



FINANCIAL STATEMENTS OF ČEZ, a. s. AS OF DECEMBER 31, 2018

Pursuant to Section 19a of the Accounting Act, the financial statements of ČEZ, a. s. as of December 31, 2018 were compiled in accordance with International Financial Reporting Standards. The balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements have all been drawn up.

In accordance with the respective provision of the Accounting Act, the financial statements were verified by an independent auditor. The audit was performed by Ernst & Young Audit, s.r.o.

According to the independent auditor's opinion as of March 18, 2019, the financial statements give a true and fair view of the financial position of ČEZ, a. s. as of December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Based on the independent auditor's opinion, it is proposed that the General Meeting approve the financial statements of ČEZ, a. s. for 2018.

The full version of the financial statements is part of the annual report, which is available at the General Meeting of shareholders and on the Company's website. Values from the financial statements, i.e. the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, are also included in this material.

ČEZ, a. s.

BALANCE SHEET

AS OF DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|--|----------------|----------------|
| ASSETS: | | |
| Plant in service | 454,354 | 448,250 |
| Less accumulated depreciation and impairment | (244,830) | (231,024) |
| Net plant in service | 209,524 | 217,226 |
| Nuclear fuel, at amortized cost | 14,331 | 15,100 |
| Construction work in progress, net | 7,242 | 7,903 |
| Total property, plant and equipment | 231,097 | 240,229 |
| Restricted financial assets, net | 13,336 | 13,026 |
| Other non-current financial assets, net | 177,479 | 169,340 |
| Intangible assets, net | 4,235 | 604 |
| Total other non-current assets | 195,050 | 182,970 |
| Total non-current assets | 426,147 | 423,199 |
| Cash and cash equivalents, net | 454 | 1,272 |
| Trade receivables, net | 64,287 | 41,242 |
| Income tax receivable | 7 | 323 |
| Materials and supplies, net | 6,526 | 5,921 |
| Fossil fuel stocks | 462 | 446 |
| Emission rights | 13,157 | 7,036 |
| Other current financial assets, net | 106,133 | 51,229 |
| Other current assets, net | 2,362 | 2,102 |
| Assets classified as held for sale, net | 6,540 | – |
| Total current assets | 199,928 | 109,571 |
| Total assets | 626,075 | 532,770 |

ČEZ, a. s.

BALANCE SHEET

AS OF DECEMBER 31, 2018

continued

| | 2018 | 2017 |
|--|----------------|----------------|
| EQUITY AND LIABILITIES: | | |
| Stated capital | 53,799 | 53,799 |
| Treasury shares | (3,534) | (4,077) |
| Retained earnings and other reserves | 132,947 | 137,785 |
| Total equity | 183,212 | 187,507 |
| Long-term debt, net of current portion | 133,026 | 121,743 |
| Provisions | 62,971 | 61,171 |
| Other long-term financial liabilities | 13,776 | 11,571 |
| Deferred tax liability | 4,539 | 8,232 |
| Total non-current liabilities | 214,312 | 202,717 |
| Short-term loans | 11,709 | 10,748 |
| Current portion of long-term debt | 5,590 | 9,360 |
| Trade payables | 51,208 | 34,401 |
| Provisions | 6,889 | 5,090 |
| Other short-term financial liabilities | 152,544 | 82,391 |
| Other short-term liabilities | 611 | 556 |
| Total current liabilities | 228,551 | 142,546 |
| Total equity and liabilities | 626,075 | 532,770 |

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|---|---------------|---------------|
| Sales of electricity, heat and gas | 74,151 | 69,759 |
| Sales of services and other revenues | 4,834 | 5,225 |
| Other operating income | 764 | 2,273 |
| Total revenues and other operating income | 79,749 | 77,257 |
| Gains and losses from commodity derivative trading | 300 | 1,071 |
| Purchase of electricity, gas and other energies | (33,071) | (31,239) |
| Fuel and emission rights | (14,741) | (12,829) |
| Services | (9,104) | (9,120) |
| Salaries and wages | (6,533) | (6,232) |
| Materials and supplies | (1,823) | (1,571) |
| Capitalization of expenses to the cost of assets and change in own inventories | 99 | 96 |
| Depreciation and amortization | (14,310) | (15,555) |
| Impairment of property, plant and equipment and intangible assets | (188) | 1,839 |
| Impairment of trade and other receivables | (46) | 723 |
| Other operating expenses | (1,281) | (1,549) |
| Income (loss) before other income (expenses) and income taxes | (949) | 2,891 |
| Interest on debt, net of capitalized interest | (5,378) | (3,646) |
| Interest on provisions | (1,571) | (1,403) |
| Interest income | 870 | 691 |
| Impairment of financial assets | (3,468) | (9,516) |
| Other financial expenses | (897) | (1,264) |
| Other financial income | 34,002 | 16,795 |
| Total other income (expenses) | 23,558 | 1,657 |
| Income before income taxes | 22,609 | 4,548 |
| Income taxes | 1,167 | 557 |
| Net income | 23,776 | 5,105 |
| Net income per share (CZK per share): | | |
| Basic | 44.5 | 9.6 |
| Diluted | 44.4 | 9.6 |

