework (Agreement Subject: Electric Power Generation and Sale) of October 1, 2012
Elektrárna Počerady, a.s.		General Agreement on Power Supply and Consumption (EFET) of August 1, 2012
Elektrárna Počerady, a.s.		Allowances Appendix to the General Agreement on Power Supply and Consumption (EFET) of August 1, 2012
Elektrárna Počerady, a.s.		7 Agreements on Completion of Technical Compensation for Provision of Supporting Services
Elektrárna Počerady, a.s.	4100653933	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počerady, a.s.	4100657233	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počerady, a.s.	4101134830	Non-Residential Facility Lease
Elektrárna Počerady, a.s.	4400021314	Purchase Agreement for Diesel Fuel (Forklifts)
Elektrárna Počerady, a.s.	4400021319	Activities Associated with the Steam-Gas Cycle
Elektrárna Počerady, a.s.	4400021372	Supply of Electric Power, Heat, Water/Sewer Fees

Company Name (Contracting Party)	Agreement File Number	Agreement Title
Elektrárna Počerady, a.s.	4400021373	Supply of Electric Power, Heat, Water/Sewer Fees
Elektrárna Počerady, a.s.	4400031242	Rotor Loan
Elektrárna Počerady, a.s.	4400035634	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
Elektrárna Počerady, a.s.	4101536621	Supply of Fasteners
Elektrárna Počerady, a.s.	4101537027	Purchase Agreement for Diesel Fuel in a Container
Elektrárna Počerady, a.s.	4101538809	Purchase Agreement
Elektrárna Počerady, a.s.	4101540937	Supply of Fasteners
Elektrárna Počerady, a.s.	4101548354	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552317	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552318	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552319	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552321	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552329	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101552340	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101579884	Purchase Agreement
Elektrárna Počerady, a.s.	4101602054	Purchase Agreement for Diesel Fuel in Barrels
Elektrárna Počerady, a.s.	4101606052	Supply of Fasteners
Elektrárna Počerady, a.s.	4101670827	Purchase Agreement
Elektrárna Počerady, a.s.	4101709317	Purchase Agreement for Diesel Fuel in a Container
Elektrárna Počerady, a.s.	4400037000	Expansion by the Attendance Terminal
Elektrárna Počerady, a.s.	940041_2014	Agreement on the Issuance of Guarantees of June 3, 2014
Elektrárna Počerady, 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 Počerady, 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 Počerady, a.s.	5600004560	License Agreement on the Provision of the Right to Use Trademarks
Elektrárna Počerady, a.s.	5600005975	Agreement on the Provision of Media Services (Websites) of June 24, 2015
Elektrárna Počerady, a.s.	4100725904	Agreement on Non-Residential Facility Lease
Elektrárna Počerady, a.s.	4400019783	Service Agreement
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.	5600006881	Service Agreement
Elektrárna Temelín II, a. s.	4101720237	Deponie Land Lease
Elektrárna Tisová, a.s.		General Agreement on Power Supply and Consumption (EFET) of October 1, 2015
Elektrárna Tisová, a.s.	4101370030	Purchase Agreement (Ryphalgan)
Elektrárna Tisová, a.s.	4101481467	Purchase Agreement on Coal Supplies During the October–December 2016 Transitional Period
Elektrárna Tisová, a.s.	4400032395	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
Elektrárna Tisová, a.s.	5600006530	Supply, Assembly, and Service of Systems of Technical Protection and Electric Fire Alarm Systems
Elektrárna Tisová, 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 Tisová, 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 Tisová, a.s.	4400032332	Service Agreement
Elektrárna Tisová, a.s.	5600006820	License Agreement on the Provision of the Right to Use Trademarks
Elektrárna Tisová, a.s.	4101284956	Agreement on Thermal Energy Supply
Elektrárna Tisová, a.s.	5600005986	Agreement on Termination of the Agreement on Provision of Services
Elektrownie Wiatrowe Lubiechowo sp. z o.o. w likwidacji	2012/5	Loan Facility Agreement of March 9, 2012 (Agreement Subject: Loan)
Elevion GmbH	2017/1	Loan Facility Agreement (Agreement Subject: Loan)
Energetické centrum s.r.o.	2017/2	Loan Facility Agreement of September 19, 2017 (Agreement Subject: Loan)
Energetické centrum s.r.o.	4101232014	Partial Payment of Vehicle Costs
Energetické centrum s.r.o.	2011/04	Agreement on Credit Facility of April 29, 2011
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.	5600004462	License Agreement on the Provision of the Right to Use Trademarks
Energetické centrum s.r.o.	5600007320	Service Agreement
Energie2 Prodej, 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 October 7, 2016
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.		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

Company Name (Contracting Party)	Agreement File Number	Agreement Title
Energocentrum Vítkovice, a.s.		Agreement on Rework (Agreement Subject: Electric Power Generation and Sale) of December 21, 2015
Energocentrum Vítkovice, a.s.	4400033658	Service Agreement
Energocentrum Vítkovice, a.s.	4400033721	Agreement on the Servicing of Technical Protection and Electric Fire Alarm Systems
Energocentrum Vítkovice, a.s.	5600006470	Service Agreement
Energotrans, a.s.		12 Agreements on Completion of Technical Compensation for Provision of Supporting Services
Energotrans, a.s.		Agreement on Responsibility Acceptance and Re-booking 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.		General Agreement on Power Supply and Consumption (EFET) of June 1, 2010
Energotrans, a.s.	4100698304	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4100814657	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4100814690	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4101023453	Land Lease
Energotrans, a.s.	4101026059	Non-Residential Facility Lease
Energotrans, a.s.	4101046106	Non-Residential Facility Lease
Energotrans, a.s.	4101082607	Supply of Electric Power, Heat, Water/Sewer Fees
Energotrans, a.s.	4101094512	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.	4400024735	Laboratory Equipment Lease
Energotrans, a.s.	4400028181	Agreement on the Provision of Services—Ash Laboratory Analyses
Energotrans, a.s.	4400028321	Technical Support—Inspections of the Chemical Modes of the Blocks and Desulfurization
Energotrans, a.s.	4400028643	Agreement on the Joint Use of the Dining Facilities
Energotrans, a.s.	4400029382	Service Agreement
Energotrans, a.s.	4400030222	Support of Pumping Station Technologies
Energotrans, a.s.	4400032588	Operating Mechanics Activities
Energotrans, a.s.	4400034019	Raw Water Supply Provision
Energotrans, a.s.	4400035463	Small Locksmith Works
Energotrans, a.s.	5600004960	Agreement on the Joint Use of the Dining Facilities
Energotrans, a.s.	5600006460	Pump Station Lease
Energotrans, a.s.	5600006730	Pump Station Equipment Operation, Maintenance, and Inspections, and the Cleaning and Management of its Fire Extinguishers
Energotrans, a.s.	4101684360	Purchase of Laboratory Equipment
Energotrans, a.s.	4400039887	Service Agreement
Energotrans, a.s.	4101555787	Supply of Electric Power, Heat, Water/Sewer Fees
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.	4101295076	Purchase Agreement (Coal)
Energotrans, a.s.	4400028243	Service Contract of June 29, 2012
Energotrans, a.s.		Agreement on the Transfer of a Part of the Employer's Activities of November 29, 2017
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 složka		Mutual Credit Facility Agreement of August 25, 2016 (Agreement Subject: Mutual Credit Facilities)
EVČ s.r.o.	4400022808	Heat-Exchanger Station Repairs and Maintenance
EVČ s.r.o.	4101665393	Charging Station Parking Space Lease
EVČ 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
EVČ s.r.o.		Agreement on the Issuance of Guarantees of August 17, 2015
EVČ 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 April 11, 2017
Free Energy Project Oreshets EAD	4101618240	Agreement on Provision of Information (Agreement Subject: Provision of Information)
in PROJEKT LOUNY ENGINEERING s.r.o.	4100905487	Agreement on Work for Construction Realization Documentation Processing
in PROJEKT LOUNY ENGINEERING s.r.o.	4101044060	Agreement on Work for Project Documentation Processing for the Purpose of Building Permit
in PROJEKT LOUNY ENGINEERING s.r.o.	4101101195	Completion of Simplified Documentation for Drainage Water Sewer System and Construction Facility
in PROJEKT LOUNY ENGINEERING s.r.o.	4101260565	Completion of Documentation for the Solution of a Cast Granulate Storage Container
in PROJEKT LOUNY ENGINEERING s.r.o.	4101290230	Agreement on Work for Completion of Documentation for the Reconstruction of the Compressor Station Cooling System Reconstruction
in PROJEKT LOUNY ENGINEERING s.r.o.	4101353449	Dry Sorbent Dosing Technology
in PROJEKT LOUNY ENGINEERING s.r.o.	4101371908	Documentation Modification—Land Reclamation After the Railway Corridor Foundations Removal
in PROJEKT LOUNY ENGINEERING s.r.o.	4101373881	Project Implementation Documentation—Reclamation of Wastepond
in PROJEKT LOUNY ENGINEERING s.r.o.	4101384226	Project Documentation Completion—Reclamation of the Wastepond Foreland Areas
in PROJEKT LOUNY ENGINEERING s.r.o.	4101442729	Project Documentation Completion—Container Building Optimization
in PROJEKT LOUNY ENGINEERING s.r.o.	4101454997	Author Supervision—Container Building

Company Name (Contracting Party)	Agreement File Number	Agreement Title
in PROJEKT LOUNY ENGINEERING s.r.o.	4101455970	Reconstruction of the Technological Sewage Water Pumps, Including the Sewage Water Pump Facility
in PROJEKT LOUNY ENGINEERING s.r.o.	4101463853	Engineering-Geological Survey
in PROJEKT LOUNY ENGINEERING s.r.o.	4101483949	Processing of Documentation for Geodetic Survey
in PROJEKT LOUNY ENGINEERING s.r.o.	4101483953	Processing of the Construction Realization Documentation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101494481	Processing of the Wastepond Visualization
in PROJEKT LOUNY ENGINEERING s.r.o.	4101501375	Contract for Work—Preparation of Implementation Project for the Filling of Depositing Containers at the Disposal Pond with Cast Granulate
in PROJEKT LOUNY ENGINEERING s.r.o.	4101517399	Measuring of the Power Plant Facility Current State
in PROJEKT LOUNY ENGINEERING s.r.o.	4101556939	Periodic Measurement and Calculation of the Cubic Content of the Containers in the Internal Dump of Severočeské doly Bílina
in PROJEKT LOUNY ENGINEERING s.r.o.	4101565840	Technical Solution for Wastewater Accumulation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101574430	Reclamation Plan Preparation
in PROJEKT LOUNY ENGINEERING s.r.o.	4101576232	Processing Documents for Reclamation Completion
in PROJEKT LOUNY ENGINEERING s.r.o.	4101582573	Project of the Comprehensive Reclamation Solution
in PROJEKT LOUNY ENGINEERING s.r.o.	4101583244	Technical Assistance for the Steel Structure Modifications
in PROJEKT LOUNY ENGINEERING s.r.o.	4101637038	Processing of the Conceptual Documentation for Reclamation Completion
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.	5600008350	Service Agreement
Inven Capital, investiční fond, 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, investiční fond, 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, investiční fond, a.s.		Loan Agreement of September 12, 2016
Inven Capital, investiční fond, a.s.	5600005630	License Agreement on the Provision of the Right to Use Trademarks
Inven Capital, investiční fond, a.s.	5600005950	Agreement on the Provision of Services of May 26, 2015
Inven Capital, investiční fond, a.s.	5600005989	Agreement on the Provision of Services (Media Services) of June 18, 2015
Inven Capital, investiční fond, a.s.	5600007217	Agreement on Authorizing Another Party to Complete Individual Activities That Include Investment Fund Administration (Internal Audit Authorization) of May 31, 2016
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
KART, spol. s r.o.	4400019855	Agreement on Work–Inspections and Malfunction Rectifications on the Ventilation Equipment
Kongresové centrum Praha, a.s.	4101550238	Accommodation
Kongresové centrum Praha, a.s.	4101589359	Accommodation
Kongresové centrum Praha, a.s.	4101702644	Accommodation
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.	4101524049	Lump Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101499322	Ground Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101563702	Ground Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101620476	Ground Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101669811	Ground Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101498344	Lump Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101715427	Limestone Supplies
LOMY MOŘINA spol. s r.o.	4101715616	Limestone Supplies
MARTIA a.s.	4101341496	Upgrade of Heat-Exchangers
MARTIA a.s.	4101352315	Equipment Replacement
MARTIA a.s.	4101385212	Repair of the Vrané Waterworks Lightning Conductor
MARTIA a.s.	4101433076	Electrical Installation Replacement
MARTIA a.s.	4101473847	Modernization of the Switchboard Vault
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

Company Name (Contracting Party)	Agreement File Number	Agreement Title
MARTIA a.s.	4400034737	Technology Lubrication
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.	5600005620	Purchase Contract (Diesel Fuel)
MARTIA a.s.	5600006810	Purchase Contract (Diesel Fuel)
MARTIA a.s.	4400037575	Supply and Replacement of the Boiler Output Steam Piping
MARTIA a.s.	4101538989	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101539738	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101541309	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101542077	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101547291	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101564499	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101586454	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101623576	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101634929	Modernization of the Control System and Protection of the Kamýk Power Plant
MARTIA a.s.	4101639087	Power Supply of Gypsum Conveyor
MARTIA a.s.	4101655662	Modernization of Substations and Low Voltage Distributions in the Kamýk Power Plant
MARTIA a.s.	4101656681	Supply and Replacement of Station Transformers for the Kamýk Power Plant's Own Consumption
MARTIA a.s.	4101680322	Execution of Revisions
MARTIA a.s.	4101708862	Securing of the Equipment Repair and Maintenance
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.	4101567343	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101583371	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101584676	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101592786	Handling
MARTIA a.s.	4101632945	Handling
MARTIA a.s.	4101721162	Securing of the Equipment Repair and Maintenance
MARTIA a.s.	4101721188	Securing of the Equipment Repair and Maintenance
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.	4400035208	Hot-Water Pipe Complaint Repair
MARTIA a.s.	5600006110	Service Agreement
OSC, a.s.	90002132	Agreement on Work
OSC, a.s.	90181150	Terminal Service
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 Circulation 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 Turbo-Generator Over-Speed Protection Setting
OSC, a.s.	4101319245	Certification
OSC, a.s.	4101328324	Reduction Station
OSC, a.s.	4101386094	Connection Concept
OSC, a.s.	4101406238	Simulator
OSC, a.s.	4101425079	Temperature Processing Modification
OSC, a.s.	4101425113	Alarm Addition
OSC, a.s.	4101440415	Certification
OSC, a.s.	4101457112	Generational Renewal of the RTISZ System (Real Time/Source Information System)
OSC, a.s.	4101457522	Generational Renewal of the RTISZ System (Real Time/Source Information System)
OSC, a.s.	4101459272	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

Company Name (Contracting Party)	Agreement File Number	Agreement Title
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 Temelín 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
OSC, a.s.	4101685801	Alarm Optimization with the Alarm Management System
OSC, a.s.	4101689535	Induced Modifications at the Temelín Nuclear Power Plant Terminal
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.	4101642064	Realtime Information Resource Management System
OSC, a.s.	4101650299	Certification Execution
OSC, a.s.	4101654837	Pre-Certification Measurements
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.	4400037530	Telephone Console Repair
Ovidiu Development S.R.L.		Agreement on the Issuance of Guarantees of April 10, 2013 (Agreement Subject: Provision of Guarantees)
Ovidiu Development S.R.L.	CZWOD5007	General Agreement on Power Supply and Consumption (EFET) of March 1, 2014
Ovidiu Development S.R.L.		General Agreement on Financial Market Trading (ISDA) of December 20, 2013
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
Revitrans, a.s.	4100831696	Subsequent Reclamation of Dump
Revitrans, a.s.	5600005760	Purchase Contract (Diesel Fuel)
Revitrans, a.s.	4400038730	Service Agreement
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.	4101033234	Contract for Work—Building of Blocks for Secondary Energy Product Storage
Revitrans, a.s.	00032_2009	Agreement on Easement
Revitrans, a.s.	LE_00124195	Agreement on Surface Water Sale
Revitrans, a.s.	5600008682	Agreement on Surface Water Sale
Sakarya Elektrik Dağitim A.Ş.		Compensation Agreement of May 20, 2016 (Agreement Subject: Reward for Provided Guarantee)
Sakarya Elektrik Perakende Satiş A.Ş.		Compensation Agreement of May 20, 2016 (Agreement Subject: Reward for Provided Guarantee)
SD - Kolejová doprava, a.s.	231232	Train 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.	4101301110	Agreement on Transportation of Coal to Mělník Power Plants
SD - Kolejová doprava, a.s.	4101317315	Agreement on Transportation of Coal to Mělník Power Plants
SD - Kolejová doprava, a.s.	4101341606	Measuring of the Coal and Limestone Supplies
SD - Kolejová doprava, a.s.	4101375642	Coal Transportation and Unloading
SD - Kolejová doprava, a.s.	4101464848	Agreement on the Transportation of Limestone to the Tušimice Power Plant from the Tetín Quarry
SD - Kolejová doprava, a.s.	4400000386	Mandate Agreement—Railway Operation
SD - Kolejová doprava, a.s.	4400004959	Coal Handling Technology Operation
SD - Kolejová doprava, a.s.	4400004993	Coal Handling Technology Operation
SD - Kolejová doprava, a.s.	4400004994	Train Operation and Maintenance
SD - Kolejová doprava, a.s.	4400013836	Fuel Storage Site Thermography Measuring
SD - Kolejová doprava, a.s.	4400016432	Operating a Railway and Railway Transportation, Coal Handling, Fuel Storage, 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, and Other Activities
SD - Kolejová doprava, a.s.	4400030786	Agreement on Coal Handling and Transportation
SD - Kolejová doprava, a.s.	4491020378	Train Operation and Maintenance

Company Name (Contracting Party)	Agreement File Number	Agreement Title
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.	5600004820	Coal Handling
SD - Kolejová doprava, a.s.	4400036636	Provision of Powder Limestone and Burnt Lime Barreling
SD - Kolejová doprava, a.s.	4101538728	Modernization of the Direct Open Power Supply Trolley
SD - Kolejová doprava, a.s.	4101691473	Advertising Partnership Agreement (Locomotives)
SD - Kolejová doprava, a.s.	4101720252	Agreement on Establishment the Engineering Network Service
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
Severočeské doly a.s.	4100038885	Subsequent Reclamation 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.	4100684195	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4100979534	Contract for the Provision of IT and Telecommunication Services
Severočeské doly a.s.	4400027605	Supply of Electric Power, Heat, Water/Sewer Fees
Severočeské doly a.s.	4400031323	Service Agreement
Severočeské doly a.s.	4100981693	Parking Space Lease
Severočeské doly a.s.	4400037008	Establishment of a Shared Fire Prevention Brigade
Severočeské doly a.s.	4101500687	Purchase Agreement (Coal)
Severočeské doly a.s.	4400031844	Mid-Term Purchase Agreement (Coal)
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.		Agreement on Administration of Assets in Linked Accounts of August 24, 2007
Severočeské doly a.s.	90181235	Lease Agreement
Severočeské doly a.s.	90256035	Lease Agreement
Severočeské doly a.s.	4101289554	Coal Supply
Severočeské doly a.s.	4101289557	Coal Supply
Severočeské doly a.s.	4101289570	Coal Supply
Severočeské doly a.s.	4101289573	Coal Supply
Severočeské doly a.s.	4101289574	Coal Supply
Severočeské doly a.s.	4101295084	Coal Supply
Severočeské doly a.s.	4101295086	Coal Supply
Severočeské doly a.s.	4101295985	Coal Supply
Severočeské doly a.s.	4101296829	Coal Supply
Severočeské doly a.s.	4101298507	Coal Supply
Severočeské doly a.s.	4101300537	Coal Supply
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
ŠKODA PRAHA a.s.	4101353504	Completion of Supporting Information on Raw Landscaping and 3D Visualizations for EIA Documentation (Environmental Impact Assessment)
ŠKODA PRAHA Invest s.r.o.	30004696	Technical Support of Pre-Project Preparation
ŠKODA PRAHA Invest s.r.o.	30029385	Supply of Electric Power, Heat, Water/Sewer Fees
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.	4101274041	Loan—Equipment and Facility Documentation
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.	4400020923	Fire-Safety Solution
ŠKODA PRAHA Invest s.r.o.		Agreement on the Issuance and Provision of Guarantee of June 17, 2008
ŠKODA PRAHA Invest s.r.o.	5600006210	General Agreement on the Provision of External Activities
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
TEC Varna EAD	4101618127	Agreement on Provision of Information (Agreement Subject: Provision of Information)
Telco Pro Services, a. s.	4100771352	Non-Residential Facility Lease
Telco Pro Services, a. s.	4100798774	Supply of Electric Power, Heat, Water/Sewer Fees
Telco Pro Services, a. s.	4100947138	Non-Residential Facility Lease
Telco Pro Services, a. s.	4101441573	Agreement on Cyber Security
Telco Pro Services, a. s.	4101493125	Calibration of Measuring Instruments

Company Name (Contracting Party)	Agreement File Number	Agreement Title
Telco Pro Services, a. s.	4400039928	Lease Agreement
Telco Pro Services, a. s.	4101624083	Supply of Electric Power, Heat, Water/Sewer Fees
Telco Pro Services, a. s.	4101661422	Supply of Electric Power, Heat, Water/Sewer Fees
Telco Pro Services, a. s.	4101667947	Non-Residential Facility Lease
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.	5600004380	License Agreement on the Provision of the Right to Use Trademarks
Teplo Klášterec s.r.o.	5600008660	Service Agreement
Teplo Klášterec s.r.o.	000280-2017	Agreement on Easement
TMK Hydroenergy Power S.R.L.		Agreement on the Issuance of Guarantees of July 25, 2017 (Agreement Subject: Provision of Guarantees)
TMK Hydroenergy Power S.R.L.		General Agreement on Power Supply and Consumption (EFET) of November 28, 2014
Tomis Team S.A.		Agreement on the Issuance of Guarantees of April 10, 2013 (Agreement Subject: Provision of Guarantees)
Tomis Team S.A.	CZWTT6714	General Agreement on Power Supply and Consumption (EFET) of March 1, 2014
Tomis Team S.A.		General Agreement on Financial Market Trading (ISDA) of December 20, 2013
ÚJV Řež, a. s.	90006081	Monitoring
ÚJV Řež, a. s.	90017899	SW Program Maintenance
ÚJV Řež, a. s.	4100668390	Documentation Processing
ÚJV Řež, a. s.	4100941119	Preparation of Supporting Information and Data in Support of the Project
ÚJV Řež, a. s.	4100943549	Replacement of the Current Permanently Installed Containment Measuring Systems
ÚJV Řež, a. s.	4101010092	Completion of Analyses
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
ÚJV Řež, a. s.	4101107834	Securing of Participation in and Transfer of Results of the Halden Reactor Project 2015–2017 of the Organization for Economic Cooperation and Development
ÚJV Řež, a. s.	4101165741	Completion of Methodical Approaches for Safety Analysis Completion
ÚJV Řež, a. s.	4101187594	Modernization of the Containment Hermetic Seals
ÚJV Řež, a. s.	4101201683	Preparation of SDG (Spatial Development Guidelines) and OCT (Oversized Components Transport) Supporting Documents
ÚJV Řež, a. s.	4101204436	Detailed Engineering-Geological Survey
ÚJV Řež, a. s.	4101204439	Monitoring in the Jihlava River Basin
ÚJV Řež, a. s.	4101204464	Detailed Mathematical Model
ÚJV Řež, a. s.	4101207277	Preparation of Supporting Documents for EUR (European Utility Requirements) Update
ÚJV Řež, a. s.	4101225712	Paleoseismological Survey
ÚJV Řež, a. s.	4101225716	Jihlava Quality Model
ÚJV Řež, a. s.	4101234645	Completion of Analyses, EIA (Environmental Impact Assessment) Update
ÚJV Řež, a. s.	4101235434	Technical Assistance—Possibility of Additional Desulfurization
ÚJV Řež, a. s.	4101236595	Containment Ruggedization—Post-Accident Hydrogen Liquidation
ÚJV Řež, a. s.	4101237642	Resealing of the Temperature Measuring Box Node
ÚJV Řež, a. s.	4101301216	Purchase of Pump Spare Parts
ÚJV Řež, a. s.	4101303571	Agreement on Cooperation in the Area of Joint Supplier Audit Completion
ÚJV Řež, a. s.	4101308877	Completion of Engineering-Geological Survey
ÚJV Řež, a. s.	4101330604	Adhesive Sealant Supply
ÚJV Řež, a. s.	4101355790	Technical Assistance
ÚJV Řež, a. s.	4101363999	Noise Measuring, Waste Management
ÚJV Řež, a. s.	4101365893	Addition of a Groundwater Monitoring Network
ÚJV Řež, a. s.	4101369504	Professional Assistance During EIA (Environmental Impact Assessment)
ÚJV Řež, a. s.	4101383478	Noise, Detailed Dispersion, and Socio-Economic Study
ÚJV Řež, a. s.	4101386552	Documentation Modification
ÚJV Řež, a. s.	4101387226	EIA (Environmental Impact Assessment) Support Study
ÚJV Řež, a. s.	4101389356	Level Monitoring
ÚJV Řež, a. s.	4101418561	Hydrogeological Monitoring Completion
ÚJV Řež, a. s.	4101419972	Project Documentation—Supervision (Insufficient Capacities of the Distribution Point Work Area)
ÚJV Řež, a. s.	4101424636	Sealant Supply
ÚJV Řež, a. s.	4101425092	Land Engineering-Geological Survey
ÚJV Řež, a. s.	4101437864	Completion of Implementation Documentation—Compressed Air
ÚJV Řež, a. s.	4101458253	Purchase Agreement
ÚJV Řež, a. s.	4101464871	Sealant Supply
ÚJV Řež, a. s.	4101481052	Remedy of Nonconforming Fire Safety Equipment
ÚJV Řež, a. s.	4400001861	Containment Works
ÚJV Řež, a. s.	4400007946	Verification of the Concentrate Thermal Stability
ÚJV Řež, a. s.	4400034008	Provision of Equipment Inspections
ÚJV Řež, a. s.	4400034418	Repair of Defects of Tensometric Measurements of the Containment Pretensioning System

