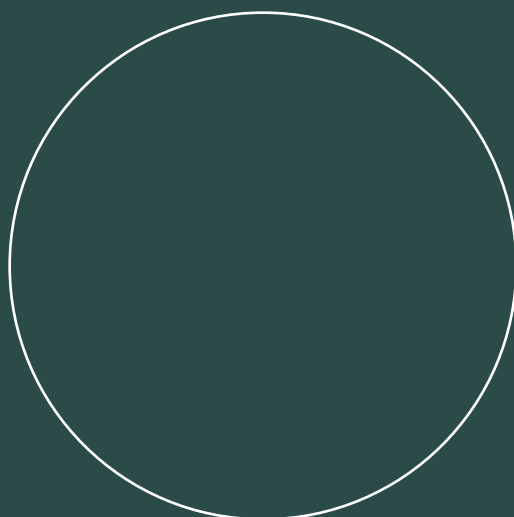


# ČEZ DISTRIBUCE, A. S. 2021 ANNUAL REPORT



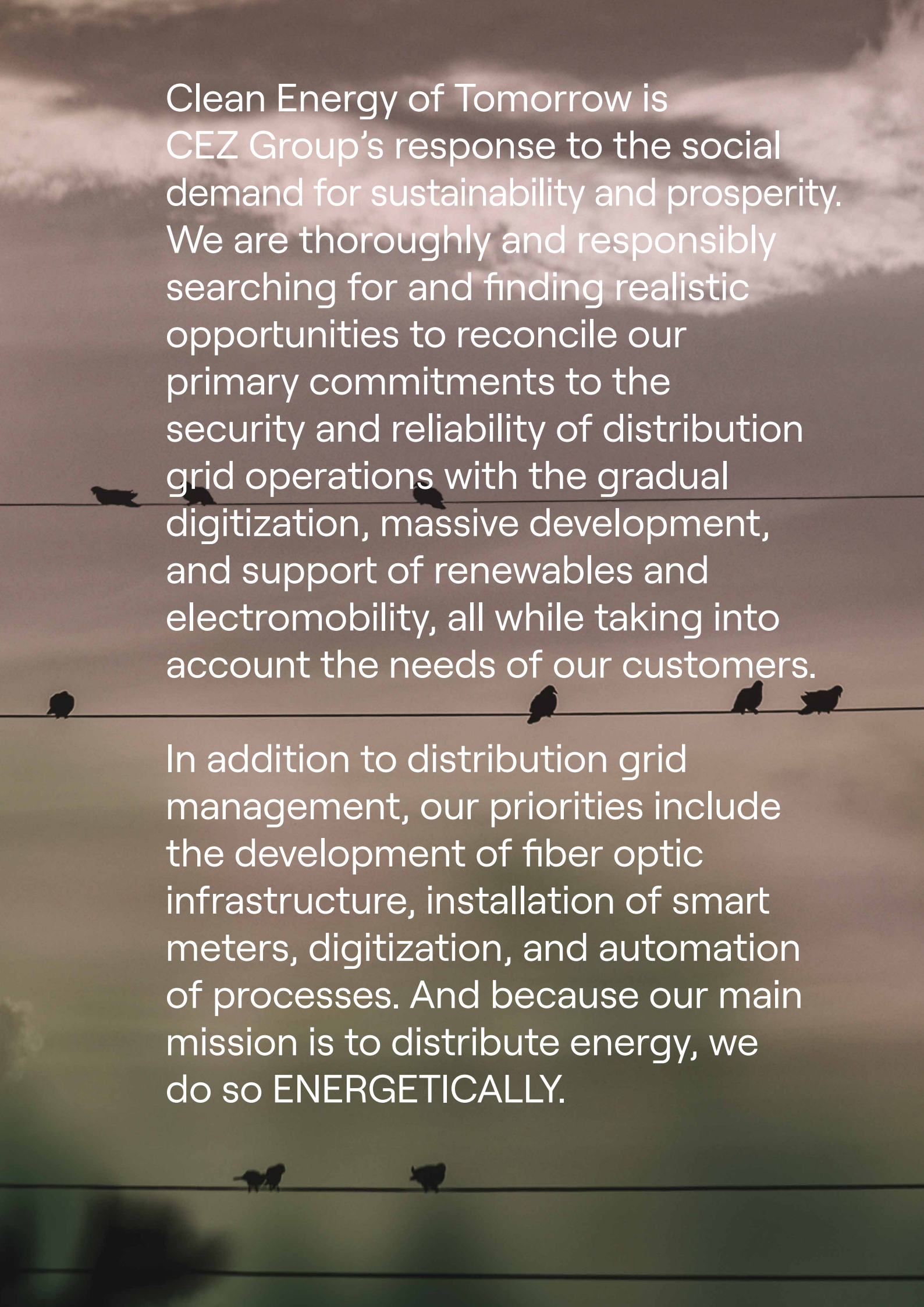
CLEAN  
ENERGY OF  
TOMORROW.....

 DISTRIBUCE

**Clean**

**Energy of**

**Tomorrow**



Clean Energy of Tomorrow is CEZ Group's response to the social demand for sustainability and prosperity. We are thoroughly and responsibly searching for and finding realistic opportunities to reconcile our primary commitments to the security and reliability of distribution grid operations with the gradual digitization, massive development, and support of renewables and electromobility, all while taking into account the needs of our customers.

In addition to distribution grid management, our priorities include the development of fiber optic infrastructure, installation of smart meters, digitization, and automation of processes. And because our main mission is to distribute energy, we do so **ENERGETICALLY**.

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# Information about Persons Responsible for the Annual Report

## Responsibility for the Annual Report

### Statutory Declaration

The information presented in the 2021 Annual Report of ČEZ Distribuce, a. s., corresponds to facts and no significant circumstances that could affect the accurate and correct assessment of ČEZ Distribuce, a. s., have been omitted or misrepresented.

Děčín, April 25, 2022

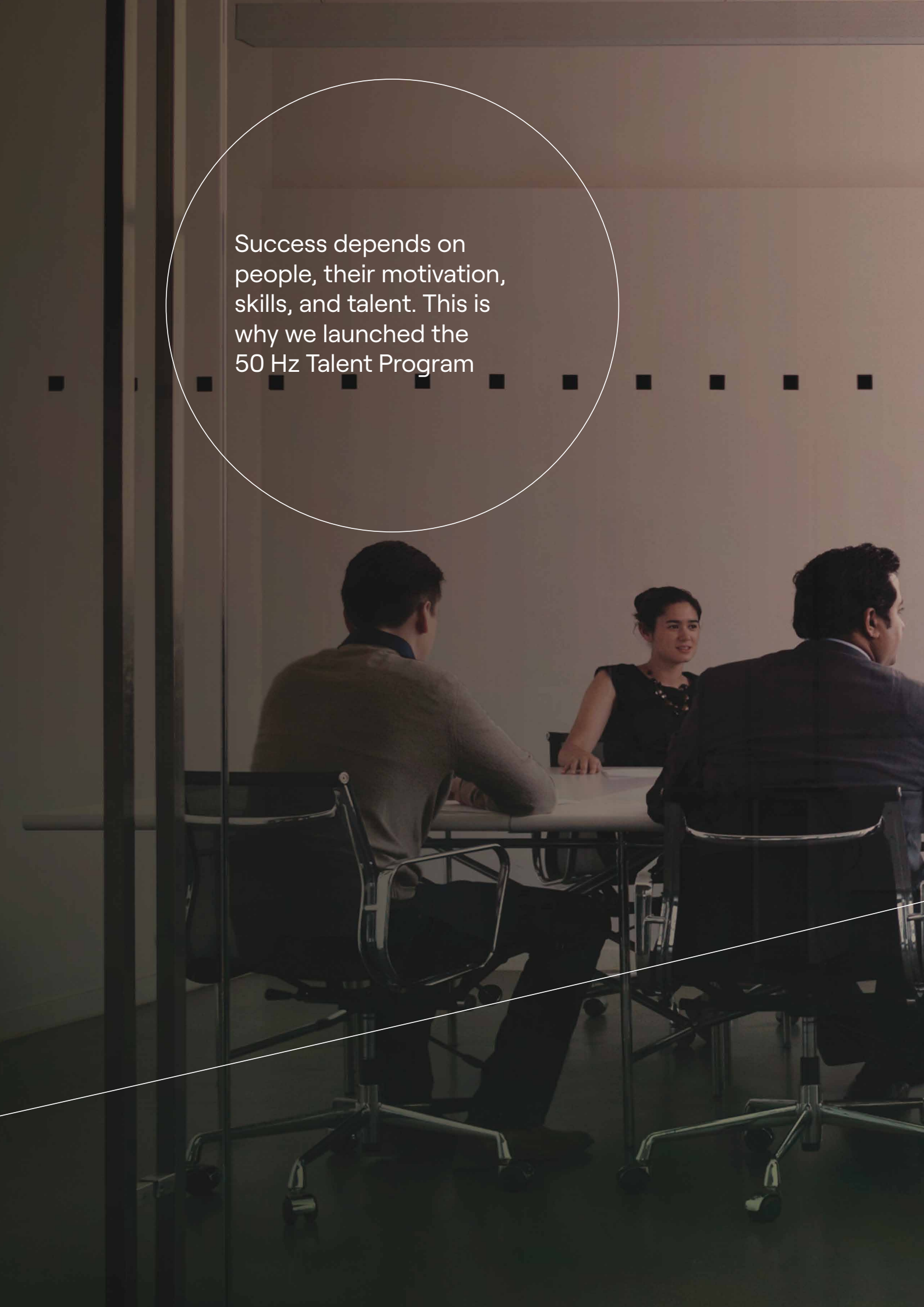


Martin Zmelík  
Chairman of the Board of Directors



Martin Molinger  
Member of the Board of Directors

Success depends on  
people, their motivation,  
skills, and talent. This is  
why we launched the  
50 Hz Talent Program





# Introduction by the Chairman of the Board of Directors

Ladies and Gentlemen,

Our company entered the new year amidst the ongoing COVID-19 pandemic. Even in such a difficult period, we proved that we can flexibly adapt and fully play our indispensable role in ensuring a safe and reliable supply of electricity.

Despite these constraints, we have worked hard to prepare for the transformation of our company in 2021, which will be launched fully in 2022. The aim is to prepare ČEZ Distribuce for new challenges and the transformation of the energy sector. We want to make a fundamental shift in the areas of customer process digitization, distribution grid digitization, capital and operating expenditure efficiency, customer satisfaction, and connection speed. Our goal is to confirm our role in the world of clean and flexible energy. Our transformation will also enable us to meet national targets for renewables and clean mobility.

Investments are necessary to achieve the above goals and our mission. In the past year, we invested CZK 13.2 billion in the renewal and development of the distribution grid, which is CZK 0.8 billion more than in the previous year. The largest part of the investment, CZK 10.7 billion, was directed towards high-voltage and low-voltage construction. One of the most important constructions is the construction of a new 110/22 kV Uničov transformer station, which will strengthen the insufficient transformer capacity in the area and thus the reliability of supply.

Economically, 2021 was a successful year. We managed to achieve all economic targets and performance indicators. EBITDA reached CZK 17.3 billion in 2021 and net income was CZK 6.6 billion.

In the area of customer service, we continue to digitize and improve our services. Right at the beginning of the year, we focused on connecting renewable energy sources. The reason for this was the ever-increasing trend in the number of applications received for their connection to the distribution grid, but also the government's newly prepared subsidy program for their construction (the so-called Modernization Fund). One of the necessary conditions for applying for the subsidy was a connection contract. Therefore, we prepared a special microsite for applicants with the necessary information and offered the possibility of submitting the application online. In 2021, more than 3.5 thousand applications for connection of generating plants were received, and another 14 thousand applications for connection of microgenerators (generating plant up to 10 kW connected at LV level). Year-on-year, the number of applications for connection of generating plants has increased by almost 150%. Therefore, I very much appreciate that everything was managed within the required deadlines.

Technical consultation points are available for our customers who prefer personal contact. More than 60 thousand customers visit them annually, and customers can also visit them in Karlovy Vary from June.

Our biggest challenge in customer service occurred in the autumn. After the collapse of several electricity traders, it was necessary to transfer more than 383 thousand service points to the supplier of last resort and then back to another electricity trader chosen by the customer within a few days.

Even this year, our operations were not immune to the whims of the weather and emergencies in the distribution grid. The most challenging period arrived in the middle of the year, when four strong atmospheric storms hit us in succession between June 24 and July 16, 2021. In terms of consequences, the most significant storm occurred on June 29 – June 30, which caused 186 faults on high-voltage lines and 185 thousand households across the territory were without electricity. In the autumn, we were hit by the Hendrik wind calamity, which ranked as the third largest event since 2017 with 340 high-voltage faults and nearly 300 thousand households without electricity.

Employees are one of our company's greatest assets. We care about their opinions, views, and satisfaction. That is why we regularly conduct questionnaire surveys and compare the results internally and externally within the energy sector and across the country. We conducted the survey to improve our corporate culture.

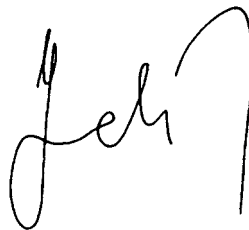
As part of our other HR activities, we also focus on recruitment. Through our Prokop Diviš Motivation Program, we involve students of electrical engineering in a number of extracurricular activities and motivate them to deepen their knowledge of the energy sector. Each year, more than 1,300 students from 10 selected schools participate in the program, and the top nine from each school receive a financial reward. This year, for the first time, the program has been extended to include an "Experience Day". The absolute winners from each school were treated to an interesting presentation by the company, a discussion on electromobility and, at the end, the opportunity to try their hand at being an electrical engineer.

Internally, we launched the 50 Hz Talent Program. Across the company, we selected 50 employees to work on assigned projects as part of this program. They were simultaneously provided with a personal development plan and a range of workshops including internal mentoring.

At the same time, we were able to defend our position among the most attractive employers on the labor market. In the Employer of the Year 2021 survey, we ranked third in the national round within the category of up to 5 thousand employees and continue to consolidate our stable position in the market. We have defended our Safe Enterprise title for the fourth time. Once again, we were able to confirm that safety, occupational health, fire protection, and environmental protection are our priorities without compromise.

Finally, let me thank all our business partners for their mutual cooperation, our customers for their goodwill, and our employees for a job well done and for meeting our targets.

I wish everyone good health and plenty of energy.



**Martin Zmelík**  
Chairman of the Board of Directors  
and Chief Executive Officer,  
ČEZ Distribuce, a. s.

# Selected Indicators

## Selected Financial Indicators

	Unit	2017	2018	2019	2020	2021
Workforce headcount as at December 31	Number	2,807	4,561	4,590	4,630	4,643
Revenue from sales of own products and services	CZK millions	45,817	47,224	48,401	48,573	49,990
Of which: Revenue from sales of electricity distribution	CZK millions	45,627	47,025	48,199	48,366	49,759
EBITDA	CZK millions	15,105	17,005	17,224	17,220	17,296
EBIT	CZK millions	8,100	9,671	9,548	9,246	8,945
Net income	CZK millions	6,396	7,669	7,296	6,927	6,627
Total assets	CZK millions	140,223	143,664	146,449	157,956	159,071
Equity	CZK millions	97,601	85,447	86,962	89,541	92,384
Net debt	CZK millions	13,001	26,634	27,616	29,421	31,197
Total debt to total capital	%	17.51	30.31	29.65	33.69	32.22
Capital expenditure	CZK millions	9,593	10,694	10,904	12,428	13,238
Operating cash flows	CZK millions	12,000	16,624	15,692	15,062	15,555

## Selected Sector-Specific Indicators

	Unit	2017	2018	2019	2020	2021
Service area	km <sup>2</sup>	52,001	52,001	52,001	52,001	52,001
Number of service points	Number	3,649,489	3,673,908	3,698,220	3,726,896	3,751,440
Of which: HV, MV—large end-use customers	Number	14,892	14,861	14,846	14,723	14,576
LV—commercial retail	Number	435,844	437,262	437,932	439,857	440,157
LV—residential retail	Number	3,198,753	3,221,785	3,245,442	3,272,316	3,296,707
Peak load	MW	6,178	5,970	6,002	5,885	6,277
Installed line length	km	164,264	165,133	165,835	166,686	167,628
Of which: HV	km	9,845	9,945	10,002	10,000	10,002
MV	km	50,698	50,881	51,006	51,134	51,295
LV	km	103,721	104,307	104,827	105,552	106,331
MV/LV transformer substations	Number	58,865	59,175	59,552	59,882	60,287
Of which: Owned by the Company	Number	46,025	46,319	46,636	46,924	47,253
Owned by a third party	Number	12,840	12,856	12,916	12,958	13,034
HV/HV, HV/MV, MV/MV transformer substations	Number	283	289	287	285	284

# Key Events of 2021 and 2022 until the Annual Report Closing Date

## Key Events of 2021

### January

- ČEZ Distribuce, a. s., as at January 1, 2021, took over the ownership of 30 premises that had until the end of 2020 been owned by ČEZ Korporátní služby, s.r.o.
- As part of the digitization of the notification of planned electricity outages from January 1, 2021, ČEZ Distribuce, a. s., no longer sends out paper notifications, but informs customers about outages by e-mail or text message; notifications are also posted on the [www.cezdistribuce.cz/odstavky](http://www.cezdistribuce.cz/odstavky) website and distributed in municipalities.
- Construction of a new 110/22 kV transformer station in Uničov was started; the 110 kV substation is constructed as a two-system outdoor substation with a transverse busbar switch; the 22 kV substation will be a single-system indoor substation in a cabinet design and transformation will be ensured by two transformers with an output of 25 MVA; the construction will also include a management and protection system.
- January 28 – 30, 2021, the Karlovy Vary region experienced an increased number of faults caused by freshly fallen wet snow, which caused trees and branches to fall onto power lines; all 86 faults were resolved within three days.

### February

- Renovation of the 110 kV substation at the 110/22 kV Hranice transformer station was started due to insufficient short-circuit resistance and unsatisfactory mechanical condition; the construction also includes replacement of the management and protection system including replacement of protections at the 110 and 22 kV substation.

- Renovation of the 110/22 kV transformer station in Uhlířské Janovice began; the intention thereof is to carry out a comprehensive renovation of the 22 kV substation; at the 110 kV substation, air-operated disconnectors will be replaced with new electrically operated ones; at the same time, the management and protection system will be renovated including the replacement of protections at the 110 and 22 kV substation.
- Construction of a set of three 110 kV line relocations was completed, which was triggered by the request of Vršanská uhelná a.s., due to the mining area's release for further coal mining.
- On February 4, 2021, safe passage of oversized cargo under the high- and low-voltage lines from Přerov to Prachovice was ensured.

### March

- January 12 – March 14, 2021, Czechia was hit by the Klaus windstorm; almost 24 thousand households lost electricity; the most common causes of faults were trees falling onto power lines, broken wires, and damaged insulators and support points.

### April

- On April 22, 2021, two old transformers were replaced with new ones in Domažlice; in this case it was a rarity, as the transformers were located in the basement of a house in the historical center of the town.
- In the Center region, construction of a 22 kV transformer and substation addition at the Pečky transformer station was started; the investment project is aimed at strengthening the transformer capacity to meet the requirements for further electricity consumption in the required quality in the areas of Pečky, Sadská, and south of Nymburk.

## May

- By decision of the sole shareholder, Mr. Tomáš Pleskač and Ms. Michaela Chaloupková were removed from their positions as members of the Supervisory Board of ČEZ Distribuce, a. s., effective as at June 30, 2021, and Mr. Daniel Beneš and Mr. Pavel Cyrani were elected members of the Supervisory Board of ČEZ Distribuce, a. s., effective as at July 1, 2021.
- Reconstruction of the Podbořany transformer station was started in the North region, due to a faulty and outdated control and protection system without the possibility of transmitting monitored electrical parameters; within this construction, the technology in the 110 kV substation will be replaced; in the 22 kV substation, the existing cube substation will be reconstructed while maintaining the cube technology, and the control and protection system will be completely reconstructed, including the installation of new protections in the 110 and 22 kV substation.

## June

- By decision of the sole shareholder of June 2, 2021, Mr. Petr Žejdlík was elected as a member of the Board of Directors of ČEZ Distribuce, a. s., effective as at June 15, 2021,
- ČEZ Distribuce, a. s., opened a new technical consultation point in Karlovy Vary.
- On June 24 – 25, 2021, an atmospheric storm accompanied by strong gusty winds hit part of the distribution area, mainly in the Central Bohemia, Hradec Králové, and Ústí nad Labem regions; more than 97 thousand customers were restricted and 78 faults were recorded on high-voltage equipment; significant damage was caused in the village of Stebno (Kryry), probably by a natural phenomenon called a downburst.
- On June 29 – 30, 2021, an atmospheric storm accompanied by strong gusty winds hit most of the distribution area, almost 185 thousand customers were restricted and 186 faults were recorded on high-voltage equipment; 75% of the restricted customers had their electricity supply restored in the course of the night; the visitor numbers to the <https://bezstavy.cz> (BezŠtávy) portal reached 22,700.
- Effective as at July 1, 2021, the Company's Supervisory Board elected Mr. Daniel Beneš as Chairman of the Supervisory Board of ČEZ Distribuce, a. s., and Mr. Pavel Cyrani as Vice-Chairman of the Supervisory Board of ČEZ Distribuce, a. s.
- The fifth year of the Prokop Diviš Motivation Program was extended to include the Experience Day for the 10 absolute winners from our partner schools.
- Reconstruction of the Benešov 22 kV substation was started in the Center region, within the framework of this construction the existing equipment of the 22 kV substation will be dismantled and a new building will be constructed for the 22 kV double-system switchboard, control system, and protection.