ČEZ, a. s.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|--|----------|---------|
| Net income | 23,776 | 5,105 |
| Change in fair value of cash flow hedges | (16,016) | (3,950) |
| Cash flow hedges reclassified to statement of income | 3,927 | 4,026 |
| Cash flow hedges reclassified to assets | (972) | (394) |
| Change in fair value of debt financial instruments | (227) | (677) |
| Deferred tax related to other comprehensive income | 2,525 | 189 |
| Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods | (10,763) | (806) |
| Change in fair value of equity instruments | 59 | – |
| Deferred tax related to other comprehensive income | (11) | – |
| Net other comprehensive income not to be reclassified from equity | 48 | – |
| Total other comprehensive income, net of tax | (10,715) | (806) |
| Total comprehensive income, net of tax | 13,061 | 4,299 |

ČEZ, a. s.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | Stated capital | Treasury shares | Cash flow hedge reserve | Debt financial instruments | Equity financial instruments and other reserves | Retained earnings | Total equity |
|---|----------------|-----------------|-------------------------|----------------------------|---|-------------------|----------------|
| January 1, 2017 | 53,799 | (4,246) | (7,536) | 842 | 84 | 157,755 | 200,698 |
| Net income | – | – | – | – | – | 5,105 | 5,105 |
| Other comprehensive income | – | – | (258) | (548) | – | – | (806) |
| Total comprehensive income | – | – | (258) | (548) | – | 5,105 | 4,299 |
| Dividends | – | – | – | – | – | (17,586) | (17,586) |
| Sale of treasury shares | – | 169 | – | – | – | (101) | 68 |
| Share options | – | – | – | – | 28 | – | 28 |
| Transfer of exercised and forfeited share options within equity | – | – | – | – | (34) | 34 | – |
| December 31, 2017 | <u>53,799</u> | <u>(4,077)</u> | <u>(7,794)</u> | <u>294</u> | <u>78</u> | <u>145,207</u> | <u>187,507</u> |
| Application of IFRS 9 | – | – | – | – | – | (34) | (34) |
| January 1, 2018 (restated) | <u>53,799</u> | <u>(4,077)</u> | <u>(7,794)</u> | <u>294</u> | <u>78</u> | <u>145,173</u> | <u>187,473</u> |
| Net income | – | – | – | – | – | 23,776 | 23,776 |
| Other comprehensive income | – | – | (10,579) | (184) | 48 | – | (10,715) |
| Total comprehensive income | – | – | (10,579) | (184) | 48 | 23,776 | 13,061 |
| Effect of merger | – | – | – | – | 3 | 35 | 38 |
| Dividends | – | – | – | – | – | (17,603) | (17,603) |
| Sale of treasury shares | – | 543 | – | – | – | (333) | 210 |
| Share options | – | – | – | – | 33 | – | 33 |
| Transfer of exercised and forfeited share options within equity | – | – | – | – | (45) | 45 | – |
| December 31, 2018 | <u>53,799</u> | <u>(3,534)</u> | <u>(18,373)</u> | <u>110</u> | <u>117</u> | <u>151,093</u> | <u>183,212</u> |