Company Name (Contracting Party)	Agreement File Number	Agreement Title
ÚJV Řež, a. s.	5600005240	Agreement on Technical Assistance, Provision of Services and/or Completion of Activities
ÚJV Řež, a. s.	4400036637	Executing Reliability Analysis and Sensitivity Analysis of the Own Consumption Power Supply
ÚJV Řež, a. s.	4400032881	General Agreement on Technical Assistance
ÚJV Řež, a. s.	4400036919	Analysis Execution
ÚJV Řež, a. s.	4400038004	Revision of the Reactor Hall Storage Plan
ÚJV Řež, a. s.	4400038061	Analysis Execution
ÚJV Řež, a. s.	4400038062	Inspecting Stewardship (MSIO) Work 2017
ÚJV Řež, a. s.	4400038084	Service for the Middle Part of the Fuel Cycle
ÚJV Řež, a. s.	4400038101	Updates of the Database of Selected Equipment of the Dukovany Nuclear Power Plant
ÚJV Řež, a. s.	4400038273	Express Evaluation of Replicas
ÚJV Řež, a. s.	4400038536	Finish Marking and Creating the Pipeline Routing Register
ÚJV Řež, a. s.	4400039460	Conversion of the Heating System at the Environmental Radiological Control Laboratory
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.	4400039661	Static Load Capacity Assessment
ÚJV Řež, a. s.	4400039789	Comparison of Parameters of both Main Production Units
ÚJV Řež, a. s.	4400039925	Selectivity Check
ÚJV Řež, a. s.	4101548387	Selectivity Database Update
ÚJV Řež, a. s.	4101617716	Trigger Setting Modification
ÚJV Řež, a. s.	4101650278	Provision of Work of the Engineering Solutions Group
ÚJV Řež, a. s.	4101656077	Calculation Revision and Reevaluation
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.	4101687468	Replacement of the Line Leveling Protection
ÚJV Řež, a. s.	4101698220	Processing and Submission of the Final Evaluation Report
ÚJV Řež, a. s.	4101704160	Development and Updating of Operating Diagrams and Creation and Updating of Equipment Alphanumerical Data
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.	5600008240	Gauge Verification Sales
ÚJV Řež, a. s.	4101527104	Mechanism Analyses
ÚJV Řež, a. s.	4101555159	Aerodynamic Model Assessment
ÚJV Řež, a. s.	4101557211	Supply of an Alpha-Nuclide Determination Reagent
ÚJV Řež, a. s.	4101567861	Assessment of the Project for a New Heating Source in the Hodonín Power Plant
ÚJV Řež, a. s.	4101567901	Sealant Supply
ÚJV Řež, a. s.	4101582570	Spare Parts
ÚJV Řež, a. s.	4101599335	McSAFE Project, Horizon2020 Program
ÚJV Řež, a. s.	4101628111	Sealant Supply
ÚJV Řež, a. s.	4101639143	Research and Development–Mercury Emissions
ÚJV Řež, a. s.	4101646386	Spare Parts
ÚJV Řež, a. s.	4101659317	Measurement of Mercury (Hg) and Selenium (Se) Concentrations
ÚJV Řež, a. s.	4101666957	Supply of an Alpha-Nuclide Determination Reagent
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 Temelín Nuclear Power Plant and the Dukovany Nuclear Power Plant" Document
ÚJV Řež, a. s.	4101347823	Processing the "Decommissioning Plan and the Decommissioning Cost Estimates for the Dukovany Nuclear Power Plant" Document
ÚJV Řež, a. s.	4101105397	Analyses Processing
ÚJV Řež, a. s.	4101382334	Analyses Processing
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.	4100830993	Implementation of the RATING Methodology
Ústav aplikované mechaniky Brno, s.r.o.	4101320144	Project Documentation Completion
Ústav aplikované mechaniky Brno, s.r.o.	4101371837	Measuring (Critical Technical Water Systems)
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.	4400035816	Completion of Pressure Tests
Ústav aplikované mechaniky Brno, s.r.o.	4400036004	Elimination of Weld Joint Nonconformities
Ústav aplikované mechaniky Brno, s.r.o.	4400036178	Technical Assistance During Nonconformity Elimination
Ústav aplikované mechaniky Brno, s.r.o.	4400036805	Experimental Program on Selected Extracted Heterogeneous Welded Joints
Ústav aplikované mechaniky Brno, s.r.o.	4400037276	Measurement of the Acoustic Emission by the Apparatus on the Steam Generator
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.	4101618508	Computational Work for Connecting Welds
Ústav aplikované mechaniky Brno, s.r.o.	4101624519	Assessment of Risk Points of Welded Joints

Company Name (Contracting Party)	Agreement File Number	Agreement Title
Ústav aplikované mechaniky Brno, s.r.o.	4101630450	Creation of New Software Tools
Ústav aplikované mechaniky Brno, s.r.o.	4101657463	Flange Connection Assessment
Ústav aplikované mechaniky Brno, s.r.o.	4101684024	Completion of Measurements of Material Properties
Ústav aplikované mechaniky Brno, s.r.o.	4101700140	Provision of Code Processing for Non-Destructive Checks
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.	4400037294	Producing the Strength and Fatigue Assessment of the Lower Bottom of the Vessel
Ústav aplikované mechaniky Brno, s.r.o.	4101684645	Qualification Bodies
Ústav aplikované mechaniky Brno, s.r.o.	4400032860	Agreement on Project Implementation Work
Ústav aplikované mechaniky Brno, s.r.o.	4101503174	Agreement on Project Implementation Work
Ústav aplikované mechaniky Brno, s.r.o.	4400038371	Technical Assistance Agreement
Ústav aplikované mechaniky Brno, s.r.o.	4400038315	Comprehensive Steam Generator Service Life Assessments
Ústav aplikované mechaniky Brno, s.r.o.	4400038559	Comprehensive Evaluation
Ústav aplikované mechaniky Brno, s.r.o.	4400038607	Agreement on Work
Ústav aplikované mechaniky Brno, s.r.o.	4400038233	Installation of Temperature Gauges on Pipeline
Ústav aplikované mechaniky Brno, s.r.o.	4400039046	Technical Assistance Agreement
Ústav aplikované mechaniky Brno, s.r.o.	4400039391	Analysis Execution
Výzkumný a zkušební letecký ústav, a.s.	4101595327	Mechanical Barrier Systems Study
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.	4400032887	Agreement on Work—Development of Turbine Blade Inspection Methodology
Výzkumný a zkušební ústav Plzeň s.r.o.	4400037200	Calibration of Length Gauges
Výzkumný a zkušební ústav Plzeň s.r.o.	4400037380	Measuring of Oil Insert Play
Výzkumný a zkušební ústav Plzeň s.r.o.	4400037381	Technical Assistance—Monitoring Change Levels of Absolute and Relative Vibrations on Turbine Generators
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.	4400038429	Calibration of Length Gauges
Výzkumný a zkušební ústav Plzeň s.r.o.	4400038675	Calibration of Length Gauges
Výzkumný a zkušební ústav Plzeň s.r.o.	4400038909	Calibration of Length Gauges
Výzkumný a zkušební ústav Plzeň s.r.o.	4400039233	Calibration of Length Gauges

F

Financial Section

Content of the Financial Section

Independent Auditor's Report

Building a better working world

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 2017, 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 2017, 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.

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nove Mesto, has been incorporated in the Commercial Register administered by the Municipal Court in Prague, Section C, entry no. 88504, under Identification No. 26704153.

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 including Goodwill, are compliant with the IFRS EU.

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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 19 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 IAS 39 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 2017 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 Note 27 Gains and Losses from Commodity Derivative Trading, Net, 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.

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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 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.

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nove Mesto,
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,
Section C, entry no. 88504, under Identification No. 26704153.

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 21 June 2017 and our uninterrupted engagement has lasted for 16 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 2018 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

Martin Skácelík, Auditor
License No. 2119

19 March 2018
Prague, Czech Republic

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nove Mesto,
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,
Section C, entry no. 88504, under Identification No. 26704153.

CEZ Group – Consolidated Balance Sheet as of December 31, 2017

in CZK Millions

ASSETS:	Note	2017	2016
Plant in service		833,359	775,181
Less accumulated depreciation and impairment		(437,210)	(418,981)
Net plant in service		396,149	356,200
Nuclear fuel, at amortized cost		15,218	14,892
Construction work in progress, net		16,652	55,803
Total property, plant and equipment	3	428,019	426,895
Investments in associates and joint-ventures	9	3,520	5,309
Restricted financial assets	4	18,468	19,011
Investments and other financial assets, net	5	9,845	14,460
Intangible assets, net	6	26,804	21,983
Deferred tax assets	33	1,297	1,596
Total other non-current assets		59,934	62,359
Total non-current assets		487,953	489,254
Cash and cash equivalents	10	12,623	11,226
Receivables, net	11	57,766	56,331
Income tax receivable		1,171	1,181
Materials and supplies, net	12	9,537	7,520
Fossil fuel stocks		1,021	996
Emission rights	13	9,370	3,958
Other financial assets, net	14	43,052	56,501
Other current assets	15	3,684	3,227
Assets classified as held for sale	16	30	647
Total current assets		138,254	141,587
TOTAL ASSETS		626,207	630,841

EQUITY AND LIABILITIES:	Note	2017	2016
Stated capital		53,799	53,799
Treasury shares		(4,077)	(4,246)
Retained earnings and other reserves		200,296	207,259
Total equity attributable to equity holders of the parent	17	250,018	256,812
Non-controlling interests	9	4,304	4,548
Total equity		254,322	261,360
Long-term debt, net of current portion	18	132,475	142,265
Provisions	21	73,291	66,360
Deferred tax liability	33	19,993	20,213
Other long-term liabilities	22	15,844	11,203
Total non-current liabilities		241,603	240,041
Short-term loans	23	11,072	8,343
Current portion of long-term debt	18	8,622	17,208
Trade and other payables	24	87,236	80,516
Income tax payable		176	392
Provisions	21	9,226	8,160
Accrued liabilities	25	13,950	14,251
Liabilities associated with assets classified as held for sale	16	–	570
Total current liabilities		130,282	129,440
TOTAL EQUITY AND LIABILITIES		626,207	630,841

The accompanying notes are an integral part of these consolidated financial statements.

CEZ Group – Consolidated Statement of Income for the Year Ended December 31, 2017

in CZK Millions

	Note	2017	2016
Sales of electricity and related services		167,758	174,944
Sales of gas, coal, heat and other revenues		30,757	27,065
Other operating income		3,391	1,735
Total revenues and other operating income	26	**201,906**	**203,744**
Gains and losses from commodity derivative trading, net	27	920	(368)
Fuel		(12,703)	(13,150)
Purchased power and related services		(86,872)	(88,294)
Repairs and maintenance		(4,714)	(4,563)
Depreciation and amortization	3, 6	(29,305)	(28,978)
Impairment of property, plant and equipment and intangible assets including goodwill	7	(230)	(3,114)
Salaries and wages	28	(22,086)	(19,158)
Materials and supplies		(5,922)	(4,362)
Emission rights, net	13	(1,620)	(520)
Other operating expenses	29	(13,754)	(15,123)
Income before other income (expenses) and income taxes		**25,620**	**26,114**
Interest on debt, net of capitalized interest		(3,761)	(2,762)
Interest on provisions		(1,618)	(1,494)
Interest income	30	235	303
Foreign exchange rate gains (losses), net		959	(339)
Gain (loss) on sale of subsidiaries, associates and joint-ventures	8	(14)	161
Other financial expenses	31	(1,964)	(1,264)
Other financial income	32	5,683	1,342
Share of profit (loss) from associates and joint-ventures	9	(2,387)	(2,733)
Total other income (expenses)		**(2,867)**	**(6,786)**
Income before income taxes		**22,753**	**19,328**
Income taxes	33	(3,794)	(4,753)
Net income		**18,959**	**14,575**
Net income attributable to:			
Equity holders of the parent		18,765	14,281
Non-controlling interests		194	294
Net income per share attributable to equity holders of the parent (CZK per share):	36		
Basic		35.1	26.7
Diluted		35.1	26.7

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, 2017

in CZK Millions

	Note	2017	2016
Net income		18,959	14,575
Change in fair value of cash flow hedges recognized in equity		(3,950)	(7,438)
Cash flow hedges reclassified to statement of income		4,026	(1,629)
Cash flow hedges reclassified to assets		(394)	(85)
Change in fair value of available-for-sale financial assets recognized in equity		(1,283)	4,620
Available-for-sale financial assets reclassified from equity	32	(5,542)	(10)
Translation differences – subsidiaries		(3,412)	(536)
Translation differences – associates and joint-ventures		1,340	(617)
Translation differences reclassified from equity		751	(127)
Share on other equity movements of associates and joint-ventures		54	26
Deferred tax related to other comprehensive income	33	300	1,731
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(8,110)	(4,065)
Re-measurement gains (losses) on defined benefit plans		(5)	10
Deferred tax related to other comprehensive income	33	1	1
Net other comprehensive income not to be reclassified from equity in subsequent periods		(4)	11
Total other comprehensive income, net of tax		(8,114)	(4,054)
Total comprehensive income, net of tax		10,845	10,521
Total comprehensive income attributable to:			
Equity holders of the parent		10,848	10,228
Non-controlling interests		(3)	293

CEZ Group – Consolidated Statement of Changes in Equity for the Year Ended December 31, 2017

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	Available-for-sale and other reserves	Retained earnings	Total		
December 31, 2015		53,799	(4,246)	(9,500)	(86)	3,242	224,684	267,893	4,262	272,155
Net income		–	–	–	–	–	14,281	14,281	294	14,575
Other comprehensive income		–	–	(1,279)	(7,413)	4,603	36	(4,053)	(1)	(4,054)
Total comprehensive income		–	–	(1,279)	(7,413)	4,603	14,317	10,228	293	10,521
Dividends		–	–	–	–	–	(21,320)	(21,320)	(8)	(21,328)
Share options	28	–	–	–	–	22	–	22	–	22
Transfer of forfeited share options within equity		–	–	–	–	(28)	28	–	–	–
Acquisition of subsidiaries	8	–	–	–	–	–	–	–	17	17
Acquisition of non-controlling interests	8	–	–	–	–	–	(10)	(10)	(17)	(27)
Put options held by non-controlling interest		–	–	–	–	–	(1)	(1)	1	–
December 31, 2016		53,799	(4,246)	(10,779)	(7,499)	7,839	217,698	256,812	4,548	261,360
Net income		–	–	–	–	–	18,765	18,765	194	18,959
Other comprehensive income		–	–	(1,124)	(258)	(6,585)	50	(7,917)	(197)	(8,114)
Total comprehensive income		–	–	(1,124)	(258)	(6,585)	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	28	–	–	–	–	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)	1,248	218,711	250,018	4,304	254,322

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, 2017

in CZK Millions

	Note	2017	2016
OPERATING ACTIVITIES:			
Income before income taxes		22,753	19,328
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	3, 6	29,305	28,978
Amortization of nuclear fuel	3	3,725	3,158
Gain on non-current asset retirements, net		(5,792)	(350)
Foreign exchange rate losses (gains), net		(959)	339
Interest expense, interest income and dividend income, net		3,263	1,827
Provisions		1,081	(163)
Impairment of property, plant and equipment and intangible assets including goodwill	7	230	3,114
Valuation allowances and other adjustments		2,355	(364)
Share of (profit) loss from associates and joint-ventures	9	2,387	2,733
Changes in assets and liabilities:			
Receivables		(1,951)	(10,168)
Materials, supplies and fossil fuel stocks		(798)	451
Receivables and payables from derivatives		(1,269)	3,244
Other current assets		(4,610)	4,630
Trade and other payables		3,687	8
Accrued liabilities		(583)	414
Cash generated from operations		52,824	57,179
Income taxes paid		(4,207)	(6,689)
Interest paid, net of capitalized interest		(3,511)	(2,481)
Interest received		225	298
Dividends received		481	646
Net cash provided by operating activities		45,812	48,953
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	8	(5,070)	(368)
Disposal of subsidiaries and joint-ventures, net of cash disposed of	8	2,037	900
Additions to non-current assets, including capitalized interest		(30,688)	(35,553)
Proceeds from sale of non-current assets	14	13,913	1,078
Loans made		(21)	(5)
Repayment of loans		371	228
Change in restricted financial assets		(754)	(851)
Total cash used in investing activities		(20,212)	(34,571)
FINANCING ACTIVITIES:			
Proceeds from borrowings		150,032	97,022
Payments of borrowings		(156,182)	(91,542)
Proceeds from other long-term liabilities		70	58
Payments of other long-term liabilities		(76)	(713)
Dividends paid to Company's shareholders		(17,618)	(21,325)
Dividends paid to non-controlling interests		(241)	(8)
Sale of treasury shares		68	–
(Acquisition) sale of non-controlling interests, net	8	(160)	(32)
Total cash used in financing activities		(24,107)	(16,540)
Net effect of currency translation in cash		(200)	6
Net increase (decrease) in cash and cash equivalents		1,293	(2,152)
Cash and cash equivalents at beginning of period		11,330	13,482
Cash and cash equivalents at end of period	10	12,623	11,330
Supplementary cash flow information:			
Total cash paid for interest		5,090	5,568

The accompanying notes are an integral part of these consolidated financial statements.

CEZ Group
Notes to Consolidated Financial Statements as of December 31, 2017

Content

1. The Company

ČEZ, a. s. (ČEZ or the Company), business registration number 45274649, is a Czech Republic joint-stock company, owned 69.8% (70.3% of voting rights) at December 31, 2017 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 2017 generated approximately 56% of the electricity in the Czech Republic. In the Czech Republic the Company operates twelve fossil fuel plants, sixteen hydroelectric plants, one solar plant, 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 27,659 and 26,300 in 2017 and 2016, 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

a. 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.

b. 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 IAS 39 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.

c. 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.

d. 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.c).

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.

e. 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

a. Adoption of New IFRS Standards in 2017

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, 2017:

IAS 7 Disclosure Initiative – Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Application of amendments resulted in additional disclosure provided by the Group. These amendments do not have material impact on the Group's financial statements.

IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments do not have material impact on the Group's financial statements.

Annual Improvement to IFRSs 2014–2016

IASB issued amendment to IAS and IFRS in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. The standard IFRS 12 Disclosure of Interests in Other Entities was amended. This change does not have significant impact on the Group's financial statements.

b. New IFRS Standards and IFRIC Interpretations either not yet Effective or not yet Adopted by the 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, 2018 or later. Standards and interpretations most relevant to the Group's activities are detailed below:

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 currently existing 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

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.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets and liabilities.

The Group assessed impact of the adoption of this standard and the impact to the Group's financial statements as of the date of application. The Group expects the following impacts (in CZK millions):

	Adjustment
Receivables, net	(62)
Other	(17)
Total assets	(79)
Deferred tax receivable or liability, net	13
Impact on equity	(66)

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 Group assessed impact of the adoption of this standard and the impact to the Group's financial statements as of the date of application. The Group used modified retrospective application and the effects of the application are as follows:

– due to retrospective application of IFRS 15, the deferred connection fees received from customers prior 2009 will be recognized in retained earnings as of January 1, 2018. Impact of this transaction will increase the equity by CZK 3,304 million, before tax,
– in certain areas where the Group acts as energy provider without distributing it, the analysis under IFRS 15 may lead to the recognition of only energy sales in revenue. This could lead to a limited decrease in revenue and expenses without any earnings effect.

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 is not expected to have significant impact to the Group's financial statements.

IFRS 16 Leases

The IASB issued in January 2016 new standard, IFRS 16 Leases, which replaces existing IFRS leases requirements and requires lessees to recognize most leases on their balance sheets while lessor accounting is substantially unchanged.

The new standard will be 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 Group is currently assessing the impact of IFRS 16. The main impact is expected in items of Net plant in service and Other long-term liabilities. Both items will be increased due to recognizing subjects of the lease (buildings, cars and other) on consolidated balance sheet. The Group will adopt IFRS 16 on the required effective date.

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 Group's financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2

The IASB issued amendments 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 amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The standard has not yet been endorsed by EU. The Group is assessing the potential effect of the amendments on Group's financial statements.

IAS 19 Plan Amendment, Curtailment or Settlement

The Amendments are effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The amendments require 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 amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. These Amendments do not have material impact on the Group's financial statements.

Amendment IAS 40 Transfers to Investment Property

The Amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state 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. 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 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 Amendments are effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendments relate 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 Amendments clarify 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. 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.

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 has not yet been endorsed by the EU. This Interpretation is not expected to have significant impact to the 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.

The Group does not expect early adoption of any of the above mentioned standards, improvements or amendments.

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 are not expected to have significant impact to the Group’s financial statements.

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.

2.4. 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 21.1), provisions for reclamation of mines, mining damages and waste storage reclamation (see Note 21.2), unbilled electricity (see Note 2.6), fair value of commodity contracts (see Notes 2.21 and 19) and financial derivatives (see Notes 2.20 and 19).

2.5. Revenues

The Group recognizes revenue from supplies of electricity and related services based on contract terms. Differences between contracted amounts and actual supplies are settled through the market operator.

Revenues are recognized, when it is probable that the economic benefits associated with the transaction will flow to the entity and the revenue can be reliably measured. Sales are recognized net of value added tax and discounts, if any.

Revenue from sale of goods is recognized when the goods are delivered and significant risks and rewards of ownership of the goods have passed to the buyer.

Revenue from services provided is recognized when the services are rendered.

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 cots 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 the fees are received. Connection fees received from customers prior 2009 are presented as deferred revenues in the line Other long-term liabilities.

2.6. Unbilled Electricity

Electricity supplied to customers, which is not yet billed, is recognized in revenues at estimated amounts. The estimate of monthly change in unbilled electricity is derived from the measured delivery of electricity after deduction of invoiced consumption and estimated grid losses. The estimate of total unbilled electricity balance is also supported by extrapolation of consumption in the last measured period for individual locations. The ending balance of unbilled electricity is disclosed net in the balance sheet after deduction of advances received from customers and is included in the line item of Receivables, net or Trade and other payables.

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. 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 CO_2 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. This provision is measured firstly with regard to the cost of emission rights resulting from hedging strategy, and then considering granted and purchased emission rights and credits up to the level of granted and purchased emission rights and credits held and then at the market price ruling at the balance sheet date.

The Group also holds emission rights for trading purposes. The portfolio of emission rights 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.

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 Emission rights, net.

Sale and repurchase agreements with emission rights are accounted for as collateralized borrowing.

Green and similar certificates are initially recognized at fair value and subsequently treated similarly to purchased emission rights.

2.14. Investments

Investments are classified into the following categories: held-to-maturity, loans and receivables, held for trading and available-for-sale. Investments with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity other than loans and receivables originated by the Group are classified as held-to-maturity investments. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Investments acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as held for trading. All other investments, other than loans and receivables originated by the Group, are classified as available-for-sale.

Held-to-maturity investments, loans and receivables are included in non-current assets unless they mature within 12 months of the balance sheet date. Investments held for trading are included in current assets. Available-for-sale investments are classified as current assets if the Group intends to realize them within 12 months of the balance sheet date or if there is no reasonable certainty that the Group will hold the available-for-sale investments for more than 12 months of the balance sheet date.

All purchases and sales of investments are recognized on the settlement date.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Available-for-sale and trading investments are subsequently carried at fair value without any deduction for transaction costs by reference to their quoted market price at the balance sheet date.

Gains or losses on remeasurement to fair value of available-for-sale investments are recognized directly in other comprehensive income, until the investment is sold or otherwise disposed of, or until it is determined to be impaired. Equity securities classified as available-for-sale investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

The carrying amounts of available-for-sale investments are reviewed at each balance sheet date whether there is objective evidence for impairment. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income. In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Changes in the fair values of trading investments are included in Other financial expenses or Other financial income.

Held-to-maturity investments and loans and receivables are carried at amortized cost using the effective interest rate method.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

2.15. 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.

2.16. 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.

2.17. 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 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 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.

2.18. 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.

For construction contracts in progress, 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.

2.19. Fossil Fuel Stocks

Fossil fuel stocks are stated at actual cost using weighted average cost method.

2.20. 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 Investments and other financial assets, net, Other financial assets, net, Other long-term liabilities and Trade and other payables.

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.

a. 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.

b. 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.

c. 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.

2.21. Commodity Contracts

According to IAS 39, 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 IAS 39.

In particular, forward purchases and sales for physical delivery of energy are considered to fall outside the scope of application of IAS 39, 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 IAS 39. 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 IAS 39.

Commodity contracts which fall under the scope of IAS 39 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, net.

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, 2017 and 2016, 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. 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; and
– 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 21.1).

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, 2017 and 2016 using a long-term real rate of interest to take into account the timing of payments in amount of 1.25% and 1.5% per annum, respectively. 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, 2017 and 2016 the estimate for the effect of inflation is 1.25% and 1%, respectively.

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 will become available in 2065 and the process of final disposal of the spent nuclear fuel will then continue until approximately 2084. 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 21.2). 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, 2017 and 2016 using a long-term real rate of interest to take into account the timing of payments in amount of 1.25% and 1.5% per annum, respectively. 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, 2017 and 2016 the estimate for the effect of inflation is 1.25% and 1%, respectively.

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 arrangements 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.

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, 2017 and 2016 for the translation of assets and liabilities denominated in foreign currencies were as follows:

	2017	2016
CZK per 1 EUR	25.540	27.020
CZK per 1 USD	21.291	25.639
CZK per 1 PLN	6.114	6.126
CZK per 1 BGN	13.058	13.815
CZK per 1 RON	5.482	5.953
CZK per 100 JPY	18.915	21.907
CZK per 1 TRY	5.617	7.286

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, 2017 and 2016 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	27,458	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	18,249	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)	(3,500)	–	(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	–	(6)	(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)	(1,597)	(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.

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2016	271,629	439,818	8,186	719,633	20,535	89,300	829,468
Additions	–	5,566	1	5,567	20	28,863	34,454
Disposals	(862)	(2,431)	(119)	(3,412)	(3,083)	(65)	(6,564)
Bring into use	16,465	39,597	127	56,189	4,768	(60,957)	–
Reclassification to assets classified as held for sale	(2,140)	(5,627)	(103)	(7,870)	–	(10)	(7,880)
Acquisition of subsidiaries	44	25	4	73	–	2	75
Change in capitalized part of provisions	(119)	5,687	77	5,645	46	–	5,691
Reclassification and other	34	(18)	–	16	–	(229)	(213)
Currency translation differences	(239)	(417)	(4)	(660)	–	(10)	(670)
Cost at December 31, 2016	284,812	482,200	8,169	775,181	22,286	56,894	854,361
Accumulated depreciation and impairment at January 1, 2016	(121,098)	(277,432)	(1,078)	(399,608)	(7,538)	(958)	(408,104)
Depreciation and amortization of nuclear fuel[1)]	(7,348)	(20,153)	(68)	(27,569)	(2,939)	–	(30,512)
Net book value of assets disposed	(117)	(34)	(14)	(165)	–	–	(165)
Disposals	862	2,431	40	3,333	3,083	–	6,420
Reclassification to assets classified as held for sale	2,076	5,578	–	7,654	–	–	7,654
Reclassification and other	(18)	(4)	–	(22)	–	(19)	(41)
Impairment losses recognized	(822)	(2,229)	(2)	(3,053)	–	(114)	(3,167)
Impairment losses reversed	47	60	2	109	–	–	109
Currency translation differences	100	239	1	340	–	–	340
Accumulated depreciation and impairment at December 31, 2016	(126,318)	(291,544)	(1,119)	(418,981)	(7,394)	(1,091)	(427,466)
Total property, plant and equipment at December 31, 2016	158,494	190,656	7,050	356,200	14,892	55,803	426,895

[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 219 million.

As at December 31, 2017 and 2016 a composite depreciation rate of Plant in service was 3.5% and 3.7%, respectively.

As at December 31, 2017 and 2016 capitalized interest costs amounted to CZK 1,608 million and CZK 2,989 million, respectively, and the interest capitalization rate was 4.1% in the both periods.

Group's plant in service pledged as security for liabilities at December 31, 2017 and 2016 is CZK 13,121 million and CZK 5,636 million, respectively.

Construction work in progress contains mainly refurbishments performed on nuclear plants and the electricity distribution network of subsidiaries ČEZ Distribuce, a. s. and CEZ Razpredelenie Bulgaria AD. It also contains costs of CZK 2,517 million for the preparation of new nuclear power sources.

4. Restricted Financial Assets

Restricted financial assets at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Czech government bonds and treasury bills	13,971	15,920
Cash in banks	4,497	3,091
Total restricted financial assets	**18,468**	**19,011**

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. Investments and Other Financial Assets, Net

Investments and other financial assets, net at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Financial assets in progress, net	6	6
Term deposits	500	500
Debt securities available-for-sale	1,777	4,646
Debt securities held-to-maturity	10	–
Investment in Veolia Energie ČR	2,732	2,732
Other equity securities available-for-sale	2,037	1,619
Derivatives	2,514	4,163
Long-term receivable from settlement with Albania	–	557
Other long-term receivables, net	269	237
Total	**9,845**	**14,460**

Movements in impairment provisions (in CZK millions):

	2017 Available-for-sale financial assets	2016 Available-for-sale financial assets
Opening balance	(1)	(44)
Derecognition of impaired financial assets	–	43
Closing balance	**(1)**	**(1)**

Debt instruments at December 31, 2017 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Long-term receivables	Debt securities available-for-sale
Due in 2019	70	1,277
Due in 2020	41	400
Due in 2021	23	100
Due in 2022	29	–
Thereafter	106	–
Total	269	1,777

Debt instruments at December 31, 2016 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	Long-term receivables	Debt securities available-for-sale
Due in 2018	634	2,800
Due in 2019	36	1,351
Due in 2020	34	396
Due in 2021	13	99
Thereafter	77	–
Total	794	4,646

Debt instruments at December 31, 2017 and 2016 have following effective interest rate structure (in CZK millions):

	2017		2016	
	Long-term receivables	Debt securities available-for-sale	Long-term receivables	Debt securities available-for-sale
Less than 2.00%	269	1,777	794	4,646
Total	269	1,777	794	4,646

The following table analyses the debt instruments at December 31, 2017 and 2016 by currency (in CZK millions):

	2017		2016	
	Long-term receivables	Debt securities available-for-sale	Long-term receivables	Debt securities available-for-sale
CZK	242	500	220	3,295
EUR	26	1,277	573	1,351
Other	1	–	1	–
Total	269	1,777	794	4,646

6. Intangible Assets, Net

Intangible assets, net, at December 31, 2017 and 2016 are as follows (in CZK millions):

	Software	Rights and other	Goodwill	Intangibles in progress	Total
Cost at January 1, 2017	13,442	14,402	9,558	660	38,062
Additions	24	1,070	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)	(407)	(302)	(8)	(801)
Cost at December 31, 2017	13,943	16,556	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**	**11,026**	**12,940**	**643**	**26,804**

	Software	Rights and other	Goodwill	Intangibles in progress	Total
Cost at January 1, 2016	12,781	12,525	9,275	587	35,168
Additions	–	1,929	–	1,148	3,077
Disposals	(327)	(14)	–	(11)	(352)
Bring to use	1,008	77	–	(1,085)	–
Reclassification to assets classified as held for sale	(7)	–	–	–	(7)
Acquisition of subsidiaries	1	–	336	9	346
Reclassification and other	(11)	–	–	11	–
Currency translation differences	(3)	(115)	(53)	1	(170)
Cost at December 31, 2016	13,442	14,402	9,558	660	38,062
Accumulated amortization and impairment at January 1, 2016	(10,592)	(4,379)	–	(33)	(15,004)
Amortization	(985)	(424)	–	–	(1,409)
Net book value of assets disposed	(5)	–	–	–	(5)
Disposals	327	14	–	–	341
Reclassification to assets classified as held for sale	7	–	–	–	7
Reclassification and other	(12)	–	–	–	(12)
Impairment losses recognized	(9)	(34)	–	(3)	(46)
Currency translation differences	2	47	–	–	49
Accumulated amortization and impairment at December 31, 2016	(11,267)	(4,776)	–	(36)	(16,079)
Net intangible assets at December 31, 2016	**2,175**	**9,626**	**9,558**	**624**	**21,983**

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 413 million in 2017 and CZK 369 million in 2016.