## July

- On July 8 – 9, 2021, an atmospheric storm accompanied by strong gusty winds hit most of the distribution area, almost 55 thousand customers were restricted and 68 faults were recorded on high-voltage equipment, 11,800 visitors were recorded on the BezŠtávy portal.
- On July 13 – 16, 2021, part of the distribution area was repeatedly exposed to atmospheric storms accompanied by strong gusty winds, more than 37 thousand customers were restricted and 40 faults were recorded on high voltage equipment, 26,040 visitors were recorded on the BezŠtávy portal.
- The Board of Directors of ČEZ Distribuce, a. s., has reviewed the notification of July 14, 2021 concerning the resignation of Ms. Michaela Kociánová as a member of the Board of Directors and, at her request, has approved the termination of her position as a member of the Board of Directors effective as at August 31, 2021.

## August

- After three years of testing and improvement, the fault detector for insulated overhead conductors was ready for live operation; an innovative method of detecting faults primarily caused by fallen branches on insulated conductors was tested in pilot operation; the detector registers the fault, evaluates it, and sends the information to the dispatcher's workplace, where the dispatcher sends the operators to the site by locating the fault section.

## September

- A fourth mobile substation was put into operation in the Center region, which serves for longer-term works related to the repair, reconstruction, or construction of distribution transformer stations.
- By decision of the sole shareholder of September 15, 2021, Ms. Lucie Masopustová was elected as a member of the Board of Directors of ČEZ Distribuce, a. s., effective as at October 1, 2021.
- Reconstruction of 22 kV and 35 kV substations in the Koštov transformer station was completed in the North region; within the framework of this construction, the technology of the common substation was renewed due to its mechanical condition and the technology of the substation's own consumption, control, and protection was replaced.

## October

- On October 21 – 23, 2021, a part of the distribution area was exposed to strong gusty winds reaching hurricane force (calamity Hendrik), a state of calamity was declared in the North, East, and West regions, more than 300 thousand customers were restricted and over 340 faults were recorded on high-voltage equipment; 73 thousand visitors were recorded on the BezŠtávy portal,
- During October, 6 traders (5 companies of the BOHEMIA ENERGY group with more than 360 thousand service points and Kolibřík Energie a.s., with 9 thousand service points in the distribution area of ČEZ Distribuce, a. s.) terminated their activities; their sudden termination caused accelerated transfers of suppliers for about 18 thousand customers in a single day, as well as a weekend transfer of all of the more than 360 thousand customers to the supplier of last resort.

## November

- On November 26 – 27, 2021, there was an increased failure rate in the Moravia region mainly caused by falling branches and trees weighed down by wet snow into the power lines, and more than 12.5 thousand customers were affected by supply outages.
- In the East region, the reconstruction of the 110/22 kV Beroun transformer station was completed, the comprehensive reconstruction achieved unattended operation, increased short-circuit immunity of the 110 kV substation, restoration of the noncompliant structural part of the substation, and expansion of the number of space reserves to satisfy new customers at the 22 kV level,
- ČEZ Distribuce, a. s., ranked third in its category, i.e., among companies with up to 5 thousand employees, in the national survey Employer of the Region announced by Sodexo, and second in the Ústí nad Labem region.
- ČEZ Distribuce, a. s., has been awarded the Safe Enterprise award for the fourth time.

## December

- The call center of ČEZ Distribuce, a. s., in Zábřeh celebrated its fifth birthday; during its operation, its employees handled almost 4.5 million calls.
- In the East region, the renovation of the 110/22 kV Lanškroun transformer station was completed; together with the renovation of the 22 kV substation, new 22 kV and 110 kV protections, and a new control system were installed.
- Employees of ČEZ Distribuce, a. s., gave out gifts at the Jedlička Institute in Liberec for the fourteenth time.

## Key Events of 2022 until the Annual Report Closing Date

### January

- On January 29 – 30, 2022, the fault rate of the distribution grid was negatively affected by the storm Nadia, which gradually affected most of the distribution area, most of all the North, Center, and East regions, almost 46 thousand customers were restricted, and 93 faults were registered on high-voltage equipment, the most frequent type of faults were falls of trees and branches into the lines, damage to insulators and conductors,
- The reconstruction of the 110/35 kV Červený Kostelec transformer station was started in the East region; the existing 110 kV substation will be replaced by a new substation of the same type with roofing of transformer and choke stations, the original outdoor 35 kV substation will be replaced by a new encapsulated switchboard.

## February

- On February 17, 2022, the distribution area was adversely affected by an emergency due to strong winds, reaching hurricane speeds in places, associated with the passage of the Dudley pressure low; the West, North, Center, and East regions were the most affected, with 287 faults recorded, interrupting the electricity supply to almost 278 thousand customers; further waves of strong winds in the following days (Eunice and Antonia) significantly affected the fault rate and complicated the repair of equipment until February 22, 2022. In many cases, repairs had to be postponed for the safety of internal and external employees.
- In the East region, the construction of a new double 110 kV line in the Polička-Svitavy section has been started; the line is being implemented in connection with the construction of the 110/35 kV Polička transformer station and the construction of the 110 kV Hlinsko-Polička line; in the case of wind farms in the Polička and Svitavsko area, it will serve for the possible output of wind power plants against the Mírovka node.
- In the Moravia region, a comprehensive reconstruction of the Šumperk-Ráječek high-voltage line has been started; the reconstruction will guarantee an increase in the reserve transmission capacity to meet future power requirements.
- In the Moravia region, a comprehensive reconstruction of the high-voltage Lískovec-Frýdlant nad Ostravicí line was started with an increase in the cross-section of the conductors and the installation of a combined 48-fiber ground cable.

## March

- The Robotization 2 project was completed, thanks to which a significant part of the distribution grid construction process was digitized.
- In the North region, the reconstruction of the 110/22 kV substation at the Chomutov South transformer station was started; the 110 kV substation will be equipped with two busbar systems and new outdoor technology, and a new transformer will be installed in the new stand; the 22 kV substation will be equipped with new indoor technology and new control and protection.

# Governance Bodies

In accordance with applicable legislation and the bylaws of ČEZ Distribuce, a. s., the shareholders' meeting elects and removes members of the Board of Directors, two-thirds of Supervisory Board members, and members of the Personnel Committee. Employees elect one-third of Supervisory Board members from among Company employees.

## Supervisory Board

The Supervisory Board is the Company's supervisory body; it supervises the exercise of the Board of Directors' powers and the conduct of the Company's business activities. Details of the Supervisory Board's sessions, approval procedure, meetings, and decision making are specified by the Rules of Procedure in accordance with the bylaws.

### Supervisory Board Members as at the Annual Report Publication Date

**Daniel Beneš (born 1970)**

**Chairman of the Supervisory Board since July 1, 2021**

**Member of the Supervisory Board since July 1, 2021**

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

He currently holds the position of Chief Executive Officer and Chairman of the Board of Directors of ČEZ, a. s.

**Pavel Cyrani (born 1976)**

**Vice-Chairman of the Supervisory Board since July 1, 2021**

**Member of the Supervisory Board since July 1, 2021**

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 currently holds the position of Director of the Sales and Strategy Division and Vice-Chairman of the Board of Directors of ČEZ, a. s.

**Jan Brožík (born 1972)**

**Member of the Supervisory Board since December 1, 2018**

A graduate of the Faculty of Finance and Accounting, University of Economics, Prague; MBA from the University of Pittsburgh. He currently holds the position of Director of Financing at ČEZ, a. s.

**Marek Šlégel (born 1977)**

**Member of the Supervisory Board since April 1, 2020**

A graduate of the Faculty of Law, University of West Bohemia, Plzeň. He currently holds the position of Director of Ownership Interest Administration at ČEZ, a. s.

**Karel Čech (born 1958)**

**Member of the Supervisory Board elected from candidates elected by employees since September 1, 2018**

A graduate of an industrial school of electrical engineering. He works as Head of MV/LV Construction East under the Energy Asset Management section of ČEZ Distribuce, a. s.

**Václav Rašner (born 1966)**

**Member of the Supervisory Board elected from candidates elected by employees since September 1, 2018**

A graduate of a power engineering program at the Technical University of Ostrava.

He works as a Technical Support Specialist in the Energy Asset Management section of ČEZ Distribuce, a. s.

### List of Supervisory Board Members Whose Membership Terminated in 2021 or by the Annual Report Closing Date

**Tomáš Pleskač (born 1966)**

**Chairman of the Supervisory Board since May 10, 2017, Member of the Supervisory Board from January 2, 2017, to June 30, 2021**

**Michaela Chaloupková (born 1975)**

**Vice-Chairwoman of the Supervisory Board since May 10, 2017, Member of the Supervisory Board from April 1, 2017, to June 30, 2021**

## Board of Directors

The Board of Directors is the Company's statutory governing body, which manages its activities and acts on its behalf. Board of Directors members are elected and removed by the shareholders' meeting. The powers of the Board of Directors are defined by the Company's bylaws approved by the shareholders' meeting. The Board of Directors makes decisions on all Company matters unless they are reserved for another company body by law or the Company's bylaws. Details of the Board of Directors' sessions, approval procedure, meetings and decision making are specified by the Rules of Procedure of the Board of Directors of ČEZ Distribuce, a. s. The Board of Directors has five members; Board of Directors members elect and remove their chairperson and vice-chairperson. Pursuant to law and the Company's bylaws, the Supervisory Board is notified of selected matters or asked for an opinion or prior authorization of the Board of Directors' decision.

### Board of Directors Members as at the Annual Report Publication Date

**Martin Zmelík (born 1975)**

**Chairman of the Board of Directors since August 1, 2018**

A graduate of the Faculty of Business Administration, University of Economics, Prague; MBA from U.S. Business School Prague (Rochester Institute of Technology).

**Radim Černý (born 1974)**

**Vice-Chairman of the Board of Directors since February 8, 2019**

A graduate of the Faculty of Electrical Engineering, University of West Bohemia, Plzeň.

He is a member of the Board of Trustees of the Czech Association of Regulated Power Supply Companies (CARPSC).

**Martin Molinger (born 1985)**

**Member of the Board of Directors since January 1, 2020**

A graduate of the Faculty of Informatics and Management, University of Hradec Králové.

**Petr Žejdlík (born 1974)**

**Member of the Board of Directors since June 15, 2021**

A graduate of the University of Economics in Prague, majoring in National Economy—Master's degree, he received his MBA degree from the University of Chicago, Graduate School of Business.

**Lucie Masopustová (born 1973)**

**Member of the Board of Directors since October 1, 2021**

She holds an MBA degree from Nottingham Trent University in Prague.

### Board of Directors Members Whose Membership Terminated in 2021 or by the Annual Report Closing Date

**Michaela Kociánová (born 1969)**

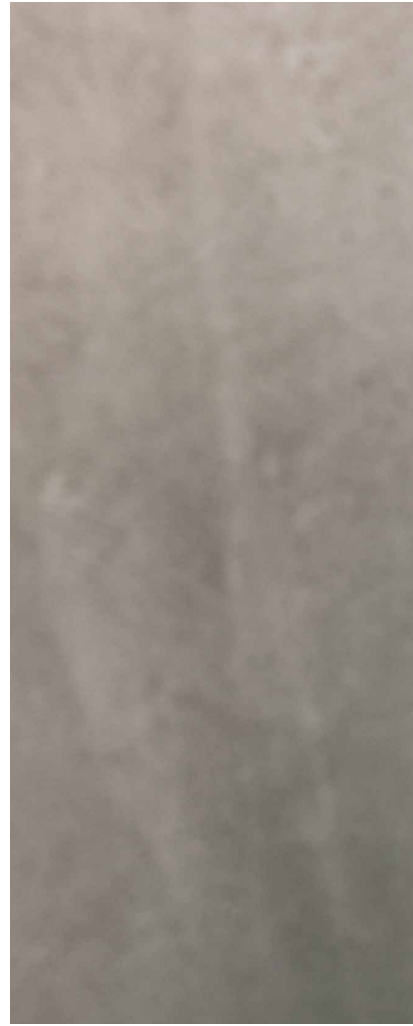
**Member of the Board of Directors from February 1, 2019, to August 31, 2021**

### Principles of Remuneration of Members of the Board of Directors and Supervisory Board

The principles of remuneration of members of the Board of Directors and the Supervisory Board are governed by rules approved by the Company's shareholders' meeting and incorporated in service contracts with members of the Board of Directors and the Supervisory Board, as approved by a decision of the sole shareholder exercising the powers of the shareholders' meeting.

Specific tasks for individual Board of Directors members are also approved by a decision of the sole shareholder exercising the powers of the shareholders' meeting, as is the assessment of their fulfillment, which, in accordance with the rules of unbundling, is solely dependent on the Company's performance. Such specific tasks are evaluated annually. ČEZ Distribuce, a. s., did not grant any credit or loans to members of the Board of Directors or the Supervisory Board and did not assume any liability or guaranty or performance on their behalf in 2021.

**Board of Directors Members**



Martin Molinger  
Member of the  
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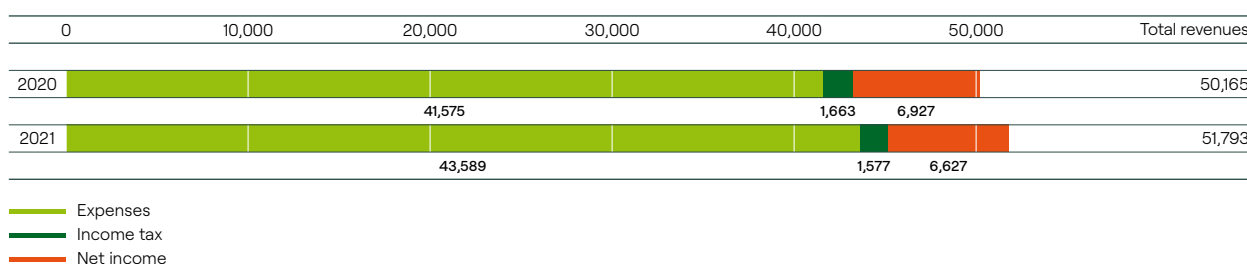


# Financial Performance

The joint-stock company ČEZ Distribuce was formed under the Draft Terms of Domestic Merger by the Formation of a New Company with the merger record date of January 1, 2010, and came into existence by registration in the Commercial Register kept by the Regional Court in Ústí nad Labem, Section B, File 2145, on October 1, 2010. Its core business is providing electricity distribution system services to individuals and legal entities.

## Revenues, Expenses, and Income

**Income Structure (CZK Millions)**



The Company's 2021 income before taxes was CZK 8,204 million. Its net income of CZK 6,627 million represents a decrease of CZK 300 million as compared to 2020.

Operating income was CZK 8,945 million, which is CZK 301 million less than in 2020, primarily due to increased operating expenses. Financing activities generated a loss of CZK 741 million due to interest on borrowings; the loss increased by CZK 85 million as compared to 2020.

Total expenses without income tax were CZK 43,589 million in 2021. The highest amounts were expended on covering costs associated with support for renewable electricity, on purchasing system, transmission, and distribution services, and on purchasing electric power to cover losses, totaling CZK 25,330 million, followed by depreciation and amortization of noncurrent assets of CZK 8,379 million, other expenses on production-related consumption of CZK 4,448 million, personnel expenses of CZK 4,613 million, other expenses arising from operating activities of CZK -508 million, and financial expenses of CZK 1,327 million.

Total 2021 revenues amounted to CZK 51,793 million and consisted of revenue from distribution system services amounting to CZK 49,759 million, other revenues of an operating nature amounting to CZK 1,449 million, and financial revenue amounting to CZK 585 million.

## Asset and Capital Structure

### Total Assets

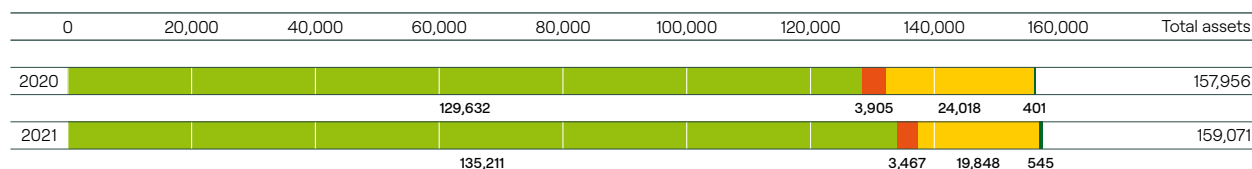
Total assets amounted to CZK 159,071 million, increasing by CZK 1,115 million against 2020.

Fixed assets amounted to CZK 138,678 million, increasing by CZK 5,141 million as compared to 2020. The most significant item was structures amounting to CZK 104,767 million, followed by tangible movable assets and sets thereof amounting to CZK 28,721 million, tangible fixed assets in progress amounting to CZK 3,270 million, land amounting to CZK 1,036 million, and intangible fixed assets amounting to CZK 744 million.

Current assets in 2021 decreased by CZK 4,047 million on the year before, amounting to CZK 20,330 million. The highest amounts were contingencies amounting to CZK 10,712 million, which represent mostly unbilled deliveries of services relating to electricity distribution, short-term receivables from Group companies within Group cash pooling amounting to CZK 7,098 million, short-term trade receivables amounting to CZK 1,701 million, materials amounting to CZK 468 million, and short-term advances paid amounting to CZK 245 million.

Accruals amounted to CZK 63 million and increased by CZK 21 million against 2020.

**Structure of Assets (CZK Millions)**



- Property, plant, and equipment and intangibles in use
- Fixed tangible and intangible assets in progress + advances paid
- Short-term receivables
- Other current assets + other assets

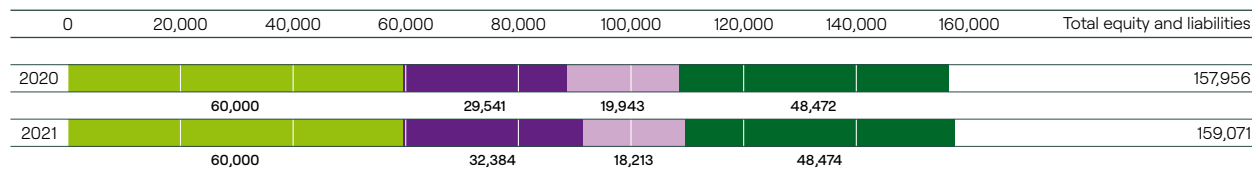
**Equity and Liabilities**

Equity amounted to CZK 92,384 million, increasing by CZK 2,843 million as compared to 2020. The highest items of equity were the stated capital registered in the Commercial Register, amounting to CZK 60,000 million, legal reserve of CZK 12,000 million, retained earnings of CZK 13,463 million, and the current period's profit of CZK 6,627 million.

Provisions and liabilities amounted to CZK 57,046 million, decreased by CZK 2,631 million year-on-year. The highest amounts were long-term liabilities to Group companies of CZK 25,054 million, short-term received advances of CZK 10,676 million, deferred tax liability of CZK 11,809 million, short-term trade payables of CZK 2,851 million, current contingent liabilities in the amount of CZK 2,348 million, other provisions of CZK 1,967 million, and current liabilities—controlled or controlling entity in the amount of CZK 1,429 million.

Other liabilities, consisting primarily of deferred revenue from connection applicants' contributions, amounted to CZK 9,641 million, increasing by CZK 904 million over the previous period.

**Structure of Equity and Liabilities (CZK Millions)**

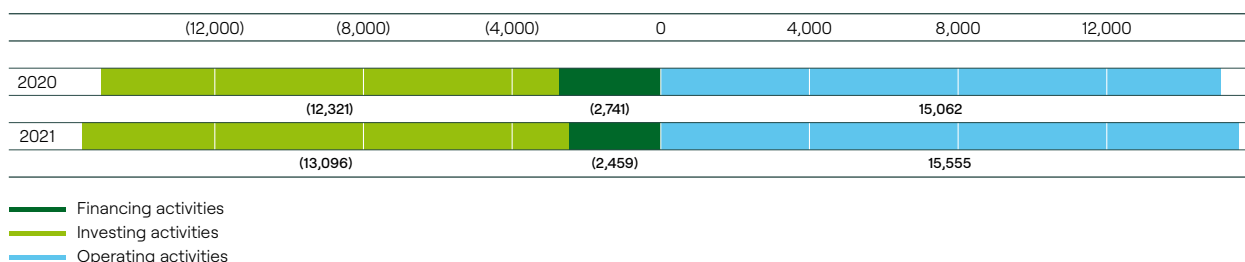


- Stated capital
- Additional paid-in capital + funds from net profit + retained earnings + current year's profit
- Current liabilities
- Provisions + long-term liabilities + bank loans and short-term notes + other liabilities

## Company Financing

### Cash Flows

#### Cash Flow Summary (CZK Millions)



Cash from operating activities, amounting to CZK 15,555 million, was generated by the following:

Profit on ordinary activities before taxes	8,204
Corporate income tax paid	(1,510)
Depreciation and amortization of fixed assets, write-offs	8,506
Changes in working capital	(735)
Other operating activities	1,090

Cash used in investing activities totaled CZK 13,096 million, with expenditures on purchases of fixed assets of CZK 13,165 million accounting for the greatest part thereof.