ČEZ, a. s.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED

DECEMBER 31, 2018

In CZK Millions

| | 2018 | 2017 |
|--|----------|----------|
| OPERATING ACTIVITIES: | | |
| Income before income taxes | 22,609 | 4,548 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,310 | 15,555 |
| Amortization of nuclear fuel | 4,005 | 3,695 |
| (Gains) and losses on non-current asset retirements | (37) | (1,966) |
| Foreign exchange rate loss (gain) | 808 | (1,058) |
| Interest expense, interest income and dividend income | (27,481) | (11,925) |
| Provisions | 1,133 | 898 |
| Impairment of property, plant and equipment and intangible assets | 188 | (1,839) |
| Other impairment and other adjustments | (251) | 12,375 |
| Changes in assets and liabilities: | | |
| Receivables and contract assets | (23,756) | (771) |
| Materials, supplies and fossil fuel stocks | (545) | (737) |
| Receivables and payables from derivatives | 1,048 | (682) |
| Other assets | (2,925) | (3,265) |
| Trade payables | 20,126 | 587 |
| Other liabilities | 44 | (351) |
| Cash generated from operations | 9,276 | 15,064 |
| Income taxes received | 321 | 221 |
| Interest paid, net of capitalized interest | (5,299) | (3,489) |
| Interest received | 825 | 674 |
| Dividends received | 31,989 | 14,886 |
| Net cash provided by operating activities | 37,112 | 27,356 |
| INVESTING ACTIVITIES: | | |
| Acquisition of subsidiaries | (1,813) | (2,786) |
| Proceeds from disposal of subsidiaries and joint-ventures including liquidation distribution received | 156 | 2,142 |
| Additions to non-current assets, including capitalized interest | (7,893) | (10,412) |
| Proceeds from sale of non-current assets | 2,865 | 1,425 |
| Loans made | (18,536) | (5,839) |
| Repayment of loans | 3,338 | 1,535 |
| Change in restricted financial assets | (548) | (541) |
| Total cash used in investing activities | (22,431) | (14,476) |

ČEZ, a. s.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

continued

| | 2018 | 2017 |
|---|-----------------|-----------------|
| FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 124,391 | 147,524 |
| Payments of borrowings | (117,934) | (141,021) |
| Payments of other long-term liabilities | (500) | – |
| Change in payables/receivables from group cashpooling | (3,933) | (1,064) |
| Dividends paid | (17,596) | (17,618) |
| Sale of treasury shares | 210 | 68 |
| Net cash used in financing activities | (15,362) | (12,111) |
| Net effect of currency translation and allowances in cash | (137) | 49 |
| Net increase (decrease) in cash and cash equivalents | (818) | 818 |
| Cash and cash equivalents at beginning of period | 1,272 | 454 |
| Cash and cash equivalents at end of period | 454 | 1,272 |
| Supplementary cash flow information: | | |
| Total cash paid for interest | 5,522 | 5,045 |

CONSOLIDATED FINANCIAL STATEMENTS OF CEZ GROUP AS OF DECEMBER 31, 2018

Pursuant to Section 23a of the Accounting Act, the consolidated financial statements of CEZ Group as of December 31, 2018 were compiled in accordance with International Financial Reporting Standards. The compiled consolidated financial statements comprise the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the consolidated financial statements.

In accordance with the respective provision of the Accounting Act, the consolidated financial statements were verified by an independent auditor. The audit was performed by Ernst & Young Audit, s.r.o.

According to the independent auditor's opinion as of March 18, 2019, the consolidated financial statements give a true and fair view of the consolidated financial position of CEZ Group as of December 31, 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Based on the independent auditor's opinion, it is proposed that the General Meeting approve the consolidated financial statements of CEZ Group for 2018.

The full version of the consolidated financial statements is part of the annual report, which is available at the General Meeting of shareholders and on the Company's website. Values from the consolidated financial statements, i.e. the balance sheet, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows, are also included in this material.

CEZ GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|--|----------------|----------------|
| ASSETS: | | |
| Plant in service | 830,955 | 833,359 |
| Less accumulated depreciation and impairment | (445,926) | (437,210) |
| Net plant in service | 385,029 | 396,149 |
| Nuclear fuel, at amortized cost | 14,427 | 15,218 |
| Construction work in progress, net | 16,452 | 16,652 |
| Total property, plant and equipment | 415,908 | 428,019 |
| Investments in associates and joint-ventures | 3,361 | 3,520 |
| Restricted financial assets, net | 18,834 | 18,468 |
| Other non-current financial assets, net | 9,948 | 9,845 |
| Intangible assets, net | 31,127 | 26,804 |
| Deferred tax assets | 1,269 | 1,297 |
| Total other non-current assets | 64,539 | 59,934 |
| Total non-current assets | 480,447 | 487,953 |
| Cash and cash equivalents, net | 7,278 | 12,623 |
| Trade receivables, net | 72,234 | 50,559 |
| Income tax receivable | 352 | 1,171 |
| Materials and supplies, net | 8,737 | 8,325 |
| Fossil fuel stocks | 1,066 | 1,021 |
| Emission rights | 16,655 | 9,370 |
| Other current financial assets, net | 93,303 | 43,098 |
| Other current assets, net | 9,874 | 9,756 |
| Assets classified as held for sale | 17,497 | 30 |
| Total current assets | 226,996 | 135,953 |
| Total assets | 707,443 | 623,906 |