At December 31, 2017 and 2016 goodwill allocated to cash-generating units is as follows (in CZK millions):

	2017	2016
Elevion Group	3,385	–
Romanian distribution	1,814	1,969
Romanian sale	510	554
Czech distribution	2,200	2,210
Energotrans	1,675	1,675
Polish power plants (Chorzów, Skawina)	1,199	1,202
ČEZ Teplárenská	727	727
Energetické centrum	261	261
TMK Hydroenergy Power	268	291
AZ KLIMA	245	245
Other	656	424
Total	12,940	9,558

7. Impairment of Property, Plant and Equipment and Intangible Assets including Goodwill

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 impairment, net
	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)

The following table summarizes the impairments of property, plant and equipment and intangible assets by cash-generating units in 2016 (in CZK millions):

	Impairment losses			Impairment reversals	Total impairment, net
	Intangible assets other than goodwill	Property, plant and equipment	Total	Property, plant and equipment	
Romanian wind power farms	(44)	(2,422)	(2,466)	–	(2,466)
Tisová power plant (Note 16)	–	(299)	(299)	–	(299)
ČEZ OZ uzavřený investiční fond	–	(151)	(151)	28	(123)
Bara Group	–	(114)	(114)	–	(114)
Other	(3)	(190)	(193)	81	(112)
Total	(47)	(3,176)	(3,223)	109	(3,114)

In 2017 and 2016 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. 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.

Recognized impairment of property, plant and equipment of cash-generating unit Romanian wind power farms in 2016 was caused mainly by the drop in market prices of electricity. Recognized impairment of cash-generating unit Tisová power plant in 2016 resulted from classification of the net assets as held for sale with regard to expected selling price (Note 16). Recognized impairment of cash-generating unit ČEZ OZ uzavřený investiční fond in 2016 was caused mainly in relation to the decrease in regulated revenues. Recognized impairment of cash-generating unit Bara Group in 2016 was caused mainly by updated terms of regulation and resulting decrease in expected revenues.

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 Tisová power plant as at December 31, 2016 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. Value in use is determined on the basis of an enterprise valuation model and is assessed from a company internal perspective.

Values in use are determined based 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.

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, 2017.

The test considers long-term EE prices at the level used to prepare Company's business plan for 2018–2022. The plan was prepared in the fourth quarter 2017 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 CO_2 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 4.3 billion on the ČEZ Value test results. Future cash flows of the model were discounted using a 3.7% 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 4.4 billion. A change of 1% in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 4.3 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 1.0 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 5.6% for power plants Chorzów and Skawina and using rate 6.2% for wind farm projects in construction.

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 3.8% 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 3.2% 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 3.2% was used for Energetické centrum. Cash flows beyond the five-year period are extrapolated using 2.0% growth rate.

The discount rate of 6.1% 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 5.9% was used for TMK Hydroenergy Power. There is no growth rate considered for cash flows beyond five-year period.

The discount rate of 5.1% was used for Bulgarian distribution. Cash flows beyond the five-year period do not consider any growth rate. Change of discount rate by 1 percentage point, all other variables held constant, would result in change of value in use by approximately CZK 0.2 billion.

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

Acquisitions of Subsidiaries from Third Parties in 2017

On August 24, 2017 the Group acquired a 100% interest in Elevion GmbH. Elevion specializes in both the installation of electrical and mechanical energy equipment in greenfield projects as well as in existing structures and also provides the complete technical management of buildings and overall improvement of energy consumption of customers facilities and processes. Part of the transaction is also an investment agreement to sell back of 8% on Elevion Group for proportionally equal share on the purchase price to an associated company Elevion Co-Investment GmbH & Co. KG, which is controlled by selected Elevion managers, and to establish 37.5% interest of the Group in this associated company, which at the end effectively represents 5% of non-controlling interest in the Elevion Group as at December 31, 2017. The Elevion managers were granted put options to sell their interest in the Elevion Co-Investment back to the Group which is treated as a put options held by non-controlling interests.

On September 4, 2017 the Group acquired a 100% interest in KART spol. s r. o., which provides building facility management services and servicing of technical equipment of buildings. It also supplies and installs air-conditioning, heating and cooling equipment, measurement and control systems or power distribution systems. It also performs designing and inspection of electrical equipment, pressure vessels and boiler rooms.

On October 25, 2017 the Group gained control over OEM Energy sp. z o.o. The subject of the transaction is to acquire a 51% interest in the company. The company offers modernization and installation of solar thermal and photovoltaic panels as well as boiler or heat pump installations. The majority of its customers are local governments and industry clients. The holders of non-controlling interest were granted a put option to sell their interest to the Group and the Group holds similar call option.

On November 1, 2017 the Group acquired a 100% interest in AirPlus, spol. s r.o. The company specializes in the supply, installation and servicing of air-conditioning units.

On December 1, 2017 the Group acquired a 100% interest in EASY POWER s.r.o. The company specializes in the operation of local distribution systems. These are industrial, administrative and residential distribution systems.

On December 4, 2017 the Group acquired a 51% interest in HORMEN CE a.s. The company deals with the design, realization and production of lighting and luminaires. It provides its services to offices, hotels, business premises, public buildings and industry. The holders of non-controlling interest were granted a put option to sell their interest to the Group and the Group holds similar call option. The acquisition of the non-controlling interest is currently expected to be realized in 2022.

The fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	Elevion Group	OEM Energy	Other	Total
Share of the Group being acquired	100%	51%		
Property, plant and equipment	99	1	56	156
Intangible assets, net	1,385	105	1	1,491
Other non-current assets	2	–	–	2
Materials and supplies, net	1,437	13	55	1,505
Receivables, net	902	33	85	1,020
Cash and cash equivalents	370	14	40	424
Other current assets	32	–	6	38
Non-current provisions	(51)	–	–	(51)
Deferred tax liability	(488)	(20)	(1)	(509)
Other long-term liabilities	–	–	(21)	(21)
Trade and other payables	(1,615)	(17)	(52)	(1,684)
Income tax payable	(68)	–	(3)	(71)
Current provisions	(375)	–	(1)	(376)
Other current liabilities	(64)	(1)	(50)	(115)
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**
Revenues and other operating income since 1.1. till acquisition date	4,366	62	417	4,845
Net income (loss) since 1.1. till acquisition date	3	(10)	32	25

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 206,751 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):

	Elevion Group	OEM Energy	Other	Total
Revenues and other operating income	2,827	43	112	2,982
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 following table summarizes the critical terms of this transaction (in CZK millions):

Acquired share of net assets derecognized from non-controlling interests	10
Amount directly recognized in equity	7
Total purchase consideration	17

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 Investments in Joint-venture in 2017

The sale of interest in Elektrárna Tisová, a.s. took place on January 2, 2017. As at December 31, 2016 the Group classified the assets and the liabilities of Tisová power plant as the assets held for sale (Note 16).

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	152	1
Other current assets	152	13
Non-current provisions	(328)	(130)
Deferred tax liability	–	(2)
Current provisions	(129)	(18)
Trade and other payables	(24)	(6)
Other current liabilities	(89)	–
Net assets derecognized from balance sheet	45	(4)
Effect of intercompany balances:		
Receivables, net	(92)	–
Trade and other payables	381	493
Payables from group cash pooling	335	–
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
Current unpaid receivable	–	(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**

Acquisitions of Subsidiaries from Third Parties in 2016

The fair values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

	AZ KLIMA	Energie2 Prodej	Other	Total
Share of the Group	100%	100%		
Property, plant and equipment	57	–	18	75
Other non-current assets	31	4	10	45
Materials and supplies, net	50	–	46	96
Receivables, net	240	99	34	373
Cash and cash equivalents	15	16	23	54
Other current assets	35	5	–	40
Long-term debt, net of current portion	(50)	–	(1)	(51)
Other long-term liabilities	(7)	(87)	–	(94)
Short-term loans	(30)	–	–	(30)
Trade and other payables	(163)	(79)	(41)	(283)
Current provisions	(49)	–	–	(49)
Accrued liabilities	(25)	(26)	(4)	(55)
Total net assets	104	(68)	85	121
Share of net assets acquired	104	(68)	68	104
Goodwill	245	87	4	336
Total purchase consideration	349	19	72	440
Less: Interest acquired in previous periods	–	–	(18)	(18)
Cash outflow on acquisition of the subsidiary in 2016	349	19	54	422
Less: Cash and cash equivalents in the subsidiaries acquired	(15)	(16)	(23)	(54)
Cash outflow on acquisition of the subsidiary in 2016, net	**334**	**3**	**31**	**368**
Net income since 1.1. till acquisition date	40	17	8	65
Revenues and other operating income since 1.1. till acquisition date	608	87	3	698

If the combinations had taken place at the beginning of the year 2016, net income for CEZ Group as of December 31, 2016 would have been CZK 14,640 million and the revenues and other operating income from continuing operations would have been CZK 204,442 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 2016 (in CZK millions):

	AZ KLIMA	Energie2 Prodej	Other	Total
Revenues and other operating income	211	72	358	641
Income before other income (expense) and income taxes	17	17	35	69
Net income	14	13	31	58
Net income attributable:				
Equity holders of the parent	14	13	26	53
Non-controlling interests	–	–	5	5

Acquisitions of Non-controlling Interests from Third Parties in 2016

On November 22, 2016 the Group increased the ownership interest from 75% to 100% in company EVČ, s.r.o. The following table summarizes the critical terms of this transaction (in CZK millions):

Acquired share of net assets derecognized from non controlling interests	17
Amount directly recognized in equity	10
Total purchase consideration	**27**

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 of incorporation	% equity interest*		% voting interest	
		2017	2016	2017	2016
A.E. Wind S.A.	Poland	100.00%	100.00%	100.00%	100.00%
AirPlus, spol. s r.o.	Czech Republic	100.00%	–	100.00%	–
Areál Třeboradice, a.s.	Czech Republic	100.00%	95.00%	100.00%	95.00%
AZ KLIMA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
AZ KLIMA SK, s.r.o.	Slovakia	100.00%	100.00%	100.00%	100.00%
Baltic Green Construction sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green I sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green II sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green III sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green IV sp. z o.o.[1)]	Poland	–	100.00%	–	100.00%
Baltic Green IX sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green V sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green VI sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green VII sp. z o.o.[1)]	Poland	–	100.00%	–	100.00%
Baltic Green VIII sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
Baltic Green X sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
BANDRA Mobiliengesellschaft mbH & Co. KG[2)]	Germany	100.00%	–	100.00%	–
Bara Group EOOD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CASANO Mobiliengesellschaft mbH & Co. KG[2)]	Germany	100.00%	–	100.00%	–
Centrum výzkumu Řež s.r.o.	Czech Republic	52.46%	52.46%	100.00%	100.00%
CEZ Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Bulgarian Investments B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Deutschland GmbH	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Elektro Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Erneuerbare Energien Beteiligungs GmbH	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Erneuerbare Energien Verwaltungs GmbH	Germany	100.00%	100.00%	100.00%	100.00%
CEZ ESCO Bulgaria EOOD[3)]	Bulgaria	100.00%	–	100.00%	–
CEZ ESCO I GmbH[3)]	Germany	95.00%	–	92.00%	–
CEZ ESCO Poland B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ ESCO Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ France S.A.S.[3)]	France	100.00%	–	100.00%	–
CEZ Hungary Ltd.	Hungary	100.00%	100.00%	100.00%	100.00%
CEZ Chorzów S.A.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ ICT Bulgaria EAD	Bulgaria	67.00%	67.00%	100.00%	100.00%
CEZ International Finance B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ MH B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Poland Distribution B.V.	Netherlands	100.00%	100.00%	100.00%	100.00%
CEZ Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Produkty Energetyczne Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Razpredelenie Bulgaria AD	Bulgaria	67.00%	67.00%	67.00%	67.00%
CEZ Romania S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Skawina S.A.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Slovensko, s.r.o.	Slovakia	100.00%	100.00%	100.00%	100.00%
CEZ Srbija d.o.o.	Serbia	100.00%	100.00%	100.00%	100.00%
CEZ Towarowy Dom Maklerski sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Trade Bulgaria EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
CEZ Trade Polska sp. z o.o.	Poland	100.00%	100.00%	100.00%	100.00%
CEZ Trade Romania S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Ukraine LLC	Ukraine	100.00%	100.00%	100.00%	100.00%
CEZ Vanzare S.A.	Romania	100.00%	100.00%	100.00%	100.00%
CEZ Windparks Lee GmbH[4)]	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Windparks Luv GmbH[5)]	Germany	100.00%	100.00%	100.00%	100.00%
CEZ Windparks Nordwind GmbH[6)]	Germany	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest*		% voting interest	
		2017	2016	2017	2016
ČEZ Bohunice a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Bytové domy, s.r.o.[3)]	Czech Republic	51.00%	–	51.00%	–
ČEZ Distribuce, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Distribuční služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické produkty, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Energetické služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ ENERGOSERVIS spol. s r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ ESCO, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ ICT Services, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Inženýring, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Korporátní služby, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ LDS s.r.o.	Czech Republic	51.00%	51.00%	51.00%	51.00%
ČEZ Obnovitelné zdroje, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ OZ uzavřený investiční fond a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Prodej, a.s.[7)]	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Recyklace, s.r.o.	Czech Republic	99.00%	99.00%	99.00%	99.00%
ČEZ Solární, s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Teplárenská, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ČEZ Zákaznické služby, s.r.o.[8)]	Czech Republic	–	100.00%	–	100.00%
D-I-E ELEKTRO AG	Germany	95.00%	–	100.00%	–
Distributie Energie Oltenia S.A.[9)]	Romania	100.00%	100.00%	100.00%	100.00%
EAB Automation Solutions GmbH	Germany	95.00%	–	100.00%	–
EAB Elektroanlagenbau GmbH Rhein/Main	Germany	95.00%	–	100.00%	–
EASY POWER s.r.o.	Czech Republic	51.00%	–	100.00%	–
Eco-Wind Construction S.A.	Poland	100.00%	100.00%	100.00%	100.00%
EGP INVEST, spol. s r.o.	Czech Republic	52.46%	52.46%	100.00%	100.00%
Elektrárna Dětmarovice, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Dukovany II, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Mělník III, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Počerady, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Temelín II, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Elektrárna Tisová, a.s.[10)]	Czech Republic	–	100.00%	–	100.00%
Elektro-Decker GmbH	Germany	95.00%	–	100.00%	–
Elektrownie Wiatrowe Lubiechowo sp. z o.o.[1)]	Poland	–	100.00%	–	100.00%
Elevion GmbH	Germany	95.00%	–	100.00%	–
Energetické centrum s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Energie2 Prodej, s.r.o.[8)]	Czech Republic	–	100.00%	–	100.00%
Energocentrum Vítkovice, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Energotrans, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ENESA a.s.	Czech Republic	75.00%	75.00%	75.00%	75.00%
ESCO City I sp. z o.o.[3)]	Poland	100.00%	–	100.00%	–
ESCO City II sp. z o.o.[3)]	Poland	100.00%	–	100.00%	–
ESCO City III sp. z o.o.[3)]	Poland	100.00%	–	100.00%	–
ETS Efficient Technical Solutions GmbH	Germany	95.00%	–	100.00%	–
ETS Efficient Technical Solutions Shanghai Co. Ltd.	China	95.00%	–	100.00%	–
EVČ s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Leśce sp. z o.o.[1)]	Poland	–	100.00%	–	100.00%
Farma Wiatrowa Wilkolaz-Bychawa sp. z o.o.[1)]	Poland	–	100.00%	–	100.00%
Ferme Eolienne de la Piballe S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne de Neuville-aux-Bois S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne de Saint-Aulaye S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne de Saint-Laurent-de-Ceris S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne de Seigny S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne de Thorigny S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne des Breuils S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne des Grands Clos S.A.S.[2)]	France	100.00%	–	100.00%	–
Ferme Eolienne du Germancé S.A.S.[2)]	France	100.00%	–	100.00%	–
Free Energy Project Oreshets EAD	Bulgaria	100.00%	100.00%	100.00%	100.00%
HAu.S GmbH	Germany	95.00%	–	100.00%	–
HORMEN CE a.s.	Czech Republic	51.00%	–	51.00%	–
Inven Capital, investiční fond, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%

Subsidiaries	Country of incorporation	% equity interest*		% voting interest	
		2017	2016	2017	2016
KART, spol. s r.o.	Czech Republic	100.00%	–	100.00%	–
M.W. Team Invest S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
MARTIA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Mega Energy sp. z o.o.[1]	Poland	–	100.00%	–	100.00%
OEM Energy sp. z o.o.[11]	Poland	50.00%	–	51.00%	–
OSC, a.s.	Czech Republic	66.67%	66.67%	66.67%	66.67%
Ovidiu Development S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
PRODECO, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Revitrans, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Rudolf Fritz GmbH	Germany	95.00%	–	100.00%	–
SD - Kolejová doprava, a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Severočeské doly a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Shared Services Albania Sh.A.	Albania	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA a.s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
ŠKODA PRAHA Invest s.r.o.	Czech Republic	100.00%	100.00%	100.00%	100.00%
TEC Varna EAD[10]	Bulgaria	–	100.00%	–	100.00%
Telco Pro Services, a. s.	Czech Republic	100.00%	100.00%	100.00%	100.00%
Tepelné hospodářství města Ústí nad Labem s.r.o.	Czech Republic	55.83%	55.83%	55.83%	55.83%
TMK Hydroenergy Power S.R.L.	Romania	100.00%	100.00%	100.00%	100.00%
Tomis Team S.A.	Romania	100.00%	100.00%	100.00%	100.00%
ÚJV Řež, a. s.	Czech Republic	52.46%	52.46%	52.46%	52.46%
Windpark Baben Erweiterung GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Badow GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Fohren-Linden GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Frauenmark III GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Gremersdorf GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Cheinitz-Zethlingen GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Mengeringhausen GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Naundorf GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%
Windpark Zagelsdorf GmbH & Co. KG	Germany	100.00%	100.00%	100.00%	100.00%

Associates and joint-ventures	Country of incorporation	% equity interest*		% voting interest	
		2017	2016	2017	2016
Akcez Enerji A.S.	Turkey	50.00%	50.00%	50.00%	50.00%
AK-EL Kemah Elektrik Üretim ve Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
AK-EL Yalova Elektrik Üretim A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Akenerji Dogal Gaz Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Akenerji Elektrik Üretim A.S.	Turkey	37.36%	37.36%	37.36%	37.36%
CM European Power International B.V.[1]	Netherlands	–	50.00%	–	50.00%
ČEZ Energo, s.r.o.	Czech Republic	50.10%	50.10%	50.10%	50.10%
Egemer Elektrik Üretim A.S.	Turkey	37.36%	37.36%	50.00%	50.00%
Elevion Co-Investment GmbH & Co. KG	Germany	37.50%	–	37.50%	–
Jadrová energetická spoločnosť Slovenska, a. s.	Slovakia	49.00%	49.00%	50.00%	50.00%
juwi Wind Germany 100 GmbH & Co. KG[2]	Germany	51.00%	–	51.00%	–
LOMY MOŘINA spol. s r.o.	Czech Republic	51.05%	51.05%	51.05%	51.05%
Sakarya Elektrik Dagitim A.S.	Turkey	50.00%	50.00%	50.00%	50.00%
Sakarya Elektrik Perakende Satis A.S.	Turkey	50.00%	50.00%	50.00%	50.00%

* The equity interest represents effective ownership interest of the Group.

[1] The company was liquidated in 2017.
[2] The share in the company was acquired in 2017, but the transaction was not a business combination.
[3] The company was newly established in 2017.
[4] In 2017 the company name wpd Windparks Lee GmbH was changed to CEZ Windparks Lee GmbH.
[5] In 2017 the company name wpd Windparks Luv GmbH was changed to CEZ Windparks Luv GmbH.
[6] In 2017 the company name wpd Windparks Nordwind GmbH was changed to CEZ Windparks Nordwind GmbH.
[7] In 2017 the company ČEZ Prodej, s.r.o. changed its legal form to a joint-stock company and was renamed to ČEZ Prodej, a.s.
[8] The company merged with the succession company ČEZ Prodej, a.s. in 2017.
[9] In 2017 the company name CEZ Distributie S.A. was changed to Distributie Energie Oltenia S.A.
[10] The Group sold its interest in the company in 2017 (Note 8).
[11] The formal registration of the increase of Group's equity interest to 51% was realized in February 2018.

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):

	2017		2016	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
CEZ Razpredelenie Bulgaria AD	2,742	217	3,194	–
ÚJV Řež, a. s.	831	–	791	–
CEZ Elektro Bulgaria AD	541	–	407	–
Other	190	24	156	8
Total	4,304	241	4,548	8

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

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2016 (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	1,778	1,077	4,344
Non-current assets	10,349	1,756	81
Current liabilities	(1,826)	(605)	(3,074)
Non-current liabilities	(960)	(554)	(119)
Equity	9,341	1,674	1,232
Attributable to:			
Equity holders of the parent	6,147	883	825
Non-controlling interests	3,194	791	407
Revenues and other operating income	5,633	1,583	17,462
Income before other income (expenses) and income taxes	677	164	13
Income before income taxes	667	151	12
Income taxes	(67)	(20)	(3)
Net income (loss)	600	131	9
Attributable to:			
Equity holders of the parent	402	69	6
Non-controlling interests	198	62	3
Total comprehensive income	596	126	10
Attributable to:			
Equity holders of the parent	400	66	7
Non-controlling interests	196	60	3
Operating cash flow	1,037	150	492
Investing cash flow	(1,095)	(55)	–
Financing cash flow	185	(4)	(5)
Net effect of currency translation in cash	–	1	(1)
Net increase in cash and cash equivalents	127	92	486

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, 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
Akcez 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
Other	222	11	5	–	5
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 Akcez 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 Akcez Enerji A.S. (see Note 20.2), 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 joint-ventures Akcez 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, 2016 (in CZK millions):

	Carrying amount of investment	Dividends received	Group's share of joint-venture's: Net income (loss)	Other comprehensive income	Total comprehensive income
Akcez Group*	305	–	(884)	(180)	(1,064)
Akenerji Group	240	–	(1,499)	(411)	(1,910)
CM European Power International B.V.	1,189	–	167	–	167
CM European Power Slovakia s.r.o.**	–	–	132	1	133
Jadrová energetická spoločnosť Slovenska, a. s.	2,842	–	(46)	(1)	(47)
ČEZ Energo, s.r.o.	544	–	17	–	17
Other	189	14	10	(6)	4
Total	5,309	14	(2,103)	(597)	(2,700)

* In 2016 the Group impaired goodwill allocated to Akcez Group in total amount of CZK 630 million. This impairment loss was recognized in the statement of income in the line Share of profit (loss) from joint-ventures.
** In 2016 the Group sold its share in CM European Power Slovakia s.r.o.

The following tables present summarized financial information of material associates and 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
Akcez 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				
Akcez 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

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Akcez 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

The following tables present summarized financial information of material joint-ventures for the year ended December 31, 2016 (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	Goodwill	Total carrying amount of the investment
Akcez Enerji A.S.	25	1	7,026	656	5,103	1,292			
Sakarya Elektrik Dagitim A.S.	2,112	83	2,995	2,902	1,145	1,060			
Sakarya Elektrik Perakende Satis A.S.	5,003	229	2,348	4,279	443	2,629			
Akcez Group						610	305	–	305
Akenerji Elektrik Üretim A.S.	3,685	2,834	14,462	1,786	8,890	7,471			
Egemer Elektrik Üretim A.S.	1,373	77	11,827	3,004	14,469	(4,273)			
Akenerji Group						(1,486)	(555)	795	240
CM European Power International B.V.	2,379	1,648	–	1	–	2,378	1,189	–	1,189
Jadrová energetická spoločnosť Slovenska, a. s.	1,811	1,791	4,007	17	1	5,800	2,842	–	2,842
ČEZ Energo, s.r.o.	215	97	1,699	188	831	895	448	96	544

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Akcez Enerji A.S.	–	–	46	(332)	(15)	(861)	(250)	(1,111)
Sakarya Elektrik Dagitim A.S.	5,542	(2)	20	(205)	66	553	143	696
Sakarya Elektrik Perakende Satis A.S.	19,379	(143)	121	(19)	60	(883)	(633)	(1,516)
Akenerji Elektrik Üretim A.S.	1,711	(433)	142	(1,051)	(62)	(737)	(1,292)	(2,029)
Egemer Elektrik Üretim A.S.	7,898	(437)	47	(1,179)	798	(3,416)	119	(3,297)
CM European Power International B.V.	–	–	19	(2)	(3)	889	(1)	888
CM European Power Slovakia s.r.o.	1,421	–	306	(34)	(32)	264	(1)	263
Jadrová energetická spoločnosť Slovenska, a. s.	19	(23)	13	–	(3)	(92)	(23)	(115)
ČEZ Energo, s.r.o.	825	(145)	–	(18)	–	34	–	34

10. Cash and Cash Equivalents

The composition of cash and cash equivalents at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Cash on hand and current accounts with banks	8,293	7,685
Short-term securities	901	201
Term deposits	3,429	3,340
Total	12,623	11,226

At December 31, 2017 and 2016, cash and cash equivalents included foreign currency deposits of CZK 4,409 million and CZK 3,590 million, respectively.

The weighted average interest rate on short-term securities and term deposits at December 31, 2017 and 2016 was 0.2%. For the years 2017 and 2016 the weighted average interest rate was 0.2%.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at December 31, 2017 and 2016 (in CZK millions):

	2017	2016
Cash and cash equivalents as a separate line in the balance sheet	12,623	11,226
Cash and cash equivalents attributable to assets classified as held for sale (Note 16)	–	104
Total	12,623	11,330

11. Receivables, Net

The composition of receivables, net, at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Unbilled electricity supplied to retail customers	2,712	7,876
Received advances from retail customers	(1,111)	(6,206)
Unbilled supplies to retail customers, net	1,601	1,670
Trade receivables	50,235	50,234
Taxes and fees, excluding income taxes	1,541	2,026
Other receivables	9,128	10,090
Allowance for doubtful receivables	(4,739)	(7,689)
Total	57,766	56,331

The information about receivables from related parties is included in Note 34.

Group's receivables pledged as security for liabilities at December 31, 2017 and 2016 are CZK 63 million and CZK 344 million, respectively.