Cash used in financing activities totaled CZK 2,459 million; the amount included the payment of dividends amounting to CZK 4,083 million, change in cash under Group cash pooling of CZK -3,051 million, and change in the balance of loans of CZK 1,427 million.

### Borrowings and Their Maturity

As at December 31, 2021, the Company had loans amounting to CZK 26,483 million (maturing at December 31, 2025, September 25, 2028, and May 31, 2030). Of that amount, the long-term portion of loans amounted to CZK 25,054 million and the current portion amounted to CZK 1,429 million.

#### Key Financial Indicators

	Unit	2020	2021
Return on equity, net (ROE Net)	%	7.85	7.27
Return on assets, net (ROA Net)	%	4.55	4.18
EBIT margin	%	18.57	17.47
Financial debt to equity	%	31.63	29.07
Net debt to EBITDA	%	170.86	180.37
Current ratio	%	85.14	73.21
Operating cash flow to debt	%	39.49	42.19
Asset turnover	1	0.33	0.32
Fixed asset coverage	%	95.62	93.20
Depreciation-to-fixed assets ratio	%	55.77	55.52

# Economic and Financial Outlook for 2022

The year 2022 is the second year of the fifth regulatory period. The volume of purchases and sales of electricity distribution services is based on the expected development of electricity consumption without impacts of the COVID-19 pandemic in 2021 and the Energy Regulatory Office's pricing decisions for 2022, which take into consideration the principles of regulated prices on both the purchase and sales sides. The principles should ensure coverage of a distribution company's legitimate costs, including the generation of resources for distribution grid renovation and development and revenue for shareholders.

The Company's plan for 2022 anticipates revenues from sales of own products and services amounting to CZK 50,770 million, income before taxes of CZK 7,395 million, and capital expenditure of CZK 14,500 million.

# Capital Expenditure

## Principal Goals of Capital Construction

The Company expended CZK 13,238 million on distribution system renovation and development in 2021. The principal objective of capital expenditures is improving the quality, reliability, and safety of electricity supplies.

Capital expenditure was directed into the grids at all voltage levels and was implemented across all asset groups, including distribution grid development and coverage of customer requirements for connection to the distribution grid. In the field of new technologies, capital expenditures were primarily made on projects in digitization, installation of remotely controlled elements in medium-voltage grids, followed by projects for the installation and addition of metering equipment at distribution substations. Our optical infrastructure development project entered its next stage.

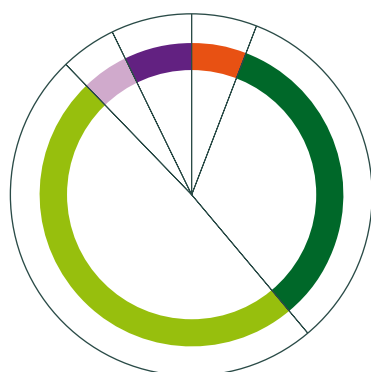
### Capital Expenditures in 2020 and 2021, Plan for 2022

Capital Expenditure (CZK Millions)

	2020	2021	2022
HV structures	927	875	824
MV structures	4,046	4,325	4,997
LV structures	6,020	6,434	7,075
Electricity meters	544	649	687
Ancillary expenditure	891	955	917
<b>Total</b>	<b>12,428</b>	<b>13,238</b>	<b>14,500</b>

Capital Expenditure in 2021

	%
HV structures	6
MV structures	33
LV structures	49
Electricity meters	5
Ancillary expenditure	7
<b>Total</b>	<b>100</b>



## Capital Expenditures on the Distribution System

Capital expenditures in 2021 were principally focused on MV and LV structures. CZK 10,759 million was expended on such assets in 2021. Most of the projects involved reconstructing and renovating underground and overhead lines, as well as constructing the MV parts of HV/MV transformer substations and MV/MV switching substations. Capital expenditures on HV structures amounted to CZK 875 million. Most of the projects concerned reconstructing and constructing new HV/MV transformer substations and HV overhead lines. CZK 1,604 million was expended on activities supporting main distribution processes, in particular the enhancement of operating and control systems and purchases of electricity meters. Capital expenditures on projects initiated at customers' requests totaled CZK 4,049 million.

### Major Projects

- Liskovec, 110 kV substation reconstruction
- Rokycany, 110 kV substation renovation
- Kladno-Dříň–Praha Sever, 110 kV line renovation
- Výškov, control and protection system renovation at the 110/22 kV transformer station
- Příbram–Brod, transformer station renovation
- Hranice, 110 kV substation reconstruction
- Uničov, construction of a 110/22 kV transformer station
- Mělník power plant, replacement of switches and construction of a building for joint operations
- Dolní Benešov, construction of a 110/22 kV transformer station
- Varnsdorf, 110 kV substation renovation and extension
- Lanškroun, 22 kV substation renovation

# Information on the Company's Core Business

The Company's core business is providing electricity distribution services to individuals and legal entities. The Company manages distribution system assets and controls the operation of the distribution system from its control center.

In 2021, the distribution system was operated and maintained in line with quality standards and requirements defined in the Preventive Maintenance Regulations to the maximum extent possible. Continuous operation of the distribution system during the year was negatively affected by eight emergency conditions of increased failure rates caused by severe weather, during which there were 6,168 emergency interruptions of electricity distribution with impacts on customers that lasted more than three minutes. Besides those interruptions, there were other unplanned interruptions that lasted more than three minutes and affected at least one customer: 31 interruptions at the HV level, 6,081 interruptions at the MV level, and 21,281 interruptions at the LV level. In addition, 7,705 damaged fuses were replaced in customers' main fuse boxes or feeder boxes.

The Company monitors and evaluates indicators concerning the quality and reliability of electricity supply and distribution and the quality of provided services. One of the indicators is the System Average Interruption Duration Index (SAIDI), which represents the total average outage duration per customer during a whole year. An equally important indicator is SAIFI, the average number of electricity distribution interruptions, which reflects the average number of electricity supply interruptions per customer throughout the year.

The achieved values of the continuity of supply indicators in 2021 were no longer significantly affected by the social situation and the Czech government's anti-epidemic measures related to the SARS-CoV-2 pandemic and the COVID-19 disease. Although the Company resumed a significant reduction in planned interruptions at the beginning of 2021 to respond to the increasing needs of telecommuting customers and ongoing distance schooling, these planned interruptions were implemented during the year.

#### System Average Interruption Duration Index (Minutes)

	0	50	100	150	200	Total
2020						220.0
2021						214.4

ČEZ Distribuce, a. s., owns and operates the following distribution system assets:

#### Distribution System Infrastructure

	Unit	2020	2021
Installed line length	km	166,686	167,628
Of which: HV	km	10,000	10,002
MV	km	51,134	51,295
LV	km	105,552	106,331
MV/LV transformer substations	Number	59,882	60,287
Of which: Owned by the Company	Number	46,924	47,253
Owned by a third party	Number	12,958	13,034
HV/HV, HV/MV, MV/MV transformer substations	Number	285	284

The Company's distribution system distributed 44,403 GWh of electricity in 2021.

**Annual Figures on Electricity Distribution (GWh)**

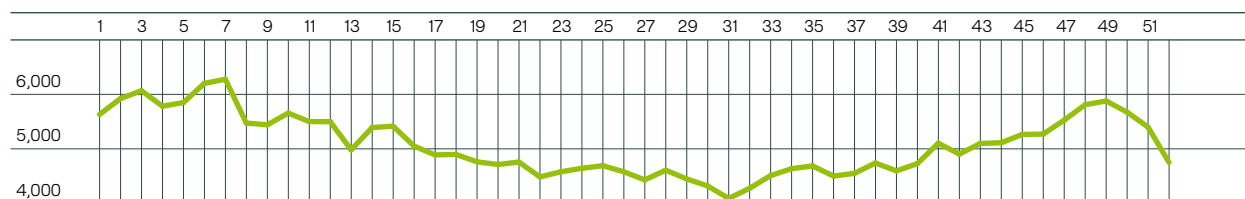
	2020	2021
<b>System inflow</b>		
Supplied from transmission service provider's grid	28,273	28,211
Supplied from facilities owned by ČEZ, a. s.	2,306	1,587
Supplied from neighboring distribution service providers	1,201	1,209
Supplied from facilities owned by other producers, including autoproducers	8,789	11,254
Supplied from other facilities	50	15
Imports (from abroad) at distribution service level	3	248
Distribution license holders (local distribution system)	2,337	1,879
<b>Total system inflow</b>	<b>42,959</b>	<b>44,403</b>
<b>System outflow</b>		
HV/MV customers	12,386	12,904
LV customers	14,956	15,957
Consumed by producers in distribution service provider's grid	1,715	1,846
Consumed by other facilities	50	15
Supplied to neighboring distribution service providers	5,720	5,533
Supplied to transmission service provider's grid	82	423
Exports (to abroad) at distribution service level	411	118
Distribution license holders (local distribution system)	5,619	5,844
Other consumption by distribution service provider	50	56
Losses	1,970	1,707
<b>Total system outflow</b>	<b>42,959</b>	<b>44,403</b>

Electricity inflow into the Company's distribution system was 44,403 GWh in 2021. This was an increase of 3.36%, that is, 1,444 GWh, over 2020. The greatest percentage, 63.53%, was electricity inflow from the transmission service provider's grid, which was 28,211 GWh. This was a decrease of 62 GWh compared to 2020. The amount of electricity procured directly from the facilities of ČEZ, a. s., was 1,587 GWh, which was 719 GWh less than in 2020. Supplies from neighboring distribution service providers increased by 8 GWh year-on-year; supplies from facilities owned by other producers, including autoproducers, increased by 2,465 GWh. The amount of electricity from other facilities decreased by 35 GWh. Imports from abroad increased by 245 GWh year-on-year; supplies from local distribution systems decreased by 458 GWh.

The amount of electricity distributed to HV and MV customers increased by 518 GWh year-on-year; electricity distributed to customers at those voltage levels accounted for 29.06% of total supplies. The amount of electricity distributed at LV level increased by 1,001 GWh and accounted for 35.94% of total supplies. Producers' consumption increased by 131 GWh as compared to 2020; other facilities' consumption reducing then by 35 GWh. Supplies to neighboring distribution service providers decreased by 187 GWh year-on-year; they account for 12.46% of the total amount of electricity distributed. The amount supplied back to the transmission service provider's grid increased by 341 GWh. Exports abroad decreased by 293 GWh year-on-year. Supplies to local distribution systems increased by 225 GWh in a year-on-year comparison. Other consumption increased by 6 GWh; losses decreased by 263 GWh.

The highest hourly peak was 6,277 MW, achieved on February 15, 2021, at 10 a.m.

**Weekly Peaks (MW)**



ČEZ Distribuce, a. s. sells its services for electricity distribution to customers through electricity traders or by direct sales. ČEZ Distribuce, a. s., had a framework contract with 145 active traders in 2021.


**Number of Service Points**

	Unit	2020	2021
HV, MV—large end-use customers	Number	14,723	14,576
LV—commercial retail	Number	439,857	440,157
LV—residential retail	Number	3,272,316	3,296,707
<b>Total</b>		<b>3,726 896</b>	<b>3,751,440</b>

Almost 25 thousand new service points were connected in 2021. Additionally, 5,896 new generating facilities with a total installed capacity of 174 MW were connected in 2021. CZK 1,128 million was collected from customers in contributions towards connection and capacity increases pursuant to Decree No. 16/2016 Sb., on conditions for connection to the electricity system, and CZK 3,472 million was expended on fulfilling their requests in 2021.

**New Connections, Increased Capacity**

Voltage Level	Expenditure on the Distribution System (CZK millions)	Selected Shares (CZK millions)	Connected or Increased (MW)
HV	10	158	762
MV	293	264	354
LV	3,170	707	782
<b>Total</b>	<b>3,472</b>	<b>1,128</b>	<b>1,898</b>



We are here for you  
in all weather. Ensuring  
the electricity supply  
is our mission



# Safety and Quality Management, Environmental Protection

## Occupational Safety and Health

The year 2021 was mainly marked by measures related to the COVID-19 epidemic. ČEZ Distribuce, a. s., continued to meet the requirements for continuous safety and security improvement in 2021. In ČEZ Distribuce, a. s., the Koronavir-2 working group continued to monitor and update anti-epidemic measures. Within ČEZ Distribuce, a. s., an internal audit of the OSH management system was carried out in accordance with the "Safe Enterprise" program, which confirmed the functionality of the system and compliance with applicable legislation. Subsequent inspections by regional labor inspectorates, fire brigades, and regional sanitary stations confirmed that the legal entity complies with the audited criteria set out in the Safe Enterprise program. ČEZ Distribuce, a. s., has thus once again obtained the "Safe Enterprise" certificate.

One fatal work accident and twenty time-loss work accidents with a total duration of incapacity for work of 1,771 days occurred in ČEZ Distribuce, a. s., in 2021. The fatal work accident is currently still under investigation by the Czech Police—Pardubice Region Police Headquarters and the Regional Labor Inspectorate for the Hradec Králové Region and Pardubice Region. All injuries are always properly investigated.

## Fire Prevention

Fire protection focused on prevention, protecting employees and property from fire, and creating conditions for safe operation of the distribution grid. The Company has set up a functional management system in the area of fire protection. The fulfillment of statutory obligations is ensured by the performance of professionally competent persons. Prevention is fulfilled, among other things, by continuous updating of fire protection documentation, training and professional preparation of employees, as well as control and audit activities of professionally qualified persons and managers of all management levels according to approved annual plans. The Company met the fire protection targets set for 2021. Within the framework of state fire supervision, no serious deficiencies were detected by the state administration authorities. No extraordinary event occurred at the Company during the period—fire with damage exceeding CZK 1 million.

## OSH Coordination on Construction Sites

OSH coordination on construction sites is an integral part of the Company's OSH care. During the performance of activities on construction and renovation sites of ČEZ Distribuce, a. s., on the MV and HV voltage levels within the scope stipulated by Act No. 309/2006 Sb., and the implementing regulation NV No. 591/2006 Sb., the fulfillment of legislative requirements was ensured and safety measures were also taken operatively at the place of implementation to the maximum extent.

## Quality Assurance

The Company applies quality standards within all processes. Key process indicators and required process outputs are reviewed by internal audits, checks, and other feedback tools. Compliance with qualitative indicators and targets is part of employee performance appraisal and an incentive component of pay. The quality of management relies on a uniform technical policy, standardization, technical standardization, and provision of preventive maintenance. The compliance of management systems, certified to ČSN EN ISO 14001, ČSN EN ISO 50001, and the "Safe Enterprise" program, and also to ČSN EN ISO 9001 for certain processes, is regularly audited by a certification company and the regional occupational safety inspectorate. As part of the physical protection of property, the parameters of its provision are updated, security measures are proposed and implemented to achieve an acceptable level.

## Environmental Protection

The Company protects the environment in accordance with applicable legislation. The Company's dedicated employees are actively involved in environmental care in all its components, in particular bird protection, waste, packaging and water management, management of chemicals and mixtures, accident prevention, remediation of old environmental burdens, and climate protection.

A total of 78 sites with old environmental burdens were identified within the Company's coverage area. Some of the environmental burdens have already been removed in previous years and the process of removing the others is underway. By the end of 2021, environmental burdens had been removed at 49 sites. Monitoring to complement original surveys, burden documentation updates, or remediation of ecological burdens are carried out at the remaining 29 sites.

ČEZ Distribuce, a. s., has addressed avian electrocution protection since the 1990s. Its objective is to prevent birds from being injured or killed by perching on power lines. Protection devices are installed on the support structures of medium-voltage power lines. Most often, they are plastic sheaths that are placed over insulators. Another method for protecting birds is using crossarm constructions that prevent birds from perching on the line and subsequently connect the conductor through the bird's body to a grounded mast structure. During 2021, another 18,767 support points of high-voltage power lines became safe for birds, and thus 68% of support points of high-voltage power lines of ČEZ Distribuce, a. s., are safe. In 2021, a total of CZK 45.5 billion was spent on bird protection.

In October, the external EMS and EnMS surveillance audit was successfully conducted, which confirmed the compliance of the environmental management system with the requirements of ČSN EN ISO 14001 and the compliance of the energy management system for the operation of technical and nontechnical distribution system equipment with the requirements of ČSN EN ISO 50001.

# Shares and Shareholders

The total amount of the stated capital of ČEZ Distribuce, a. s., registered in the Commercial Register at the closing date of the Annual Report was CZK 60,000 million. The Company's sole shareholder is ČEZ, a. s. ([www.cez.cz](http://www.cez.cz)), with its registered office at Praha 4, Duhová 2/1444, Postcode 140 53, company registration number 452 74 649, holding a 100% stake in the stated capital of ČEZ Distribuce, a. s.

## Classes and Volumes of Issued Stock

The stated capital is divided into 600 registered materialized common shares of stock with a nominal value of CZK 100 million. The common shares of stock are replaced with a Stock Certificate with a total nominal value of CZK 60,000 million issued to ČEZ, a. s., with its registered office at Praha 4, Duhová 2/1444, Postcode 140 53, company registration number 452 74 649. The Company did not acquire any treasury shares in 2021.

# Human Resources

## Employment Changes

In the field of labor relations and welfare policy, ČEZ Distribuce, a. s., strove to maintain social peace, respecting the Labor Code and related legislation as well as collective agreements in effect at ČEZ Distribuce, a. s.

### New Hires and Exits in 2021

	Number of employees
New hires	256
Exits	235

The workforce headcount as at December 31, 2021, was 4,643 employees.

## Education and Training

In 2021, in line with previous years, ČEZ Distribuce, a. s., focused on developing and maintaining its employees' core competencies, i.e., both professional and interpersonal skills. To this end, employees attended both internal courses and external training, workshops, seminars, and custom-tailored courses provided according to their needs and interests. To a large extent, it was implemented online. Particular emphasis was placed on the development of key employees by supporting and further developing their potential. The Company focused more on managing generational change, change management, knowledge and skills sharing, training employees in the deployment of new systems, taking on new activities, and generally supporting the development of employees' digital skills.

Programs aimed at new employee adaptation and cross-departmental collaboration continued in 2021. These include an adaptation program for new employees, as well as a program for employees who are new to a management role. The first year of the 50 Hz Talent Program took place. The program is designed to support the development of key employees and their managerial, communication, and psychosocial skills. It is a comprehensive training program with continuous follow-up.

Another employee satisfaction survey was conducted in 2021 as the Company highly values the opinions and attitudes of all its employees. The diversity of views or suggestions helps the Company to respond to the rapidly changing world of the energy sector, to which it must be able to adapt. The results of the survey will be used to further improve the corporate culture.

In 2021, the need to respond to the ongoing COVID-19 pandemic remained. ČEZ Distribuce, a. s., took measures in accordance with government regulations, and also implemented and adjusted its internal regulations to help protect the health of employees. These rules were also applied to external partners. In 2021, ČEZ Distribuce, a. s., spent a total of CZK 19 million on developing and education of its employees.

## Welfare Policy

ČEZ Distribuce, a. s., provides its employees with benefits in the form of monetary and nonmonetary benefits. In the area of nonmonetary benefits, employees mainly enjoy leaves of absence beyond the scope of the Labor Code, shortened weekly working hours, and the opportunity to engage in various nonwork activities, which were to some extent limited by the current pandemic situation in 2021. For selected occupations specified in the collective agreement, the Company paid for tick-borne encephalitis vaccinations. Employees were offered the opportunity to benefit from flu vaccination at the Company's expense. In connection with the COVID-19 disease, an information campaign on vaccination was launched and vaccine was provided for critical infrastructure employees. Subsequently, the vaccine was also made available to all employees via mobile teams at the workplace. In addition, the Company provided and distributed masks, respirators, and disinfectants. One of the tools used to combat COVID-19 was the use of staff rotation at work sites and with operations and field staff to ensure employee occupational safety and health to the maximum extent possible while maintaining the Company's availability and necessary capacity to provide services to customers. Where permitted by the nature of the work, working from home was used.

ČEZ Distribuce, a. s., expended CZK 291 million on monetary benefits in 2021. Key items that the Company made contributions to in the past year included, most importantly, a Cafeteria, contributions to retirement plans and life insurance, meal plans, health care, and retirement severance pay.