CEZ GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2018

continued

| | 2018 | 2017 |
|--|----------------|----------------|
| EQUITY AND LIABILITIES: | | |
| Stated capital | 53,799 | 53,799 |
| Treasury shares | (3,534) | (4,077) |
| Retained earnings and other reserves | 184,456 | 200,296 |
| Total equity attributable to equity holders of the parent | 234,721 | 250,018 |
| Non-controlling interests | 4,560 | 4,304 |
| Total equity | 239,281 | 254,322 |
| Long-term debt, net of current portion | 142,440 | 132,475 |
| Provisions | 75,798 | 73,291 |
| Other long-term financial liabilities | 15,054 | 12,509 |
| Deferred tax liability | 16,699 | 19,993 |
| Other long-term liabilities | 31 | 3,335 |
| Total non-current liabilities | 250,022 | 241,603 |
| Short-term loans | 11,783 | 11,073 |
| Current portion of long-term debt | 6,743 | 10,759 |
| Trade payables | 63,093 | 48,087 |
| Income tax payable | 253 | 176 |
| Provisions | 12,323 | 9,226 |
| Other short-term financial liabilities | 110,287 | 42,864 |
| Other short-term liabilities | 7,461 | 5,796 |
| Liabilities associated with assets classified as held for sale | 6,197 | – |
| Total current liabilities | 218,140 | 127,981 |
| Total equity and liabilities | 707,443 | 623,906 |

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|---|----------------|----------------|
| Sales of electricity, heat, gas and coal | 121,450 | 122,738 |
| Sales of services and other revenues | 59,868 | 76,262 |
| Other operating income | 3,168 | 6,092 |
| Total revenues and other operating income | 184,486 | 205,092 |
| Gains and losses from commodity derivative trading | 575 | 1,213 |
| Purchase of electricity, gas and other energies | (52,168) | (57,353) |
| Fuel and emission rights | (19,064) | (16,039) |
| Services | (26,092) | (47,812) |
| Salaries and wages | (25,620) | (22,086) |
| Material and supplies | (8,240) | (5,922) |
| Capitalization of expenses to the cost of assets and change in own inventories | 3,446 | 2,751 |
| Depreciation and amortization | (28,139) | (29,305) |
| Impairment of property, plant and equipment and intangible assets | (1,766) | (230) |
| Impairment of trade and other receivables | (559) | 830 |
| Other operating expenses | (7,100) | (5,519) |
| Income before other income (expenses) and income taxes | 19,759 | 25,620 |
| Interest on debt | (5,177) | (3,761) |
| Interest on provisions | (1,800) | (1,618) |
| Interest income | 315 | 235 |
| Share of profit (loss) from associates and joint-ventures | (308) | (2,387) |
| Impairment of financial assets | (508) | (1) |
| Other financial expenses | (1,051) | (1,977) |
| Other financial income | 2,287 | 6,642 |
| Total other income (expenses) | (6,242) | (2,867) |
| Income before income taxes | 13,517 | 22,753 |
| Income taxes | (3,017) | (3,794) |
| Net income | 10,500 | 18,959 |
| Net income attributable to: | | |
| Equity holders of the parent | 10,327 | 18,765 |
| Non-controlling interests | 173 | 194 |
| Net income per share attributable to equity holders of the parent (CZK per share): | | |
| Basic | 19.3 | 35.1 |
| Diluted | 19.3 | 35.1 |

CEZ GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|--|----------|---------|
| Net income | 10,500 | 18,959 |
| Change in fair value of cash flow hedges | (16,016) | (3,950) |
| Cash flow hedges reclassified to statement of income | 3,927 | 4,026 |
| Cash flow hedges reclassified to assets | (972) | (394) |
| Change in fair value of debt instruments | (363) | (1,178) |
| Disposal of debt instruments | – | (52) |
| Change in fair value of equity instruments | – | (105) |
| Disposal of equity instruments | – | (5,490) |
| Translation differences – subsidiaries | 107 | (3,412) |
| Translation differences – associates and joint-ventures | 115 | 1,340 |
| Disposal of translation differences | 1 | 751 |
| Share on other equity movements of associates and joint-ventures | – | 54 |
| Deferred tax related to other comprehensive income | 2,555 | 300 |
| Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods | (10,646) | (8,110) |
| Change in fair value of equity instruments | 87 | – |
| Re-measurement gains (losses) on defined benefit plans | (22) | (5) |
| Deferred tax related to other comprehensive income | (11) | 1 |
| Net other comprehensive income not to be reclassified from equity in subsequent periods | 54 | (4) |
| Total other comprehensive income, net of tax | (10,592) | (8,114) |
| Total comprehensive income, net of tax | (92) | 10,845 |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent | (291) | 10,848 |
| Non-controlling interests | 199 | (3) |