At December 31, 2017 and 2016, the ageing analysis of receivables, net is as follows (in CZK millions):

	2017	2016
Not past due	55,099	52,943
Past due but not impaired[1]:		
Less than 3 months	1,364	2,530
3–6 months	387	287
6–12 months	344	196
more than 12 months	572	375
Total	57,766	56,331

[1] Past due but not impaired receivables include net receivables, for which the Group recorded an 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):

	2017	2016
Opening balance	(7,689)	(6,731)
Additions	(1,988)	(2,173)
Reversals	2,634	1,236
Derecognition of impaired assets	2,236	–
Acquisition of subsidiaries	(69)	(26)
Disposal of subsidiaries	8	–
Currency translation differences	129	5
Closing balance	(4,739)	(7,689)

12. Materials and Supplies, Net

The composition of materials and supplies, net at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Gross construction contracts work in progress	6,171	–
Received billings and advances	(4,958)	–
Net asset from construction contracts	1,213	–
Gross costs incurred on wind projects in Poland in development	960	968
Allowance to wind projects in Poland	(955)	(808)
Wind projects in Poland in development, net	5	160
Materials	7,804	6,814
Other work in progress	728	665
Other supplies	126	169
Allowance for obsolescence	(339)	(288)
Total	9,537	7,520

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 2017 and 2016 (in CZK millions):

	2017		2016	
	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	27,409	2,229	30,677	2,212
Emission rights granted	8,078	–	11,775	–
Settlement of prior year actual emissions with register	(28,974)	(2,452)	(28,667)	(1,954)
Emission rights purchased	23,021	3,478	15,057	2,079
Emission credits purchased	150	1	30	–
Reclassified to assets classified as held for sale	–	–	(1,463)	(91)
Disposal of subsidiary	(8)	(1)	–	–
Currency translation differences	–	–	–	(17)
Granted and purchased emission rights and credits at December 31	**29,676**	**3,255**	**27,409**	**2,229**
Emission rights and credits held for trading:				
Emission rights and credits held for trading at January 1	4,660	827	2,800	624
Settlement of prior year actual emissions with register	–	–	(8)	(2)
Emission rights purchased	124,803	18,798	15,921	2,438
Emission rights sold	(107,639)	(17,461)	(14,053)	(2,121)
Fair value adjustment	–	2,378	–	(112)
Emission rights and credits held for trading at December 31	**21,824**	**4,542**	**4,660**	**827**

During 2017 and 2016 total emissions of greenhouse gases made by the Group companies amounted to an equivalent of 27,850 thousand tons and 28,974 thousand tons of CO_2, respectively. At December 31, 2017 and 2016 the Group recognized a provision for CO_2 emissions in total amount of CZK 3,664 million and CZK 2,699 million, respectively (see Notes 2.13 and 21).

At December 31, 2017 and 2016 the item Emission rights in the balance sheet includes also green and similar certificates in total amount CZK 1,573 million and CZK 902 million, respectively.

The following table shows the impact of transactions with emission rights and credits, green and similar certificates on income for the years ended December 31, 2017 and 2016 (in CZK millions):

	2017	2016
Net gain (loss) from trading with emission rights	1,017	(90)
Gain on green and similar certificates	1,440	1,734
Net loss from derivatives	(3,119)	(85)
Creation of provision for CO_2 emissions	(3,447)	(2,639)
Settlement of provision for CO_2 emissions	2,563	2,628
Remitted emission rights and credits	(2,452)	(1,956)
Fair value adjustment	2,378	(112)
Net loss related to emission rights, emission credits and green and similar certificates	**(1,620)**	**(520)**

14. Other Financial Assets, Net

Other financial assets, net, at December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Debt securities held-to-maturity	–	2,945
Debt securities available-for-sale	2,807	7
Term deposits	500	2,040
Investment in MOL	–	13,815
Derivatives	39,745	37,694
Total	43,052	56,501

Derivatives balance comprises mainly the positive fair values of commodity trading contracts.

On February 4, 2014 the Group issued EUR 470.2 million exchangeable bonds due 2017 exchangeable for existing ordinary shares of MOL Hungarian Oil and Gas PLC (MOL). The deal has been priced on January 28, 2014 bearing no coupon and initial exchange price has been set at EUR 61.25 per share, reflecting a premium of 35%. Bondholders have had the right to exchange the bonds for shares from January 25, 2017, subject to the issuer's right to elect to deliver an equivalent amount in cash for all or part of the shares. Embedded conversion option was separated and was shown as a separate liability from derivatives in Trade and other payables.

On April 4, 2017 the settlement of equity placing of MOL took place. The funds received were used to buy back the exchangeable bonds. There were exchangeable bonds of EUR 463.1 million of the principal amount bought back in these transactions, the remaining part of the exchangeable bonds was converted into MOL shares due to called options during the period of February to May 2017. The accumulated gain from revaluation of these shares was reclassified from equity and was recognized in the statement of income (see Note 32) on the disposal of the shares from the balance sheet. The cash received from sale of MOL shares in the amount of CZK 12,037 million is presented on the line Proceeds from sale of non-current assets in the statement of cash flows. The cash outflow related to exchangeable bond buy back in the amount of CZK 12,822 million is presented on the line Payments of borrowings in the statement of cash flows. This amount includes the cash outflow attributable to embedded conversion option, which ceased to exist on bond redemption, in the amount of CZK 686 million.

Short-term debt securities held-to-maturity at December 31, 2017 and 2016 have the following effective interest rate structure (in CZK millions):

	2017	2016
Less than 2.00%	–	2,945
Total	–	2,945

Debt securities available-for-sale at December 31, 2017 and 2016 have the following effective interest rate structure (in CZK millions):

	2017	2016
Less than 2.00%	2,807	7
Total	2,807	7

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 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.

15. Other Current Assets

The composition of other current assets at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Advances paid	2,371	1,969
Prepayments	1,313	1,258
Total	3,684	3,227

16. Assets and Associated Liabilities Classified as Held for Sale

As at December 31, 2016 the Group classified the assets and the liabilities of Tisová power plant as the assets held for sale. As at December 31, 2016 the Group recognized an impairment of these assets held for sale in the amount of CZK 299 million. This expense, representing the difference between the original book value and the sale price, is recognized in the Statement of Income in the row Impairment of Property, Plant and Equipment and Intangible Assets including Goodwill (Note 7). The sale of interest in Elektrárna Tisová took place on January 2, 2017 (Note 8).

The assets classified as held for sale and associated liabilities at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017	2016		
	Other	Tisová power plant	Other	Total
Property, plant and equipment	30	194	32	226
Restricted financial assets	–	13	–	13
Cash and cash equivalents	–	104	–	104
Receivables, net	–	152	–	152
Other current assets	–	152	–	152
Assets classified as held for sale	30	615	32	647
Non-current provisions	–	328	–	328
Trade and other payables	–	24	–	24
Current provisions	–	129	–	129
Other current liabilities	–	89	–	89
Liabilities associated with assets classified as held for sale	–	570	–	570

The assets and results associated with the assets classified as held for sale are reported in the operating segments Generation – Traditional Energy and Generation – New Energy.

17. Equity

As at December 31, 2017 and 2016, 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 2017 and 2016 (in pieces):

	2017	2016
Number of treasury shares at beginning of period	3,755,021	3,755,021
Sales of treasury shares	(150,000)	–
Number of treasury shares at end of period	3,605,021	3,755,021

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 2017 and CZK 40 in 2016. Dividends for the year 2017 will be declared at the general meeting, which will be held in the first half of 2018.

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 including goodwill 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 equity and debt securities available-for-sale, short-term and long-term debt securities held-to-maturity, long-term debt securities available-for-sale and both short-term and long-term deposits. Total capital is total equity attributable to equity holders of the parent plus total debt.

The calculation and evaluation of the ratios is done using consolidated figures (in CZK millions):

	2017	2016
Total long-term debt	141,097	159,473
Total short-term loans	11,072	8,343
Total debt	152,169	167,816
Less:		
Cash and cash equivalents	(12,623)	(11,226)
Highly liquid financial assets:		
Short-term debt securities available-for-sale (Note 14)	(2,807)	(7)
Short-term debt securities held-to-maturity (Note 14)	–	(2,945)
Short-term deposits (Note 14)	(500)	(2,040)
Long-term deposits (Note 5)	(500)	(500)
Long-term debt securities available-for-sale (Note 5)	(1,777)	(4,646)
Long-term debt securities held-to-maturity (Note 5)	(10)	–
Total net debt	133,952	146,452
Income before income taxes and other income (expenses)	25,620	26,114
Depreciation and amortization	29,305	28,978
Impairment of property, plant and equipment and intangible assets including goodwill	230	3,114
Gains and losses on sale of property, plant and equipment (Note 26 and 29)	(1,234)	(124)
EBITDA	53,921	58,082
Total equity attributable to equity holders of the parent	250,018	256,812
Total debt	152,169	167,816
Total capital	402,187	424,628
Net debt to EBITDA ratio	2.48	2.52
Total debt to total capital ratio	37.8%	39.5%

18. Long-term Debt

Long-term debt at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,263	2,621
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,510	1,748
5.000% Eurobonds, due 2021 (EUR 750 million)	19,114	20,211
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,275	1,348
3M Euribor + 0.35% Eurobonds, due 2017 (EUR 45 million)	–	1,207
3M Euribor + 0.55% Eurobonds, due 2018 (EUR 200 million)	5,106	5,383
4.875% Eurobonds, due 2025 (EUR 750 million)	19,095	20,193
4.500% Eurobonds, due 2020 (EUR 750 million)	19,087	20,165
2.160% Eurobonds, due 2023 (JPY 11,500 million)	2,175	2,519
4.600% Eurobonds, due 2023 (CZK 1,250 million)	1,249	1,248
2.150%*IR CPI Eurobonds, due 2021 (EUR 100 million)[1]	2,554	2,702
4.102% Eurobonds, due 2021 (EUR 50 million)	1,275	1,348
4.250% U.S. bonds, due 2022 (USD 289 million)	6,114	7,353
5.625% U.S. bonds, due 2042 (USD 300 million)	6,325	7,613
4.375% Eurobonds, due 2042 (EUR 50 million)	1,254	1,326
4.500% Eurobonds, due 2047 (EUR 50 million)	1,254	1,325
4.383% Eurobonds, due 2047 (EUR 80 million)	2,043	2,162
3.000% Eurobonds, due 2028 (EUR 725 million)[2]	19,008	13,337
4.500% registered bonds, due 2030 (EUR 40 million)	1,004	1,061
4.750% registered bonds, due 2023 (EUR 40 million)	1,014	1,072
4.700% registered bonds, due 2032 (EUR 40 million)	1,016	1,075
4.270% registered bonds, due 2047 (EUR 61 million)	1,534	1,622
3.550% registered bonds, due 2038 (EUR 30 million)	763	807
Exchangeable bonds, due 2017 (EUR 470.2 million)[3]	–	12,598
Total bonds and debentures	116,032	132,044
Less: Current portion	(5,106)	(13,805)
Bonds and debentures, net of current portion	110,926	118,239
Long-term bank and other loans:		
Less than 2.00% p. a.	16,940	18,881
2.00% to 2.99% p. a.	7,328	8,545
3.00% to 3.99% p. a.	783	–
4.00% p. a. and more	14	3
Total long-term bank and other loans	25,065	27,429
Less: Current portion	(3,516)	(3,403)
Long-term bank and other loans, net of current portion	21,549	24,026
Total long-term debt	141,097	159,473
Less: Current portion	(8,622)	(17,208)
Total long-term debt, net of current portion	**132,475**	**142,265**

[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.
[2] Original principal amount (EUR 500 million) was increased by EUR 225 million in September 2017.
[3] Exchangeable bonds for ordinary shares of MOL Hungarian Oil and Gas PLC (see Note 14). The bonds carry no interest and the separation of embedded conversion option resulted in effective interest rate of 1.43% 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 2.20.

The future maturities of long-term debt are as follows (in CZK millions):

	2017	2016
Current portion	8,622	17,208
Between 1 and 2 years	4,783	8,746
Between 2 and 3 years	22,582	4,676
Between 3 and 4 years	26,098	23,439
Between 4 and 5 years	11,328	27,225
Thereafter	67,684	78,179
Total long-term debt	**141,097**	**159,473**

The following table analyses the long-term debt by currency (in millions):

	2017		2016	
	Foreign currency	CZK	Foreign currency	CZK
EUR	4,449	113,620	4,761	128,784
USD	584	12,438	584	14,966
JPY	31,446	5,948	31,443	6,888
BGN	133	1,738	42	582
PLN	512	3,128	587	3,595
RON	523	2,868	560	3,331
CZK	–	1,357	–	1,327
Total long-term debt		141,097		159,473

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, 2017 and 2016 without considering interest rate hedging (in CZK millions):

	2017	2016
Floating rate long-term debt		
with interest rate fixed from 1 to 3 months	11,183	13,592
with interest rate fixed from 3 months to 1 year	14,250	17,346
with interest rate fixed more than 1 year	1,738	582
Total floating rate long-term debt	27,171	31,520
Fixed rate long-term debt	113,926	127,953
Total long-term debt	141,097	159,473

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 19 and Note 20.

The following table analyses the changes in liabilities and receivables arising from financing activities in 2017 (in CZK millions):

	Debt	Other long-term liabilities	Trade and other payables	Receivables, net	Total liabilities / receivables from financing activities
Amount presented on balance sheet at January 1, 2017	167,816	11,203	80,516	(56,331)	
Less: Liabilities / receivables from other than financing activities	–	(9,748)	(80,103)	56,306	
Liabilities / receivables arising from financing activities at January 1, 2017	167,816	1,455	413	(25)	169,659
Cash flows	(6,150)	18	(17,873)	(10)	(24,015)
Foreign exchange movement	(4,970)	(12)	(1)	–	(4,983)
Changes in fair values	(6,076)	–	–	–	(6,076)
Acquisition of subsidiaries	882	–	–	–	882
Declared dividends	–	–	17,827	–	17,827
Other*	667	255	6	–	928
Liabilities / receivables arising from financing activities at December 31, 2017	152,169	1,716	372	(35)	154,222
Liabilities / receivables arising from other than financing activities	–	14,128	86,864	(57,731)	
Total amount on balance sheet at December 31, 2017	152,169	15,844	87,236	(57,766)	

* 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.

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 Trade and other payables consists of dividend payable and of current portion of other long-term liabilities, item Receivable, net consists of advanced payments to dividend administrator.

19. 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 instruments at December 31, 2017 and 2016 are as follows (in CZK millions):

	Category	2017		2016	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Investments:					
Restricted debt securities available-for-sale	AFS	13,971	13,971	15,920	15,920
Restricted cash	LaR	4,497	4,497	3,091	3,091
Financial assets in progress	LaR	6	6	6	6
Term deposits	LaR	500	500	500	500
Debt securities available-for-sale	AFS	1,777	1,777	4,646	4,646
Debt securities held-to-maturity	HTM	10	10	–	–
Equity securities available-for-sale	AFS	1,658	1,658	1,132	1,132
Equity securities available-for-sale at cost*	AFS	3,111	–	3,219	–
Long-term receivables	LaR	269	269	794	794
Current assets:					
Receivables	LaR	56,225	56,225	54,305	54,305
Cash and cash equivalents	LaR	12,623	12,623	11,226	11,226
Debt securities held-to-maturity	HTM	–	–	2,945	2,945
Term deposits	LaR	500	500	2,040	2,040
Debt securities available-for-sale	AFS	2,807	2,807	7	7
Equity securities available-for-sale	AFS	–	–	13,815	13,815
Other current assets	LaR	2,371	2,371	1,969	1,969
Liabilities:					
Long-term debt	AC	(141,097)	(157,181)	(159,473)	(180,430)
Short-term loans	AC	(11,072)	(11,072)	(8,343)	(8,343)
Accounts payable	AC	(44,883)	(44,883)	(42,112)	(42,112)
Derivatives:					
Cash flow hedges:					
Short-term receivables	HFT	2	2	5	5
Long-term receivables	HFT	1,581	1,581	2,684	2,684
Long-term liabilities	HFT	(9,131)	(9,131)	(4,740)	(4,740)
Total cash flow hedges		(7,548)	(7,548)	(2,051)	(2,051)
Commodity derivatives:					
Short-term receivables	HFT	38,967	38,967	37,286	37,286
Long-term receivables	HFT	–	–	530	530
Short-term liabilities	HFT	(40,777)	(40,777)	(36,924)	(36,924)
Total commodity derivatives		(1,810)	(1,810)	892	892
Other derivatives:					
Short-term receivables	HFT	776	776	403	403
Long-term receivables	HFT	933	933	949	949
Short-term liabilities	HFT	(1,576)	(1,576)	(1,480)	(1,480)
Long-term liabilities	HFT	(1,193)	(1,193)	(1,028)	(1,028)
Total other derivatives		(1,060)	(1,060)	(1,156)	(1,156)

* Equity securities available-for-sale that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

LaR Loans and receivables
AFS Available-for-sale investments
HTM Held-to-maturity instruments
HFT Held for trading or hedging instruments
AC Financial liabilities at amortized cost

19.1. 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 2017 and 2016.

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	38,967	1,777	37,190	–
Cash flow hedges	1,583	3	1,580	–
Other derivatives	1,709	358	1,351	–
Restricted debt securities available-for-sale	13,971	13,971	–	–
Debt securities available-for-sale	4,584	4,584	–	–
Equity securities available-for-sale	1,658	1,658	–	–

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(40,777)	(1,615)	(39,162)	–
Cash flow hedges	(9,131)	(2,353)	(6,778)	–
Other derivatives	(2,769)	(860)	(1,909)	–

Assets and liabilities for which fair values are disclosed	Total	Level 1	Level 2	Level 3
Debt securities held-to-maturity	10	–	10	–
Term deposits	1,000	–	1,000	–
Long-term debt	(157,181)	(102,208)	(54,973)	–

As at December 31, 2016, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	37,816	433	37,383	–
Cash flow hedges	2,689	447	2,242	–
Other derivatives	1,352	131	1,221	–
Restricted debt securities available-for-sale	15,920	15,920	–	–
Debt securities available-for-sale	4,653	4,653	–	–
Equity securities available-for-sale	14,947	14,947	–	–

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(36,924)	(2,133)	(34,791)	–
Cash flow hedges	(4,740)	(983)	(3,757)	–
Other derivatives	(2,508)	(10)	(2,498)	–

Assets and liabilities for which fair values are disclosed	Total	Level 1	Level 2	Level 3
Debt securities held-to-maturity	2,945	–	2,945	–
Term deposits	2,540	–	2,540	–
Long-term debt	(180,430)	(118,956)	(61,474)	–

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.

19.2. 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, 2017 and 2016 (in CZK millions):

	2017		2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	42,259	(52,677)	41,857	(44,172)
Other financial instruments*	27,565	(25,540)	28,617	(23,827)
Collaterals paid (received)**	482	(2,290)	1,341	(1,222)
Gross financial assets / liabilities	70,306	(80,507)	71,815	(69,221)
Assets / liabilities set off under IAS 32	–	–	–	–
Amounts presented in the balance sheet	70,306	(80,507)	71,815	(69,221)
Effect of master netting agreements	(62,970)	62,970	(68,965)	68,965
Net amount after master netting agreements	7,336	(17,537)	2,850	(256)

* Other financial instruments consist of invoices due from derivative trading and are included in Receivables, net or Trade and other payables.
** Collaterals paid are included in Receivables, net and collaterals received are included in Trade and other 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 11 and 24. The information about offset of construction contracts and related billings and advances received is included in Note 12.

Short-term derivative assets are included in the balance sheet in Other financial assets, net, long-term derivative assets in Investments and other financial assets, net, long-term derivative liabilities in Other long-term liabilities and short-term derivative liabilities in Trade and other payables.

20. 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 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).

20.1. 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, 2017 and 2016 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.

20.2. 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 IAS 39 (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):

	2017	2016
Monthly VaR (95%) – impact of changes in commodity prices	902	962

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):

	2017	2016
Monthly currency VaR (95% confidence)	184	599

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):

	2017	2016
IR sensitivity* to parallel yield curve shift (+10bp)	(12)	(18)

* Negative result denotes higher increase in interest costs than in interest revenues.

Stock Price Risks

The required quantitative information on risks (i.e. a potential change of financial instruments market value resulting from the effects of stock price risk as at December 31) was based on the assumptions given below:
– monthly VaR (95% confidence) was selected as the indicator of stock price risk
– the relevant stock position is defined as market value of stocks/stock options as at December 31
– the considered stock positions reflect all significant stock-sensitive deals of the CEZ Group companies
– the relevant volatility and standard deviation is determined from risk module IS Bloomberg
– the source of market data is IS Bloomberg and ČNB data
– the indicator VaR illustrates mainly impact of revaluation of above mentioned stock position, classified as equity securities available-for-sale, to statement of comprehensive income.

Potential impact of the stock price risk as at December 31 (in CZK millions):

	2017	2016
Monthly stock VaR (95% confidence)	–	1,326

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 at balance sheet at December 31 (in CZK millions):

	2017	2016
Guarantees provided to joint-ventures*	2,584	3,212

* 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, 2017 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other liabilities	Derivatives*	Guarantees issued**
Due in 2018	14,790	9,875	49,939	302,134	2,584
Due in 2019	3,792	6,042	1,410	75,564	–
Due in 2020	3,649	23,840	–	25,581	–
Due in 2021	3,283	26,834	–	11,906	–
Due in 2022	5,904	8,748	–	13,414	–
Thereafter	6,212	84,339	15	32,771	–
Total	37,630	159,678	51,364	461,370	2,584

Contractual maturity of undiscounted cash-flow of financial liabilities at December 31, 2016 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other liabilities	Derivatives*	Guarantees issued**
Due in 2017	11,941	18,788	42,189	242,087	3,212
Due in 2018	3,647	10,352	9	32,828	–
Due in 2019	3,474	6,314	1,251	12,371	–
Due in 2020	3,399	25,114	–	6,298	–
Due in 2021	3,063	28,298	–	9,880	–
Thereafter	11,168	94,038	–	45,963	–
Total	36,692	182,904	43,449	349,427	3,212

* Contractual maturities for derivatives represent contractual cash out-flows of these instruments, but at the same time the Group will receive corresponding consideration. For fair values of derivatives see Note 19.

** 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, 2017 and 2016 amounted to CZK 18.7 billion and CZK 21.7 billion, respectively.

20.3. 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 2018 to 2023. The hedging instruments as at December 31, 2017 and 2016 are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 4.1 billion and EUR 3.9 billion, respectively, and currency forward contracts and swaps. The fair value of these derivative hedging instruments (currency forward contracts and swaps) amounted to CZK (16) million and CZK 1,537 million at December 31, 2017 and 2016, respectively.

The Group also enters into cash flow hedges of highly probable future sales of electricity in the Czech Republic from 2019 to 2023. The hedging instruments are the futures and forward contracts electricity sales in Germany. The fair value of these derivative hedging instruments amounted to CZK (7,532) million and CZK (3,588) million at December 31, 2017 and 2016, respectively.

The Group applied cash flow hedges of future highly probable purchases of emission allowances which had been expected to occur in 2017 and 2016. The hedging instruments were the futures contracts for the purchase of allowances equivalent to 7.0 million and 7.3 million tons of CO_2 emissions, respectively. The final settlement of the purchase of these hedged emission allowances was in December 2017 and 2016.

In 2017 and 2016 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 and related services, Gains and losses from commodity derivative trading, net, Emission rights, net, Other financial expenses and Other financial income and on the balance sheet in the line Emission rights. In 2017 and 2016 the Group recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the amount of CZK (3) million and CZK (29) million, respectively. The ineffectiveness in 2017 and 2016 was mainly caused by the fact that the hedged cash flows are no more highly probable to occur.

21. Provisions

Provisions at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017			2016		
	Non-current	Current	Total	Non-current	Current	Total
Nuclear provisions	59,419	2,197	61,616	53,585	1,918	55,503
Provision for reclamation of mines and mining damages	7,702	220	7,922	7,362	271	7,633
Provision for waste storage reclamation	949	53	1,002	974	98	1,072
Provision for CO_2 emissions (see Note 13)	–	3,664	3,664	–	2,699	2,699
Other provisions	5,221	3,092	8,313	4,439	3,174	7,613
Total	73,291	9,226	82,517	66,360	8,160	74,520

21.1. 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. The Czech parliament has enacted a Nuclear Act (Act) which defines certain obligations for the decontamination and dismantling (decommissioning) of nuclear facilities and 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 2013 Dukovany and a 2014 Temelín decommissioning cost study estimate that nuclear decommissioning will cost CZK 22.4 billion and CZK 18.4 billion, respectively. The Company makes contributions to a restricted bank account 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 legislation and are shown in the balance sheet as part of Restricted financial assets (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 legislation at 50 CZK per MWh produced at nuclear power plants till 2016 and at 55 CZK per MWh produced at nuclear power plants since 2017. In 2017 and 2016, the payments to the nuclear account amounted to CZK 1,559 million and CZK 1,205 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, 2017 and 2016 (in CZK millions):

	Accumulated provisions			
	Nuclear Decommissioning	Spent fuel storage		Total
		Interim	Long-term	
Balance at December 31, 2015	19,498	7,500	23,123	50,121
Movements during 2016:				
Discount accretion and effect of inflation	487	188	578	1,253
Provision charged to income statement	–	421	–	421
Effect of change in estimate credited to income statement	–	(72)	–	(72)
Effect of change in estimate added to (deducted from) fixed assets (Note 2.24)	(1,093)	46	6,748	5,701
Current cash expenditures	–	(716)	(1,205)	(1,921)
Balance at December 31, 2016	**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 charged 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**

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 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 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.

In 2016, the Group recorded a change in estimate for interim storage of spent nuclear fuel in connection with the change of anticipated future storage costs, in estimate for the nuclear decommissioning in connection with the change of timing of the costs for decommissioning expenditure in Dukovany nuclear power plant and in estimate for permanent storage of spent nuclear fuel because of the change in expected production in nuclear power plants and in the amount of the contribution paid to the state nuclear account from the year 2017 on.

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.

21.2. 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, 2017 and 2016 (in CZK millions):

	Mine reclamation and damages	Waste storage
Balance at December 31, 2015	7,563	1,600
Movements during 2015:		
Discount accretion and effect of inflation	182	31
Provision charged to income statement	72	22
Effect of change in estimate added to (deducted from) fixed assets (Note 2.25)	78	(149)
Reclassification to liabilities associated with assets classified as held for sale	–	(323)
Current cash expenditures	(262)	(70)
Reversal of provision	–	(39)
Balance at December 31, 2016	**7,633**	**1,072**
Movements during 2016:		
Discount accretion and effect of inflation	185	26
Provision charged to income statement	85	–
Effect of change in estimate added to fixed assets (Note 2.25)	265	–
Current cash expenditures	(246)	(75)
Reversal of provision	–	(21)
Balance at December 31, 2017	7,922	1,002

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.

22. Other Long-term Liabilities

Other long-term liabilities at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017	2016
Deferred connection fees	3,304	3,924
Derivatives	10,324	5,768
Other	2,216	1,511
Total	15,844	11,203

23. Short-term Loans

Short-term loans at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017	2016
Short-term bank loans	10,976	7,962
Bank overdrafts	96	381
Total	11,072	8,343

Interest on short-term loans is variable. The weighted average interest rate was 0.1% and 0.2% at December 31, 2017 and 2016, respectively. For the years 2017 and 2016 the weighted average interest rate was 0.3% and 0.4%, respectively.

24. Trade and Other Payables

Trade and other payables at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017	2016
Advances received from retail customers	17,006	12,160
Unbilled electricity supplied to retail customers	(14,687)	(11,022)
Received advances from retail customers, net	2,319	1,138
Trade payables	39,366	36,941
Fair value of option (see Note 14)	–	1,228
Derivatives	42,353	37,176
Other	3,198	4,033
Total	87,236	80,516

The information about payables to related parties is included in Note 34.