## Relations with Labor Unions

There were a total of 31 local labor unions operating at ČEZ Distribuce, a. s., in 2021. 2,329 employees were local union members. Collective bargaining on an amendment to the effective collective agreement took place in 2021, mainly concerning wages and salaries, and the welfare area. The collective bargaining culminated in the signing of Amendments No. 17 and 18 to the collective agreement. There were a total of 23 regular meetings held between the employer and labor union representatives in 2021, at which information was presented to the labor organizations and topics set down by the Labor Code and the collective agreement were discussed. In connection with the Company's transformation preparations and the plan for gradual digitization, several extraordinary meetings with the Company's management were also organized.

# Research and Development

ČEZ Distribuce, a. s., put up six topics for master's and bachelor's theses for students from schools with electrical engineering programs in 2021, focusing on a range of topics associated with electricity generation and distribution. In two cases, the Company cooperates as a professional guarantor of individual diploma thesis topics.

ČEZ Distribuce, a. s., continued to participate in projects of applied research, experimental development and innovation, including programs announced by the Technology Agency of the Czech Republic. The multiannual ES4G project (Theta Program) is focused on developing and testing methods that will enable optimization of energy flows in order to reduce the energy intensity of the grid and increase energy security in the agglomeration of the MV distribution network in Jablonec/Liberec.

ČEZ Distribuce, a. s., continues the National Energy Center (NCE I) projects, focusing on new elements and technologies of energy grids and on research into secure communication technologies for smart communication networks in the energy sector. In 2021, measurements with real data emulation according to the DLMS/COSEM protocol were completed in selected locations to verify the availability of LPWAN (low-power wide-area network) technologies. A data generator simulating defined distribution system equipment, developed in 2020, was successfully tested and used in the measurement.

In cooperation with the University of West Bohemia in Plzeň, tests of a prototype compensation device at the Kralovice transformer station were completed at the end of 2021 under realistic grid conditions. The aim of the project, supported by the NCE I program, was to verify the new principle of ground current compensation and other functions that will enable the elimination of the growth of capacitive currents in the high-voltage grid, compensation of active components, network asymmetry, reactive power, and higher harmonic currents in the future.

In the OneNet project (co-funded by the EU Horizon 2020 Framework Program), ČEZ Distribuce, a. s., is testing the concept of using the flexibility of fleet charging stations for electric vehicles through a platform for the involvement of new market players. Existing and newly built nonpublic fleet charging stations owned by ČEZ Distribuce, a. s., will be used to test the concept. Furthermore, the grid traffic light functionality has been launched as part of the pilot operation, which informs the power balance service providers on a common platform of distribution and transmission system operators about unavailability of the distribution grid—faults and outages in near real-time data transmission mode. In particular, the development of a single integration interface and data format for the automated sharing of this information has been a success in this area.

In the form of a pilot project, ČEZ Distribuce, a. s., installed compensation equipment in the form of capacitor banks to stabilize the voltage at the Králíky switching station. The device regulates the voltage in the distribution grid in steps by means of reactive power supply and significantly helps to maintain electricity quality parameters. The need for the installation of the compensation device arose from the development of a ski resort in the Lower Moravia area. The compensating equipment was put into operation much faster than the prepared conventional measures to strengthen the capacity of the distribution grid in the area (construction of a substation in the Králíky transformer station and related high-voltage lines).

# Donations and Sponsorship Program

## Donations

ČEZ Distribuce, a. s., contributed a total of CZK 100 million to projects undertaken by the ČEZ Foundation ([www.nadacecez.cz](http://www.nadacecez.cz)) in 2021. The ČEZ Foundation's support went into developing leisure-time activities for children and youth, improving the quality of life for disadvantaged people, and improving the civic amenities of municipalities in regions where ČEZ Distribuce, a. s., operates.

Donations made directly by ČEZ Distribuce, a. s., totaled CZK 3.85 million in 2021. This amount was distributed among 12 selected entities that supported education, culture, public space cultivation, youth leisure activities, and environmental protection.

The Company contributed CZK 4.414 million to the CEZ GROUP SENIORS Endowment Fund in 2021.

# Developments in the Legislative Framework for the Energy Sector

The basis of the legislative framework for electricity distribution consists of the following regulations, as amended, more information can be found at: <http://www.cezdistribuce.cz/cs/energeticka-legislativa>:

- Act No. 458/2000 Sb., on the conditions for doing business and exercising state administration in energy industries and on amendments to some acts (Energy Act)
- Act No. 165/2012 Sb., on supported energy sources and on amendments to some acts (Supported Sources Act)
- Act No. 406/2000 Sb., on energy management
- 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
- Act No. 183/2006 Sb., on land use planning and the building code (Building Act)
- Act No. 416/2009 Sb., on accelerated construction of transport, water, energy, and electronic communications infrastructures (Line Act)
- Act No. 184/2006 Sb., on revoking or restricting ownership of land or buildings (the Expropriation Act)
- Decree No. 408/2015 Sb., on Electricity Market Rules
- Decree No. 194/2015 Sb., on the manner of price regulation and procedures for price regulation in the electricity and heat sectors
- Decree No. 262/2015 Sb., on regulatory reporting
- Decree No. 540/2005 Sb., on the quality of electricity supplies and related services in the electricity sector
- Decree No. 70/2016 Sb., on the billing of supplies and related services in the energy sectors
- Decree No. 80/2010 Sb., on a state of emergency in the electricity sector and on requirements for the contents of an emergency plan
- Decree No. 8/2016 Sb., on the details of licensing for doing business in the energy sectors
- Decree No. 16/2016 Sb., on conditions for connection to the electricity system
- Decree No. 359/2020 Sb., on electricity metering
- Decree No. 301/2010 Sb., on requirements for the contents of Transmission System Operation Rules, Distribution System Operation Rules, Transmission System Operator Codes, Distribution System Operator Codes, Gas Storage Operator Codes, and Market Operator Business Conditions.

**In 2021, the following important legislation was amended from the perspective of electricity distribution:**

On October 8, 2021, Act No. 362/2021 Sb., was published in the Collection of Laws, amending Act No. 458/2000 Sb., on business conditions and the exercise of state administration in the energy sectors and on amendments to certain acts (Energy Act). This Act, effective as at January 1, 2022, responds to the Commission's infringement of 2017, modifies the definition of distribution system, introduces the institute of objection to the draft price regulation methodology, introduces and treats the institute of intermediary, and regulates the contractual terms of supply to consumers.

On October 18, 2021, Act No. 382/2021 Sb., was published in the Collection of Laws, amending Act No. 165/2012 Sb., on promoted energy sources and amending certain acts, as amended. Effective as at January 1, 2022, it implements the European Union's measures for increasing the share of renewables in gross final consumption, sets the relevant support framework until 2030, addresses overcompensation, adjusts terminology, and further amends 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).

**On December 23, 2021, the following were published in the Collection of Laws effective as at January 1, 2022:**


- Decree No. 487/2021 Sb., amending Decree No. 16/2016 Sb., on conditions of connection to the electricity grid; the amendment to the Decree primarily aims at expanding the connection of renewables to the distribution system
- Decree No. 489/2021 Sb., on procedures for the registration of support with the market operator and the implementation of some other provisions of the Supported Energy Sources Act (Registration Decree)
- Decree No. 490/2021 Sb., amending Decree No. 408/2015 Sb., on the electricity market rules, as amended; the Decree responds to a number of European Commission regulations, particularly in the area of deviation clearing
- Decree No. 513/2021 amending Decree No. 262/2015 Sb., on regulatory reporting, as amended; the Decree responds to the publication of the Principles of Price Regulation for the regulatory period 2021–2025 and changes to the approach to correction factors have been implemented.

**In addition, other regulations affecting electricity distribution were amended in 2021:**

- On May 26, 2021, Decree No. 207/2021 Sb. was published in the Collection of Laws, amending Decree No. 70/2016 Sb., on invoicing for supplies and related services in the energy sectors (effective as at January 1, 2022)
- Act No. 284/2021 Sb., amending certain acts in connection with the adoption of the Construction Act (effective as at January 1, 2023) was published in the Collection of Laws on July 29, 2021.

**Disclaimer:**

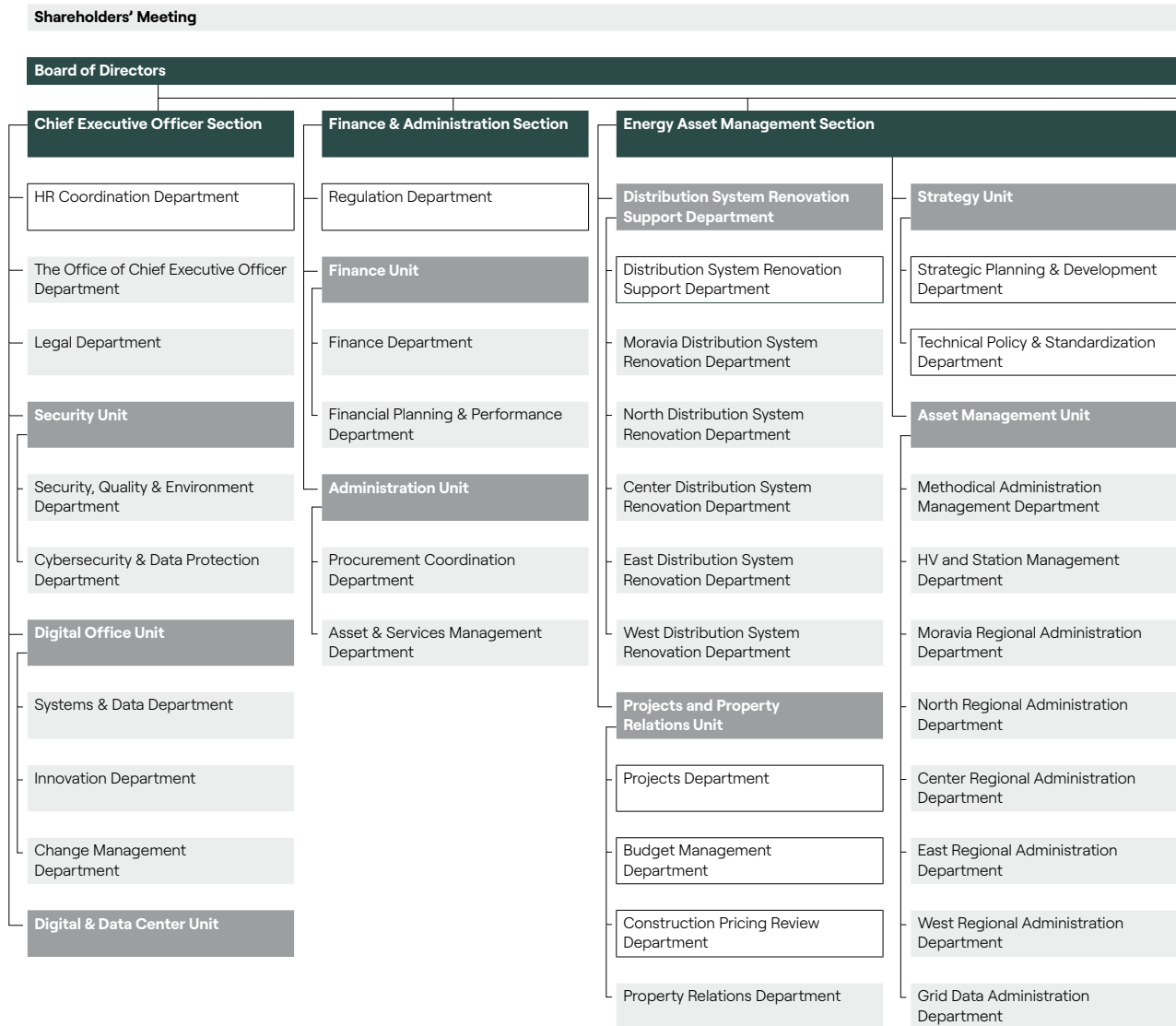
The Developments in the Legislative Framework for the Energy Sector section contains selected information concerning legislation and was drawn up with the greatest care possible. However, it cannot be regarded as qualified legal advice. ČEZ Distribuce, a. s., may not be held liable for any legal act performed or refrained from by anyone on the basis of the provided overview.

A large flock of birds is flying across a sky with a soft, hazy light. Below the birds, a line of trees and a field of green plants with small pink flowers are visible. In the distance, several high-voltage power lines with towers stretch across the horizon. A white circle is drawn around the text in the upper left quadrant.

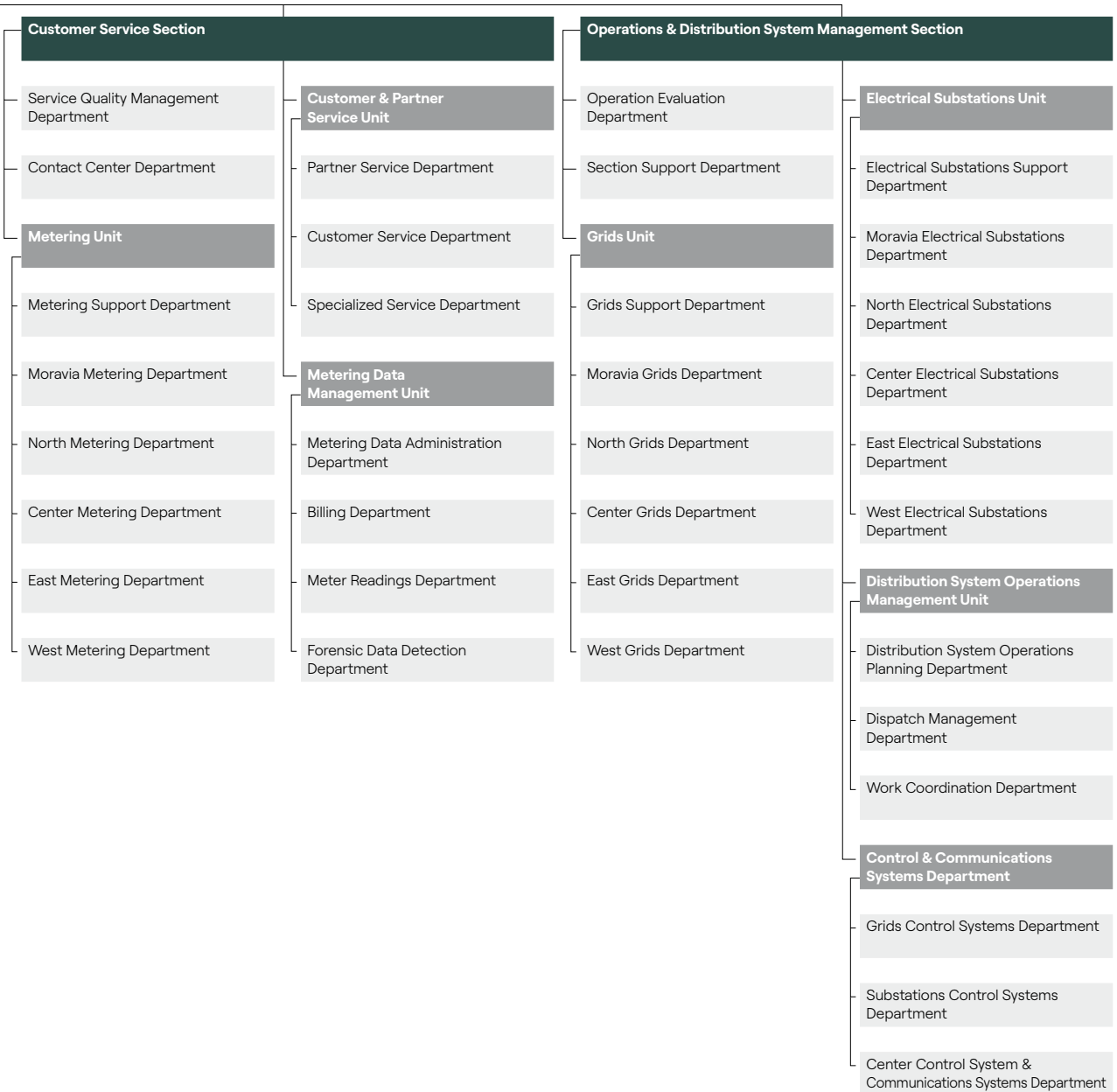
The environment is important  
to us. We protect it so that  
the electricity supply and  
nature are in harmony



# Basic Organization Chart of ČEZ Distribuce, a. s., as at April 1, 2022



**Supervisory Board**



# Glossary of Terms and Abbreviations

## Glossary of Terms and Abbreviations

Terms and Abbreviations	Commentary
Cash pooling	A method for optimizing bank account management. Using this method, participating companies' account balances are consolidated on a daily basis. Contractual credit and debit interest is calculated for accounts included in the cash pool.
Czechia	Czech Republic
ČSN	Czech national standard
Distribution system (DS)	An interconnected set of 110 kV lines and equipment, except selected 110 kV lines and equipment that are part of the transmission system, and 0.4/0.23 kV, 3 kV, 6 kV, 10 kV, 22 kV, and 35 kV lines and equipment that serve to distribute electricity in a defined area of Czechia, including metering, protective, control, safeguarding, information, and telecommunications systems.
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, and amortization
Electricity market operator (OTE)	A joint-stock company founded by the government, whose task is to organize the electricity market in Czechia, reconcile agreed and actual supply and consumption for market participants, ensure the settlement of differences between agreed and actual supplies, and organize the electricity spot market.
ES4G—Energy System for Grids	A smart system for energy management in energy grids
Framework contract	A contract entered into by a trader and a distributor when the trader has at least one customer with an integrated contract.
HV	High voltage—distribution infrastructure with phase-to-phase voltage over 52 kV
Large customers	Customers that use electricity from medium- and high-voltage grids
LPWAN	Low-power wide-area network
LV	Low voltage—distribution infrastructure with phase-to-phase voltage of 1 kV or less
MV	Medium voltage—distribution infrastructure with phase-to-phase voltage from 1 kV to 52 kV
OSH	Occupational safety and health
Renewable energy sources (RES)	Sources of energy that are naturally replenished. This means the energy of water, geothermal heat, sunlight, and wind or energy obtained by biomass combustion.
Retail customers	The category of electricity consumption consisting of electricity customers connected to low-voltage grids (up to 1 kV). The category is subdivided into the residential and commercial retail segments.
ROA	Return on assets
ROE	Return on equity
SAIDI—System Average	An indicator of continuity in electricity distribution. The average total duration of interruption in electricity distribution to customers in a system over a reported period. Presented as minutes/year/customer.
SAIFI—System Average	An indicator of continuity in electricity distribution. Average cumulative number of interruptions of electricity distribution to customers in the system over the period under review. It is presented as number/year/customer.
Transmission system (TS)	An interconnected set of 400 kV and 220 kV lines and equipment and selected 110 kV lines and equipment that serves for electricity transmission throughout Czechia and interconnection with the electricity systems of neighboring countries, including metering, protective, control, safeguarding, information, and telecommunications systems. The transmission system is built and operated in the public interest.

## List of Units and Abbreviations Used

Unit	Name
GWh	Gigawatt-hour; 1 GWh = 10 <sup>9</sup> Wh = 10 <sup>6</sup> kWh; Wh = unit of energy
km	Kilometer
kV	Kilovolt; 1 kV = 10 <sup>3</sup> V; V = unit of electric potential (voltage)
kW	Kilowatt; 1 kW = 10 <sup>3</sup> W; W = unit of power
m	Million
MVA	Megavolt-ampere; 1 MVA = 10 <sup>6</sup> VA; VA = unit of apparent (total) power
MW	Megawatt; 1 MW = 10 <sup>6</sup> W = 10 <sup>3</sup> kW; W = unit of power

## Methods Used to Calculate Financial Indicators

Indicator	Description
Current Ratio	(Current Assets + Accruals) / (Current Liabilities + Short-Term Bank Loans and Notes + Accruals)
Total Debt to Total Capital	(Long-Term Liabilities including Current Portion + Short-Term Loans) / (Long-Term Debt including Current Portion + Short-Term Loans + Equity)
Net Debt	Long-Term Liabilities including Current Portion + Short-Term Loans – Cash and Cash Equivalents – Highly Liquid Financial Assets
Net Debt to EBITDA	(Long-Term Liabilities including Current Portion + Bonds + Short-Term Loans – Cash and Cash Equivalents – Highly Liquid Financial Assets) / Earnings before Taxes and Other Expenses and Revenues + Depreciation and Amortization
Net Income	Earnings after Taxes (profit or loss in the reporting period)
EBIT	Earnings before Taxes and Other Expenses and Revenues
EBIT Margin	EBIT / Operating Revenue
EBITDA	Earnings before Taxes and Other Expenses and Revenues + Depreciation and Amortization
Financial Debt to Equity	(Long-Term Liabilities including Current Portion + Bonds + Short-Term Loans) / Average Equity
Fixed Asset Coverage	(Equity + Noncontrolling Interests + Long-Term Liabilities + Deferred Tax Liability) / Fixed Assets
Asset Turnover	Total Operating Revenue / Average Assets
Operating Cash Flow to Debt	Operating Cash Flow / Long-Term Liabilities
Return on Assets, Net (ROA Net)	Earnings after Taxes / Average Total Assets
Return on Equity, Net (ROE Net)	Earnings after Taxes / Average Equity
Depreciation-to-Fixed Assets Ratio	-1 * (Accumulated Depreciation and Allowances for Tangible Fixed Assets) / Depreciated Tangible Fixed Assets in Use, Gross

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# Related Parties Report for 2021

ČEZ Distribuce, a. s., with its registered office at Děčín—Děčín IV-Podmokly, Teplická 874/8, 405 02, company registration number: 24729035, registered in the Commercial Register maintained by the Regional Court in Ústí nad Labem, file ref. B 2145 (the “Preparer”), is, as a controlled entity, part of the CEZ Concern, which is headed by ČEZ, a. s., as the controlled entity, and which additionally included the following controlled entities in 2021:

AirPlus, spol. s r.o., Areál Třeboradice, a.s., AZ KLIMA a.s., ČEZ Bohunice a.s., ČEZ Distribuce, a. s., ČEZ Energetické produkty, s.r.o., ČEZ Energetické služby, s.r.o., ČEZ Energo, s.r.o., ČEZ ENERGOSERVIS spol. s r.o., ČEZ ESCO, a.s., ČEZ ICT Services, a. s., ČEZ Obnovitelné zdroje, s.r.o., ČEZ Prodej, a.s., ČEZ Teplárenská, a.s., Elektrárna Dětmárovice, a.s., Elektrárna Dukovany II, a. s., Elektrárna Mělník III, a. s., Elektrárna Temelín II, a. s., Energetické centrum s.r.o., Energotrans, a.s., ENESA a.s., HA.EM OSTRAVA, s.r.o., in PROJEKT LOUNY ENGINEERING s.r.o., KART, spol. s r.o., MARTIA a.s., PRODECO, a.s., Revitrans, a.s., Severočeské doly a.s., SD – Kolejová doprava, a.s., Telco Infrastructure, s.r.o., Telco Pro Services, a. s., and TENAUR, s.r.o.

