

ČEZ, a. s.

SEPARATE FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF SEPTEMBER 30, 2019

ČEZ, a. s.
BALANCE SHEET
AS OF SEPTEMBER 30, 2019

in CZK Millions

	September 30, 2019	December 31, 2018
ASSETS:		
Plant in service	459,593	454,354
Less accumulated depreciation and impairment	(255,395)	(244,830)
Net plant in service	204,198	209,524
Nuclear fuel, at amortized cost	14,076	14,331
Construction work in progress, net	7,407	7,242
Total property, plant and equipment	225,681	231,097
Restricted financial assets, net	14,427	13,336
Other non-current financial assets, net	181,056	177,479
Intangible assets, net	4,691	4,235
Total other non-current assets	200,174	195,050
Total non-current assets	425,855	426,147
Cash and cash equivalents, net	1,202	454
Trade receivables, net	57,955	64,287
Income tax receivable	21	7
Materials and supplies, net	6,809	6,526
Fossil fuel stocks	526	462
Emission rights	19,113	13,157
Other current financial assets, net	58,540	106,133
Other current assets, net	3,030	2,362
Assets classified as held for sale, net	6,540	6,540
Total current assets	153,736	199,928
Total assets	579,591	626,075

ČEZ, a. s.
BALANCE SHEET
AS OF SEPTEMBER 30, 2019

continued

	September 30, 2019	December 31, 2018
EQUITY AND LIABILITIES:		
Stated capital	53,799	53,799
Treasury shares	(2,885)	(3,534)
Retained earnings and other reserves	142,115	132,947
Total equity	193,029	183,212
Long-term debt, net of current portion	115,098	133,026
Provisions	64,079	62,971
Other long-term financial liabilities	9,975	13,776
Deferred tax liability	6,774	4,539
Total non-current liabilities	195,926	214,312
Short-term loans	10,721	11,709
Current portion of long-term debt	25,743	5,590
Trade payables	46,507	51,208
Provisions	7,060	6,889
Other short-term financial liabilities	99,758	152,544
Other short-term liabilities	847	611
Total current liabilities	190,636	228,551
Total equity and liabilities	579,591	626,075

ČEZ, a. s.
STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

in CZK Millions

	1-9/2019	1-9/2018 *	7-9/2019 **	7-9/2018 *
Sales of electricity, heat and gas	58,771	50,898	17,913	18,586
Sales of services and other revenues	3,731	3,550	1,276	1,275
Other operating income	777	572	191	72
Total revenues and other operating income	63,279	55,020	19,380	19,933
Gains and losses from commodity derivative trading	5,107	947	481	510
Purchase of electricity, gas and other energies	(24,678)	(22,655)	(7,489)	(8,825)
Fuel and emission rights	(12,644)	(10,132)	(4,538)	(4,027)
Services	(6,123)	(5,993)	(2,443)	(2,269)
Salaries and wages	(4,994)	(4,532)	(1,730)	(1,542)
Materials and supplies	(1,430)	(1,394)	(576)	(506)
Capitalization of expenses to the cost of assets and change in own inventories	64	76	24	24
Depreciation and amortization	(10,883)	(10,901)	(3,623)	(3,580)
Impairment of property, plant and equipment and intangible assets	(19)	(179)	(3)	(89)
Impairment of trade and other receivables	(22)	(47)	1	(2)
Other operating expenses	(1,061)	(871)	(275)	(242)
Income (loss) before other income (expenses) and income taxes	6,596	(661)	(791)	(615)
Interest on debt, net of capitalized interest	(4,380)	(3,924)	(1,495)	(1,373)
Interest on provisions	(1,207)	(1,166)	(408)	(389)
Interest income	972	614	330	210
Impairment of financial assets	(1)	(2,254)	(1)	(2,257)
Other financial expenses	(508)	(478)	(251)	15
Other financial income	13,199	33,413	(100)	781
Total other income (expenses)	8,075	26,205	(1,925)	(3,013)
Income before income taxes	14,671	25,544	(2,716)	(3,628)
Income taxes	(351)	944	499	393
Net income	14,320	26,488	(2,217)	(3,235)

* The way of presentation was changed for 2018 year-end. The prior year figures were changed accordingly to provide comparative information on the same basis.

** The accounting with impact on financial results published for I. and II. quarter 2019 was made in the past period. For more information about the adjustments see Note 2.2.3 of the notes to interim consolidated financial statement as of September 30, 2019.