25. Accrued Liabilities

Accrued liabilities at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Accrued interest	2,165	2,203
Taxes and fees, except income tax	1,730	2,039
Unbilled goods and services	9,673	9,627
Deferred income	240	251
Other	142	131
Total	13,950	14,251

26. Revenues and Other Operating Income

The composition of revenues and other operating income for the years ended December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Sales of electricity and related services:		
Sales of electricity to end customers	48,504	50,159
Sales of electricity through energy exchange	3,669	4,766
Sales of electricity to traders	35,524	37,138
Sales to distribution and transmission companies	239	324
Other sales of electricity	17,208	15,653
Effect of hedging – presales of electricity (Note 20.3)	326	2,989
Effect of hedging – currency risk hedging (Note 20.3)	(1,397)	(1,957)
Sales of ancillary, system, distribution and other services	63,685	65,872
Total sales of electricity and related services	167,758	174,944
Sales of gas, coal, heat and other revenues:		
Sales of gas	9,589	9,214
Sales of coal	4,593	4,518
Sales of heat	6,727	6,877
Other	9,848	6,456
Total sales of gas, coal, heat and other revenues	30,757	27,065
Other operating income:		
Contractual fines and interest fees for delays	210	442
Gain on sale of property, plant and equipment	1,243	148
Gain on sale of material	107	87
Other	1,831	1,058
Total other operating income	3,391	1,735
Total revenues and other operating income	201,906	203,744

27. Gains and Losses from Commodity Derivative Trading, Net

The composition of gains and losses from commodity derivative trading, net for the years ended December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Electricity derivative trading:		
Sales – domestic	6,825	4,017
Sales – foreign	183,258	134,083
Purchases – domestic	(6,640)	(3,418)
Purchases – foreign	(181,666)	(130,452)
Effect of hedging – currency risk hedging (Note 20.3)	–	(27)
Changes in fair value of derivatives	(721)	(4,246)
Total gains and losses from electricity derivative trading, net	1,056	(43)
Other commodity derivative trading:		
Loss from gas derivative trading	(190)	(221)
Gain (loss) from oil derivative trading	43	(92)
Gain (loss) from coal derivative trading	11	(12)
Total gains and losses from commodity derivative trading, net	**920**	**(368)**

28. Salaries and Wages

Salaries and wages for the years ended December 31, 2017 and 2016 were as follows (in CZK millions):

	2017		2016	
	Total	Key management personnel[1)]	Total	Key management personnel[1)]
Salaries and wages including remuneration of the board members	(15,294)	(229)	(13,591)	(217)
Share options	(28)	(28)	(22)	(22)
Social and health security	(4,788)	(38)	(4,326)	(36)
Other personal expenses	(1,976)	(23)	(1,219)	(22)
Total	**(22,086)**	**(318)**	**(19,158)**	**(297)**

[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, 2017 and 2016, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,326 thousand and 2,512 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.

In 2017 and 2016 the Company recognized a compensation expense of CZK 28 million and CZK 22 million, respectively, related to the granted options.

The following table shows changes during 2017 and 2016 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 December 31, 2015	1,820	571	2,391	581.18
Options granted	550	185	735	423.59
Options forfeited	(390)	(224)	(614)	646.36
Share options at December 31, 2016[1)]	**1,980**	**532**	**2,512**	**519.16**
Options granted	574	185	759	447.74
Movements	20	(20)	–	523.50
Options exercised[2)]	(150)	–	(150)	458.71
Options forfeited	(610)	(185)	(795)	527.57
Share options at December 31, 2017[1)]	**1,814**	**512**	**2,326**	**496.89**

[1)] At December 31, 2017 and 2016 the number of exercisable options was 932 thousand and 1,107 thousand, respectively. The weighted average exercise price of the exercisable options was CZK 586.22 per share and CZK 566.62 per share at December 31, 2017 and 2016, respectively.
[2)] In 2017 the weighted average market share price at the date of the exercise for the options exercised was CZK 499.70.

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:

	2017	2016
Weighted average assumptions:		
Dividend yield	3.7%	4.6%
Expected volatility	23.0%	24.1%
Mid-term risk-free interest rate	0.4%	0.3%
Expected life (years)	1.4	1.4
Grant-date share price (CZK per share)	451.2	422.7
Weighted average grant-date fair value of options (CZK per 1 option)	42.0	36.3

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, 2017 and 2016 the exercise prices of outstanding options were in the following ranges (in thousand pieces):

	2017	2016
CZK 350–550 per share	1,594	1,565
CZK 550–650 per share	732	947
Total	2,326	2,512

The options granted which were outstanding as at December 31, 2017 and 2016 had an average remaining contractual life of 1.9 years and 1.8 years, respectively.

29. Other Operating Expenses

Other operating expenses for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Services	(13,580)	(11,812)
Travel expenses	(241)	(212)
Losses on sale of property, plant and equipment	(9)	(24)
Losses on sale of material	(13)	(66)
Capitalization of expenses to the cost of assets and change in own inventory	3,235	2,355
Fines and interest fees for delays	(62)	(20)
Change in provisions and valuation allowances*	2,879	(208)
Taxes and fees	(3,244)	(2,636)
Write-off of bad debts	(211)	(292)
Gifts	(323)	(351)
Other	(2,185)	(1,857)
Total	(13,754)	(15,123)

* In 2017 and 2016 the Group impaired its work in progress related to wind projects in Poland in the amount of CZK 151 million and CZK 671 million, respectively. The increase in the valuation allowance was caused especially due to new legislation enacted in Poland in 2016 that resulted in decrease of expected future cash flows.

Taxes and fees include the contributions to the nuclear account (see Note 21.1). 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 and valuation allowances. In the line Change in provisions and valuation allowances for 2017, there is also reversal of valuation allowances in the amount of CZK 708 million related to the settlement agreement between ČEZ and Sokolovská uhelná.

Information about fees charged by independent auditors is provided in the annual report of CEZ Group.

30. Interest Income

Interest income for each category of financial instruments for the years ended December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Loans and receivables	23	47
Held-to-maturity investments	14	38
Available-for-sale investments	173	184
Bank accounts	25	34
Total	235	303

31. Other Financial Expenses

Other financial expenses for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Derivative losses	(927)	(1,046)
Loss on sales of available-for-sale financial assets	(147)	(12)
Creation of provision	(157)	–
Cost of buy back of bonds	(490)	–
Other	(243)	(206)
Total	(1,964)	(1,264)

32. Other Financial Income

Other financial income for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Derivative gains	504	325
Gain from sale of MOL shares*	4,560	–
Gain from sale of other available-for-sale financial assets	89	80
Dividend income	262	632
Other	268	305
Total	5,683	1,342

* The accumulated gain from revaluation of MOL shares in the amount of CZK 5,490 million was reclassified from equity and was recognized in statement of income on the disposal of MOL shares from the balance sheet (see Note 14).

33. 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 2017 and 2016. The Czech corporate income tax rate enacted for 2018 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):

	2017	2016
Current income tax charge	(3,937)	(4,795)
Adjustments in respect of current income tax of previous periods	20	26
Deferred income taxes	123	16
Total	(3,794)	(4,753)

The differences between income tax expense computed at the statutory rate and income tax expense provided on earnings are as follows (in CZK millions):

	2017	2016
Income before income taxes	22,753	19,328
Statutory income tax rate in Czech Republic	19%	19%
“Expected” income tax expense	(4,323)	(3,672)
Tax effect of:		
Non-deductible gains and losses from derivatives	95	(262)
Non-deductible expenses related to shareholdings	(22)	(25)
Goodwill and other non-current assets impairment	–	(204)
Non-deductible share based payment expense	(5)	(4)
Share of profit (loss) from associates and joint-ventures	(478)	(545)
Income already taxed or exempt	1,106	135
Tax credits	25	28
Gain (loss) on sale of subsidiaries and joint-ventures	(3)	31
Adjustments in respect of current income tax of previous periods	19	26
Effect of different tax rate in other countries	(110)	137
Change in unrecorded deferred tax asset	(58)	(344)
Other non-deductible items, net	(40)	(54)
Income taxes	(3,794)	(4,753)
Effective tax rate	17%	25%

Deferred income taxes, net, at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Nuclear provisions	9,924	8,841
Financial statement depreciation in excess of tax depreciation	2,126	2,230
Revaluation of financial instruments	1,843	1,783
Allowances	1,126	1,506
Other provisions	2,537	2,309
Tax loss carry forwards	1,408	1,153
Other temporary differences	486	462
Unrecorded deferred tax asset	(1,184)	(1,126)
Total deferred tax assets	18,266	17,158
Tax depreciation in excess of financial statement depreciation	(34,625)	(33,250)
Revaluation of financial instruments	(179)	(415)
Other provisions	(485)	(527)
Other temporary differences	(1,673)	(1,583)
Total deferred tax liability	(36,962)	(35,775)
Total deferred tax liability, net	**(18,696)**	**(18,617)**
Reflected in the balance sheet as follows:		
Deferred tax assets	1,297	1,596
Deferred tax liability	(19,993)	(20,213)
Total deferred tax liability, net	**(18,696)**	**(18,617)**

Movements in net deferred tax liability, in 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Opening balance	18,617	20,422
Deferred tax recognized in profit or loss	(123)	(16)
Deferred tax recognized in other comprehensive income	(301)	(1,732)
Acquisition of subsidiaries	509	(11)
Sale of subsidiaries	(2)	–
Currency translation differences	(4)	(46)
Closing balance	**18,696**	**18,617**

At December 31, 2017 and 2016 the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK 39,778 million and CZK 33,800 million, respectively.

Tax effects relating to each component of other comprehensive income (in CZK millions):

	2017			2016		
	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 recognized in equity	(3,950)	750	(3,200)	(7,438)	1,413	(6,025)
Cash flow hedges reclassified to statement of income	4,026	(764)	3,262	(1,629)	310	(1,319)
Cash flow hedges reclassified to assets	(394)	75	(319)	(85)	16	(69)
Change in fair value of available-for-sale financial assets recognized in equity	(1,283)	226	(1,057)	4,620	(10)	4,610
Available-for-sale financial assets reclassified from equity	(5,542)	13	(5,529)	(10)	2	(8)
Translation differences – subsidiaries	(3,412)	–	(3,412)	(536)	–	(536)
Translation differences associates and joint-ventures	1,340	–	1,340	(617)	–	(617)
Translation differences reclassified from equity	751	–	751	(127)	–	(127)
Share on other equity movements of associates and joint-ventures	54	–	54	26	–	26
Re-measurement gains (losses) on defined benefit plans	(5)	1	(4)	10	1	11
Total	(8,415)	301	(8,114)	(5,786)	1,732	(4,054)

34. Related Parties

The Group purchases from and sells to related parties products, goods and services in the ordinary course of business.

At December 31, 2017 and 2016, the receivables from related parties and payables to related parties are as follows (in CZK millions):

	Receivables		Payables	
	2017	2016	2017	2016
Akcez Enerji A.S.	5	8	–	–
ČEZ Energo, s.r.o.	83	48	23	11
in PROJEKT LOUNY ENGINEERING s.r.o.	12	14	8	9
LOMY MOŘINA spol. s r.o.	2	1	12	22
Ústav aplikované mechaniky Brno, s.r.o.	7	1	44	32
Výzkumný a zkušební ústav Plzeň s.r.o.	49	55	2	8
Other	10	12	8	8
Total	168	139	97	90

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2017	2016	2017	2016
Akcez Enerji A.S.	29	29	–	–
Akenerji Elektrik Üretim A.S.	33	33	–	–
ČEZ Energo, s.r.o.	274	269	273	51
in PROJEKT LOUNY ENGINEERING s.r.o.	21	28	15	36
LOMY MOŘINA spol. s r.o.	10	11	172	189
Teplo Klášterec s.r.o.	56	56	1	1
Ústav aplikované mechaniky Brno, s.r.o.	10	2	73	57
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s	28	27	2	3
Other	24	33	35	41
Total	485	488	571	378

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	
	2017	2016	2017	2016
Akcez Enerji A.S.	17	9	–	–
CM European Power International B.V.[1]	–	–	208	–
LOMY MOŘINA spol. s r.o.	–	–	11	14
Osvětlení a energetické systémy a.s.	–	–	28	–
Teplo Klášterec s.r.o.	–	–	3	10
Other	2	3	12	–
Total	19	12	262	24

[1] Company was related party till December 31, 2017.

Information about compensation of key management personnel is included in Note 28. Information about guarantees provided to joint-ventures is included in Note 20.2.

35. 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 17).

The following tables summarize segment information by operating segments for the years ended December 31, 2017 and 2016 (in CZK millions):

Year 2017:	Generation – Traditional Energy	Generation – New Energy	Distribution	Sales	Mining	Other	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	54,381	4,205	29,849	106,138	4,823	2,510	201,906	–	201,906
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	84,340	4,957	58,185	110,994	9,548	17,938	285,962	(84,056)	201,906
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 including goodwill	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)	27	264	(494)	5	(371)	(2,387)	–	(2,387)
Income taxes	317	(561)	(2,188)	(792)	(310)	(260)	(3,794)	–	(3,794)
Net income	11,362	1,881	9,604	3,033	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	–	646	–	–	175	2,699	3,520	–	3,520
Unallocated assets									194,668
Total assets									626,207
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

Year 2016:	Generation – Traditional Energy	Generation – New Energy	Distribution	Sales	Mining	Other	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	55,728	3,389	29,698	107,432	4,826	2,671	203,744	–	203,744
Revenues and other operating income – intersegment	32,121	597	30,872	5,362	5,091	19,125	93,168	(93,168)	–
Total revenues and other operating income	87,849	3,986	60,570	112,794	9,917	21,796	296,912	(93,168)	203,744
EBITDA	21,991	3,403	20,361	5,488	4,412	2,423	58,078	4	58,082
Depreciation and amortization	(17,199)	(1,589)	(6,044)	(72)	(2,415)	(1,659)	(28,978)	–	(28,978)
Impairment of property, plant and equipment and intangible assets including goodwill	(415)	(2,703)	(5)	(2)	–	11	(3,114)	–	(3,114)
EBIT	4,387	(890)	14,337	5,415	1,998	863	26,110	4	26,114
Interest on debt and provisions	(3,784)	(285)	(399)	(12)	(184)	(345)	(5,009)	753	(4,256)
Interest income	891	3	42	4	8	108	1,056	(753)	303
Share of profit (loss) from associates and joint-ventures	(1,366)	17	277	(442)	11	(1,230)	(2,733)	–	(2,733)
Income taxes	(312)	(260)	(2,523)	(1,039)	(364)	(255)	(4,753)	–	(4,753)
Net income	13,506	(1,248)	11,724	3,880	2,376	(916)	29,322	(14,747)	14,575
Identifiable assets	257,357	30,075	109,807	899	21,100	8,610	427,848	(953)	426,895
Investment in associates and joint-ventures	198	544	295	756	181	3,335	5,309	–	5,309
Unallocated assets									198,637
Total assets									630,841
Capital expenditure	16,079	1,053	10,257	105	1,985	8,652	38,131	(7,966)	30,165
Average number of employees	6,629	72	7,867	1,909	2,677	7,146	26,300	–	26,300

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):

	2017	2016
Czech Republic	144,614	150,884
Bulgaria	24,145	24,431
Romania	12,405	13,070
Poland	8,655	7,606
Germany	3,404	2
Other	8,683	7,751
Total revenues and other operating income	201,906	203,744

The following table shows the split of property, plant and equipment according to the location of entity which they belong to at December 31, 2017 and 2016 (in CZK million):

	2017	2016
Czech Republic	380,530	377,539
Bulgaria	10,072	10,322
Romania	23,855	26,212
Poland	6,610	7,229
Germany	6,644	5,592
Other	308	1
Total property, plant and equipment	428,019	426,895

36. Net Income per Share

	2017	2016
Numerator (CZK millions)		
Basic and diluted:		
Net income attributable to equity holders of the parent	18,765	14,281
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	534,247	534,235
Dilutive effect of share options	149	7
Diluted:		
Adjusted weighted average shares	534,396	534,242
Net income per share (CZK per share)		
Basic	35.1	26.7
Diluted	35.1	26.7

37. Commitment and Contingencies

Investment Program

The Group is engaged in a continuous construction program, currently estimated as of December 31, 2017 over the next five years as follows (in CZK billion):

2018	30.7
2019	36.9
2020	32.7
2021	31.6
2022	29.3
Total	161.2

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, 2017 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.

38. Events after the Balance Sheet Date

On January 31, 2018 the Group acquired 100% interest in 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.

The preliminary book values of acquired identifiable assets and liabilities as of the date of acquisition were as follows (in CZK millions):

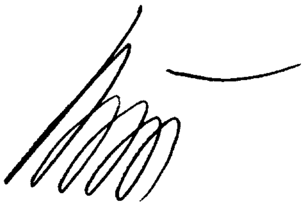
	Metrolog
Share of the Group acquired in 2018	100%
Property, plant and equipment	66
Cash and cash equivalents	116
Receivables, net	49
Materials and supplies, net	31
Other current assets	9
Trade and other payables	(59)
Other liabilities	(15)
Total net assets	197
Share of net assets acquired	197
Goodwill	178
Total purchase consideration	**375**

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. Total selling price for the respective interests in the companies is in the amount of EUR 326 million. Approval by Bulgarian anti-trust authority and payment of the purchase price by the buyer are the conditions of closing the transaction. Claims asserted by ČEZ, a. s. in the investment arbitration against the Republic of Bulgaria are not subject of this transaction. 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. As a result of this reclassification, a test for potential impairment of assets being sold has been performed. Such impairment was not identified.

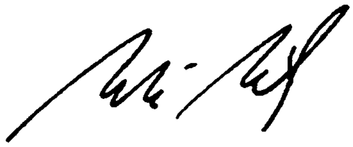
The following table presents balance sheet amounts at December 31, 2017 as if the Bulgarian assets being sold constituted a reportable segment of the Group (in CZK millions):

Property, plant and equipment	10,072
Other non-current assets	583
Current assets	6,348
Non-current liabilities	(2,161)
Current liabilities	(4,986)
Total equity	9,856
Equity attributable to:	
Equity holders of the parent	6,550
Out of which: Cumulative loss from translation differences	(1,587)
Non-controlling interests	3,306

These consolidated financial statements have been authorized for issue on March 19, 2018.



Daniel Beneš
Chairman of Board of Directors



Martin Novák
Vice-chairman of Board of Directors

Building a better working world

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 2017, 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 2017, 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.

A member firm of Ernst & Young Global Limited
Ernst & Young Audit, s.r.o. with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nove Mesto,
has been incorporated in the Commercial Register administered by the Municipal Court in Prague,
Section C, entry no. 88504, under Identification No. 26704153.

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 and 5 Investments and Other Financial Assets, Net, 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 IAS 39 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 2017 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 Note 22 Gains and Losses from Commodity Derivative Trading, Net, 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.

Building a better working world

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.

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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 21 June 2017 and our uninterrupted engagement has lasted for 16 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 2018 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

Martin Skácelík, Auditor
License No. 2119

19 March 2018
Prague, Czech Republic

ČEZ, a. s. – Balance Sheet as of December 31, 2017

in CZK Millions

ASSETS:	Note	2017	2016
Plant in service		448,250	394,262
Less accumulated depreciation and impairment		(231,024)	(218,114)
Net plant in service		217,226	176,148
Nuclear fuel, at amortized cost		15,100	14,745
Construction work in progress, net		7,903	50,337
Total property, plant and equipment	3	240,229	241,230
Restricted financial assets	4	13,026	13,290
Investments and other financial assets, net	5	169,340	183,885
Intangible assets, net	6	604	581
Total other non-current assets		182,970	197,756
Total non-current assets		423,199	438,986
Cash and cash equivalents	7	1,272	454
Receivables, net	8	49,968	44,413
Income tax receivable		323	571
Materials and supplies, net		5,921	5,291
Fossil fuel stocks		446	407
Emission rights	9	7,036	2,013
Other financial assets, net	10	43,509	43,013
Other current assets	11	1,096	1,050
Assets classified as held for sale		–	736
Total current assets		109,571	97,948
TOTAL ASSETS		532,770	536,934

EQUITY AND LIABILITIES:	Note	2017	2016
Stated capital		53,799	53,799
Treasury shares		(4,077)	(4,246)
Retained earnings and other reserves		137,785	151,145
Total equity	12	187,507	200,698
Long-term debt, net of current portion	13	121,743	131,960
Provisions	16	61,171	55,006
Deferred tax liability	28	8,232	9,003
Other long-term liabilities	17	11,571	7,019
Total non-current liabilities		202,717	202,988
Short-term loans	18	10,747	7,874
Current portion of long-term debt	13	7,259	3,484
Trade and other payables	19	112,266	110,410
Income tax payable		–	1
Provisions	16	5,090	3,904
Accrued liabilities	20	7,184	7,575
Total current liabilities		142,546	133,248
TOTAL EQUITY AND LIABILITIES		532,770	536,934

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s. – Statement of Income for the Year Ended December 31, 2017

in CZK Millions

	Note	2017	2016
Sales of electricity		65,830	72,462
Sales of gas, heat and other revenues		9,154	8,126
Other operating income		2,273	1,205
Total revenues and other operating income	21	**77,257**	**81,793**
Gains and losses from commodity derivative trading, net	22	820	(238)
Fuel		(10,975)	(10,775)
Purchased power and related services		(31,356)	(36,248)
Repairs and maintenance		(3,501)	(2,980)
Depreciation and amortization	3, 6	(15,555)	(15,253)
Impairment of property, plant and equipment and intangible assets		1,839	(104)
Salaries and wages	23	(6,232)	(5,603)
Materials and supplies		(1,571)	(1,419)
Emission rights, net	9	(1,602)	(837)
Other operating expenses	24	(6,233)	(6,881)
Income before other income (expenses) and income taxes		**2,891**	**1,455**
Interest on debt, net of capitalized interest		(3,646)	(2,530)
Interest on provisions	16	(1,403)	(1,274)
Interest income	25	691	917
Foreign exchange rate gains (losses), net		1,058	(443)
Gain on sale of subsidiaries and joint-ventures		805	428
Other financial expenses	26	(10,780)	(14,723)
Other financial income	27	14,932	24,632
Total other income (expenses)		**1,657**	**7,007**
Income before income taxes		**4,548**	**8,462**
Income taxes	28	557	372
Net income		**5,105**	**8,834**
Net income per share (CZK per share):	31		
Basic		9.6	16.5
Diluted		9.6	16.5

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s. – Statement of Comprehensive Income for the Year Ended December 31, 2017

in CZK Millions

	Note	2017	2016
Net income		5,105	8,834
Change in fair value of cash flow hedges recognized in equity		(3,950)	(7,438)
Cash flow hedges reclassified to income statement		4,026	(1,632)
Cash flow hedges reclassified to assets		(394)	(85)
Change in fair value of available-for-sale financial assets recognized in equity		(677)	9
Deferred tax related to other comprehensive income	28	189	1,738
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(806)	(7,408)
Total comprehensive income, net of tax		4,299	1,426

ČEZ, a. s. – Statement of Changes in Equity for the Year Ended December 31, 2017

in CZK Millions

	Stated capital	Treasury shares	Cash flow hedge reserve	Available-for-sale and other reserves	Retained earnings	Total equity
December 31, 2015	53,799	(4,246)	(121)	925	170,212	220,569
Net income	–	–	–	–	8,834	8,834
Other comprehensive income	–	–	(7,415)	7	–	(7,408)
Total comprehensive income	–	–	(7,415)	7	8,834	1,426
Dividends	–	–	–	–	(21,319)	(21,319)
Share options	–	–	–	22	–	22
Transfer forfeited share options within equity	–	–	–	(28)	28	–
December 31, 2016	53,799	(4,246)	(7,536)	926	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	–	–	–	28	–	28
Transfer of exercised and forfeited share options within equity	–	–	–	(34)	34	–
December 31, 2017	53,799	(4,077)	(7,794)	372	145,207	187,507

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s. – Statement of Cash Flows for the Year Ended December 31, 2017

in CZK Millions

	2017	2016
OPERATING ACTIVITIES:		
Income before income taxes	4,548	8,462
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	15,555	15,253
Amortization of nuclear fuel	3,695	3,120
Gain on non-current asset retirements, net	(1,966)	(518)
Foreign exchange rate losses (gains), net	(1,058)	443
Interest expense, interest income and dividend income, net	(11,925)	(13,557)
Provisions	898	(736)
Impairment of property, plant and equipment and intangible assets	(1,839)	104
Other impairment and other adjustments	12,375	4,813
Changes in assets and liabilities:		
Receivables	(771)	(9,364)
Materials, supplies and fossil fuel stocks	(737)	(64)
Receivables and payables from derivatives	(682)	2,275
Other current assets	(3,265)	6,108
Trade and other payables	587	2,766
Accrued liabilities	(351)	1,742
Cash generated from operations	15,064	20,847
Income taxes received (paid)	221	(764)
Interest paid, net of capitalized interest	(3,489)	(2,501)
Interest received	674	914
Dividends received	14,886	18,624
Net cash provided by operating activities	27,356	37,120
INVESTING ACTIVITIES:		
Acquisition of subsidiaries	(2,786)	(2,628)
Proceeds from disposal of subsidiaries and joint-ventures including liquidation distribution received	2,142	9,934
Additions to non-current assets, including capitalized interest	(10,412)	(20,121)
Proceeds from sale of non-current assets	1,425	741
Loans made	(5,839)	(9,645)
Repayment of loans	1,535	1,487
Change in restricted financial assets	(541)	(570)
Total cash used in investing activities	(14,476)	(20,802)
FINANCING ACTIVITIES:		
Proceeds from borrowings	147,524	92,113
Payments of borrowings	(141,021)	(89,851)
Decreases of other long-term liabilities	–	(679)
Change in payables/receivables from group cashpooling	(1,064)	877
Dividends paid	(17,618)	(21,325)
Sale of treasury shares	68	–
Net cash used in financing activities	(12,111)	(18,865)
Net effect of currency translation in cash	49	37
Net increase (decrease) in cash and cash equivalents	818	(2,510)
Cash and cash equivalents at beginning of period	454	2,964
Cash and cash equivalents at end of period	1,272	454
Supplementary cash flow information:		
Total cash paid for interest	5,045	5,554

The accompanying notes are an integral part of these financial statements.

ČEZ, a. s.
Notes to the Financial Statements as of December 31, 2017

Content

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 5,155 and 4,963 in 2017 and 2016, 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, 2017. The majority shareholder's share of the voting rights represented 70.3% 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 2017

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, 2017:

IAS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Application of amendments resulted in additional disclosure provided by the Company. These amendments do not have material impact on the Company's financial statements.

IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments do not have material impact on the Company's financial statements.

Annual Improvement to IFRSs 2014–2016
IASB issued amendment to IAS and IFRS in which they focused on areas of inconsistency in IFRSs and IASs or where the clarification of wording was required. The standard IFRS 12 Disclosure of Interests in Other Entities was amended. This change does 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, 2017 or later. Standards and interpretations most relevant to the Company's activities are detailed below:

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 currently existing 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
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.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets and liabilities.

The Company assessed impact of the adoption of this standard and the expected impact to the Company's financial statements as of the date of application is as follows (in CZK millions):

	Adjustment
Receivables, net	(26)
Other	(13)
Total assets	(39)
Deffered tax liability	7
Impact on equity	**(32)**

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 is 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 is not expected to have significant impact to the Company's financial statements.

IFRS 16 Leases

The IASB issued in January 2016 new standard, IFRS 16 Leases, which replaces existing IFRS leases requirements and requires lessees to recognize most leases on their balance sheets while lessor accounting is substantially unchanged. The Company is currently assessing the impact of this new standard on its financial statements.

The new standard will be 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 Company assessed impact of the adoption of this standard and the impact to the Company's financial statements as of the date of application. The Company expects the impact in Net plant in service and Other long-term liabilities in the approximate amount of CZK 7 billion. The Company assumes that this liability will be paid as follows (in CZK billions):

Less than 1 year	1.2
Between 2 and 5 years	4.5
Thereafter	1.3

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.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
The IASB issued amendments 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 amendments are effective for annual periods beginning on or after January 1, 2018, with early application permitted. The standard has not yet been endorsed by EU. The Company is assessing the potential effect of the amendments on its financial statements.

IAS 19 Plan Amendment, Curtailment or Settlement
The Amendments are effective for annual periods beginning on or after January 1, 2019 with earlier application permitted. The amendments require 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 amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These Amendments have not yet been endorsed by the EU. These Amendments do not have material impact on the Company's financial statements.

Amendment IAS 40 Transfers to Investment Property
The Amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state 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. 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.

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 Company's financial statements.

Amendment IAS 28 Long-term Interests in Associates and Joint-Ventures
The Amendments are effective for annual reporting periods beginning on or after January 1, 2019 with earlier application permitted. The Amendments relate 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 Amendments clarify 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. 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.

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 has not yet been endorsed by the EU. This Interpretation is 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.

The Company does not expect early adoption of any of the above mentioned standards, improvements or amendments.

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 are not expected to have significant impact to the Company's financial statements.

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.

2.3. 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 2.18 and 14) and financial derivatives (see Notes 2.17 and 14).

2.4. Revenues and Other Income

The Company recognizes revenue from supplies of electricity and related services based on contract terms. Differences between contracted amounts and actual supplies are settled through the market operator.

Revenues are recognized when it is probable that the economic benefits associated with the transaction will flow to the entity and the revenue can be reliably measured. Sales are recognized net of value added tax and discounts, if any.