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 CEZ Concern is part of a group of businesses controlled by the Czech Republic—Ministry of Finance. The Czech Republic—Ministry of Finance owns shares of stock corresponding to a 69.78% share in the stated capital of ČEZ, a. s.

This Related Parties Report (the “Report”) for 2021 (the “reporting period”) was prepared by the statutory governing body pursuant to Section 82 et seq. of Act No. 90/2012 Sb., on commercial companies and cooperatives (Business Corporations Act), as amended.

## Controlling Entity and Preparer of the Related Parties Report

### Controlling Entity

Company: ČEZ, a. s.  
Registered office: Praha 4, Duhová 2/1444, Postcode 140 53  
Company reg. No.: 45274649  
Registered in the Commercial Register maintained by the Municipal Court in Prague, file ref. B 1581.

### Controlled Entity / Preparer

Company: ČEZ Distribuce, a. s.  
Registered office: Děčín—Děčín IV-Podmokly, Teplická 874/8, Postcode 405 02  
Company reg. No.: 24729035  
Registered in the Commercial Register maintained by the Regional Court in Ústí nad Labem, file ref. B 2145.

## 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

A chart showing the ownership structure of all related parties in the period from January 1, 2021, to December 31, 2021, prepared by the Controlled Entity, is included in Annex 1 to this Report and constitutes its integral part.

## 2. Role of the Controlling Entity in the Group of Businesses

ČEZ Distribuce, a. s. (Controlled Entity), as a wholly owned subsidiary of ČEZ, a. s., performs, in particular, the licensed activity of a distribution system operator and other activities and services relating to the performance of the above-mentioned licensed activity. The Controlled Entity performs all its activities in accordance with business licenses granted to it within its line of business as defined in its bylaws and registered in the Commercial Register.

### 3. Manner and Means of Control

ČEZ, a. s., is the sole shareholder of ČEZ Distribuce, a. s., and holds a 100% share in voting rights. Because of this share in voting rights, ČEZ, a. s., may appoint and remove most members of the Controlled Entity's statutory governing body. Means of control within the CEZ Concern include approval of strategic programs, business strategies, business plans, and annual budgets. The Group procedure is applied at ČEZ Distribuce, a. s., in full compliance with all requirements of the unbundling rules resulting from 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) and Directive (EU) 2019/944 of the European Parliament and of the Council on common rules for the internal electricity market and amending Directive 2012/27/EU.

### 4. List of Acts Performed in the Last Accounting Period That Were Performed at the Instigation or in the Interest of the Managing Entity or Entities Controlled by the Controlling Entity and Concerned Assets Exceeding 10% of the Equity of the Controlled Entity as Identified in Its Latest Financial Statements

No such acts were performed in the period concerned.

### 5. List of Mutual Contracts between the Controlled Entity and the Controlling Entity or between Controlled Entities

This list includes an overview of mutual contracts between the Controlled Entity and the Controlling Entity or between controlled entities that were in force in the period from January 1 to December 31, 2019. The companies and contracts are arranged without regard to the value of performance.

ČEZ, a. s.

- 3 personal data processing agreements
- 6 agreements on electricity consumer connection to distribution system to voltage level of 0.4 kV
- 42 preliminary agreements on the connection of service point to the distribution grid
- Agreement on the connection of service point to the distribution grid No. 4102487334
- Distribution grid repairs and maintenance No. 4400040761
- Voltage and reactive power regulation ancillary services No. 4102291066
- 2 regulations and balancing of electric power supply
- Purchase agreement—unneded assets No. 4102359586
- 5 building repair agreements

- 6 easement agreements
- Agreement on coordinated action in the award and performance of a public contract (antivirus solution) of 2019
- Agreement on coordinated action in the award and performance of a public contract of June 18, 2019 (supplies of terminal computing equipment)
- Agreement on coordinated action in the award and performance of a public contract of June 19, 2019 (telemetry)
- Agreement on coordinated action in the award and performance of a public contract of April 15, 2019 (O2 telemetry for CEZ Group 2019–2024)
- Agreement on coordinated action in the award and performance of a public contract of June 19, 2019 (CEZ Group corporate mobile telephony 2019–2024)
- Agreement on cooperation in the performance of a public contract (x86 server deliveries) of 2018
- Agreement on cooperation in the performance of a public contract (infra checkpoint security maintenance) of 2017
- Agreement on cooperation in the performance of a public contract of June 5, 2018 (DWDM network restoration and expansion)
- Agreement on cooperation in the performance of a public contract (active LAN element renovation) of 2019
- Agreement on cooperation in the performance of a public contract (active WAN telecommunications access network element renovation) of 2018
- Agreement on cooperation in the performance of a public contract of June 29, 2018 (IT infrastructure service support)
- Agreement on cooperation in the performance of a public contract of July 11, 2018 (ECM system service)
- Agreement on cooperation in the performance of a public contract of December 20, 2019 (general agreement on the development of the Xenergie system)
- Agreement on coordinated action in the award and performance of a public contract (Oracle 2020–2022 Licenses) of June 28, 2019
- Agreement on cooperation in the performance of a public contract of February 28, 2019 (business intelligence for the distribution segment)
- Agreement on cooperation in the performance of a public contract of August 14, 2018 (MICROSOFT 2018 general agreement)
- Agreement on coordinated action in the award and performance of a public contract of July 4, 2019 (Citrix license maintenance (2020–2022))
- Agreement on coordinated action in the award and performance of a public contract of August 20, 2019 (IBM SPECTRUM STORAGE SUITE AND MAINTENANCE LICENSE)
- Agreement on cooperation in the performance of a public contract of October 12, 2018 (DUHA II)
- Agreement on cooperation in the performance of a public contract of January 5, 2016 (provision of ICT services in the area of CEZ Group's terminal equipment)
- Electricity and heat supplies, water/sewer fees
- Agreement for professional psychological testing

- Agreement on contracting entities' coordinated action in the award of a public contract of December 20, 2020
- Agreement on contracting entities' coordinated action in the award of a public contract of September 30, 2019
- Agreement on contracting entities' coordinated action in the award of a public contract of April 22, 2020
- 3 service agreements
- Contract for the provision of OSH, FP, and EP services
- Electricity and heat supplies, water/sewer fees
- 2 agreements on drinking water supply
- Agreement on fixed electricity payments
- 2 agreements on the sublease of business premises and for business lease of movables
- Parking space sublease agreement
- 3 sublease agreements
- 5 lease agreements
- 4 sales agreements
- Agreement on water supply
- Agreement on work (inspection)
- 2 agreements on fixed electricity payments
- Service agreement
- Agreement on contracting entities' coordinated action in the award of a public contract of consumables for "Hallway" printing equipment of May 10, 2021
- Agreement on contracting entities' coordinated action in the award of a public contract of administrative services of September 8, 2021
- License agreement
- Preliminary easement agreement and agreement on the right to build
- Preliminary easement agreement and agreement on the right to build
- 13 electricity supply contracts for electric mobility
- Service point connection—Nové Strašecí
- Service point connection—Verold Benešov
- Service point connection—BENZINA, Karviná
- Service point connection—Žatec
- Service point connection—Panenský Týnec
- Service point connection—Přelouč
- Service point connection—Havířov
- Agreement on coordinated action in the award and performance of a public contract of December 11, 2020
- Agreement on coordinated action in the award and performance of a public contract of May 13, 2015
- Agreement on coordinated action in the award and performance of a public contract of October 14, 2019
- Agreement on coordinated action in the award and performance of a public contract of June 20, 2017
- Agreement on coordinated action in the award and performance of a public contract of August 26, 2019
- Agreement on coordinated action in the award and performance of a public contract of September 20, 2019
- Agreement on coordinated action in the award and performance of a public contract of September 22, 2016
- Agreement on coordinated action in the award and performance of a public contract of August 26, 2019
- Agreement on coordinated action in the award and performance of a public contract of November 29, 2018
- Agreement on coordinated action in the award and performance of a public contract of August 29, 2017
- Agreement on coordinated action in the award and performance of a public contract of June 5, 2019
- Agreement on coordinated action in the award of a public contract for the "Operational leasing of passenger vehicles for CEZ Group" of August 7, 2020
- Agreement on coordinated action in the award of a public contract for the "Supply of light commercial vehicles—ZVZ/4" of April 6, 2020
- Agreement on concerted action in the award of a public contract for the "Supply of light and off-road utility vehicles" of July 12, 2019
- Agreement on coordinated action in the award of a public contract for the "Supply of medium commercial vehicles—ZVZ/ 26A" of May 20, 2021
- Agreement on coordinated action in the award of a public contract for the "Service and maintenance of Škoda and Volkswagen vehicles for CEZ Group" in 2021
- Agreement on coordinated action in the award and performance of a public contract for "Furnishing supplies" of January 10, 2021
- Agreement on information technology and telecommunications services No. 5600012720
- 2 nonresidential lease agreements
- 3 preliminary easement agreements and building right agreements
- Preliminary easement agreement and consent to the placement of buildings
- 2 connection agreements
- Preliminary easement agreement—Servitude
- 4 agreements on the establishment of an easement
- Preliminary easement agreement—Utility servitude
- Easement agreement—Servitude
- Preliminary easement agreement and agreement of the placement of buildings
- Electricity and heat supplies, water/sewer fees No. 279281
- Agreements on facility connection to the distribution grid
- Framework agreement on the provision of services at hydroelectric power plant substations
- Agreement on the connection of a floating photovoltaic power plant
- Preliminary agreement on the connection of the Vysočany Hráz photovoltaic power plant
- Preliminary agreement on the connection of the Bruntál photovoltaic power plant
- Preliminary agreement on the connection of the Tísek photovoltaic power plant
- Preliminary agreement on the connection of the Dělouš photovoltaic power plant
- Preliminary agreement on the connection of the Dolní Podluží photovoltaic power plant

- Preliminary agreement on the connection of the Boněnov photovoltaic power plant
  - Preliminary agreement on the connection of the Darkovičky photovoltaic power plant
  - Preliminary agreement on the connection of the Chabařovice 2 photovoltaic power plant
  - Preliminary agreement on the connection of the Okrouhlička photovoltaic power plant
  - Preliminary agreement on the connection of the Vrskaň photovoltaic power plant
  - Preliminary agreement on the connection of the Vyklice photovoltaic power plant
  - Preliminary agreement on the connection of the Záluží photovoltaic power plant
  - Preliminary agreement on the connection of the Litvínov photovoltaic power plant
  - Preliminary agreement on the connection of the Knínice photovoltaic power plant
  - Preliminary agreement on the connection of the Rokycany photovoltaic power plant
  - Preliminary agreement on the connection of the Plato photovoltaic power plant
  - Preliminary agreement on the connection of the Albrechtice Plot 964 photovoltaic power plant
  - Preliminary agreement on the connection of the Albrechtice Plot 1844 photovoltaic power plant
  - Preliminary agreement on the connection of the Albrechtice Plot 1930 photovoltaic power plant
  - Preliminary agreement on the connection of the Tachov photovoltaic power plant
  - Preliminary agreement on the connection of the Pastuchovice photovoltaic power plant
  - Preliminary agreement on the connection of the Unipetrol photovoltaic power plant
  - Preliminary agreement on the connection of a photovoltaic power plant
  - Agreement on the assignment of rights and obligations under preliminary connection agreements
  - Agreement on the connection of a photovoltaic power plant
  - Forklift sales
  - Consent of the support service provider and the distribution system operator to whose distribution system equipment of the provider of the support services to ČEPS, a.s.—Trmice heating plant (ETR) is connected
  - Consent of the support service provider and the distribution system operator to whose distribution system equipment of the provider of the support services to ČEPS, a.s.—Štěchovice II pumped-storage hydroelectric power plant (EST2) is connected
  - Consent of the support service provider and the distribution system operator to whose distribution system equipment of the provider of the support services to ČEPS, a.s.—Prunéřov I (EPRU I) power plant is connected
  - Consent of the support service provider and the distribution system operator to whose distribution system equipment of the provider of the support services to ČEPS, a.s.—Mělník II power plant—EME2 is connected
  - Consent of the support service provider and the distribution system operator to whose distribution system equipment of the provider of the support services to ČEPS, a.s.—Ledvice II + III (ELE) power plant is connected
  - Mutual credit facility agreement based on the multilevel flexible online real bilateral CZK cash-pooling agreement for the economically linked group
  - Mutual credit facility agreement based on the multilevel flexible online real bilateral EUR cash-pooling agreement for the economically linked group
  - 3 Credit Facility Agreements
  - Ancillary service agreement for voltage and reactive power control No. 10137432\_UQ\_2015
  - General agreement on cession of receivables
  - General agreement on emergency and operational assistance No. ČEZd: 12B01000-52020
  - 2 agreements on the transfer of part of leave
  - Purchase of 7 forklift vehicles
- ČEZ Energetické služby, s.r.o.**
- Agreement on local distribution system connection to the HV distribution system—Horní Suchá, No. 4101502065/16\_VN\_1008020698
  - Agreement on distribution system services at 22 kV voltage level—Horní Suchá, No. 16\_VN\_5\_08020701
  - Agreement on distribution system services at 110 kV (HV) voltage level, No. 4101533547/17\_VVN\_5\_08121498
  - Agreement on distribution system services at 110 kV (HV) voltage level, No. 4101427441/16\_VVN\_5\_07787416
  - Framework service agreement incl. Annexes 1–15 No. (4400040826) 44-00024484/22-4400000051,
  - Service agreement for the initial investigation of emergencies at ČEZ ES RES plants, incl. Annex 1, No. 4400032751 (4400039906)
  - Lease agreement (office 312, Česká Třebová), No. 392\_2020\_014 / 4102270033
  - Service agreement No. 17410268
  - Agreement on in-house consumption of TR and SP, No. 20410195/4102249884
  - Lease agreement No. 19410208
  - Agreement on construction in Petrovice, No. 20410079/4102165985

- Agreement on project documentation in Hlučín-Rovný, No. 20410170/4102230946
- Agreement on construction—Lázně Bohdaneč, No. 20410193
- Agreement on distribution system services at 22 kV (MV) voltage level, No. 21\_VN\_2\_09741567\_LDS Řež
- Construction agreement, No. IE-12-8007115, 21410086
- Agreement on 110 kV substation renovation, No. 21410082
- 38 orders for PPE inspections, cable diagnostics, measuring cable car performance, oil sampling, laboratory analyses of transformer oils, periodic tests of testers, determination of transformer condition
- 2 electricity distribution agreements, No. 21410146, 21410147

#### ČEZ Energo, s.r.o.

- 74 agreements on electricity connection
- 112 electricity connection agreements—separate CGU
- 3 preliminary agreements
- 19 preliminary agreements—electricity
- Other purchase—separate CGU
- Other sales—separate CGU
- Sale of electricity—Smřice
- 82 agreements on distribution grid services

#### ČEZ ESCO, a.s.

- Lease agreement, number 4400037001 (1550010034)\_31\_2016\_04 including Amendments No. 1–9
- Agreement on the provision of occupational health and safety, fire safety, environmental protection, number 4400037112 (2015\_106\_01), including Amendment No. 1
- Personal data processing agreement, number 1550040066, P3A18000014207 to the Framework agreement for the provision of distribution grid services
- Framework contract for distribution system services No. 1550040066 (14740354\_RSD\_2017\_D\_00) including Distribution portal (DIP, OÚ, DIP) operation rules
- Cooperation agreement, number 1550040181—Ensuring the maintenance of SAP licenses dated July 3, 2018
- Agreement on a joint procedure for awarding and fulfilling a public contract (fuel supply for CEZ Group) of June 20, 2017
- Lease agreement—Northwest 110285\_2020, Contract ID 4400050277 of January 25, 2021
- Lease agreement, Contract ID 4400051141 of April 1, 2021
- Agreement No. 4400043306 for customer disconnection and reconnection services
- Lease agreement No. 4400037001 (1550010034) of February 4, 2021, as amended by Amendment No. 9

#### ČEZ ICT Services, a. s.

- 3 nonresidential lease agreements, No. 4400025519, 4400036851, 4400049850
- General ICT services agreement
- CICTS framework development agreement
- 3 framework service agreements
- 11 preliminary agreements
- Personal data processing agreement
- VMware ICTS license transfer agreement
- 9 purchase agreements for technological software
- Implementation order, No. 4102277590
- General IT services agreement, No. 4102293253
- Entry authorization verification order, No. 4102370332
- Data drawer shift order, No. 4102461849
- RSD validation order, No. 4102495364

#### ČEZ Teplárenská, a.s.

- Electricity service point connection agreements with ČEZ Teplárenská, a.s.
- Lease agreement No. 4400049560
- Nonresidential lease agreement, No. 4100256835—original Agreement No. 11/4400018982
- 2 agreements on the establishment of an easement/servitude
- Preliminary easement agreement and Agreement of the placement of buildings (number and title): IE-12-2007569—Trutnov, abandonment
- Preliminary easement agreement and Agreement on the placement of buildings, No. IV-12-4016976/VB/P004
- Preliminary easement agreement and Placement of buildings agreement No. IV-12-2017240/SOBS VB/5, building name: Trutnov KNN 3234, SERVICE TRADING
- Servitude/Easement agreement, No. IV-12-4016976/4
- Preliminary servitude/easement agreement and Agreement on the building right, No. IV-12-6022947/4
- Preliminary easement agreement and Agreement on the placement of buildings, No. IE-12-4006042/VB/P002
- Servitude/Easement agreement, No. IV-12-6000864/VB53, Dolní Beřkovice, MV, TS, KNN, 53 RD, No. 128/1
- Servitude/Easement agreement, No. IE-12-2007569/VB/1—Trutnov, Polská, abandonment of TS\_TU\_0023
- Preliminary easement agreement and Placement of buildings agreement No. IV-12-4019386/VB/01 CV—Kadaň, Sukova, plot No. 2780/2, 3 x 32 A
- Servitude/Easement agreement No. IV-12-4019386/VB/01 CV—Kadaň, Sukova, plot No. 2780/2, 3 x 32 A
- Agreement on assigning the thermal energy supply contract of January 1, 2021, Assignor's contract No. 392\_2020\_015
- 2 thermal energy supply agreements

#### Energotrans, a.s.

- Agreement on the provision of electricity distribution from the MV or HV voltage level
- Consensual declaration of the ancillary service provider, EMĚ I distribution system operator to whose distribution system the equipment of the provider of ancillary services to ČEPS, a.s., is connected
- Consensual declaration of the ancillary service provider, EMĚ II distribution system operator to whose distribution system the equipment of the provider of ancillary services to ČEPS, a.s., is connected
- Agreement on facility connection to medium-voltage distribution system
- Agreement on Měšice connection to distribution system at the voltage level
- Ancillary service agreement for voltage and reactive power control and amendment
- Service agreement for the 110 kV substation incl. Amendment No. 790011\_2017
- Lease agreement—Land (reconstruction of 110 kW) incl. Amendment
- Lease agreement—Land, encroachment (reconstruction of 110 kW) incl. Amendment
- Lease agreement for industrial building (warehouse)
- Heat supply
- Lease agreement—Office