ČEZ, a. s.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

in CZK Millions

	1-9/2019	1-9/2018	7-9/2019 *	7-9/2018
Net income	14,320	26,488	(2,217)	(3,235)
Change in fair value of cash flow hedges	4,009	(16,515)	(909)	(9,304)
Cash flow hedges reclassified to statement of income	5,486	2,952	1,221	1,232
Change in fair value of debt instruments	420	(337)	150	2
Deferred tax related to other comprehensive income	(1,884)	2,641	(88)	1,533
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods	8,031	(11,259)	374	(6,537)
Total comprehensive income, net of tax	<u>22,351</u>	<u>15,229</u>	<u>(1,843)</u>	<u>(9,772)</u>

* The accounting with impact on financial results published for I. and II. quarter 2019 was made in the past period. For more information about the adjustments see Note 2.2.3 of the notes to interim consolidated financial statement as of September 30, 2019.

ČEZ, a. s.
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

In CZK Millions

	Stated capital	Treasury shares	Cash flow hedge reserve	Debt financial instruments	Equity financial instruments and other reserves	Retained earnings	Total equity
December 31, 2017	53,799	(4,077)	(7,794)	294	78	145,207	187,507
Adoption of IFRS 9	-	-	-	-	-	(32)	(32)
January 1, 2018 (restated)	53,799	(4,077)	(7,794)	294	78	145,175	187,475
Net income	-	-	-	-	-	26,488	26,488
Other comprehensive income	-	-	(10,986)	(273)	-	-	(11,259)
Total comprehensive income	-	-	(10,986)	(273)	-	26,488	15,229
Effect of merger	-	-	-	-	3	35	38
Dividends	-	-	-	-	-	(17,603)	(17,603)
Sale of treasury shares	-	543	-	-	-	(333)	210
Share options	-	-	-	-	25	-	25
Transfer of exercised and forfeited share options	-	-	-	-	(36)	36	-
September 30, 2018	53,799	(3,534)	(18,780)	21	70	153,798	185,374
January 1, 2019	53,799	(3,534)	(18,373)	110	117	151,093	183,212
Net income	-	-	-	-	-	14,320	14,320
Other comprehensive income	-	-	7,691	340	-	-	8,031
Total comprehensive income	-	-	7,691	340	-	14,320	22,351
Dividends	-	-	-	-	-	(12,806)	(12,806)
Sale of treasury shares	-	649	-	-	-	(400)	249
Share options	-	-	-	-	23	-	23
Transfer of exercised and forfeited share options	-	-	-	-	(24)	24	-
September 30, 2019	53,799	(2,885)	(10,682)	450	116	152,231	193,029

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

In CZK Millions

	<u>1-9/2019</u>	<u>1-9/2018</u>
OPERATING ACTIVITIES:		
Income before income taxes	14,671	25,544
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	10,883	10,901
Amortization of nuclear fuel	2,949	2,828
(Gains) and losses on non-current asset retirements	(19)	(14)
Foreign exchange rate loss (gain)	306	432
Interest expense, interest income and dividend income	(9,709)	(28,678)
Provisions	(158)	823
Impairment of property, plant and equipment and intangible assets	19	179
Other impairment and other adjustments	6,715	1,373
Changes in assets and liabilities:		
Receivables and contract assets	5,212	(13,794)
Materials, supplies and fossil fuel stocks	(361)	(711)
Receivables and payables from derivatives	866	823
Other assets	(5,947)	1,937
Trade payables	(3,642)	22,172
Other liabilities	237	(3,353)
Cash generated from operations	<u>22,022</u>	<u>20,462</u>
Income taxes received (paid)	(15)	329
Interest paid, net of capitalized interest	(4,020)	(3,629)
Interest received	575	628
Dividends received	12,396	5,889
Net cash provided by operating activities	<u>30,958</u>	<u>23,679</u>
INVESTING ACTIVITIES:		
Acquisition of subsidiaries and joint-ventures	(2,577)	(1,132)
Proceeds from disposal of subsidiaries and joint-ventures and original investments repayments including on liquidation	713	156
Additions to non-current assets, including capitalized interest	(5,353)	(5,076)
Proceeds from sale of non-current assets	1,360	2,832
Loans made	(4,075)	(710)
Repayment of loans	2,000	1,250
Change in restricted financial assets	(666)	(492)
Total cash used in investing activities	<u>(8,598)</u>	<u>(3,172)</u>

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

continued

	<u>1-9/2019</u>	<u>1-9/2018</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings	124,762	62,943
Payments of borrowings	(127,204)	(64,291)
Lease payments	(924)	-
Change in payables/receivables from group cashpooling	(5,761)	721
Dividends paid	(12,771)	(17,537)
Sale of treasury shares	249	210
Net cash used in financing activities	<u>(21,649)</u>	<u>(17,954)</u>
Net effect of currency translation and allowances in cash	<u>37</u>	<u>16</u>
Net increase (decrease) in cash and cash equivalents	748	2,569
Cash and cash equivalents at beginning of period	<u>454</u>	<u>1,272</u>
Cash and cash equivalents at end of period	<u><u>1,202</u></u>	<u><u>3,841</u></u>
 Supplementary cash flow information:		
Total cash paid for interest	4,172	3,788