CEZ GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | Attributable to equity holders of the parent | | | | | | | Total | Non-controlling interests | Total equity |
|---|--|-----------------|------------------------|-------------------------|------------------|---------------------------------------|-------------------|----------------|---------------------------|----------------|
| | Stated capital | Treasury shares | Translation difference | Cash flow hedge reserve | Debt instruments | Equity instruments and other reserves | Retained earnings | | | |
| January 1, 2017 | 53,799 | (4,246) | (10,779) | (7,499) | 1,666 | 6,173 | 217,698 | 256,812 | 4,548 | 261,360 |
| Net income | – | – | – | – | – | – | 18,765 | 18,765 | 194 | 18,959 |
| Other comprehensive income | – | – | (1,124) | (258) | (988) | (5,597) | 50 | (7,917) | (197) | (8,114) |
| Total comprehensive income | – | – | (1,124) | (258) | (988) | (5,597) | 18,815 | 10,848 | (3) | 10,845 |
| Dividends | – | – | – | – | – | – | (17,586) | (17,586) | (241) | (17,827) |
| Sale of treasury shares | – | 169 | – | – | – | – | (101) | 68 | – | 68 |
| Share options | – | – | – | – | – | 28 | – | 28 | – | 28 |
| Transfer of exercised and forfeited share options within equity | – | – | – | – | – | (34) | 34 | – | – | – |
| Acquisition of subsidiaries | – | – | – | – | – | – | – | – | 255 | 255 |
| Acquisition of non-controlling interests | – | – | – | – | – | – | (7) | (7) | (10) | (17) |
| Put options held by non-controlling interest | – | – | (3) | – | – | – | (142) | (145) | (245) | (390) |
| December 31, 2017 | 53,799 | (4,077) | (11,906) | (7,757) | 678 | 570 | 218,711 | 250,018 | 4,304 | 254,322 |

CEZ GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

continued

| | Attributable to equity holders of the parent | | | | | | | Non-controlling interests | Total equity | |
|---|--|-----------------|------------------------|-------------------------|------------------|---------------------------------------|-------------------|---------------------------|--------------|----------|
| | Stated capital | Treasury shares | Translation difference | Cash flow hedge reserve | Debt instruments | Equity instruments and other reserves | Retained earnings | | | Total |
| December 31, 2017 | 53,799 | (4,077) | (11,906) | (7,757) | 678 | 570 | 218,711 | 250,018 | 4,304 | 254,322 |
| Adoption of IFRS 9 and IFRS 15 | – | – | 143 | – | – | (493) | 2,800 | 2,450 | (26) | 2,424 |
| January 1, 2018 (restated) | 53,799 | (4,077) | (11,763) | (7,757) | 678 | 77 | 221,511 | 252,468 | 4,278 | 256,746 |
| Net income | – | – | – | – | – | – | 10,327 | 10,327 | 173 | 10,500 |
| Other comprehensive income | – | – | 198 | (10,580) | (290) | 75 | (21) | (10,618) | 26 | (10,592) |
| Total comprehensive income | – | – | 198 | (10,580) | (290) | 75 | 10,306 | (291) | 199 | (92) |
| Dividends | – | – | – | – | – | – | (17,604) | (17,604) | (17) | (17,621) |
| Sale of treasury shares | – | 543 | – | – | – | – | (333) | 210 | – | 210 |
| Share options | – | – | – | – | – | 33 | – | 33 | – | 33 |
| Transfer of exercised and forfeited share options within equity | – | – | – | – | – | (45) | 45 | – | – | – |
| Transfer of measurement of equity instruments | – | – | – | – | – | (27) | 27 | – | – | – |
| Acquisition of subsidiaries | – | – | – | – | – | – | – | – | 756 | 756 |
| Acquisition of non-controlling interests | – | – | – | – | – | – | (4) | (4) | (1) | (5) |
| Sale of non-controlling interests | – | – | – | – | – | – | 1 | 1 | 4 | 5 |
| Put options held by non-controlling interests | – | – | – | – | – | – | (92) | (92) | (659) | (751) |
| December 31, 2018 | 53,799 | (3,534) | (11,565) | (18,337) | 388 | 113 | 213,857 | 234,721 | 4,560 | 239,281 |