#### Elektrárna Dětmarovice, a.s.

- Agreement for electricity generation facility equipment connection to distribution system, as amended by Amendment No. 3
- Agreement on distribution as amended by Amendment No. 1
- Agreement for electricity consumer connection to MV/HV distribution system
- Ancillary service agreement for voltage and reactive power regulation, as amended by Amendment No. 2

#### MARTIA a.s.

- General terms and conditions VOP PD v08
- General terms and conditions VOP REAL v08
- Energy sector design work
- 2015\_HZS\_PD\_ZÁPAD
- 2015\_HZS\_PD\_SEVER
- Agreement for photovoltaic generating facility connection to distribution system
- Framework agreement with multiple contractors—HZS I
- Framework agreement with multiple contractors—HZS II
- 3 personal data processing agreements
- Contract for work to Framework agreement No. 4400047520

#### Lomy Mořina spol. s r.o.

- Agreement to relocate distribution equipment for electricity supply
- Preliminary agreement on electricity consumer connection to distribution system at the voltage level of 22 kV (MV)

#### ÚJV Řež, a.s.

- Distribution system service agreement
- Agreement for local distribution system connection

#### Centrum výzkumu Řež s.r.o.

- Agreement for facility connection to distribution system—Plzeň

#### PRODECO, a.s.

- Easement agreement—Underground LV cable lines

#### Severočeské doly a.s.

- Electricity distribution agreement
- Electricity distribution and system services agreement
- MV distribution system connection agreement
- Purchase agreement—Fláje electricity consumption (Střelná tel. tower)
- Connection of electrical equipment at Bílina Mine to HV distribution system
- Agreement on electricity service point connection to the distribution system
- Agreement for electricity consumer connection to MV/HV distribution system
- Agreement for local distribution system connection to the medium-voltage/high-voltage distribution system
- Agreement on the provision of distribution system service from the HV voltage level—DNT
- Agreement on the provision of distribution system service from the HV voltage level—DNT
- Agreement on the provision of distribution system service from the HV voltage level—DNT
- Agreement on the provision of distribution system service from the HV voltage level—DB
- Agreement on the provision of distribution system service from the HV voltage level—DB
- Agreement on the provision of distribution system service from the HV voltage level—DB
- Lease agreement—Transformer station, DB building management
- Easement agreement—ČEZ Distribuce, a. s., Děčín
- Easement agreement—ČEZ Distribuce, a. s., ENERGO - PRO, Chomutov
- Preliminary easement agreement—ČEZ Distribuce, a. s., Pruněřov
- 2 easement agreements
- 2 preliminary utility easement agreements

**Teplo Klášterec s.r.o.**

- Agreement to share provable costs of storm water discharge
- Agreement for electricity consumer connection to low-voltage distribution system
- Servitude/Easement agreement

**ČEZ Energetické produkty, s.r.o.**

- Distribution system connection agreement

**ČEZ Obnovitelné zdroje, s.r.o.**

- Agreements for facility connection to the distribution grid
- Electricity distribution agreements
- Agreement on back-charge of costs associated with waste water treatment
- Preliminary agreement MVE\_Hracholusky, PPE tests
- Preliminary agreement MVE\_Hracholusky, resetting protections
- SOD\_MVE\_VYDRA\_ČEZD\_resetting generator protections, No. 4102170093
- SOD\_FVE\_RALSKO\_ČEZD\_cable diagnostics
- Agreement on distribution system services at 10 kV (MV) voltage level, No. 18\_VN\_3\_08817112 as amended by Amendment No. 001
- Agreement on compensation for electricity generation reduction during dispatching, No. 10407658/2020/DŘ
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS04\_4121654694 (FVE Tísek)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 20\_SOBS01\_4121652014 (FVE Horní Benešov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS02\_4121647472 (FVE Hrušovany, k. ú. Vysočany u Chomutova)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS02\_4121651853 (FVE Bruntál)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121676749 (FVE Dělouš)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121674293 (FVE Vrskmaň)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121676970 (FVE Vyklice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121674303 (FVE Záluží u Litvínova)

- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121670180 (FVE Kurojedy)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121673888 (FVE Dolní Litvínov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121672570 (FVE Poběžovice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS02\_4121683661 (FVE Pastuchovice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121685937 (FVE Knínice)
- Lease agreement—Liberec, No. 001271\_2021/4400053001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), 20\_SOBS02\_4121691377 (cadastral area Rožmitál pod Třemšínem)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121731320 (cadastral area Osek u Rokycan)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121624293 (cadastral area Vrskmaň) as amended by Amendment No. 002
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121736441 (cadastral area Poustka u Františkových Lázní)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121691252 (FVE Vysočany-Plato, Hrušovany)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS02\_4121674768 (FVE Albrechtice u Rýmařova)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121771608 (FVE Boněnov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121765568 (FVE Čermná ve Slezsku)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121764474 (FVE Dyšina)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121673117 (FVE Horní Životice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121775198 (FVE Chabařovice)

- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121747551 (FVE Kamenná Horka)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121673103 (FVE Velké Hoštice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121748035 (FVE Vítkov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS02\_4121759122 (FVE Okrouhlička)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121769264 (FVE Albrechtice 1844)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121769272 (FVE Albrechtice 1930/2)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121769255 (FVE Albrechtice 964)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS02\_4121765340 (FVE Koclířov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121772330 (FVE Tachov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121798672 (FVE Arnultovice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121795458 (FVE Teplá)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121674303 (FVE Záluží u Litvínova) as amended by Amendment No. 001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121802150 (FVE Štěchovice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121759813 (FVE Dvorce, FVE Horní Loděnice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121771608 (FVE Boněnov) as amended by Amendment No. 001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121748673 (FVE Unipetrol, Dolní Jiřetín)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (HV), No. 21\_SOBS01\_4121788842 (FVE LETIŠTĚ TACHOV, Oldřichov)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121823653 (FVE Komárov u Opavy)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 35 kV (MV), No. 21\_SOBS03\_4121819133 (FVE Dolní Podluží)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS02\_4121809189 (FVE Líšňany)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (MV), No. 21\_SOBS01\_4121746657 (FVE Svěradice)
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121731320 (FVE Osek) as amended by Amendment No. 001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS02\_4121647472 as amended by Amendment No. 001
- Preliminary agreement on electricity consumer connection to distribution system to MV voltage level concluded on the basis of the application for connection, No. 4121654694, as amended
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 20\_SOBS01\_4121674303 as amended by Amendment No. 001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 22 kV (MV), No. 21\_SOBS01\_4121821600
- Preliminary agreement on connecting generating facility, No. 21\_SOBS01\_4121764474 as amended by Amendment No. 001
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (MV), No. 21\_SOBS02\_4121845640 (FVE Ledvice), ČEZ ref. No.: 4400052430
- Preliminary agreement on connecting generating facility to the distribution grid at voltage level of 110 kV (MV), No. 21\_SOBS02\_4121825857 (FVE Píšť)
- Preliminary agreement on connecting generating facility, No. 21\_SOBS01\_4121769235 (FVE Dýšina) as amended by Amendment No. 001
- 4102476495—Cable diagnostics (FVE Vranovská Ves)
- 4102413310—Cable diagnostics (FVE Ralsko)
- 4102338190—Revision of dielectric gloves (MVE Hracholusky)
- 4102338190—Revision of dielectric gloves (HPP Bukovec)
- 4102476378—Repair of TG unit (MVE Pračov)

#### ČEZ OZ uzavřený investiční fond a.s.

- Lease agreement, switchgear and UPS siting—Noviny pod Ralskem
- Lease agreement—Lease of nonresidential premises in Hradec Králové
- Lease agreement—Nekoř, Pastviny SHP Operation
- Lease agreement for land in the TR Noviny area
- Servitude agreement—Spálov SHP
- Servitude agreement—Přelouč (wastewater treatment plant)
- Servitude agreement—Výdra, Čeňkova Pila
- Preliminary servitude agreement—Kladno-Dříví MV
- Servitude agreement—Srní
- Agreement for structure siting and operation—Nekoř, Pastviny SHP
- Agreement for equipment siting and operation at the Pastviny SOE site

#### Tepelné hospodářství města Ústí nad Labem s.r.o.

- Nonresidential lease agreement (transformer substation)
- Utility tunnel and corridor sublease agreement
- Agreements on electricity consumer connection to distribution system to voltage level of 0.4 kV (LV), at the quantity of 549
- Easement Agreement
- Preliminary easement agreement and Agreement of placement of buildings
- Preliminary agreement on the connection of service point to the distribution grid

#### ČEZ Prodej, a.s.

- General agreement for distribution system services
- Agreement for OSH, FP, and EP services
- Agreement for generation connection to medium-voltage distribution system
- Supply agreement for electricity for in-house consumption, as amended on December 8, 2016
- 2 supply agreements for electricity to cover distribution system losses
- Personal data processing agreement
- Personal data processing agreement of OSH, FP, EP
- Amendment No. 4 to the Service agreement
- Connection agreement
- Agreement on the supply of electricity for other consumption as amended by Amendment No. 2
- Lease agreement—Ústí nad Labem/Liberec

#### Magnalink, a.s.

- Connection to the LV distribution system—Mrštíkova 1357/1, Hradec Králové, No. 90009
- Agreement on the combined supply of electricity from the LV grid—Mrštíkova 1357/1, Hradec Králové, No. 90010
- Connection agreement—Domečkova, Hradec Králové, No. 100007
- Connection agreement—Urxova 499/2, Hradec Králové, No. 100006
- Connection agreement—Školská, Hradec Králové, No. 110005
- Agreement on electricity consumer connection to distribution system to voltage level—Gebauerova, Hradec Králové, No. 130014

#### Telco Pro Services, a. s.

- Agreement on fault remedy services and collaboration in inspection activities, repairs and servicing, and Rc diagnostics in the Moravia and East regions, No. 4400049387
- Lease agreement
- Framework agreement for the provision of Telco services, as amended, No. 34\_20170101\_R
- Framework agreement for the provision of Telco services, as amended, No. 34\_20170101\_D
- Personal data processing agreement
- Framework agreement for the operation, periodic maintenance, and repair of optical infrastructure, No. 392\_2020\_003, 4102112407
- OBJ R NA Telco, No. 4102032244
- Lease agreement for optic infrastructure, No. 392\_2020\_004
- SML\_J\_VB ČEZ Distribuce—Noviny pod Ralskem FVE, No. 4102139638
- SML B SOP TR Černá Louka\_110 kV\_ZOK, No. 4102255962
- SML E OS—Maintenance of optical infrastructure, No. 4102112407
- Framework agreement—SLA—DSO—TPS, No. 4400036950
- CEZD\_SERVICE ACTIVITY HDO 2021–2024, No. 4400049231
- Service agreement ČEZ Distribuce—TPS, Area II, No. 4400049387
- MO-NAB-1225000894, No. 5800021825
- MO-NAB-1225001763 IE-12-8004254, No. 5800021986
- RDST\_TELCO\_2021, No. 4102284115
- REA, Metal. Cable Purchase, Telco Pro Services, No. 4102330283
- SML M OS DSO+TPS SLA, No. 4102330898
- REA\_VVN\_IE-12-8007771\_HDO, Riviera, No. 4102339081
- ODV J OS TPS\_IO Relocation in TR Želenice, No. 4102341603
- REA\_VVN\_IE-12-8007770\_HDO, renov. Jablunkov, No. 4102342936
- ODV J OS TR Rokycany, ICT relocation, No. 4102345869
- OBJ J OS TPS\_SFP for MDTS, No. 4102391109
- ODV J TR Rokycany, ICT relocation 2, No. 4102409458
- ODV J TR Rokycany, ICT relocation 3, No. 4102409493
- OBJ E OS, structured cabling NEE, ČEZ Distribuce objects, No. 4102421213
- OBJ E OS, structured cabling EE, No. 4102442343
- F OBJ J REA\_VVN\_IE-124007533\_TR Semily, No. 4102463555
- OST PAZA\_structured cabling, No. 4102467194
- OST\_TPS action—TSDŘ project, No. 4102492616
- REA\_VVN\_IE-12-8007281 DTS-DJ 2021, No. 4102420953
- OST\_PASE\_structured cabling, No. 4102468124
- OST\_TR ALB\_EJ SK—control room, No. 4102493922
- OBJ J OS REA\_VVN\_IE-12-4005633, No. 4102269071

## 6. Loss Incurred by the Controlled Entity and Its Settlement

In the reporting period, ČEZ Distribuce, a. s., did not incur any loss arising out of contracts with related parties, other legal acts performed in the interest of related parties, or measures taken in the interest or at the instigation of related parties that were made or adopted prior to the last accounting period.

## 7. Other Information

### 7.1. Confidentiality of Information

Confidentiality applies to information and facts that are trade secrets of the Managing Entity and its related parties, as well as information identified as confidential by those entities or arising from their business relations whose partial disclosure or disclosure in connection with other information or facts could be detrimental to those entities or their contractual partners, as well as information whose confidentiality and protection is directly required by law.

### 7.2. Glossary of Abbreviations Used in the Report

OSH	Occupational safety and health
EE	Electrical energy
MPP	Mělník Power Plant
ICT	Information and communications technologies
LVc	Low-voltage cable
SHP	Small hydropower plant
LV	Low voltage
RES	Renewable energy sources
EP	Environmental protection
PD	Project documentation
FP	Fire protection
SOE	State-owned enterprise
TR	Transformer
TS	Transformer substation
MV	Medium voltage
HV	High voltage

## 8. Conclusion

The Board of Directors of ČEZ Distribuce, a. s., did not encounter disadvantages resulting from relations between the Controlling Entity and the Controlled Entity or related parties.

The Board of Directors is not aware of any risks arising from relations between the Controlled Entity and the Controlling Entity and between the Controlled Entity and entities controlled by the same Controlling Entity.

ČEZ Distribuce, a. s., leverages synergies within CEZ Group and CEZ Group's expertise to efficiently perform its licensed activity and the related ancillary services. It also takes advantage of participation in CEZ Group's risk management system and system of internal controls, insurance program, and safety and quality management system.


The Board of Directors of ČEZ Distribuce, a. s., did not encounter adversities arising out of relations between the Controlled Entity and related parties.

This Related Parties Report was prepared with due care, with commitment to providing objective information gathered for the specified purpose of this Report.

The Report was submitted to the Supervisory Board of ČEZ Distribuce, a. s., for review pursuant to Article 12(8)(d) of the Company's bylaws as well as in compliance with Section 83 of the Business Corporations Act.

The Board of Directors of ČEZ Distribuce, a. s., approved this Related Parties Report on February 28, 2022.

In Prague, on February 28, 2022



**Martin Zmelík**  
Chairman of the Board of Directors  
ČEZ Distribuce, a. s.



**Martin Molinger**  
Member of the Board of Directors  
ČEZ Distribuce, a. s.

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

# Independent Auditor's Report

To the Shareholder of ČEZ Distribuce, a. s.:

## Opinion

We have audited the accompanying financial statements of ČEZ Distribuce, a. s. (the Company) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2021, and the income statement, 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 the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

## Basis for Opinion

We conducted our audit in accordance with the Act on Auditors 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.

## 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 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 Company's Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic 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.

### **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 Board of Directors 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.

Ernst & Young Audit, s.r.o.  
License No. 401

Luděk Jireček, Auditor  
License No. 2164

25 April 2022  
Prague, Czech Republic

# ČEZ Distribuce, a. s.

## Balance Sheet

### as at 31/12/2021

(in CZK thousands)

Category	ASSETS	Current year			Prior year
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>327,868,691</b>	<b>(168,797,864)</b>	<b>159,070,827</b>	<b>157,955,889</b>
A.	Stock subscription receivables			0	0
B.	<b>Fixed assets</b>	<b>306,772,335</b>	<b>(168,093,962)</b>	<b>138,678,373</b>	<b>133,537,302</b>
B. I.	<b>Intangible fixed assets</b>	<b>2,204,637</b>	<b>(1,460,654)</b>	<b>743,983</b>	<b>720,334</b>
B. I. 1.	Research and development			0	0
B. I. 2.	<b>Valuable rights</b>	<b>1,866,504</b>	<b>(1,272,544)</b>	<b>593,960</b>	<b>554,725</b>
B. I. 2. 1.	Software	1,825,094	(1,231,134)	593,960	554,725
B. I. 2. 2.	Other valuable rights	41,410	(41,410)	0	0
B. I. 3.	Goodwill			0	0
B. I. 4.	Other intangible fixed assets	259,357	(188,110)	71,247	86,843
B. I. 5.	<b>Advances granted for intangible fixed assets and intangible fixed assets in progress</b>	<b>78,776</b>	<b>0</b>	<b>78,776</b>	<b>78,766</b>
B. I. 5. 1.	Advances granted for intangible fixed assets			0	0
B. I. 5. 2.	Intangible fixed assets in progress	78,776		78,776	78,766
B. II.	<b>Tangible fixed assets</b>	<b>304,567,698</b>	<b>(166,633,308)</b>	<b>137,934,390</b>	<b>132,816,968</b>
B. II. 1.	<b>Land and structures</b>	<b>226,704,223</b>	<b>(120,901,105)</b>	<b>105,803,118</b>	<b>100,896,004</b>
B. II. 1. 1.	Land	1,035,653		1,035,653	992,244
B. II. 1. 2.	Structures	225,668,570	(120,901,105)	104,767,465	99,903,760
B. II. 2.	Movable assets and sets of movable assets	74,427,993	(45,707,046)	28,720,947	28,069,709
B. II. 3.	Gain or loss on revaluation of acquired property			0	0
B. II. 4.	<b>Other tangible fixed assets</b>	<b>47,611</b>	<b>(25,157)</b>	<b>22,454</b>	<b>25,117</b>
B. II. 4. 1.	Perennial crops			0	0
B. II. 4. 2.	Livestock			0	0
B. II. 4. 3.	Miscellaneous tangible fixed assets	47,611	(25,157)	22,454	25,117
B. II. 5.	<b>Advances granted for tangible fixed assets and tangible fixed assets in progress</b>	<b>3,387,871</b>	<b>0</b>	<b>3,387,871</b>	<b>3,826,138</b>
B. II. 5. 1.	Advances granted for tangible fixed assets	117,439		117,439	127,768
B. II. 5. 2.	Tangible fixed assets in progress	3,270,432		3,270,432	3,698,370
B. III.	<b>Long-term investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
B. III. 1.	Interests – controlled or controlling entity			0	0
B. III. 2.	Loans and borrowings – controlled or controlling entity			0	0
B. III. 3.	Interest – subsidiaries or associates			0	0
B. III. 4.	Loans and borrowings – subsidiaries or associates			0	0
B. III. 5.	Other long-term securities and interests			0	0
B. III. 6.	Loans and borrowings – other			0	0
B. III. 7.	<b>Miscellaneous long-term investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
B. III. 7. 1.	Other long-term investments			0	0
B. III. 7. 2.	Advances granted for long-term investments			0	0

(in CZK thousands)

Category					ASSETS	Current year			Prior year
						Gross	Adjustment	Net	Net
C.					Current assets	21,033,801	(703,902)	20,329,899	24,376,949
C.	I.				Inventory	473,043	0	473,043	346,918
C.	I.	1.			Materials	468,052		468,052	339,148
C.	I.	2.			Work in progress and semi-finished products	4,991		4,991	7,770
C.	I.	3.			Products and goods	0	0	0	0
C.	I.	3.	1.		Products			0	0
C.	I.	3.	2.		Goods			0	0
C.	I.	4.			Livestock			0	0
C.	I.	5.			Advances granted for inventories			0	0
C.	II.				Receivables	20,560,750	(703,902)	19,856,848	24,030,029
C.	II.	1.			Long-term receivables	12,768	(4,186)	8,582	12,399
C.	II.	1.	1.		Trade receivables	6,418	(7)	6,411	7,349
C.	II.	1.	2.		Receivables – controlled or controlling entity			0	0
C.	II.	1.	3.		Receivables – subsidiaries and associates			0	0
C.	II.	1.	4.		Deferred tax asset			0	0
C.	II.	1.	5.		Receivables – other	6,350	(4,179)	2,171	5,050
C.	II.	1.	5.	1.	Receivables from partners			0	0
C.	II.	1.	5.	2.	Long-term advances granted			0	0
C.	II.	1.	5.	3.	Unbilled revenue			0	0
C.	II.	1.	5.	4.	Other receivables	6,350	(4,179)	2,171	5,050
C.	II.	2.			Short-term receivables	20,547,982	(699,716)	19,848,266	24,017,630
C.	II.	2.	1.		Trade receivables	2,399,166	(698,143)	1,701,023	1,383,113
C.	II.	2.	2.		Receivables – controlled or controlling entity	7,097,517		7,097,517	10,148,809
C.	II.	2.	3.		Receivables – subsidiaries and associates			0	0
C.	II.	2.	4.		Receivables – other	11,051,299	(1,573)	11,049,726	12,485,708
C.	II.	2.	4.	1.	Receivables from partners			0	0
C.	II.	2.	4.	2.	Social security and health insurance			0	0
C.	II.	2.	4.	3.	Due from government – tax receivables	79,498		79,498	24,859
C.	II.	2.	4.	4.	Short-term advances granted	244,659		244,659	210,081
C.	II.	2.	4.	5.	Unbilled revenue	10,712,325	-237	10,712,088	12,241,297
C.	II.	2.	4.	6.	Other receivables	14,817	-1,336	13,481	9,471
C.	III.				Short-term financial assets	0	0	0	0
C.	III.	1.			Interests – controlled or controlling entity			0	0
C.	III.	2.			Other short-term financial assets			0	0
C.	IV.				Cash	8	0	8	2
C.	IV.	1.			Cash in hand	8		8	2
C.	IV.	2.			Cash at bank	0		0	0
D.					Prepaid expenses and accrued income	62,555	0	62,555	41,638
D.	1.				Prepaid expenses	45,008		45,008	41,355
D.	2.				Prepaid expenses (specific-purpose expenses)			0	0
D.	3.				Deferred income	17,547		17,547	283