Revenue from sale of goods is recognized when the goods are delivered and significant risks and rewards of ownership of the goods 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. 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 CO_2 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 which is measured firstly at the cost of emission rights resulting from hedging strategy, and purchased emission rights and credits up to the level of granted and purchased emission rights and credits held and then at the market price ruling at the balance sheet date.

The Company also holds emission rights for trading purposes. The portfolio of emission rights 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.

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 Emission rights, net.

Sale and repurchase agreements with emission rights are accounted for as collateralized borrowing.

2.11. Investments

Investments are classified into the following categories: held-to-maturity, loans and receivables, held for trading and available-for-sale. Investments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity other than loans and receivables originated by the Company are classified as held-to-maturity investments. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Investments acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as held for trading. All other investments, other than loans and receivables originated by the Company, are classified as available-for-sale.

Held-to-maturity investments and loans and receivables are included in non-current assets unless they mature within 12 months of the balance sheet date. Investments held for trading are included in current assets. Available-for-sale investments are classified as current assets if the Company intends to realize them within 12 months of the balance sheet date or if there is no reasonable certainty that the Company will hold the available-for-sale investments for more than 12 months of the balance sheet date.

All purchases and sales of investments are recognized on the settlement date.

When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Available-for-sale and trading investments are subsequently carried at fair value without any deduction for transaction costs by reference to their quoted market price at the balance sheet date.

Gains or losses on remeasurement to fair value of available-for-sale investments are recognized directly in other comprehensive income, until the investment is sold or otherwise disposed of, or until it is determined to be impaired. Equity securities classified as available-for-sale investments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

The carrying amounts of available-for-sale investments are reviewed at each balance sheet date whether there is objective evidence for impairment. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income. In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Changes in the fair values of trading investments are included in Other financial expenses or Other financial income.

Held-to-maturity investments and loans and receivables are carried at amortized cost using the effective interest rate method.

Investments in subsidiaries, associates and joint-ventures are carried at cost. Impaired investments are provided for or written off.

Mergers with entities under common control are recorded using a method similar to pooling of interests. Assets and liabilities of the merged entities are included in separate financial statements of the Company at their book values. The difference between the cost of investment in subsidiaries and net assets merged from entities under common control is recorded directly in equity.

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.

2.12. 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.

2.13. 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.

2.14. 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.

2.15. 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, 2017 and 2016 the provision for obsolescence amounted to CZK 80 million and CZK 12 million, respectively.

2.16. Fossil Fuel Stocks

Fossil fuel stocks are stated at actual cost using weighted average cost method.

2.17. 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 Investments and other financial assets, net, Other financial assets, net, Other long-term liabilities and Trade and other payables.

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.

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.

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.

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.

2.18. Commodity Contracts

According to IAS 39, 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 IAS 39.

Forward purchases and sales for physical delivery of energy are considered to fall outside the scope of application of IAS 39, 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 IAS 39. 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 IAS 39.

Commodity contracts which fall under the scope of IAS 39 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, net.

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, 2017 and 2016, 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 revers. 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, 2017 and 2016 using a long-term real rate of interest of 1.25% and 1.5% per annum, respectively, 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, 2017 and 2016 the estimate for the effect of inflation is 1.25% and 1%, respectively.

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 will become available in 2065 and the process of final disposal of the spent nuclear fuel will then continue until approximately 2084. 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, 2017 and 2016 for the translation of assets and liabilities denominated in foreign currencies were as follows:

	2017	2016
CZK per 1 EUR	25.540	27.020
CZK per 1 USD	21.291	25.639
CZK per 1 PLN	6.114	6.126
CZK per 1 BGN	13.058	13.815
CZK per 1 RON	5.482	5.953
CZK per 100 JPY	18.915	21.907
CZK per 1 TRY	5.617	7.286

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, 2017 and 2016 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, 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.

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2016	89,731	255,046	1,426	346,203	20,370	86,813	453,386
Additions	–	–	–	–	–	15,516	15,516
Disposals	(58)	(424)	(18)	(500)	(3,045)	(54)	(3,599)
Bring into use	9,742	34,185	32	43,959	4,768	(48,727)	–
Change in capitalized part of the provision	(117)	5,611	–	5,494	46	–	5,540
Non-monetary contribution	(108)	(522)	(264)	(894)	–	(2,354)	(3,248)
Reclassification and other	(2)	2	–	–	–	(1)	(1)
Cost at December 31, 2016	99,188	293,898	1,176	394,262	22,139	51,193	467,594
Accumulated depreciation and impairment at January 1, 2016	(43,934)	(160,250)	(3)	(204,187)	(7,538)	(904)	(212,629)
Depreciation and amortization of nuclear fuel[1)]	(2,438)	(12,568)	–	(15,006)	(2,901)	–	(17,907)
Net book value of assets disposed	(6)	–	–	(6)	–	–	(6)
Disposals	58	424	3	485	3,045	–	3,530
Non-monetary contribution	79	522	–	601	–	150	751
Reclassification and other	10	(10)	–	–	–	–	–
Impairment losses recognized	(1)	–	–	(1)	–	(102)	(103)
Accumulated depreciation and impairment at December 31, 2016	(46,232)	(171,882)	–	(218,114)	(7,394)	(856)	(226,364)
Total property, plant and equipment at December 31, 2016	**52,956**	**122,016**	**1,176**	**176,148**	**14,745**	**50,337**	**241,230**

[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 219 million.

In 2017 and 2016 a composite depreciation rate of Plant in service was 3.6% and 4.1%, respectively.

In 2017 and 2016 capitalized interest costs amounted to CZK 1,585 million and CZK 2,955 million, respectively, and the interest capitalization rate was 4.1% in the both periods.

Construction work in progress contains mainly tangible investments related to the acquisition of nuclear fuel and refurbishments performed on Temelín, Dukovany, Ledvice and Prunéřov 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, 2017.

The test considers long-term EE prices at the level used to prepare Company's business plan for 2018–2022. The plan was prepared in the fourth quarter 2017 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 CO_2 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 4.3 billion on the ČEZ Value test results. Future cash flows of the model were discounted using a 3.7% 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 4.4 billion. A change of 1% in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 4.3 billion in the ČEZ Value.

4. Restricted Financial Assets

Restricted financial assets at December 31, 2017, and 2016 consist of the following (in CZK millions):

	2017	2016
Czech government bonds	9,610	10,890
Cash in banks	3,416	2,400
Total restricted financial assets	13,026	13,290

At December 31, 2017 and 2016 the most important restricted financial assets are restricted funds related to accumulated provision for nuclear decommissioning totaled CZK 12,739 million and CZK 12 988 million, respectively, and restricted funds related to accumulated provision for waste storage and reclamation totaled CZK 231 million and CZK 243 million, respectively.

5. Investments and Other Financial Assets, Net

Investments and other financial assets, net at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Equity securities and interests, net	159,453	166,744
Debt securities available-for-sale	1,277	4,151
Loans granted, net	5,596	7,767
Derivatives	2,504	4,154
Long-term receivable from settlement with Albania	–	557
Other long-term receivables	10	12
Term deposits	500	500
Total investments and other financial assets	169,340	183,885

Movements in impairment provisions against equity securities and interest and provisions against loans (in CZK millions):

	2017		2016	
	Equity securities and interests	Loans	Equity securities and interests	Loans
Opening balance	(35,649)	–	(25,238)	(433)
Additions	(9,516)	–	(5,635)	–
Derecognition of impaired and sold financial assets	7,992	–	10	–
Transfer to assets classified as held for sale	–	–	559	–
Reclassification	–	–	(5,345)	433
Closing balance	(37,173)	–	(35,649)	–

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 are 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.

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.

In 2016 the Company created impairment provisions against the investments in the amount of CZK 5,635 million in connection with reduction of recoverable amount. The most significant impairment has been created in Akcez Enerji A.S. in the amount of CZK 2,728 million, in CEZ Distributie S.A. in the amount of CZK 469 million and in the companies, that own the Romanian wind parks (Tomis Team S.A. and Ovidiu Development S.R.L.) in the amount of CZK 1,196 million.

In connection with the sale of Elektrárna Tisová, a.s. the financial asset was reclassified to asset held for sale in 2016.

In 2016 the Company reclassified the impairment provisions against the loans granted to Tomis Team S.A., Ovidiu Development S.R.L. and M.W.Team Invest S.R.L. in the amount of CZK 5,345 million to impairment provisions against the investments due to the capitalization of loans into stated capital of Tomis Team S.A. and Ovidiu Development S.R.L. The reclassified impairment provisions represent impairment provisions against short term loans (CZK 4,912 million, see Note 8) and impairment provisions against long term loans (CZK 433 million).

Loans granted and other long-term receivables, net at December 31, 2017, and 2016 are contracted to mature in the following periods after the balance sheet date (in CZK millions):

	2017		2016	
	Loans granted	Other long-term receivables	Loans granted	Other long-term receivables
Due in 1–2 years	1,090	7	1,364	565
Due in 2–3 years	1,075	1	1,090	1
Due in 3–4 years	1,074	1	1,337	2
Due in 4–5 years	817	1	1,075	1
Due in more than 5 years	1,540	–	2,901	–
Total	5,596	10	7,767	569

Loans granted and other long-term receivables, net at December 31, 2017 and 2016 have following effective interest rate structure (in CZK millions):

	2017		2016	
	Loans granted	Other long-term receivables	Loans granted	Other long-term receivables
Less than 2.00%	–	10	–	569
From 2.00% to 2.99%	3,780	–	4,379	–
From 3.00% to 3.99%	1,816	–	2,621	–
From 4.00% to 4.99%	–	–	223	–
Over 4.99%	–	–	544	–
Total	5,596	10	7,767	569

Loans granted and other long-term receivables, net at December 31, 2017 and 2016 according to currencies (in CZK millions):

	2017		2016	
	Loans granted	Other long-term receivables	Loans granted	Other long-term receivables
CZK	5,596	8	6,961	8
EUR	–	1	39	560
PLN	–	–	767	1
USD	–	1	–	–
Total	5,596	10	7,767	569

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.

Changes of Equity Securities and Interests in 2016

The share capital of Energocentrum Vítkovice, a. s. was increased by non-monetary contribution of part of business in the amount of CZK 47 million.

Part of the assets of the company ČEZ Teplárenská, a.s. was spin off and transferred to successor companies ČEZ Energetické služby, s.r.o. and Elektrárna Tisová, a.s., which was reflected by reallocation of the cost of these investments.

The share capital of Ovidiu Development S.R.L. was increased by the capitalization of receivable in the amount of CZK 10,903 million. Due to the contribution to the share capital the share in the company increased to 99.98%.

The share capital of Tomis Team S.A. was increased by the capitalization of receivable and by cash contribution in the amount of CZK 10,323 million.

The share capital of ČEZ ESCO, a.s. was increased by the capitalization of receivable and non-monetary contribution of 100% share in Energocentrum Vítkovice, a. s. in the amount of CZK 552 million.

The equities of CEZ Srbija d.o.o. (in the amount of CZK 27 million), ČEZ ESCO, a.s. (in the amount of CZK 390 million) and ŠKODA PRAHA Invest s.r.o. (in the amount of CZK 281 million) were increased by cash contribution outside the registered capital.

The share capital of Inven Capital, investiční fond, a.s. was increased by cash and non-monetary contribution in the amount of CZK 1,000 million.

The share capitals of Elektrárna Dukovany II, a. s. and Elektrárna Temelín II, a. s. were increased by cash contribution and non-monetary contribution of part of business in the amount of CZK 277 million and 292 million, respectively.

As at November 30, 2016 the Company disposed of its interest in CM European Power Slovakia s.r.o. in the amount of CZK 295 million.

CEZ Silesia B.V. was deleted from the Commercial Register due to the merger with CEZ Poland Distribution B.V.

The subsidiary CEZ Finance Ireland Ltd. was liquidated at December 30, 2016.

The following table summarizes investments in subsidiaries, associates and joint-ventures and other ownership interests at December 31, 2017 and 2016:

As at December 31, 2017

Company	Country	Interest, net in CZK millions	% interest[4]	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.[1]	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.	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	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.	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.	Czech Republic	1,145	100.00	226
ČEZ Prodej, a.s.[2]	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	–
VLTAVOTÝNSKÁ 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.[3]	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

As at December 31, 2016

Company	Country	Interest, net in CZK millions	% interest[4]	Dividends in CZK millions
ČEZ Distribuce, a. s.	Czech Republic	31,415	100.00	4,629
Energotrans, a.s.	Czech Republic	17,986	100.00	1,054
Severočeské doly a.s.	Czech Republic	14,312	100.00	1,707
CEZ Distributie S.A.[1]	Romania	13,020	100.00	120
ČEZ OZ uzavřený investiční fond a.s.	Czech Republic	12,878	99.60	1,199
CEZ Poland Distribution B.V.	Netherlands	9,255	100.00	–
Akenerji Elektrik Üretim A.S.	Turkey	9,043	37.36	–
Tomis Team S.A.	Romania	7,388	100.00	–
Ovidiu Development S.R.L.	Romania	7,298	99.98	–
CEZ Razpredelenie Bulgaria AD	Bulgaria	6,529	67.00	–
ČEZ Teplárenská, a.s.	Czech Republic	4,626	100.00	200
ČEZ ICT Services, a. s.	Czech Republic	4,236	100.00	300
ČEZ Bohunice a.s.	Czech Republic	3,592	100.00	–
ČEZ Korporátní služby, s.r.o.	Czech Republic	3,494	100.00	472
Veolia Energie ČR, a.s.	Czech Republic	2,732	15.00	198
ČEZ ESCO, a.s.	Czech Republic	2,246	100.00	–
Elektrárna Temelín II, a. s.	Czech Republic	2,042	100.00	–
Inven Capital, investiční fond, a.s.	Czech Republic	2,004	99.80	–
Elektrárna Dětmarovice, a.s.	Czech Republic	1,762	100.00	185
Elektrárna Počerady, a.s.	Czech Republic	1,280	100.00	–
ČEZ Distribuční služby, s.r.o.	Czech Republic	1,145	100.00	240
ČEZ Prodej, s.r.o.[2]	Czech Republic	1,100	100.00	4,600
Elektrárna Dukovany II, a. s.	Czech Republic	1,048	100.00	–
ŠKODA PRAHA a.s.	Czech Republic	996	100.00	–
CM European Power International B.V.	Netherlands	948	50.00	–
CEZ Vanzare S.A.	Romania	817	100.00	–
CEZ Bulgarian Investments B.V.	Netherlands	589	100.00	–
CEZ Slovensko, s.r.o.	Slovakia	557	100.00	–
Energetické centrum s.r.o.	Czech Republic	515	100.00	–
TEC Varna EAD	Bulgaria	426	100.00	–
Akcez Enerji A.S.	Turkey	306	50.00	–
ÚJV Řež, a. s.	Czech Republic	185	52.46	–
LOMY MOŘINA spol. s r.o.	Czech Republic	169	51.05	14
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	73	100.00	–
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	Czech Republic	55	39.25	–
CEZ Polska sp. z o.o.	Poland	50	0.67	–
CEZ Trade Polska sp. z o.o.	Poland	45	100.00	–
CITELUM, a.s.[3]	Czech Republic	43	48.00	–
CEZ Srbija d.o.o.	Serbia	36	100.00	–
CEZ International Finance B.V.	Netherlands	2	100.00	–
Other		175		252
Total, net		166,744		15,170

[1] The company name CEZ Distributie S.A. was changed to Distributie Energie Oltenia S.A. in January 2017.
[2] The company ČEZ Zákaznické služby, s.r.o. merged with the succession company ČEZ Prodej, s.r.o. with the legal effective date of July 1, 2017. At that date, the legal form of the successor company (from the limited liability company to the joint-stock company) was also changed.
[3] In 2017 the company CITELUM, a.s. was renamed into Osvětlení a energetické systémy a.s.
[4] Equity interest is equal to voting rights.

6. Intangible Assets, Net

Intangible assets, net, at December 31, 2017 and 2016 were as follows (in CZK millions):

	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**

	Software	Rights and other	Intangibles in progress	Total
Cost at January 1, 2016	1,715	1,240	63	3,018
Additions	–	–	268	268
Disposals	(6)	(9)	–	(15)
Bring to use	79	12	(91)	–
Non-monetary contribution	(14)	–	–	(14)
Cost at December 31, 2016	1,774	1,243	240	3,257
Accumulated amortization at January 1, 2016	(1,375)	(1,083)	–	(2,458)
Amortization	(201)	(46)	–	(247)
Disposals	6	9	–	15
Non-monetary contribution	14	–	–	14
Accumulated amortization at December 31, 2016	(1,556)	(1,120)	–	(2,676)
Net intangible assets at December 31, 2016	**218**	**123**	**240**	**581**

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 277 million in 2017 and 2016.

7. Cash and Cash Equivalents

The composition of cash and cash equivalents at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Cash on hand and current accounts with banks	972	454
Short-term securities	300	–
Total	1,272	454

At December 31, 2017 and 2016, cash and cash equivalents included foreign currency deposits of CZK 225 million and CZK 334 million, respectively.

The weighted average interest rate on short-term securities at December 31, 2017 was 0.3%. For the years 2017 and 2016 the weighted average interest rate was 0.1% and 0.2%, respectively.

8. Receivables, Net

The composition of receivables, net, at December 31, 2017 and 2016 is as follows (in CZK millions):

	2017	2016
Trade receivables	34,003	35,597
Short-term loans granted	7,563	2,133
Taxes and fees excl. income tax	755	1,137
Other receivables	7,727	8,209
Allowance for doubtful receivables	(80)	(2,663)
Total	49,968	44,413

The information about receivables from related parties is included in Note 29.

At December 31, 2017 and 2016 the ageing analysis of receivables, net is as follows (in CZK millions):

	2017	2016
Not past due	49,950	44,281
Past due but not impaired[1]:		
less than 3 months	7	121
3–6 months	7	1
6–12 months	4	10
Total	49,968	44,413

[1] Past due, but not impaired receivables include net receivables, for which the Company recorded an 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):

	2017	2016
Opening balance	(2,663)	(7,182)
Additions	(9)	(401)
Reversals	733	8
Derecognition of impaired assets	1,860	–
Reclassification	–	4,912
Currency translation difference	(1)	–
Closing balance	(80)	(2,663)

In 2016 the allowance of CZK 4,912 million for loans granted to Tomis Team S.A., Ovidiu Development S.R.L. and M.W. Team Invest S.R.L. was reclassified to impairment provisions against equity securities (see Note 5).

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 2017 and 2016 (in CZK millions):

	2017		2016	
	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	16,643	1,188	19,547	1,252
Emission rights granted	5,015	–	6,632	–
Non-monetary contribution to subsidiaries	–	–	(156)	–
Settlement of prior year actual emissions with register	(16,187)	(1,110)	(15,244)	(1,255)
Emission rights purchased	15,967	2,414	8,769	1,191
Emission rights sold	–	–	(2,935)	–
Emission credits purchased	150	1	30	–
Granted and purchased emission rights and credits at December 31	21,588	2,493	16,643	1,188
Emission rights and credits held for trading:				
Emission rights and credits held for trading at January 1	4,650	825	2,792	622
Emission rights purchased	132,577	19,963	22,555	3,371
Emission rights sold	(115,403)	(18,630)	(20,697)	(3,052)
Fair value adjustment	–	2,385	–	(116)
Emission rights and credits held for trading at December 31	21,824	4,543	4,650	825

In 2017 and 2016, total emissions of greenhouse gases made by the Company amounted to an equivalent of 16,064 thousand tons and 16,187 thousand tons of CO_2, respectively. At December 31, 2017 and 2016 the Company recognized a provision for CO_2 emissions in total amount of CZK 1,860 million and CZK 1,117 million, respectively (see Notes 2.10 and 16).

The following table shows the impact of transactions with emission rights and credits on income for the year ended December 31, 2017 and 2016 (in CZK millions):

	2017	2016
Gain on sales of granted emission rights	–	394
Net gain from trading with emission rights	1,068	150
Net loss from derivatives	(3,202)	(145)
Remitted emission rights and credits	(1,110)	(1,255)
Fair value adjustment	2,385	(116)
Creation of provision for CO_2 emissions	(1,860)	(1,117)
Settlement of provision for CO_2 emissions	1,117	1,252
Net loss from emission rights and credits	(1,602)	(837)

10. Other Financial Assets, Net

Other financial assets, net, at December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Derivatives	40,202	38,022
Debt securities available-for-sale	2,807	6
Term deposits	500	2,040
Debt securities held-to-maturity	–	2,945
Total	43,509	43,013

Derivatives balance comprises mainly positive fair value of commodity trading contracts.

Equity securities available-for-sale balance includes investments in money market fund.

Debt securities held-to-maturity are denominated in CZK and at December 31, 2016 beared an interest of 0.4%.

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.

11. Other Current Assets

Other current assets at December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Prepayments	515	574
Advances granted	581	476
Total	1,096	1,050

12. Equity

As at December 31, 2017 and 2016, 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 2017 and 2016 (in pieces):

	2017	2016
Number of treasury shares at beginning of period	3,755,021	3,755,021
Sales of treasury shares	(150,000)	–
Number of treasury shares at end of period	3,605,021	3,755,021

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 and CZK 40 in 2017 and 2016, respectively. Dividends for the year 2017 will be declared at the general meeting which will be held in the first half of 2018.

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 including goodwill 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 equity and debt securities available-for-sale, short-term and long-term debt securities held-to-maturity, long-term debt securities available-for-sale and both short-term and long-term deposits. Total capital is total equity attributable to equity holders of the parent plus total debt.

The calculation and evaluation of the ratios is done using consolidated figures (in CZK millions):

	2017	2016
Total long-term debt	141,097	159,473
Total short-term loans	11,072	8,343
Total debt	152,169	167,816
Less:		
Cash and cash equivalents	(12,623)	(11,226)
Highly liquid financial assets:		
Short-term debt securities available-for-sale	(2,807)	(7)
Short-term debt securities held-to-maturity	–	(2,945)
Short-term deposits	(500)	(2,040)
Long-term deposits	(500)	(500)
Long-term debt securities available-for-sale	(1,777)	(4,646)
Long-term debt securities held to maturity	(10)	–
Total net debt	133,952	146,452
Income before income taxes and other income (expenses)	25,620	26,114
Depreciation and amortization	29,305	28,978
Impairment of property, plant and equipment and intangible assets including goodwill	230	3,114
Gains and losses on sale of property, plant and equipment	(1,234)	(124)
EBITDA	53,921	58,082
Total equity attributable to equity holders of the parent	250,018	256,812
Total debt	152,169	167,816
Total capital	402,187	424,628
Net debt to EBITDA ratio	**2.48**	**2.52**
Total debt to total capital ratio	**37.8%**	**39.5%**

13. Long-term Debt

Long-term debt at December 31, 2017 and 2016 was as follows (in CZK millions):

	2017	2016
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,263	2,621
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,510	1,748
5.000% Eurobonds, due 2021 (EUR 750 million)	19,114	20,211
6M Euribor + 1.25% Eurobonds, due 2019 (EUR 50 million)	1,275	1,348
4.875% Eurobonds, due 2025 (EUR 750 million)	19,095	20,193
4.500% Eurobonds, due 2020 (EUR 750 million)	19,087	20,165
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,175	2,519
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,249	1,248
2.150%*IR CPI Eurobonds, due 2021 (EUR 100 million)[1)]	2,554	2,702
4.102% Eurobonds, due 2021 (EUR 50 million)	1,275	1,348
4.375% Eurobonds, due 2042 (EUR 50 million)	1,254	1,326
4.500% Eurobonds, due 2047 (EUR 50 million)	1,254	1,325
4.383% Eurobonds, due 2047 (EUR 80 million)	2,043	2,162
3.000% Eurobonds, due 2028 (EUR 725 million)[2)]	19,008	13,337
3M Euribor + 0.35% Eurobonds, due 2017 (EUR 45 million)	–	1,207
3M Euribor + 0.55% Eurobonds, due 2018 (EUR 200 million)	5,106	5,383
4.250% U.S. bonds, due 2022 (USD 289 million)	6,114	7,353
5.625% U.S. bonds, due 2042 (USD 300 million)	6,325	7,613
4.500% Registered bonds, due 2030 (EUR 40 million)	1,004	1,061
4.750% Registered bonds, due 2023 (EUR 40 million)	1,014	1,072
4.700% Registered bonds, due 2032 (EUR 40 million)	1,016	1,075
4.270% Registered bonds, due 2047 (EUR 61 million)	1,534	1,622
3.550% Registered bonds, due 2038 (EUR 30 million)	763	807
Total bonds and debentures	116,032	119,446
Less: Current portion	(5,106)	(1,207)
Bonds and debentures, net of current portion	110,926	118,239
Bank loans (less than 2% p.a.)	12,970	15,998
Less: Current portion	(2,153)	(2,277)
Bank loans, net of current portion	10,817	13,721
Total long-term debt	129,002	135,444
Less: Current portion	(7,259)	(3,484)
Total long-term debt, net of current portion	121,743	131,960

[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.
[2)] The original value of the issue (EUR 500 million) was increased by EUR 225 million in September 2017.

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 2.17.

Future maturities of long-term debt are as follows (in CZK millions):

	2017	2016
Current portion	7,259	3,484
Between 1 and 2 years	3,427	7,660
Between 2 and 3 years	21,240	3,625
Between 3 and 4 years	24,855	22,442
Between 4 and 5 years	7,385	26,284
Thereafter	64,836	71,949
Total long-term debt	129,002	135,444

The following table analyses long-term debt by currency (in millions):

	2017		2016	
	Foreign currency	CZK	Foreign currency	CZK
EUR	4,282	109,366	4,158	112,342
USD	584	12,439	584	14,966
JPY	31,445	5,948	31,443	6,888
CZK	–	1,249	–	1,248
Total long-term debt		129,002		135,444

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 repricing dates at December 31, 2017 and 2016 without considering interest rate hedging (in CZK millions):

	2017	2016
Floating rate long-term debt		
with interest rate fixed from 1 to 3 months	5,106	6,590
with interest rate fixed from 3 months to 1 year	14,245	17,346
Total floating rate long-term debt	19,351	23,936
Fixed rate long-term debt	109,651	111,508
Total long-term debt	129,002	135,444

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 2017 (in CZK millions):

	Debt	Other long-term liabilities	Trade and other payables	Receivables, net	Total liabilities / receivables from financing activities
Amount presented on balance sheet at January 1, 2017	143,318	7,019	110,410	(44,413)	
Less: Liabilities / receivables from other than financing activities	–	(5,769)	(69,845)	44,388	
Liabilities / receivables arising from financing activities at January 1, 2017	143,318	1,250	40,565	(25)	185,108
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	92	–	–	–	92
Liabilities / receivables arising from financing activities at December 31, 2017	139,749	1,250	39,173	(35)	180,137
Liabilities / receivables arising from other than financing activities	–	10,321	73,093	(49,933)	
Total amount on balance sheet at December 31, 2017	139,749	11,571	112,266	(49,968)	

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 of long-term deposits, item Trade and other payables consists of dividend payable, payables from Group cashpooling and similar intra group loans, item Receivable, 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 instruments at December 31, 2017 and 2016 are as follows (in CZK millions):

	Category	2017		2016	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets:					
Investments:					
Restricted debt securities available-for-sale	AFS	9,610	9,610	10,890	10,890
Restricted cash	LaR	3,416	3,416	2,400	2,400
Term deposits	LaR	500	500	500	500
Equity securities available-for-sale at cost[1)]	AFS	2,732	–	2,732	–
Debt securities available-for-sale	AFS	1,277	1,277	4,151	4,151
Other long-term financial assets, net	LaR	5,606	5,606	8,336	8,336
Current assets:					
Receivables	LaR	49,213	49,213	43,276	43,276
Cash and cash equivalents	LaR	1,272	1,272	454	454
Debt securities held-to-maturity	HTM	–	–	2,945	2,945
Term deposits	LaR	500	500	2,040	2,040
Debt securities available-for-sale	AFS	2,807	2,807	6	6
Other current assets	LaR	581	581	476	476
Liabilities:					
Long-term debt	AC	(129,002)	(144,899)	(135,444)	(156,096)
Short-term loans	AC	(10,747)	(10,747)	(7,874)	(7,874)
Current liabilities	AC	(69,377)	(69,377)	(72,918)	(72,918)
Derivates:					
Cash flow hedges:					
Long-term receivables	HFT	1,581	1,581	2,684	2,684
Long-term liabilities	HFT	(9,131)	(9,131)	(4,740)	(4,740)
Total cash flow hedges		(7,550)	(7,550)	(2,056)	(2,056)
Commodity derivatives:					
Short-term receivables	HFT	39,407	39,407	37,622	37,622
Long-term receivables	HFT	–	–	530	530
Short-term liabilities	HFT	(41,311)	(41,311)	(37,246)	(37,246)
Total commodity derivatives		(1,904)	(1,904)	906	906
Other derivatives:					
Short-term receivables	HFT	795	795	400	400
Long-term receivables	HFT	923	923	940	940
Short-term liabilities	HFT	(1,578)	(1,578)	(246)	(246)
Long-term liabilities	HFT	(1,190)	(1,190)	(1,029)	(1,029)
Total other derivatives		(1,050)	(1,050)	65	65

[1)] Equity securities available-for-sale that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

LaR Loans and receivables
AFS Available-for-sale investments
HTM Held-to-maturity instruments
HFT Held for trading or hedging instruments
AC Financial liabilities at amortized cost

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 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 2017 and 2016.