CEZ GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

in CZK Millions

| | 2018 | 2017 |
|--|----------|----------|
| OPERATING ACTIVITIES: | | |
| Income before income taxes | 13,517 | 22,753 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | |
| Depreciation and amortization | 28,139 | 29,305 |
| Amortization of nuclear fuel | 4,027 | 3,725 |
| (Gains) and losses on non-current asset retirements | (312) | (5,792) |
| Foreign exchange rate loss (gain) | 776 | (959) |
| Interest expense, interest income and dividend income | 4,685 | 3,263 |
| Provisions | 2,780 | 1,081 |
| Impairment of property, plant and equipment and intangible assets | 1,766 | 230 |
| Valuation allowances and other adjustments | (2,017) | 2,355 |
| Share of (profit) loss from associates and joint-ventures | 308 | 2,387 |
| Changes in assets and liabilities: | | |
| Receivables and contract assets | (27,469) | (1,951) |
| Materials, supplies and fossil fuel stocks | 905 | (798) |
| Receivables and payables from derivatives | 1,527 | (1,269) |
| Other assets | (4,369) | (4,610) |
| Trade payables | 17,429 | 3,687 |
| Other liabilities | 1,581 | (583) |
| Cash generated from operations | 43,273 | 52,824 |
| Income taxes paid | (3,327) | (4,207) |
| Interest paid, net of capitalized interest | (5,091) | (3,511) |
| Interest received | 314 | 225 |
| Dividends received | 182 | 481 |
| Net cash provided by operating activities | 35,351 | 45,812 |
| INVESTING ACTIVITIES: | | |
| Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired | (2,214) | (5,070) |
| Disposal of subsidiaries and joint-ventures, net of cash disposed of | 155 | 2,037 |
| Additions to non-current assets, including capitalized interest | (26,018) | (30,688) |
| Proceeds from sale of non-current assets | 3,118 | 13,913 |
| Loans made | (227) | (21) |
| Repayment of loans | 22 | 371 |
| Change in restricted financial assets | (737) | (754) |
| Total cash used in investing activities | (25,901) | (20,212) |

CEZ GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

continued

| | 2018 | 2017 |
|---|-----------------|-----------------|
| FINANCING ACTIVITIES: | | |
| Proceeds from borrowings | 125,213 | 150,032 |
| Payments of borrowings | (119,978) | (156,182) |
| Proceeds from other long-term liabilities | 51 | 70 |
| Payments of other long-term liabilities | (583) | (76) |
| Dividends paid to Company's shareholders | (17,596) | (17,618) |
| Dividends paid to non-controlling interests | (17) | (241) |
| Sale of treasury shares | 210 | 68 |
| (Acquisition) sale of non-controlling interests, net | 5 | (160) |
| Total cash used in financing activities | (12,695) | (24,107) |
| Net effect of currency translation and allowances in cash | (133) | (200) |
| Net increase (decrease) in cash and cash equivalents | (3,378) | 1,293 |
| Cash and cash equivalents at beginning of period | 12,623 | 11,330 |
| Cash and cash equivalents at end of period | 9,245 | 12,623 |
| Supplementary cash flow information: | | |
| Total cash paid for interest | 5,344 | 5,090 |

DRAFT RESOLUTION

Draft resolution (1):

The General Meeting of ČEZ, a. s. approves the financial statements of ČEZ, a. s. prepared as of December 31, 2018.

Draft resolution (2):

The General Meeting of ČEZ, a. s. approves the consolidated financial statements of CEZ Group prepared as of December 31, 2018.

Rationale:

Pursuant to the applicable stipulations of the law and the Company's Articles of Association, the Board of Directors presents both sets of financial statements to the General Meeting for approval. Pursuant to the requirements of the Accounting Act, the financial statements of ČEZ, a. s. and the consolidated financial statements of CEZ Group as of December 31, 2018 were prepared in accordance with International Financial Reporting Standards, discussed by the Board of Directors of ČEZ, a. s., audited by an independent auditor giving the opinions cited in the submitted material, and reviewed by the Supervisory Board of the Company, which concluded that it recommends that the General Meeting approve them.