(in CZK thousands)

Category				EQUITY AND LIABILITIES	Current year	Prior year
				<b>TOTAL EQUITY AND LIABILITIES</b>	<b>159,070,827</b>	<b>157,955,889</b>
A.				Equity	92,384,321	89,540,982
A.	I.			Basic capital	60,000,000	60,000,000
A.	I.	1.		Basic capital	60,000,000	60,000,000
A.	I.	2.		Equity interests (-)		
A.	I.	3.		Changes in basic capital		
A.	II.			Share premium and capital funds	294,345	(5,487)
A.	II.	1.		Share premium		
A.	II.	2.		Capital funds	294,345	(5,487)
A.	II.	2.	1.	Other capital funds	1,314	1,314
A.	II.	2.	2.	Gain or loss on revaluation of assets and liabilities (+/-)		
A.	II.	2.	3.	Gain or loss on revaluation upon corporation transformations (+/-)		
A.	II.	2.	4.	Differences arising on corporate transformations (+/-)	293,031	(6,801)
A.	II.	2.	5.	Differences arising from valuation upon corporation transformations (+/-)		
A.	III.			Reserves from profit	12,000,000	12,000,000
A.	III.	1.		Other reserves	12,000,000	12,000,000
A.	III.	2.		Statutory and other reserves		
A.	IV.			Profit (loss) brought forward (+/-)	13,463,469	10,619,892
A.	IV.	1.		Retained earnings/accumulated loss brought forward (+/-)	13,463,469	10,619,892
A.	IV.	2.		Other profit (loss) brought forward (+/-)		
A.	V.			Current year profit/(loss) (+/-)	6,626,507	6,926,577
A.	VI.			Approved decision on advances for profit distribution (-)		
B. + C.				Provisions and liabilities	57,045,752	59,677,424
B.				Provisions	1,967,413	1,592,550
B.	1.			Provision for pensions and similar liabilities		
B.	2.			Provision for corporate income tax		
B.	3.			Provisions under special legal regulations		
B.	4.			Other provisions	1,967,413	1,592,550

(in CZK thousands)

Category	EQUITY AND LIABILITIES			Current year	Prior year
C.			Liabilities	55,078,339	58,084,874
C.	I.		Long-term liabilities	36,865,703	38,141,493
C.	I.	1.	Bonds issued		
C.	I.	1.	1. Exchangeable bonds		
C.	I.	1.	2. Other bonds		
C.	I.	2.	Amounts owed to credit institutions		
C.	I.	3.	Long-term advances received		
C.	I.	4.	Trade payables		
C.	I.	5.	Long-term notes payable		
C.	I.	6.	Liabilities – controlled or controlling entity	25,054,200	26,482,760
C.	I.	7.	Liabilities – subsidiaries or associates		
C.	I.	8.	Deferred tax liability	11,808,934	11,657,449
C.	I.	9.	Liabilities– other	2,569	1,284
C.	I.	9.	1. Amounts owed to partners		
C.	I.	9.	2. Unbilled deliveries	2,569	1,284
C.	I.	9.	3. Other liabilities		
C.	II.		Current liabilities	18,212,636	19,943,381
C.	II.	1.	Bonds issued		
C.	II.	1.	1. Exchangeable bonds		
C.	II.	1.	2. Other bonds		
C.	II.	2.	Amounts owed to credit institutions		
C.	II.	3.	Short-term advances received	10,675,996	12,452,505
C.	II.	4.	Trade payables	2,850,630	2,998,666
C.	II.	5.	Short-term notes payable		
C.	II.	6.	Liabilities – controlled or controlling entity	1,428,560	1,428,560
C.	II.	7.	Liabilities – subsidiaries or associates		
C.	II.	8.	Liabilities– other	3,257,450	3,063,650
C.	II.	8.	1. Amounts owed to partners		
C.	II.	8.	2. Short-term borrowings		
C.	II.	8.	3. Liabilities to employees	212,312	184,219
C.	II.	8.	4. Liabilities arising from social security and health insurance	112,334	106,903
C.	II.	8.	5. Due to government – taxes and subsidies	566,388	516,428
C.	II.	8.	6. Unbilled deliveries	2,348,368	2,240,166
C.	II.	8.	7. Other liabilities	18,048	15,934
D.			Accruals and deferred income	9,640,754	8,737,483
D.	1.		Accruals	80,827	86,267
D.	2.		Deferred income	9,559,927	8,651,216

# ČEZ Distribuce, a. s.

## Income Statement

### for the Year Ended 31/12/2021

(in CZK thousands)

Category	Description	Actuals in the reporting period	
		current	prior
I.	Revenue from sale of finished products and services	49,989,745	48,573,492
II.	Revenue from sale of goods		
A.	Production related consumption	29,778,088	28,705,829
A. 1.	Cost of goods sold		
A. 2.	Consumption of materials and energy	2,619,257	3,290,628
A. 3.	Services	27,158,831	25,415,201
B.	Change in inventory produced internally (+/-)	2,779	17,004
C.	Own work capitalized (-)	(1,213,357)	(1,102,861)
D.	Personnel and related expenses	4,612,696	4,441,638
D. 1.	Wages and salaries	3,197,826	3,071,586
D. 2.	Social security and health insurance costs and other costs	1,414,870	1,370,052
D. 2. 1.	Social security and health insurance costs	1,092,041	1,048,871
D. 2. 2.	Other costs	322,829	321,181
E.	Value adjustments in respect of operating activities	8,220,757	7,904,431
E. 1.	Value adjustments in respect of intangible and tangible fixed assets	8,356,957	8,004,390
E. 1. 1.	Value adjustments in respect of intangible and tangible fixed assets – permanent	8,379,262	8,004,390
E. 1. 2.	Value adjustments in respect of intangible and tangible fixed assets – temporary	(22,305)	
E. 2.	Value adjustments in respect of inventory	(71)	
E. 3.	Value adjustments in respect of receivables	(136,129)	(99,959)
III.	Other operating income	1,217,325	1,224,483
III. 1.	Income from sale of fixed assets	71,283	55,124
III. 2.	Income from sale of materials	124,875	110,410
III. 3.	Miscellaneous operating income	1,021,167	1,058,949
F.	Other operating expenses	860,942	586,135
F. 1.	NBV of fixed assets sold	18,943	24,022
F. 2.	Materials sold	82,534	81,526
F. 3.	Taxes and charges	14,218	23,243
F. 4.	Provisions relating to operations and prepaid expenses (specific-purpose expenses)	374,862	191,124
F. 5.	Miscellaneous operating expenses	370,385	266,220
*	Profit or loss on operating activities (+/-)	8,945,165	9,245,799

(in CZK thousands)

Category	Description	Actuals in the reporting period	
		current	prior
IV.			
IV.	Income from long-term investments – interests		
IV.	1. Income from interests – controlled or controlling entity		
IV.	2. Other income from interests		
	G. Cost of interests sold		
V.			
V.	Income from other long-term investments		
V.	1. Income from other long-term investments – controlled or controlling entity		
V.	2. Other income from other long-term investments		
H.			
H.	Costs related to other long-term investments		
VI.			
VI.	Interest income and similar income	45,769	20,893
VI.	1. Interest income and similar income – controlled or controlling entity	45,769	20,893
VI.	2. Other interest income and similar income		
	I. Value adjustments and provisions relating to financial activities		
	J. Interest expense and similar expenses	783,647	675,299
	J. 1. Interest expense and similar expenses – controlled or controlling entity	783,644	675,299
	J. 2. Other interest expense and similar expenses	3	
VII.			
VII.	Other finance income	539,725	346,517
	K. Other finance cost	542,988	348,101
*	Profit or loss on financial activities (+/-)	(741,141)	(655,990)
**	Profit/loss before tax (+/-)	8,204,024	8,589,809
	L. Income tax	1,577,517	1,663,232
	L. 1. Income tax due	1,455,840	1,567,046
	L. 2. Income tax deferred (+/-)	121,677	96,186
**	Profit/(loss) after tax (+/-)	6,626,507	6,926,577
	M. Transfer of share in profit /(loss) to partners (+/-)		
***	Profit/(loss) for the year (+/-)	6,626,507	6,926,577
*	Net turnover for the period = I. + II. + III. + IV. + V. + VI. + VII.	51,792,564	50,165,385

# ČEZ Distribuce, a. s.

## Cash Flow Statement

### for the Year Ended 31/12/2021

(in CZK thousands)

Category	Description	Actuals in the reporting period	
		current	prior
P.	Cash and cash equivalents at beginning of year	2	4
	<b>Cash flows from operating activities</b>		
Z.	Profit/(loss) before taxes	8,204,024	8,589,809
A.1.	Adjustments for non-cash transactions	10,357,033	9,195,171
A.1.1.	Depreciation and amortization of fixed assets and receivables	8,505,999	8,056,397
A.1.2.	Changes in allowances, provisions and accruals	1,121,418	515,022
A.1.2.1.	Changes in allowances	(158,505)	(99,978)
A.1.2.2.	Changes in provisions	374,862	191,124
A.1.2.3.	Changes in accruals	905,061	423,876
A.1.3.	Profit/loss on the sale of fixed assets, equity interests	(52,340)	(31,102)
A.1.4.	Interest income (+) and interest expense (-)	737,878	654,406
A.1.5.	Other non-cash transactions	44,078	448
A.1.6.	Income from share in profit	0	0
A.2.	Changes in non-cash components of working capital	(734,568)	(512,101)
A.2.1.	Change in receivables from operating activities	1,188,789	(868,582)
A.2.2.	Change in short-term liabilities from operating activities	(1,797,303)	421,180
A.2.3.	Change in inventories	(126,054)	(64,699)
A.3.	Interest paid except for capitalized interest	(789,090)	(662,220)
A.4.	Interest income	28,505	26,721
A.5.	Income tax paid incl. additional tax assessed for prior years	(1,510,478)	(1,575,462)
A.6.	Payment of shares in profit received	0	0
A.	<b>Net cash provided by (used in) operating activities</b>	<b>15,555,426</b>	<b>15,061,918</b>
	<b>Cash flows from investing activities</b>		
B.1.	Expenses for acquisition of fixed assets	(13,164,579)	(12,370,127)
B.2.	Proceeds from sale of fixed assets	68,142	48,679
B.	<b>Net cash flows provided by (used in) investing activities</b>	<b>(13,096,437)</b>	<b>(12,321,448)</b>
	<b>Cash flows from financing activities</b>		
C.1.	Change in long-term liabilities, and short-term loans	(1,427,275)	7,592,604
C.2.	Change in receivables/payables from Group's cash pool account	3,051,292	(5,988,076)
C.3.	Effects of changes in equity on cash and cash equivalents	(4,083,000)	(4,345,000)
C.	<b>Net cash flows provided by (used in) financing activities</b>	<b>(2,458,983)</b>	<b>(2,740,472)</b>
F.	<b>Net increase/decrease of cash and cash equivalents</b>	<b>6</b>	<b>(2)</b>
R.	Cash and cash equivalents at end of year	8	2

# ČEZ Distribuce, a. s.

## Statement of Changes in Equity

### as at 31/12/2021

(in CZK thousands)

	Basic capital	Share premium and capital funds	Reserves from profit	Cumulative current period profit/(loss)	Total
Closing balance as at 31/12/2019	60,000,000	(3,184)	12,000,000	14,964,892	86,961,708
Transformations as at 1/1/2020		(2,303)			(2,303)
Profit/(loss) after tax for 2020				6,926,577	6,926,577
Share in profit				(4,345,000)	(4,345,000)
Closing balance as at 31/12/2020	60,000,000	(5,487)	12,000,000	17,546,469	89,540,982
Transformations as at 1/1/2021		299,832			299,832
Profit/(loss) after tax for 2021				6,626,507	6,626,507
Share in profit				(4,083,000)	(4,083,000)
Closing balance as at 31/12/2021	60,000,000	294,345	12,000,000	20,089,976	92,384,321

# ČEZ Distribuce, a. s.

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 1. Description of the Company

ČEZ Distribuce, a. s. ("the Company") was founded, based on a merger by consolidation, as a successor company of the dissolving companies ČEZ Distribuční zařízení, a.s., and ČEZ Distribuce, a. s., with a merger decisive date 1 January 2010 and an effective date as of 1 October 2010. As a result of the merger by consolidation, the assets and liabilities, including employment related rights and obligations, of the dissolving companies were transferred to the successor company.

The Company's registered office is located at Děčín IV-Podmokly, Teplická 874/8, post code: 405 02, Czech Republic, and the business registration number (IČO) is 24729035. The Company is involved in the operation of the power grid and in the distribution of electricity to individuals and legal entities.

The sole shareholder is ČEZ, a. s., Duhová 2/1444, post code: 140 53, Prague 4, business registration number (IČO): 45274649.

The Company is included in the ČEZ Group and in the consolidated group of the parent company ČEZ, a. s.

#### Members of the statutory bodies as at 31 December 2021 were as follows:

Board of Directors		Supervisory Board	
Chair:	Martin Zmelík	Chair:	Daniel Beneš
Vice-Chair:	Radim Černý	Vice-Chair:	Pavel Cyrani
Member:	Petr Žejdlík	Member:	Marek Šlégl
Member:	Martin Molinger	Member:	Karel Čech
Member:	Lucie Masopustová	Member:	Václav Rašner
		Member:	Jan Brožík

On 24 May 2021, subject to the sole shareholder's decision the following persons were recalled from the Supervisory Board of ČEZ Distribuce, a. s., Mr. Tomáš Pleskač with effect as of 30 June 2021 and Ms. Michaela Chaloupková with effect as of 30 June 2021. Mr. Daniel Beneš and Mr. Pavel Cyrani were appointed members of the Supervisory Board of ČEZ Distribuce, a. s. with effect as of 1 July 2021.

On 2 June 2021, subject to the decision of the sole shareholder executing the powers of the general meeting of ČEZ Distribuce, a. s., the Board of Directors of ČEZ, a. s., appointed Mr. Petr Žejdlík member of the Board of Directors of ČEZ Distribuce, a. s., with effect from 15 April 2021.

On 23 June 2021 with effect as of 1 July 2021, the Company's Supervisory Board elected Mr. Daniel Beneš chairman of the Supervisory Board of ČEZ Distribuce, a. s. and Mr. Pavel Cyrani vice-chairman of the Supervisory Board of ČEZ Distribuce, a. s.

On 14 July 2021, the Board of Directors of ČEZ Distribuce, a. s. discussed a letter of resignation of Ms. Michaela Kociánová and approved termination of her term of office as member of the Board of Directors at her own request as at 31 August 2021.

On 15 September 2021, subject to the decision of the sole shareholder executing the powers of the general meeting of ČEZ Distribuce, a. s., the Board of Directors of ČEZ, a. s., appointed Ms. Lucie Masopustová member of the Board of Directors of ČEZ Distribuce, a. s., with effect from 1 October 2021.

These facts correspond to the entry in the Commercial Register as at 31 December 2021.

The Company's organizational structure is as follows:

- CEO Office
- Finance & Administration Division
- Distribution Assets Management Division
- Network Services Division
- Grid Operations and Management Division

**Description of the transformations:**

As of 1 January 2021 on the grounds of the project and in compliance with Act No. 125/2008 Coll., on Transformations of Corporations and Cooperatives ČEZ Korporátní služby, s.r.o., with its registered address at 28. října 3123/152, Moravská Ostrava, 702 00 Ostrava, business registration no.: 26206803 as one party as the Demerging Company and ČEZ Distribuce, a. s., as the other party as the Successor Company were transformed in the form of de-merger through spin-off by acquisition; the subject of the spin-off is immovable property including component parts and accessory.

The transformation was recorded in the Commercial Register maintained by the Regional Court in Ústí nad Labem as of 1 January 2021. The effective date of the merger was set at 1 January 2021.

The Opening Balance Sheet was prepared as shown below (in net amounts, in CZK thousands):

Caption	Assets	Balance sheet as at 31/12/2020 ČEZ Distribuce, a. s.	Spin-off of ČEZ Korporátní služby, s.r.o.	Opening balance sheet of ČEZ Distribuce, a. s. as at 1/1/2021
	<b>Total assets</b>	<b>157,955,889</b>	<b>329,640</b>	<b>158,285,529</b>
<b>B.</b>	<b>Fixed assets</b>	<b>133,537,302</b>	<b>329,640</b>	<b>133,866,942</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>720,334</b>	<b>-</b>	<b>720,334</b>
<b>B. I. 2.</b>	<b>Valuable rights</b>	<b>554,725</b>	<b>-</b>	<b>554,725</b>
<b>B. I. 2. 1.</b>	<b>Software</b>	<b>554,725</b>	<b>-</b>	<b>554,725</b>
<b>B. I. 2. 2.</b>	<b>Other valuable rights</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B. I. 4.</b>	<b>Other intangible fixed assets</b>	<b>86,843</b>	<b>-</b>	<b>86,843</b>
<b>B. I. 5.</b>	<b>Advances granted for intangible fixed assets and intangible fixed assets in progress</b>	<b>78,766</b>	<b>-</b>	<b>78,766</b>
<b>B. I. 5. 2.</b>	<b>Intangible fixed assets in progress</b>	<b>78,766</b>	<b>-</b>	<b>78,766</b>
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>132,816,968</b>	<b>329,640</b>	<b>133,146,608</b>
<b>B. II. 1.</b>	<b>Land and structures</b>	<b>100,896,004</b>	<b>317,031</b>	<b>101,213,035</b>
<b>B. II. 1. 1.</b>	<b>Land</b>	<b>992,244</b>	<b>17,480</b>	<b>1,009,724</b>
<b>B. II. 1. 2.</b>	<b>Structures</b>	<b>99,903,760</b>	<b>299,551</b>	<b>100,203,311</b>
<b>B. II. 2.</b>	<b>Movable assets and sets of movable assets</b>	<b>28,069,709</b>	<b>7,520</b>	<b>28,077,229</b>
<b>B. II. 4.</b>	<b>Other tangible fixed assets</b>	<b>25,117</b>	<b>49</b>	<b>25,166</b>
<b>B. II. 4. 3.</b>	<b>Miscellaneous tangible fixed assets</b>	<b>25,117</b>	<b>49</b>	<b>25,166</b>
<b>B. II. 5.</b>	<b>Advances granted for tangible fixed assets and tangible fixed assets in progress</b>	<b>3,826,138</b>	<b>5,040</b>	<b>3,831,178</b>
<b>B. II. 5. 1.</b>	<b>Advances granted for tangible fixed assets</b>	<b>127,768</b>	<b>-</b>	<b>127,768</b>
<b>B. II. 5. 2.</b>	<b>Tangible fixed assets in progress</b>	<b>3,698,370</b>	<b>5,040</b>	<b>3,703,410</b>
<b>C.</b>	<b>Current assets</b>	<b>24,376,949</b>	<b>-</b>	<b>24,376,949</b>
<b>C. I.</b>	<b>Inventory</b>	<b>346,918</b>	<b>-</b>	<b>346,918</b>
<b>C. I. 1.</b>	<b>Materials</b>	<b>339,148</b>	<b>-</b>	<b>339,148</b>
<b>C. I. 2.</b>	<b>Work in progress and semi-finished products</b>	<b>7,770</b>	<b>-</b>	<b>7,770</b>
<b>C. II.</b>	<b>Receivables</b>	<b>24,030,029</b>	<b>-</b>	<b>24,030,029</b>
<b>C. II. 1.</b>	<b>Long-term receivables</b>	<b>12,399</b>	<b>-</b>	<b>12,399</b>
<b>C. II. 1. 1.</b>	<b>Trade receivables</b>	<b>7,349</b>	<b>-</b>	<b>7,349</b>
<b>C. II. 1. 5.</b>	<b>Receivables – other</b>	<b>5,050</b>	<b>-</b>	<b>5,050</b>
<b>C. II. 1. 5. 4.</b>	<b>Other receivables</b>	<b>5,050</b>	<b>-</b>	<b>5,050</b>
<b>C. II. 2.</b>	<b>Short-term receivables</b>	<b>24,017,630</b>	<b>-</b>	<b>24,017,630</b>
<b>C. II. 2. 1.</b>	<b>Trade receivables</b>	<b>1,383,113</b>	<b>-</b>	<b>1,383,113</b>
<b>C. II. 2. 2.</b>	<b>Receivables – controlled or controlling entity</b>	<b>10,148,809</b>	<b>-</b>	<b>10,148,809</b>
<b>C. II. 2. 4.</b>	<b>Receivables – other</b>	<b>12,485,708</b>	<b>-</b>	<b>12,485,708</b>
<b>C. II. 2. 4. 3.</b>	<b>Due from government – tax receivables</b>	<b>24,859</b>	<b>-</b>	<b>24,859</b>
<b>C. II. 2. 4. 4.</b>	<b>Short-term advances granted</b>	<b>210,081</b>	<b>-</b>	<b>210,081</b>
<b>C. II. 2. 4. 5.</b>	<b>Unbilled revenue</b>	<b>12,241,297</b>	<b>-</b>	<b>12,241,297</b>
<b>C. II. 2. 4. 6.</b>	<b>Other receivables</b>	<b>9,471</b>	<b>-</b>	<b>9,471</b>
<b>C. IV.</b>	<b>Cash</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>C. IV. 1.</b>	<b>Cash in hand</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>D.</b>	<b>Prepaid expenses and accrued income</b>	<b>41,638</b>	<b>-</b>	<b>41,638</b>
<b>D. 1.</b>	<b>Prepaid expenses</b>	<b>41,355</b>	<b>-</b>	<b>41,355</b>
<b>D. 3.</b>	<b>Accrued income</b>	<b>283</b>	<b>-</b>	<b>283</b>