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	39,407	1,951	37,456	–
Cash flow hedges	1,581	–	1,581	–
Other derivatives	1,718	344	1,374	–
Restricted debt securities available for sale	9,610	9,610	–	–
Debt securities available-for-sale	4,084	4,084	–	–

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(41,311)	(1,605)	(39,706)	–
Cash flow hedges	(9,131)	(2,354)	(6,777)	–
Other derivatives	(2,768)	(852)	(1,916)	–

Assets and liabilities for which fair value is disclosed	Total	Level 1	Level 2	Level 3
Term deposits	1,000	–	1,000	–
Long-term debt	(144,899)	(102,208)	(42,691)	–

As at December 31, 2016, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	38,152	567	37,585	–
Cash flow hedges	2,684	442	2,242	–
Other derivatives	1,340	122	1,218	–
Restricted debt securities available-for-sale	10,890	10,890	–	–
Debt securities available-for-sale	4,157	4,157	–	–

Liabilities measured at fair value	Total	Level 1	Level 2	Level 3
Commodity derivatives	(37,246)	(2,127)	(35,119)	–
Cash flow hedges	(4,740)	(983)	(3,757)	–
Other derivatives	(1,275)	–	(1,275)	–

Assets and liabilities for which fair value is disclosed	Total	Level 1	Level 2	Level 3
Debt securities held-to-maturity	2,945	–	2,945	–
Term deposits	2,540	–	2,540	–
Long-term debt	(156,096)	(105,963)	(50,133)	–

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.

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, 2017 and 2016 (in CZK millions):

	2017		2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	42,706	(53,209)	42,175	(43,260)
Other financial instruments[1]	29,200	(25,788)	29,591	(25,909)
Collaterals paid (received)[2]	482	(2,290)	1,341	(1,222)
Gross financial assets / liabilities	72,388	(81,287)	73,107	(70,391)
Assets / liabilities set off under IAS 32	–		–	–
Amounts presented in the balance sheet	72,388	(81,287)	73,107	(70,391)
Effect of master netting agreements	(63,483)	63,483	(59,466)	59,466
Net amount after master netting agreements	**8,905**	**(17,804)**	**13,641**	**(10,925)**

[1] Other financial instruments consist of invoices due from derivative trading and are included in Receivables, net or Trade and other payables.
[2] Collaterals paid are included in Receivables, net and collaterals received are in included in Trade and other 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 financial assets, net, long-term derivative assets in Investments and other financial assets, net, short-term derivative liabilities in Trade and other payables and long-term derivative liabilities in Other long-term 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 2017 and 2016 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 IAS 39 (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):

	2017	2016
Monthly VaR (95%) – impact of changes in commodity prices	933	887

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):

	2017	2016
Monthly currency VaR (95% confidence)	95	28

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):

	2017	2016
IR sensitivity* to parallel yield curve shift (+10bp)	(10)	(11)

* 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 not recorded on balance sheet.

Credit exposure from provided guarantees at December 31 (in CZK millions):

	2017	2016
Guarantees provided to subsidiaries and joint-ventures	5,002	17,239

At December 31, 2017 and 2016, the guarantees provided to subsidiaries amounted to CZK 2,159 million and CZK 14,027 million, respectively and guarantees provided to joint-ventures amounted to CZK 2,843 million and CZK 3,212 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, 2017 and 2016, some of the guarantees could be called until March 2027 at the latest.

Liquidity Risk

Maturity profile of financial liabilities based on contractual undiscounted payments at December 31, 2017 (in CZK millions):

	Bonds and debentures	Loans	Derivatives[1]	Trade and other payables	Guarantees issued[2]
Due in 2018	9,875	12,909	302,465	69,377	5,002
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	70,627	5,002

Maturity profile of financial liabilities based on contractual undiscounted payments at December 31, 2016 (in CZK millions):

	Bonds and debentures	Loans	Derivatives[1]	Trade and other payables	Guarantees issued[2]
Due in 2017	6,190	10,177	242,596	72,918	17,239
Due in 2018	10,352	2,299	32,844	–	–
Due in 2019	6,314	2,295	12,371	1,250	–
Due in 2020	25,115	2,291	6,298	–	–
Due in 2021	28,298	2,034	9,880	–	–
Thereafter	94,038	4,895	45,963	–	–
Total	170,307	23,991	349,952	74,168	17,239

[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, 2017 and 2016 amounted to CZK 18.7 billion and CZK 21.7 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 2018 to 2023. The hedging instruments as at December 31, 2017 and 2016 are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 4.1 billion and EUR 3.9 billion, respectively, and currency forward contracts and swaps. The fair value of these derivative hedging instruments (currency forward contracts and swaps) amounted to CZK (18) million and CZK 1,531 million at December 31, 2017 and 2016, respectively.

The Company also enters into cash flow hedges of highly probable future sales of electricity in the Czech Republic from 2019 to 2023. The hedging instruments are the futures and forward contracts electricity sales in Germany. The fair value of these derivative hedging instruments amounted to CZK (7,532) million and CZK (3,588) million at December 31, 2017 and 2016, respectively.

The Company applied cash flow hedges of future highly probable purchases of emission allowances which had been expected to occur in 2017 and 2016. The hedging instruments as at December 31, 2017 and 2016 were the futures contracts for the purchase of allowances equivalent to 7.0 million tons and 7.3 million tons of CO_2 emissions, respectively. The final settlement of the purchase of these hedged emission allowances was in December 2017 and 2016, respectively.

In 2017 and 2016 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, Gains and losses from commodity derivative trading, net, Emission rights, net, Other financial expenses and Other financial income and on the balance sheet in the line Emission rights. In 2017 and 2016 the Company recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the amount of CZK (3) million and CZK (29) million, respectively. The ineffectiveness in 2017 and 2016 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, 2017 and 2016 (in CZK millions):

	2017			2016		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Nuclear provisions	59,137	2,197	61,334	53,296	1,917	55,213
Provision for waste storage reclamation	806	46	852	827	88	915
Provision for CO_2 emissions (see Note 9)	–	1,860	1,860	–	1,117	1,117
Provision for employee benefits	1,228	97	1,325	883	117	1,000
Provision for environmental claims	–	437	437	–	387	387
Provision for legal and commercial disputes	–	453	453	–	273	273
Other provisions	–	–	–	–	5	5
Total	61,171	5,090	66,261	55,006	3,904	58,910

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. The Czech parliament has enacted a Nuclear Act (Act) which defines certain obligations for the decontamination and dismantling ("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 2013 Dukovany and a 2014 Temelín decommissioning cost studies estimate that nuclear decommissioning will cost CZK 22.4 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 legislation 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 legislation at 50 CZK per MWh produced at nuclear power plants till 2016 and at 55 CZK per MWh produced at nuclear power plants since 2017. In 2017 and 2016, the payments to the nuclear account amounted to CZK 1,559 million and CZK 1,205 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, 2017 and 2016 (in CZK millions):

	Accumulated provisions			
	Nuclear Decommis-sioning	Spent fuel storage		Total
		Interim	Long-term	
Balance at December 31, 2015	19,258	7,500	23,123	49,881
Movements during 2016:				
Discount accretion and effect of inflation	481	188	578	1,247
Provision charged to income statement	–	421	–	421
Effect of change in estimate credited to income statement	–	(72)	–	(72)
Effect of change in estimate added to (deducted from) fixed assets (see Note 2.21)	(1,137)	46	6,748	5,657
Current cash expenditures	–	(716)	(1,205)	(1,921)
Balance at December 31, 2016	**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 charged 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**

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 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.

In 2016, the Company recorded a change in estimate for interim storage of spent nuclear fuel in connection with the change of anticipated future storage costs, in estimate for the nuclear decommissioning in connection with the change of timing of the costs for decommissioning expenditure in Dukovany Nuclear Power Plant and in estimate for permanent storage of spent nuclear fuel because of the change in expected production in nuclear power plants and in the amount of the contribution paid to the state nuclear account from the year 2017 on.

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, 2017 and 2016 (in CZK millions):

Balance at December 31, 2015	1,072
Movements during 2016:	
Discount accretion and effect of inflation	27
Effect of change in estimate deducted from fixed assets	(117)
Current cash expenditures	(67)
Balance at December 31, 2016	**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**

17. Other Long-term Liabilities

Other long-term liabilities at December 31, 2017 and 2016 are as follows (in CZK millions):

	2017	2016
Derivatives	10,321	5,769
Long-term deposit	1,250	1,250
Total	11,571	7,019

18. Short-term Loans

Short-term loans at December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Short-term bank loans	10,689	7,744
Bank overdrafts	58	130
Total	10,747	7,874

Interest on short-term loans is variable. The weighted average interest rate was 0.08% and 0.12% at December 31, 2017 and 2016, respectively. For the years 2017 and 2016 the weighted average interest rate was (0.01%) and 0.08%, respectively.

19. Trade and Other Payables

Trade and other payables at December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Trade payables	28,941	27,126
Derivatives	42,889	37,492
Payables from Group cashpooling and similar intra-group loans	39,163	43,815
Other	1,273	1,977
Total	112,266	110,410

The information about payables to related parties is included in Note 29.

20. Accrued Liabilities

Accrued liabilities at December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Accrued interest	2,131	2,170
Unbilled goods and services	4,631	4,979
Taxes and fees, except income tax	383	373
Deferred income	39	53
Total	7,184	7,575

21. Revenues and Other Operating Income

Revenues and other operating income for the years ended December 31, 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Sale of electricity:		
Electricity sales – domestic:		
ČEZ Prodej, a.s.	15,625	19,106
POWER EXCHANGE CENTRAL EUROPE, a.s.	3,669	4,766
Other revenues from domestic customers	25,537	23,309
Other	5,047	5,688
Total electricity sales – domestic	49,878	52,869
Electricity sales – foreign	13,589	15,025
Effect of hedging – presales of electricity (Note 15.3)	326	2,989
Effect of hedging – currency risk hedging (Note 15.3)	(1,397)	(1,957)
Sales of ancillary and other services	3,434	3,536
Total sales of electricity	65,830	72,462
Sales of gas, heat and other revenues:		
Sales of gas	5,548	4,549
Sales of heat	1,913	1,903
Other revenues	1,693	1,674
Total sales of gas, heat and other revenues	9,154	8,126
Other operating income:	2,273	1,205
Total revenues and other operating income	77,257	81,793

22. Gains and Losses from Commodity Derivative Trading, Net

Gains and losses from commodity derivative trading for the years ended December 31, 2017 and 2016 as follows (in CZK millions):

	2017	2016
Electricity derivative trading:		
Sales – domestic	6,802	3,986
Sales – foreign	184,640	136,126
Purchases – domestic	(6,618)	(3,392)
Purchases – foreign	(183,002)	(132,479)
Effect of hedging – currency risk hedging (Note 15.3)	–	(27)
Changes in fair value of derivatives	(866)	(4,127)
Total gains from electricity derivative trading, net	956	87
Other commodity derivative trading:		
Loss from gas derivative trading	(190)	(221)
Gain / loss from oil derivative trading	43	(12)
Gain / loss from coal derivative trading	11	(92)
Total gains and losses from derivative trading, net	820	(238)

23. Salaries and Wages

Salaries and wages for the years ended December 31, 2017 and 2016 were as follows (in CZK millions):

	2017		2016	
	Total	Key management personnel[1]	Total	Key management personnel[1]
Salaries and wages including remuneration of board members	(4,176)	(229)	(3,934)	(217)
Share options	(28)	(28)	(22)	(22)
Social and health security	(1,321)	(38)	(1,258)	(36)
Other personal expenses	(707)	(23)	(389)	(22)
Total	(6,232)	(318)	(5,603)	(297)

[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, 2017 and 2016, the aggregate number of share options granted to members of Board of Directors and selected managers was 2,326 thousand and 2,512 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 2017 and 2016 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 December 31, 2015	1,820	571	2,391	581.18
Options granted	550	185	735	423.59
Options forfeited	(390)	(224)	(614)	646.36
Share options at December 31, 2016[1]	**1,980**	**532**	**2,512**	**519.16**
Options granted	574	185	759	447.74
Movements	20	(20)	–	523.50
Options exercised[2]	(150)	–	(150)	458.71
Options forfeited	(610)	(185)	(795)	527.57
Share options at December 31, 2017[1]	**1,814**	**512**	**2,326**	**496.89**

[1] At December 31, 2017 and 2016 the number of exercisable options was 932 thousand and 1,107 thousand, respectively. The weighted average exercise price of the exercisable options was CZK 586.22 per share and CZK 566.62 per share at December 31, 2017 and 2016, respectively.
[2] In 2017 the weighted average share price at the date of the exercise for the options exercised was CZK 499.70.

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:

	2017	2016
Weighted average assumptions:		
Dividend yield	3.7%	4.6%
Expected volatility	23.0%	24.1%
Mid-term risk-free interest rate	0.4%	0.3%
Expected life (years)	1.4	1.4
Share price (CZK per share)	451.2	422.7
Weighted average grant-date fair value of options (CZK per 1 option)	42.0	36.3

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, 2017 and 2016 the exercise prices of outstanding options (in thousands pieces) were in the following ranges:

	2017	2016
CZK 350–550 per share	1,594	1,565
CZK 550–650 per share	732	947
Total	2,326	2,512

The options granted which were outstanding as at December 31, 2017 and 2016 had an average remaining contractual life of 1.9 years and 1.8 years, respectively.

24. Other Operating Expenses

Other operating expenses for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Services	(5,503)	(5,704)
Change in provisions and valuation allowances	2,387	1,536
Taxes and fees	(1,869)	(1,531)
Write-off of bad debts	(30)	(2)
Travel expense	(73)	(70)
Gifts	(112)	(154)
Loss on sale of material	–	(59)
Fines and interest fees for delays	(10)	–
Other	(1,023)	(897)
Total	(6,233)	(6,881)

Taxes and fees include the contributions to the nuclear account (see Note 16). 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 and valuation allowances. In the line Change in provisions and valuation allowances for 2017, there is also reversal of valuation allowances in the amount of CZK 708 million related to the settlement agreement with the company Sokolovská uhelná.

Information about fees charged by independent auditor is provided in the annual report of CEZ Group.

25. Interest Income

Interest income for each category of financial instruments for the years ended December 31, 2017 and 2016 was as follows (in CZK millions):

	2017	2016
Loans and receivables	303	515
Held-to-maturity investments	14	38
Available-for-sale investments	169	179
Bank accounts	205	185
Total	691	917

26. Other Financial Expenses

Other financial expenses for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Impairment of financial investments	(9,516)	(5,635)
Derivative losses	(903)	–
Loss on sale of available-for-sale financial assets	(147)	(12)
Liquidation of CEZ Finance Ireland Ltd.	–	(9,016)
Creation of provision	(157)	–
Other	(57)	(60)
Total	(10,780)	(14,723)

27. Other Financial Income

Other financial income for the years ended December 31, 2017 and 2016 consist of the following (in CZK millions):

	2017	2016
Dividends received	14,879	15,170
Derivative gains	–	306
Gains on sale of available-for-sale financial assets	17	67
Liquidation of CEZ Finance Ireland Ltd.	–	9,034
Other	36	55
Total	14,932	24,632

28. Income Taxes

The Company calculated corporate income tax in accordance with the Czech tax regulations at the rate of 19% in 2017 and 2016.

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):

	2017	2016
Current income tax charge	(24)	(28)
Adjustments in respect of current income tax of previous periods	(1)	(2)
Deferred income taxes	582	402
Total	557	372

The differences between income tax expense computed at the statutory rate and income tax expense provided on earnings were as follows (in CZK millions):

	2017	2016
Income before income taxes	4,548	8,462
Statutory income tax rate	19%	19%
"Expected" income tax expense	(864)	(1,608)
Tax effect of:		
Non-deductible provisions and allowances, net	(1,817)	(1,098)
Non-deductible expenses related to shareholdings	(16)	(18)
Non-taxable income from dividends	2,827	2,878
Non-deductible share based payment expense	(5)	(4)
Non-taxable gain on sale of subsidiaries and joint-ventures	63	63
Adjustments in respect of current income tax of previous periods	(1)	(2)
Other non-deductible items, net	370	161
Income tax	**557**	**372**
Effective tax rate	(12)%	(4)%

Deferred income tax liability, net, at December 31, 2017 and 2016 was calculated as follows (in CZK millions):

	2017	2016
Nuclear provisions	9,899	8,813
Other provisions	862	630
Allowances	241	781
Deferred tax recognized in equity	1,842	1,768
Other temporary differences	236	169
Total deferred tax assets	13,080	12,161
Tax depreciation in excess of financial statement depreciation	(20,685)	(20,332)
Deferred tax recognized in equity	(69)	(197)
Other temporary differences	(558)	(635)
Total deferred tax liability	(21,312)	(21,164)
Total deferred tax liability, net	**(8,232)**	**(9,003)**

Movements in net deferred tax liability, net, in 2017 and 2016 were as follows (in CZK millions):

	2017	2016
Opening balance	9,003	11,143
Deferred tax recognized in profit or loss	(582)	(343)
Deferred tax from non-monetary contribution to subsidiaries recognized in profit or loss	–	(59)
Deferred tax recognized in other comprehensive income	(189)	(1,738)
Closing balance	**8,232**	**9,003**

Tax effects relating to each component of other comprehensive income (in CZK million):

	2017			2016		
	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 recognized in equity	(3,950)	750	(3,200)	(7,438)	1,413	(6,025)
Cash flow hedges reclassified to income statement	4,026	(765)	3,261	(1,632)	310	(1,322)
Cash flow hedges reclassified to assets	(394)	75	(319)	(85)	16	(69)
Change in fair value of available-for-sale financial assets recognized in equity	(677)	129	(548)	9	(1)	8
Total	**(995)**	**189**	**(806)**	**(9,146)**	**1,738**	**(7,408)**

29. Related Parties

The Company purchases/sells products, goods and services from/to related parties in the ordinary course of business.

At December 31, 2017 and 2016, the receivables from related parties and payables to related parties were as follows (in CZK millions):

	Receivables		Payables	
	2017	2016	2017	2016
Baltic Green Construction sp. z o.o.	–	569	–	–
CEZ Bulgarian Investments B.V.	–	–	341	340
CEZ Deutschland GmbH	–	–	58	8
CEZ ESCO Poland B.V.	8	–	361	4
CEZ Hungary Ltd.	334	191	11	23
CEZ Chorzów S.A.	203	279	–	–
CEZ International Finance B.V.	–	–	4	1,523
CEZ MH B.V.	–	–	1,402	2,890
CEZ Poland Distribution B.V.	5,562	732	13	2
CEZ Polska sp. z o.o.	5	1	1,223	1,445
CEZ Romania S.A.	12	13	353	83
CEZ Skawina S.A.	148	240	80	90
CEZ Slovensko, s.r.o.	997	502	129	85
CEZ Trade Polska sp. z o.o.	264	190	15	8
CEZ Vanzare S.A.	63	50	–	–
ČEZ Bohunice a.s.	–	–	179	194
ČEZ Distribuce, a. s.	7,052	8,133	5,300	8,126
ČEZ Distribuční služby, s.r.o.	2	5	5,701	5,305
ČEZ Energetické produkty, s.r.o.	48	13	295	305
ČEZ Energetické služby, s.r.o.	167	64	2	4
ČEZ ENERGOSERVIS spol. s r.o.	81	163	352	498
ČEZ ESCO, a.s.	7	2	60	178
ČEZ ICT Services, a. s.	28	62	1,051	959
ČEZ Inženýring, s.r.o.	–	1	154	140
ČEZ Korporátní služby, s.r.o.	7	15	529	713
ČEZ Obnovitelné zdroje, s.r.o.	7	8	224	241
ČEZ OZ uzavřený investiční fond a.s.	–	72	358	–
ČEZ Prodej, a.s.[2)]	3,412	3,730	10,656	9,913
ČEZ Teplárenská, a.s.	204	259	572	557
Eco-Wind Construction S.A.	–	267	–	2
Elektrárna Dětmarovice, a.s.	357	334	1,319	1,776
Elektrárna Dukovany II, a. s.	13	15	171	302
Elektrárna Počerady, a.s.	277	717	7,607	7,124
Elektrárna Temelín II, a. s.	12	11	247	326
Elektrárna Tisová, a.s.	–	70	–	715
Elevion GmbH	640	–	–	–
Energetické centrum, s.r.o.	58	80	–	25
Energocentrum Vítkovice, a. s.	52	88	139	94
Energotrans, a.s.	342	279	1,006	740
Inven Capital, investiční fond, a.s.	–	1	537	912
MARTIA a.s.	59	77	73	72
PRODECO, a.s.	1	–	358	457
Revitrans, a.s.	293	166	335	263
SD-Kolejová doprava, a.s.	2	1	80	275
Severočeské doly a.s.	26	14	1,589	720
ŠKODA PRAHA Invest s.r.o.	2	184	442	1,114
Telco Pro Services, a. s.	3	4	257	182
Tomis Team S.A.	–	–	41	59
ÚJV Řež, a. s.	1	2	293	413
Other	254	140	191	305
Total	21,003	17,744	44,108	49,405

The following table provides the total amount of transactions (sales and purchases), which were entered into with related parties in 2017 and 2016 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2017	2016	2017	2016
CEZ Hungary Ltd.	1,508	1,156	78	11
CEZ Chorzów S.A.	196	277	–	–
CEZ Romania S.A.	8	73	–	–
CEZ Skawina S.A.	141	240	927	1,057
CEZ Slovensko, s.r.o.	3,194	2,759	95	47
CEZ Srbija d.o.o.	257	23	83	95
CEZ Trade Bulgaria EAD	19	40	212	161
CEZ Trade Polska sp. z o.o.	3,285	2,063	138	38
CEZ Vanzare S.A.	630	501	–	–
ČEZ Distribuce, a. s.	491	466	63	62
ČEZ Energetické produkty, s.r.o.	20	13	934	570
ČEZ ENERGOSERVIS spol. s r.o.	33	32	1,119	1,145
ČEZ ICT Services, a. s.	55	53	962	1,113
ČEZ Inženýring, s.r.o.	10	11	128	142
ČEZ Korporátní služby, s.r.o.	53	63	502	512
ČEZ Obnovitelné zdroje, s.r.o.	2	2	226	235
ČEZ Prodej, a.s.[2]	20,213	24,033	1,480	1,407
ČEZ Teplárenská, a.s.	1,643	1,649	185	206
Distributie Energie Oltenia S.A.[3]	196	303	–	–
Elektrárna Dětmarovice, a.s.	1,276	627	2,340	2,429
Elektrárna Dukovany II, a. s.	60	13	–	–
Elektrárna Počerady, a.s.	3,145	5,505	5,154	7,456
Elektrárna Temelín II, a. s.	51	10	–	–
Elektrárna Tisová, a.s.[1]	–	606	–	1,385
Energocentrum Vítkovice, a. s.	149	101	60	116
Energotrans, a.s.	1,082	1,000	1,045	1,218
LOMY MOŘINA spol. s r.o.	–	–	172	189
MARTIA a.s.	7	5	286	229
OSC, a.s.	–	–	112	119
Ovidiu Development S.R.L.	23	103	219	405
SD-Kolejová doprava, a.s.	14	7	601	849
Severočeské doly a.s.	143	65	3,822	3,971
ŠKODA PRAHA Invest s.r.o.	(163)	277	2,023	5,668
Tomis Team S.A.	4	77	335	484
ÚJV Řež, a. s.	2	3	783	757
Ústav aplikované mechaniky Brno, s.r.o.	–	–	67	53
Other	357	320	90	145
Total	38,104	42,476	24,241	32,274

[1] The Company disposed of its 100% interest in company Elektrárna Tisová, a.s. in 2017.
[2] The Company ČEZ Zákaznické služby, s.r.o. merged with the succession company ČEZ Prodej, s.r.o. with the legal effective date of July 1, 2017. At that date, the legal form of the successor company (from the limited liability company to the joint-stock company) was also changed.
[3] In 2017 the company CEZ Distributie S.A. was renamed to Distributie Energie Oltenia S.A.

The Company and some of its subsidiaries are included in the cash-pool system. Payables to subsidiaries related to cash-pooling and similar borrowings are included in Trade and other payables (see Note 19).

Information about compensation of key management personnel is included in Note 23. Information about guarantees is included in Note 15.2.

30. 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.

31. Earnings per Share

	2017	2016
Numerator (CZK millions)		
Basic and diluted:		
Net income	5,105	8,834
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	534,247	534,235
Dilutive effect of share options	149	7
Diluted:		
Adjusted weighted average shares	534,396	534,242
Net income per share (CZK per share)		
Basic	9.6	16.5
Diluted	9.6	16.5

32. Commitments and Contingencies

Investment Program

The Company is engaged in a continuous construction program, currently estimated as at December 31, 2017 over the next five years as follows (in CZK billion):

2018	8.6
2019	10.2
2020	10.2
2021	9.5
2022	9.0
Total	47.5

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, 2017 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.

33. Events after the Balance Sheet Date

ČEZ Inženýring s.r.o. merged with the succession company ČEZ, a. s. with the legal effective date of January 1, 2018.

On January 10, 2018 the Company transferred its 48% interest in the company Osvětlení a energetické systémy a.s. to ELTODO a.s.

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. Total selling price for the respective interests in the companies is in the amount of EUR 326 million. Approval by Bulgarian anti-trust authority and payment of the purchase price by the buyer are the conditions of closing the transaction. Claims asserted by ČEZ, a. s. in the investment arbitration against the Republic of Bulgaria are not subject of this transaction. 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. As a result of this reclassification, a test for potential impairment of assets being sold has been performed. Such impairment was not identified.

These financial statements have been authorized for issue on March 19, 2018.

Daniel Beneš
Chairman of Board of Directors

Martin Novák
Vice-chairman of Board of Directors

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 Identification 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 2017 Annual Report: March 19, 2018

Relation Structure Diagram for the Period of January 1, 2017, to December 31, 2017

Designed, created, and produced by: © TOP Partners, 2018

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We believe
that we are
already on
a pathway
that will
lead us to more
frugal and
more efficient
use of energy
in the future.

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Annex 1 Relation Structure Diagram for the Period of January 1, 2017, to December 31, 2017

Stake	Company Name		Company Reg. No.	Country	Registered Office	
	Czech Republic—Ministry of Finance		00006947	Czechia	Praha, Letenská 15, postcode 118 10	
69.78%	ČEZ, a. s.	✶	45274649	Czechia	Praha 4, Duhová 2/1444, postcode 140 53	
100%	ČEZ Distribuce, a. s.	✶	24729035	Czechia	Děčín, Teplická 874/8, Děčín IV-Podmokly, postcode 405 02	
100%	ČEZ Distribuční služby, s.r.o.	✶	26871823	Czechia	Hradec Králové, Riegrovo náměstí 1493/3, Pražské Předměstí, postcode 500 02	
100%	ČEZ Energetické produkty, s.r.o.	✶	28255933	Czechia	Hostivice, Komenského 534, postcode 253 01	
100%	in PROJEKT LOUNY ENGINEERING s.r.o.		44569688	Czechia	Louny, Na Valích 899, postcode 440 01	
	Ownership changed (40% stake transferred from ČEZ Inženýring, s.r.o. to ČEZ Energetické produkty, s.r.o. and 20% stake acquired) on November 1, 2017					
100%	ČEZ Inženýring, s.r.o.	✶	02735385	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	ČEZ ENERGOSERVIS spol. s r.o.	✶	60698101	Czechia	Třebíč, Bráfova tř. 1371/16, Horka-Domky, postcode 674 01	
100%	ČEZ ESCO, a.s.	✶	03592880	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	ČEZ Energetické služby, s.r.o.	✶	27804721	Czechia	Ostrava, Výstavní 1144/103, Vítkovice, postcode 703 00	
50.10%	ČEZ Energo, s.r.o.		29060109	Czechia	Praha 8, Karolinská 661/4, Karlín, postcode 186 00	
100%	EVČ s.r.o.		13582275	Czechia	Pardubice, Arnošta z Pardubic 676, Zelené předměstí, postcode 530 02	
51%	ČEZ LDS s.r.o.		01873237	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	EASY POWER s.r.o.		28080947	Czechia	České Budějovice, Krajinská 33/5, postcode 370 01	
	Acquired on December 1, 2017					
100%	ČEZ Solární, s.r.o.		27282074	Czechia	Liberec X, Mydlářská 105/10, Františkov, postcode 460 10	
75.00%	ENESA a.s.		27382052	Czechia	Praha 9, U Voborníků 852/10, Vysočany, postcode 190 00	
100%	Energocentrum Vítkovice, a. s.	✶	03936040	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	AZ KLIMA a.s.		24772631	Czechia	Brno, Tuřanka 1519/115a, Slatina, postcode 627 00	
100%	AZ KLIMA SK, s.r.o.		35796944	Slovakia	Bratislava, Nová Rožňavská 3018/134/A, Nové Mesto, postcode 831 04	
100%	AZ VENT s.r.o.		04019261	Czechia	Brno, Tuřanka 1519/115a, Slatina, postcode 627 00	
5%	ŠKO-ENERGO FIN, s.r.o.		61675954	Czechia	Mladá Boleslav II, tř. Václava Klementa 869, postcode 293 01	
	Ownership changed (the stake of ČEZ, a. s. transferred to ČEZ ESCO, a.s.) on March 13, 2017					
12%	ŠKO-ENERGO, s.r.o.		61675938	Czechia	Mladá Boleslav 1, tř. Václava Klementa 869, postcode 293 60	
	Ownership changed (the stake of ČEZ, a. s. transferred to ČEZ ESCO, a.s.) on March 13, 2017					
51%	ČEZ Bytové domy, s.r.o.		06192548	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
	Established on June 14, 2017					
100%	KART, spol. s r.o.		45791023	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
	Acquired on September 4, 2017					
100%	AirPlus, spol. s r.o.		25441931	Czechia	Modlany, č.ev. 22, postcode 417 13	
	Acquired on November 1, 2017					
51%	HORMEN CE a.s.		27154742	Czechia	Praha 4, Na dolinách 168/6, Podolí, postcode 147 00	
	Acquired on December 4, 2017					
100%	HORMEN SK s. r. o.		44021470	Slovakia	Bratislava, Hattalova 12, postcode 831 03	
	Acquired on December 4, 2017					
100%	CEZ Slovensko, s.r.o.		36797332	Slovakia	Bratislava, Mlynské nivy 48, postcode 821 09	
	Ownership changed (the stake of ČEZ, a. s. transferred to ČEZ ESCO, a.s.) on December 13, 2017					
52.46%	ÚJV Řež, a. s.		46356088	Czechia	Husinec, Hlavní 130, Řež, postcode 250 68	
100%	Ústav aplikované mechaniky Brno, s.r.o.		60715871	Czechia	Brno, Resslova 972/3, Veveří, postcode 602 00	
100%	Výzkumný a zkušební ústav Plzeň s.r.o.		47718684	Czechia	Plzeň, Tylova 1581/46, Jižní Předměstí, postcode 301 00	
100%	Centrum výzkumu Řež s.r.o.		26722445	Czechia	Husinec-Řež, Hlavní 130, postcode 250 68	
40%	Nuclear Safety & Technology Centre s.r.o.		27091490	Czechia	Husinec-Řež čp. 130, postcode 250 68	
100%	EGP INVEST, spol. s r.o.		16361679	Czechia	Praha 8, Na Žertvách 2247/29, Libeň, postcode 180 00	
100%	ČEZ Bohunice a.s.	✶	28861736	Czechia	Praha 4, Duhová 2/1444, postcode 140 53	
49%	Jadrová energetická spoločnosť Slovenska, a. s.		45337241	Slovakia	Bratislava, Tomášikova 22, postcode 821 02	
100%	ČEZ ICT Services, a. s.	✶	26470411	Czechia	Praha 4, Duhová 1531/3, postcode 140 53	
100%	Telco Pro Services, a. s.	✶	29148278	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00	
100%	ČEZ Korporátní služby, s.r.o.	✶	26206803	Czechia	Ostrava, 28. října 3123/152, Moravská Ostrava, postcode 702 00	
100%	ČEZ Obnovitelné zdroje, s.r.o.	✶	25938924	Czechia	Hradec Králové, Křižíkova 788/2, postcode 500 03	
99,00%	ČEZ Recyklace, s.r.o.		03479919	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
99.60%	ČEZ OZ uzavřený investiční fond a.s.		24135780	Czechia	Praha 4, Duhová 1444/2, postcode 140 53	0.02%
						0.39%
100%	ČEZ Prodej, a.s.	✶	27232433	Czechia	Praha 4, Duhová 1/425, postcode 140 53	
	Legal form changed from a limited liability company to a joint-stock company on July 1, 2017					
100%	Energie2 Prodej, s.r.o.	■	29134013	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00	
	Ceased to exist in merger with ČEZ Prodej, a.s. on January 1, 2017					
100%	ČEZ Teplárenská, a.s.	✶	27309941	Czechia	Říčany, Bezručova 2212/30, postcode 251 01	
100%	MARTIA a.s.	✶	25006754	Czechia	Ústí nad Labem, Mezní 2854/4, Severní Terasa, postcode 400 11	
55.83%	Tepelné hospodářství města Ústí nad Labem s.r.o.		49101684	Czechia	Ústí nad Labem, Malátova 2437/11, Ústí nad Labem-centrum, postcode 400 11	
100%	Teplo Klášterec s.r.o.		22801600	Czechia	Klášterec nad Ohří, Jana Ámose Komenského 450, Miřetice u Klášterce nad Ohří, postcode 431 51	
100%	ČEZ Zákaznické služby, s.r.o.	■✶	26376547	Czechia	Plzeň, Guldenerova 2577/19, postcode 326 00	
	Ceased to exist in merger by acquisition by ČEZ Prodej, a.s. on January 1, 2017					
100%	Elektrárna Tisová, a.s.	■✶	29160189	Czechia	Březová, Tisová 2, postcode 356 01	
	Sold off on January 2, 2017					
100%	Elektrárna Dětmarovice, a.s.	✶	29452279	Czechia	Dětmarovice čp. 1202, postcode 735 71	
100%	Elektrárna Dukovany II, a. s.	✶	04669207	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	Elektrárna Mělník III, a. s.	✶	24263397	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	Elektrárna Počerady, a.s.	✶	24288110	Czechia	Praha 4, Duhová 1444/2, postcode 140 53	
100%	Elektrárna Temelín II, a. s.	✶	04669134	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	Energetické centrum s.r.o.	✶	26051818	Czechia	Jindřichův Hradec, Otín 3, postcode 377 01	
100%	Energotrans, a.s.	✶	47115726	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
100%	Areál Třeboradice, a.s.	✶	29132282	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00	
	Ownership changed (5% stake acquired) on December 20, 2017					
99.80%	Inven Capital, investiční fond, a.s.		02059533	Czechia	Praha 4, Pod křížkem 1773/2, Braník, postcode 147 00	0.20%
51.05%	LOMY MOŘINA spol. s r.o.		61465569	Czechia	Mořina čp. 73, postcode 267 17	
66.67%	OSC, a.s.		60714794	Czechia	Brno, Staňkova 557/18a, Ponava, postcode 602 00	
100%	Severočeské doly a.s.	✶	49901982	Czechia	Chomutov, Boženy Němcové 5359, postcode 430 01	
100%	PRODECO, a.s.	✶	25020790	Czechia	Bílina, Důlní 437, Mostecké Předměstí, postcode 418 01	
100%	Revitrans, a.s.	✶	25028197	Czechia	Bílina, Důlní čp. 429, postcode 418 01	
100%	SD - Kolejová doprava, a.s.	✶	25438107	Czechia	Kadaň, Tušimice 7, postcode 432 01	
100%	ŠKODA PRAHA a.s.		00128201	Czechia	Praha 4, Duhová 2/1444, Michle, postcode 140 00	
100%	ŠKODA PRAHA Invest s.r.o.		27257517	Czechia	Praha 4, Duhová 2/1444, postcode 140 74	
100%	CEZ Bulgarian Investments B.V.		51661969	Netherlands	Amsterdam Zuidoost, Hogehilweg 5D, postcode 1101 CA	
100%	Free Energy Project Oreshets EAD		201260227	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
100%	Bara Group EOOD		120545968	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
100%	CEZ ESCO Bulgaria EOOD		204516571	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
	Established on March 24, 2017					
67%	CEZ Razpredelenie Bulgaria AD		130277958	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
100%	CEZ ICT Bulgaria EAD		203517599	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1712	
100%	CEZ Trade Bulgaria EAD		113570147	Bulgaria	Sofia, 2 Positano Sq., Office 7, floor 7, postcode 1000	
100%	CEZ Bulgaria EAD		131434768	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
67%	CEZ Elektro Bulgaria AD		175133827	Bulgaria	Sofia, Mladost District, 159 Tsarigradsko Shosse Blvd., BenchMark Business Centre, postcode 1784	
100%	TEC Varna EAD	■	103551629	Bulgaria	Varna, Village of Ezerovo, Varna District, postcode 9168	
	Sold off on December 20, 2017					
100%	CEZ MH B.V.		24426342	Netherlands	Amsterdam Zuidoost, Hogehilweg 5D, postcode 1101 CA	
100%	CEZ International Finance B.V.		24461985	Netherlands	Amsterdam Zuidoost, Hogehilweg 5D, postcode 1101 CA	
50%	CM European Power International B.V.	■	24439848	Netherlands	Rotterdam, Weena 327, postcode 3013 AL	
	Ceased to exist on December 31, 2017					
50%	Akcez Enerji A.Ş.		683905	Turkey	Adapazarı, Sakarya, Maltepe Mahallesi, Orhangazi Caddesi Trafo Tesisleri No: 72, Oda: 1, postcode 54100	
100%	Sakarya Elektrik Dağitim A.Ş.		10941-18573	Turkey	Adapazarı, Sakarya, Maltepe Mahallesi, Orhangazi Cad. TEK Trafo İstasyonu P.K. 160, postcode 54100	
100%	Sakarya Elektrik Perakende Satiş A.Ş.		23996	Turkey	İzmit, Kocaeli, Karabaş Mahallesi, Hafiz Selim Sokak D-100, Karayolu Ustu No: 14 Ofis, No: 25–26–27, postcode 35430	
37.36%	Akenerji Elektrik Üretim A.Ş.		255005	Turkey	İstanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Gumuşsuyu Beyoğlu, postcode 34437	
100%	AK-EL Kemah Elektrik Üretim ve Ticaret A.Ş.		736921	Turkey	İstanbul, Miralay Şefik Bey Sokak, No. 15, Kat: 1, Oda: 1, Gumuşsuyu Beyoğlu, postcode 34437	
100%	AK-EL Yalova Elektrik Üretim A.Ş.		417382	Turkey	İstanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 3–4, Oda: 1, Gumuşsuyu Beyoğlu, postcode 34437	
100%	Akenerji Doğal Gaz Ithalat Ihracat ve Toptan Ticaret A.Ş.		745367	Turkey	İstanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 3, Oda: 3, Gumuşsuyu Beyoğlu, postcode 34437	
100%	Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.		512971	Turkey	İstanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 3–4, Oda: 2, Gumuşsuyu Beyoğlu, postcode 34437	
100%	Egemer Elektrik Üretim A.Ş.		695245	Turkey	İstanbul, Miralay Şefik Bey Sokak, No. 15, Kat: 1, Oda: 1, Gumuşsuyu Beyoğlu, postcode 34437	
99.99%	Distributie Energie Oltenia S.A.		14491102	Romania	Craiova, Dolj County, 97, Calea Severinului, postcode 200731	0.01%
	Name changed on January 3, 2017 (originally CEZ Distributie S.A.)					
100%	CEZ Romania S.A.		18196091	Romania	București, 2B Ion Ionescu de la Brad, Sector 1, postcode 013813	
	1 share held by CEZ Poland Distribution B.V.					
100%	TMK Hydroenergy Power S.R.L.		27189093	Romania	Reșița, Caraș-Severin County, 4B Primaverii, postcode 320012	
100%	Tomis Team S.A.		18874690	Romania	București, 2B Ion Ionescu de la Brad, Sector 1, postcode 013813	
	1 share held by CEZ Poland Distribution B.V.					
100%	M.W. Team Invest S.R.L.		18926986	Romania	București, 2B Ion Ionescu de la Brad, Sector 1, postcode 013813	
99.99%	CEZ Trade Romania S.R.L.		21447690	Romania	București, 2B Ion Ionescu de la Brad, Sector 1, postcode 013813	0.01%
99.98%	Ovidiu Development S.R.L.		18874682	Romania	București, 2B Ion Ionescu de la Brad, Sector 1, postcode 013813	0.02%
100%	CEZ Vanzare S.A.		21349608	Romania	Craiova, Dolj County, 97, Calea Severinului, postcode 200731	
	1 share held by CEZ Poland Distribution B.V.					
100%	Shared Services Albania Sh.A.		K91629005R	Albania	Tirana, Abdyl Frasheri Street, EGT Tower, P. 12/1	
100%	CEZ Hungary Ltd.		13520670-4013-113-01	Hungary	Budapest, Rétköz u. 5, postcode 1118	
100%	CEZ Srbija d.o.o.		20180650	Serbia	Beograd, Bulevar Zorana Đinđića 65	
100%	CEZ Ukraine LLC		34728482	Ukraine	Kyiv, Velyka Vasylkivska 5, PS postcode 01004	
100%	CEZ Deutschland GmbH		HRB 140377	Germany	Hamburg, Am Sandtorkai 74, postcode 20457	
100%	CEZ Produkty Energetyczne Polska sp. z o.o.		0000321795	Poland	Chorzów, ul. Marii Skłodowskiej-Curie 30, postcode 41-503	
100%	CEZ Towarowy Dom Maklerski sp. z o.o.		0000287855	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
100%	CEZ Trade Polska sp. z o.o.		0000281965	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
100%	CEZ Poland Distribution B.V.		24301380	Netherlands	Amsterdam Zuidoost, Hogehilweg 5D, postcode 1101 CA	
100%	Baltic Green Construction sp. z o.o.		0000568025	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green I sp. z o.o.		0000441069	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green II sp. z o.o.		0000441363	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green III sp. z o.o.		0000440952	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	A.E. Wind S.A.		0000300814	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green V sp. z o.o.		0000514397	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green VI sp. z o.o.		0000516616	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green IX sp. z o.o.		0000610092	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Eco-Wind Construction S.A.		0000300426	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
100%	Baltic Green IV sp. z o.o. w likwidacji	■	0000374097	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on June 9, 2017					
100%	Baltic Green VII sp. z o.o. w likwidacji	■	0000517536	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on May 25, 2017					
100%	Elektrownie Wiatrowe Lubiechowo sp. z o.o. w likwidacji	■	0000291340	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on May 20, 2017					
100%	Farma Wiatrowa Lešce sp. z o.o. w likwidacji	■	0000330281	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on May 15, 2017					
100%	Farma Wiatrowa Wilkołaz-Bychawa sp. z o.o. w likwidacji	■	0000330670	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on May 19, 2017					
100%	Mega Energy sp. z o.o. w likwidacji	■	0000374306	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ceased to exist on May 25, 2017					
99%	CEZ Polska sp. z o.o.		0000266114	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	1%
100%	CEZ Skawina S.A.		0000038504	Poland	Skawina, ul. Piłsudskiego 10, postcode 32-050	
100%	CEZ Chorzów S.A.		0000060086	Poland	Chorzów, ul. Marii Skłodowskiej-Curie 30, postcode 41-503	
100%	Baltic Green X sp. z o.o.		0000627827	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ownership changed (the stake of Baltic Green Construction sp. z o.o. transferred to CEZ Chorzów S.A.) on June 22, 2017					
100%	CEZ ESCO Poland B.V.		67582267	Netherlands	Amsterdam Zuidoost, Hogehilweg 5D, postcode 1101 CA	
50%	OEM Energy sp. z o.o.		0000678975	Poland	Marklowice, ul. Wiosny Ludów 21, postcode 44-321	
	Acquired on October 25, 2017					
99.90%	ESCO CITY I sp. z o.o.		0000698269	Poland	Warszawa, Al. Jerozolimskie 61, postcode 00-697	0.10%
	Established on August 2, 2017, incorporated on October 6, 2017					
99.90%	ESCO CITY II sp. z o.o.		0000699507	Poland	Warszawa, Al. Jerozolimskie 61, postcode 00-697	0.10%
	Established on August 2, 2017, incorporated on October 18, 2017					
99.90%	ESCO CITY III sp. z o.o.		0000698805	Poland	Warszawa, Al. Jerozolimskie 61, postcode 00-697	0.10%
	Established on August 2, 2017, incorporated on October 11, 2017					
100%	CEZ ESCO Polska sp. z o.o.		0000616808	Poland	Warszawa, Al. Jerozolimskie 61, postcode 00-697	
	0.03% stake transferred from CEZ Poland Distribution B.V. to CEZ ESCO Poland B.V. on September 18, 2017					
100%	Baltic Green VIII sp. z o.o.		0000516701	Poland	Warszawa, ul. Marynarska 11, postcode 02-674	
	Ownership changed (the stake of Baltic Green Construction sp. z o.o. transferred to CEZ ESCO Poland B.V.) on September 13, 2017					
92%	CEZ ESCO I GmbH		HRB 513963	Germany	Jena, Göschwitzer Straße 56, postcode 07745	
	Established by its single member, CEZ ESCO Poland B.V., on July 4, 2017, ownership changed (8% stake transferred to Elevion Co-Investment GmbH & Co. KG, in which 37.5% is held by CEZ ESCO Poland B.V.) on November 1, 2017					
100%	TGA Elektro Holding Deutschland GmbH	■	HRB 120304	Germany	Hamburg, Neuer Wall 10, postcode 20354	
	Acquired on August 24, 2017, ceased to exist in merger with Elevion GmbH entered in the Company Register on December 14, 2017, with retroactive effect from the record date of August 1, 2017					
100%	Elevion GmbH		HRB 45601	Germany	Jena, Göschwitzer Straße 56, postcode 07745	
	Acquired through CEZ ESCO I GmbH (15.78%) and TGA Elektro Holding Deutschland GmbH (84.22%) on August 24, 2017, ownership changed due to merger of TGA Elektro Holding Deutschland GmbH and Elevion GmbH entered in the Company Register on December 14, 2017, with retroactive effect from the record date of August 1, 2017					
100%	D-I-E Elektro AG		HRB 504087	Germany	Jena, Göschwitzer Straße 56, postcode 07745	
	Acquired on August 24, 2017					
100%	Horst Heinzel Kommunikationssysteme GmbH	■	HRB 26144 P	Germany	Werder (Havel), Mielestraße 2, postcode 14542	
	Acquired on August 24, 2017, ceased to exist in merger with D-I-E Elektro AG entered in the Company Register on January 8, 2018, with retroactive effect from the record date of July 1, 2017					
100%	EAB Elektroanlagenbau GmbH Rhein/Main		HRB 41069	Germany	Dietzenbach, Dieselstraße 8, postcode 63128	
	Acquired on August 24, 2017					
100%	EAB Automation Solutions GmbH		HRB 23022	Germany	Pirmasens, Delaware Avenue 23–25, postcode 66953	
	Acquired on August 24, 2017					
100%	Elektro-Decker GmbH		HRB 4844	Germany	Essen, Holzstr. 7–9, postcode 45141	
	Acquired through CEZ ESCO I GmbH (75%) on August 24, 2017, ownership changed (25% stake acquired) on September 6, 2017 with effect from July 1, 2017					
100%	ETS Efficient Technical Solutions GmbH		HRB 509730	Germany	Brilon, Keffelker Straße 31, postcode 59929	
	Acquired on August 24, 2017					
100%	ETS Efficient Technical Solutions Shanghai Co. Ltd.		20062276	China	Shanghai, Room 718, No. 2158 Wan Yuan Road, postcode 201103	
	Acquired on August 24, 2017, ownership changed (the stake of Rudolf Fritz GmbH transferred to ETS Efficient Technical Solutions GmbH) on July 1, 2017, name changed (originally RF Mechanical and Electrical Equipment Co. Ltd. (Shanghai))					
100%	HAu.S GmbH		HRB 506134	Germany	Jena, Prüssingstr. 41, postcode 07745	
	Acquired on August 24, 2017					
100%	Rudolf Fritz GmbH		HRB 508518	Germany	Rüsselsheim, Hans-Sachs-Straße 19, postcode 65428	
	Acquired on August 24, 2017					
100%	CEZ Erneuerbare Energien Verwaltungs GmbH		HRB 141626	Germany	Hamburg, Am Sandtorkai 74, postcode 20457	
	Ownership changed (the stake of CEZ Poland Distribution B.V. transferred to CEZ ESCO Poland B.V.) on December 20, 2017					
100%	CEZ Erneuerbare Energien Beteiligungs GmbH		HRB 141607	Germany	Hamburg, Am Sandtorkai 74, postcode 20457	
	Ownership changed (the stake of CEZ Poland Distribution B.V. transferred to CEZ ESCO Poland B.V.) on December 20, 2017					
100%	Windpark Fohren-Linden GmbH & Co. KG		HRA 23953	Germany	Hamburg, Am Sandtorkai 74, postcode 20457	
100%	CEZ Windparks Lee GmbH		HRB 30409	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
	Name changed on April 7, 2017 (originally wpd Windparks Lee GmbH)					
100%	Windpark Frauenmark III GmbH & Co. KG		HRA 26112	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	Windpark Cheinitz-Zethlingen GmbH & Co. KG		HRA 26116	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	Windpark Zagelsdorf GmbH & Co. KG		HRA 26699	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	CEZ Windparks Luv GmbH		HRB 30201	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
	Name changed on April 7, 2017 (originally wpd Windparks Luv GmbH)					
100%	Windpark Gremersdorf GmbH & Co. KG		HRA 27087	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	Windpark Mengeringhausen GmbH & Co. KG		HRA 24214	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	Windpark Baben Erweiterung GmbH & Co. KG		HRA 25725	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	Windpark Naundorf GmbH & Co. KG		HRA 25228	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	CEZ Windparks Nordwind GmbH		HRB 28044	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
	Name changed on April 7, 2017 (originally wpd Windparks Nordwind GmbH)					
100%	Windpark Badow GmbH & Co. KG		HRA 24600	Germany	Bremen, Stephanitorsbollwerk 3, postcode 28217	
100%	CASANO Mobiliengesellschaft mbH & Co. KG		HRA 43178	Germany	Wörrstadt, Energie-Allee 1, postcode 55286	
	Acquired on August 29, 2017					
25.50%	Juwi Wind Germany 100 GmbH & Co. KG		HRA 41847	Germany	Wörrstadt, Energie-Allee 1, postcode 55286	25.50%
	Acquired on August 29, 2017					
100%	BANDRA Mobiliengesellschaft mbH & Co. KG		HRA 43179	Germany	Wörrstadt, Energie-Allee 1, postcode 55286	
	Acquired on August 29, 2017					
100%	CEZ France S.A.S.		833072699	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Established on June 28, 2017					
100%	Ferme Eolienne de la Piballe S.A.S.		813057817	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne de Neuville-aux-Bois S.A.S.		797909546	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne de Saint-Laurent-de-Céris S.A.S.		807395454	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne de Thorigny S.A.S.		813057981	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne des Breuils S.A.S.		811797331	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne des Grands Clos S.A.S.		807395512	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne du Germancé S.A.S.		819634361	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne de Saint-Aulaye S.A.S.		822557252	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					
100%	Ferme Eolienne de Seigny S.A.S.		819459017	France	Toulouse Cedex 5, 2 Rue du Libre Echange CS 95893, postcode 31506	
	Acquired on July 7, 2017					

- Czechia—Ministry of Finance of the Czech Republic
- Subsidiaries of the Ministry of Finance of the Czech Republic (ČEZ, a. s.)
- Subsidiaries of ČEZ, a. s.
- Sub-subsidiaries of ČEZ, a. s.
- Sub-sub-subsidiaries of ČEZ, a. s.
- Sub-sub-sub-subsidiaries of ČEZ, a. s.
- Sub-sub-sub-sub-subsidiaries of ČEZ, a. s.
- Sub-sub-sub-sub-sub-subsidiaries of ČEZ, a. s.

✶ Member of CEZ Concern
■✶ Wound up/sold off—member of CEZ Concern
■ Wound up/sold off

Continues on the next page.

Annex 1 Relation Structure Diagram for the Period of January 1, 2017, to December 31, 2017

Share	Company Name	Company Reg. No.	Country	Registered Office	
	Czech Republic—Ministry of Finance	00006947	Czechia	Praha, Letenská 15, postcode 118 10	
71.89%	BH CAPITAL, a.s. v likvidaci	00546682	Czechia	Brno, Příkop 843/4, Zábrdovice, postcode 602 00	
100%	ČEPRO, a.s.	60193531	Czechia	Praha 7, Dělnická 213/12, Holešovice, postcode 170 00	
43.68%	Česká exportní banka, a.s.	63078333	Czechia	Praha 1, Vodičkova 34 čp. 701, postcode 111 21	16%
100%	Český Aeroholding, a.s.	24821993	Czechia	Praha 6, Jana Kašpara 1069/1, postcode 160 08	
100%	B. aircraft, a.s.	24253006	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 161 00	
100%	Czech Airlines Handling, a.s.	25674285	Czechia	Praha 6, Aviatická 1017/2, postcode 160 08	
100%	Czech Airlines Technics, a.s.	27145573	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 160 08	
100%	Letiště Praha, a. s.	28244532	Czechia	Praha 6, K Letišti 1019/6, postcode 161 00	
100%	Realitní developerská, a.s.	27174166	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 161 00	
100%	Sky Venture a.s.	27361381	Czechia	Praha 6, Jana Kašpara 1069/1, postcode 160 08	
100%	Whitelines Industries a.s.	27105733	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 160 08	
40%	Exportní garanční a pojišťovací společnost, a.s.	45279314	Czechia	Praha 1, Vodičkova 34/701, postcode 111 21	
100%	GALILEO 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	
100%	JUNIOR centrum, a.s. v likvidaci	48154946	Czechia	Seč, Čs. pionýrů 197, postcode 538 07	
	Ceased to exist on December 29, 2017				
54.35%	Kongresové centrum Praha, a.s.	63080249	Czechia	Praha 4, 5. května 1640/65, Nusle, postcode 140 00	
100%	MERO ČR, a.s.	60193468	Czechia	Kralupy nad Vltavou, Veltruská 748, postcode 278 01	
100%	MERO Germany AG	152122768	Germany	Vohburg an der Donau, MERO - Weg 1, postcode 850 88	
49%	MUFIS a.s.	60196696	Czechia	Praha 1, Jeruzalémská 964/4, postcode 110 00	
46.99%	Ormilk, a.s.v likvidaci	60109092	Czechia	Žamberk, postcode 564 01	
	In bankruptcy				
100%	PRISKO a.s.	46355901	Czechia	Praha 8, Thámova 181/20, Karlín, postcode 186 00	
19.74%	České aerolinie a.s.	45795908	Czechia	Praha 6, Evropská 846/176a, Vokovice, postcode 160 00	
40.78%	Severočeské mlékárny, a.s. Teplice	48291749	Czechia	Teplice, Libušina 2154, postcode 415 03	
100%	STROJÍRNY TATRA PRAHA,a.s.v likvidaci	00674311	Czechia	Praha 5, K metru 312, Zličín, postcode 155 21	
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%	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	Ternitz, Josef Huber-Straße 6, postcode 2620	
11.38%	ZEL-EN d.o.o.	6006027000	Slovenia	Krško, Vrbina 18, postcode 8270	
100%	Výzkumný a zkušební letecký ústav, a.s.	00010669	Czechia	Praha, Beranových 130, Letňany, postcode 199 05	
100%	SERENUM, 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	

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