(in CZK thousands)

Caption	Assets	Balance sheet as at 31/12/2020 ČEZ Distribuce, a. s.	Spin-off of ČEZ Korporátní služby, s.r.o.	Opening balance sheet of ČEZ Distribuce, a. s. as at 1/1/2021
	<b>Total equity and liabilities</b>	<b>157,955,889</b>	<b>329,640</b>	<b>158,285,529</b>
<b>A.</b>	<b>Equity</b>	<b>89,540,982</b>	<b>299,832</b>	<b>89,840,814</b>
A. I.	Basic capital	60,000,000	-	60,000,000
A. I. 1.	Basic capital	60,000,000	-	60,000,000
A. II.	Share premium and capital funds	(5,487)	299,832	294,345
A. II. 2.	Capital funds	(5,487)	299,832	294,345
A. II. 2. 1.	Other capital funds	1,314	-	1,314
A. II. 2. 4.	Differences arising on corporate transformations	(6,801)	299,832	293,031
A. III.	Reserves from profit	12,000,000	-	12,000,000
A. III. 1.	Other reserves	12,000,000	-	12,000,000
A. IV.	Profit (loss) brought forward	10,619,892	-	10,619,892
A. IV. 1.	Retained earnings/accumulated loss	10,619,892	-	10,619,892
A. V.	Profit or loss for the year	6,926,577	-	6,926,577
<b>B. + C.</b>	<b>Provisions and liabilities</b>	<b>59,677,424</b>	<b>29,808</b>	<b>59,707,232</b>
<b>B.</b>	<b>Provisions</b>	<b>1,592,550</b>	<b>-</b>	<b>1,592,550</b>
B. 2.	Provision for corporate income tax	-	-	-
B. 4.	Other provisions	1,592,550	-	1,592,550
<b>C.</b>	<b>Liabilities</b>	<b>58,084,874</b>	<b>29,808</b>	<b>58,114,682</b>
<b>C. I.</b>	<b>Long-term liabilities</b>	<b>38,141,493</b>	<b>29,808</b>	<b>38,171,301</b>
C. I. 6.	Liabilities – controlled or controlling entity	26,482,760	-	26,482,760
C. I. 8.	Deferred tax liability	11,657,449	29,808	11,687,257
C. I. 9.	Liabilities– other	1,284	-	1,284
<b>C. II.</b>	<b>Current liabilities</b>	<b>19,943,381</b>	<b>-</b>	<b>19,943,381</b>
C. II. 3.	Short-term advances received	12,452,505	-	12,452,505
C. II. 4.	Trade payables	2,998,666	-	2,998,666
C. II. 6.	Liabilities – controlled or controlling entity	1,428,560	-	1,428,560
<b>C. II. 8.</b>	<b>Liabilities– other</b>	<b>3,063,650</b>	<b>-</b>	<b>3,063,650</b>
C. II. 8. 3.	Liabilities to employees	184,219	-	184,219
C. II. 8. 4.	Liabilities arising from social security and health insurance	106,903	-	106,903
C. II. 8. 5.	Due to government – taxes and subsidies	513,428	-	513,428
C. II. 8. 6.	Unbilled deliveries	2,240,166	-	2,240,166
C. II. 8. 7.	Other liabilities	15,934	-	15,934
<b>D.</b>	<b>Accruals and deferred income</b>	<b>8,737,483</b>	<b>-</b>	<b>8,737,483</b>
D. 1.	Accruals	86,267	-	86,267
D. 2.	Deferred income	8,651,216	-	8,651,216

## 2. Basis of Presentation of the Financial Statements

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2021 and 2020.

The management of the Company considered the potential impact of COVID-19 on its activities and business and concluded it does not have a significant impact on the going concern assumption. Accordingly, the financial statements for the year ended 31 December 2021 were prepared on the assumption that the Company would be able to continue as a going concern.

### Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

### 3. Summary of Significant Accounting Policies

The accounting policies applied by the Company in preparing the 2021 and 2020 financial statements are as follows:

#### a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses. Interest on loans and borrowings are not considered to be part of these costs.

Intangible fixed assets with a cost exceeding CZK 60 thousand acquired until 31 December 2020 and exceeding CZK 80 thousand starting 1 January 2021 onwards are amortized over their useful economic lives.

Intangible fixed assets include software provided that it has been developed internally for trading purposes, or it has been acquired from other parties, irrespective of its cost. The above also applies to software licenses, if such licenses are not part of the valuation of the acquired software, or part of the technical improvement of the existing software.

#### Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset.

The useful economic lives are as follows:

	Years
Research and development	6
Software	4–6
Other valuable rights	6
Other intangible fixed assets	6

The costs of technical improvements of intangible fixed assets are capitalized. Repairs and maintenance expenses are expensed as incurred.

#### b) Tangible Fixed Assets

Tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs. Interest on loans and borrowings are not considered to be part of these costs.

Tangible fixed assets belonging to the category of tangible assets and sets of tangible assets – machinery, appliances, equipment, vehicles and fixtures and fittings related to the licensed activities of a company distributing electricity with a cost exceeding CZK 5 thousand are depreciated over their useful economic lives. Transformer station technologies, transformers of the distribution company and power meters are deemed the tangible fixed assets regardless of their valuation.

Easements on land and building, excluding the right to use and enjoy, are also deemed the tangible fixed assets regardless of their valuation, unless they are reported as part of the building valuation.

Internally-developed tangible fixed assets are recorded at their accumulated cost, which consists of direct material, labor costs and production overheads.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded with a corresponding credit to the 'Other capital funds account' on the date of acquisition. The costs of technical improvements of tangible fixed assets are capitalized. Repairs and maintenance expenses are expensed as incurred.

#### Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Structures	10–50
Machinery and equipment	4–30
Vehicles	5–10
Furniture and fixtures	5–30
Miscellaneous tangible fixed assets	6–30

Acquisition costs and net book values of depreciated intangible and tangible fixed assets were revalued in an expert opinion as at 1 January 2010. The revaluation of acquisition costs and net book value of assets was made in connection with the merger project (see Note 1).

**c) Cash**

Cash includes liquid valuables, cash in hand and at bank.

Within the ČEZ Group, a system for utilization of idle money of individual group companies, i.e. cash pool, has been introduced. Cash deposited in or used from this system as at the date of the financial statements is reported in 'Short-term receivables from group companies with majority control' or 'Current liabilities to group companies with majority control', as appropriate, in the accompanying balance sheet and the change in the deposited cash is reported in 'Change in receivables/payables from group cash pool' in the accompanying cash flow statement.

**d) Inventory**

Purchased inventory is stated at actual cost being determined using the weighted average method. Costs of purchased inventory include acquisition-related costs (freight, customs, commission, etc.).

Finished goods and work-in-progress (services) are recorded at actual cost. Actual cost includes, in particular, direct costs of material, manufacturing costs of relaying and cost of inventory produced internally. The cost of inventory produced internally includes direct labor costs, including overhead costs, and are allocated to work-in-progress on the basis of hours actually worked.

**e) Receivables**

Receivables are initially measured at their nominal amount. Purchased receivables are measured at cost. Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income.

**f) Equity**

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Registry Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the balance sheet date is recorded through changes in basic capital. Contributions in excess of basic capital are recorded as share premium. Other capital funds consist of monetary and non-monetary contributions in excess of basic capital, such as tangible assets donations, etc.

In accordance with the Articles of Association, the Company creates a reserve from profit.

The Company establishes a reserve fund from profit after tax disclosed in the annual financial statements in the year, in which profit is generated for the first time; the reserve fund is allocated a minimum of 20% of profit after tax, however not more than 10% of basic capital.

The reserve fund is allocated 5% of profit after tax for each particular year until the fund reaches 20% of basic capital of the Company. The fund can only be used to offset losses. The amounts used from the fund are replenished in the same manner as the reserve fund has been established.

**g) Provisions and Liabilities**

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

Long-term liabilities and current liabilities are carried at their nominal values.

Long-term liabilities and current liabilities to credit institutions are recorded at their nominal values. Any portion of long-term debt which is due within one year of the balance sheet date is classified as short-term debt.

Liabilities or contingent liabilities that are not recorded in the balance sheet because significant uncertainties exist with respect to the amount, title or timing of the expected outflow of benefits are described in Note 15.

**h) Leases**

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised.

**i) Foreign Currency Transactions**

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate existing at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates published by the Czech National Bank at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year.

**j) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

**k) Recognition of Revenues and Expenses**

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Long-term contracts are accounted for according to the completed contract method as specified in the contract.

The Company recognizes as an expense any additions to provisions for or allowances against risks, losses or physical damage that are known as at the financial statements' date.

Revenues from distribution services are recorded at the time of the distributed electricity delivery. Total revenues from provided services comprise the billing and changes in unbilled distribution services. The Company records these revenues as revenues from sale of finished products and services. Costs of electricity distribution and the power grid operation are recorded as service consumption (mainly system and transmission services) and consumption of material and energy.

Changes in unbilled distribution services are set monthly on the basis of estimation. The estimation of monthly change of unbilled distribution services comes from deliveries of electricity in the given month after deduction of actual billing and estimation of distribution network losses. The total estimation is verified by calculation which is based on the load simulation at each point of delivery on the basis of temperature-adjusted load profiles. The actual billed distribution service amounts may differ from the estimation.

**l) Income Tax**

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items and income tax reliefs.

The Company records an outstanding income tax liability, net of paid tax prepayments, in provisions. If income tax prepayments exceed the estimate of current income tax expense as at the balance sheet date, the difference will be recorded as a short-term receivable.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

Deferred tax asset is recognized when it becomes probable that the asset will be realized in the future.

**m) Subsequent Events**

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

## 4. Fixed Assets

### a) Intangible Fixed Assets (in CZK thousands)

#### COST

	At beginning of year	Additions	Disposals	Transfers	At end of year
Software	1,567,707	-	(3,215)	260,602	1,825,094
Other valuable rights	41,410	-	-	-	41,410
Other intangible fixed assets	249,093	-	(598)	10,862	259,357
Intangible fixed assets in progress	78,766	271,474	-	(271,464)	78,776
2021 Total	1,936,976	271,474	(3,813)	-	2,204,637
2020 Total	1,658,198	280,542	(1,764)	-	1,936,976

#### ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Software	(1,012,982)	(221,367)	3,215	(1,231,134)	593,960
Other valuable rights	(41,410)	-	-	(41,410)	-
Other intangible fixed assets	(162,250)	(26,458)	598	(188,110)	71,247
Intangible fixed assets in progress	-	-	-	-	78,766
2021 Total	(1,216,642)	(247,825)	3,813	(1,460,654)	743,983
2020 Total	(1,013,059)	(205,347)	1,764	(1,216,642)	720,334

Patents, royalties and similar rights are amortized over their useful lives as specified in the relevant contracts.

The total value of intangible assets which are not reflected in the accompanying balance sheet was CZK 4,221 thousand and CZK 4,184 thousand at acquisition cost as at 31 December 2021 and 2020, respectively.

### b) Tangible Fixed Assets (in CZK thousands)

#### COST

	At beginning of year	Trans-formations	Additions	Disposals	Transfers	Other movements	At end of year
Land	992,244	18,022	-	(3,876)	29,263	-	1,035,653
Structures	216,745,395	561,158	-	(1,138,840)	9,487,594	13,263	225,668,570
Movable items	72,633,050	32,872	-	(2,057,874)	3,830,563	(10,618)	74,427,993
Other tangible fixed assets	44,892	124	-	(4)	2,599	-	47,611
Tangible fixed assets in progress	3,698,370	5,040	12,880,041	(54,824)	(13,258,195)	-	3,270,432
Advances granted for tangible fixed assets	127,768	-	81,495	-	(91,824)	-	117,439
2021 Total	294,241,719	617,216	12,961,536	(3,255,418)	-	2,645	304,567,698
2020 Total	284,354,266	167,819	12,147,213	(2,429,874)	-	2,295	294,241,719

#### ACCUMULATED DEPRECIATION AND ALLOWANCES

	At beginning of year	Trans-formations	Depreciation during year	Sales	Disposals	Other movements	At end of year	Net book value
Land	-	-	-	-	-	-	-	1,035,653
Structures	(116,841,635)	(239,844)	(4,945,502)	(2,273)	1,138,840	(10,691)	(120,901,105)	104,767,465
Movable items	(44,563,341)	(25,352)	(3,180,628)	(3,385)	2,057,874	7,786	(45,707,046)	28,720,947
Miscellaneous tangible fixed assets	(19,775)	(75)	(5,307)	-	-	-	(25,157)	22,454
Tangible fixed assets in progress	-	-	-	-	-	-	-	3,270,432
Advances granted for tangible fixed assets	-	-	-	-	-	-	-	117,439
2021 Total	(161,424,751)	(265,271)	(8,131,437)	(5,658)	3,196,714	(2,905)	(166,633,308)	137,934,390
2020 Total	(155,962,674)	(66,088)	(7,799,043)	(5,756)	2,411,238	(2,428)	(161,424,751)	132,816,968

The total value of tangible assets which are not reflected in the accompanying balance sheet was CZK 33,727 thousand and CZK 34,632 thousand at acquisition cost as at 31 December 2021 and 2020, respectively.

## 5. Inventory

Excess, obsolete and slow-moving inventory has been written down to its estimated net realizable value by an allowance account (see Note 7).

## 6. Receivables

Allowances against outstanding receivables that are considered doubtful were charged to income based on collectability and ageing analysis of receivables (see Note 7).

As at 31 December 2021 and 2020, receivables overdue for more than 30 days totaled CZK 1,620,127 thousand and CZK 1,638,169 thousand, respectively. As at 31 December 2021 and 2020, the receivables of CZK 182,233 thousand and CZK 182,233 thousand, respectively are subject to the claim process concerning the POZE legal dispute (see Note 15) and receivables of CZK 778,537 thousand and CZK 663,494 thousand, respectively, are subject to claim procedures for system services.

As at 31 December 2021 and 2020, receivables overdue for more than 5 days totaled CZK 713,641 thousand and CZK 481,332 thousand, respectively.

The Company wrote off receivables of CZK 126,737 thousand and CZK 54,893 thousand in 2021 and 2020, respectively as they were irrecoverable or due to unsatisfying the claims in bankruptcy proceedings.

The Company is part of the cash-pooling structure administered by Komerční banka, a.s. on behalf of the ČEZ Group.

Cash in CZK transferred to the parent company ČEZ, a. s., within the cash pool mechanism bears an interest rate of PRIBOR O/N – 0.5% p.a., 0.03% p.a. at minimum (receivables). Cash in CZK provided by the parent company within the cash pool mechanism bears an interest rate of PRIBOR O/N + 0.30% p.a., 0.30% p.a. at minimum (payables).

Cash in EUR transferred to the parent company ČEZ, a. s. within the cash-pool mechanism bears an interest rate as per the respective KB Notification on interest rates in a foreign currency, currently 0.00% p.a. (receivables). Cash in EUR provided by the parent company within the cash pool mechanism bears an interest rate of EUR LIBOR O/N + 0.35% p.a., 0.35% p.a. at minimum (payables)

EUR LIBOR O/N rate was changed to EUR €STR O/N rate on 31 October 2021.

The balance of cash transferred to the parent company ČEZ, a. s., within the cash pool system was CZK 7,097,517 thousand and CZK 10,148,809 thousand as at 31 December 2021 and 2020, respectively.

As at 31 December 2021 and 2020, the Company had CZK 8,582 thousand and CZK 12,399 thousand, respectively of long-term receivables, net. Receivables from related parties (see Note 19).

Short-term advances granted include operating advances paid. Unbilled revenue represents, in particular, unbilled distribution services.

### Changes in unbilled distribution services in 2021 and 2020 were as follows (in CZK thousands):

Unbilled distribution services	Total	Retail business customers	Retail household customers
Closing balance as at 31/12/2019	11,125,394	2,517,912	8,607,482
Changes in 2020	885,971	338,273	547,698
Closing balance as at 31/12/2020	12,011,365	2,856,185	9,155,180
Changes in 2021	(1,535,777)	(750,112)	(785,665)
Closing balance as at 31/12/2021	10,475,588	2,106,073	8,369,515

## 7. Allowances

Allowances reflect a temporary diminution in the value of assets.

### Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/12/2019	Additions	Deductions	Balance as at 31/12/2020	Trans-formations	Additions	Deductions	Balance as at 31/12/2021
Inventory	71	-	-	71	-	-	(71)	-
Tangible fixed assets	-	-	-	-	22,305	-	(22,305)	-
Receivables	940,009	383,044	(483,022)	840,031	-	150,074	(286,203)	703,902
of which: legal	848,027	170,745	(279,045)	739,727	-	72,060	(163,182)	648,605
accounting	91,982	212,299	(203,977)	100,304	-	78,014	(123,021)	55,297

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

## 8. Prepaid Expenses and Accrued Income

As at 31 December 2021 and 2020, prepaid expenses include in particular accrued fees for arranging loans of CZK 27,797 thousand and CZK 31,640 thousand, respectively.

Expenses are charged to income for the year in which they were incurred.

## 9. Equity

The basic capital of the Company consists of 600 registered shares in a certificate form with a nominal value of CZK 100,000,000 per share. The shares are transferable only with the consent of the Board of Directors which is based on a prior approval by the Supervisory Board. All shares are fully subscribed and paid.

Subject to the decision of the sole shareholder executing the powers of the general meetings of the Company held on 23 June 2021 and 17 June 2020, the following profit distribution for 2020 and 2019 was approved (in CZK thousands):

Profit for 2019	7,296,271	Profit for 2020	6,926,577
Transfer to retained earnings	2,951,271	Transfer to retained earnings	2,843,577
Dividend paid out of 2019 profit	4,345,000	Dividend paid out of 2020 profit	4,083,000
Retained earnings as at 1/1/2020	7,668,621	Retained earnings as at 1/1/2021	10,619,892
Retained earnings as at 31/12/2020	10,619,892	Retained earnings as at 31/12/2021	13,463,469

Distribution of profit for 2021 was not decided by the financial statements date.

## 10. Provisions

### The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/12/2019	Additions	Deductions	Balance as at 31/12/2020	Additions	Deductions	Balance as at 31/12/2021
Other provisions	1,401,427	283,867	(92,744)	1,592,550	441,004	(66,141)	1,967,413

As at 31 December 2021 and 2020, the provision for corporate income tax was offset against paid prepayments totaling CZK 1,465,086 thousand and CZK 1,564,893 thousand, respectively. As at 31 December 2021 and 2020, the Company recognized a receivable of CZK 79,498 thousand and CZK 24,859 thousand, respectively, after offsetting with the advance payments. The receivable was recognized in the caption Due from government – tax receivables.

Other provisions were created, in particular, for retirement benefits and 50 years jubilee bonuses paid under collective agreement.

As at 31 December 2020, the Company released a provision for severance package in the amount of CZK 27,524 thousand, which had been created as at 31 December 2019.

As at 31 December 2021 and 2020, the Company had a provision for pending litigation in the amount of CZK 42,779 thousand and CZK 42,779 thousand, respectively.

## 11. Long-term liabilities

As at 31 December 2021 and 2020, the Company had the following long-term liabilities (in CZK thousands):

	Due by	31/12/2021	31/12/2020
4th credit line	31/12/2025	2,100,000	2,660,000
5th credit line	25/9/2028	17,000,000	17,000,000
6th credit line	31/5/2030	7,382,760	8,251,320
<b>Total</b>		<b>26,482,760</b>	<b>27,911,320</b>
Current portion		1,428,560	1,428,560
Long-term portion		25,054,200	26,482,760

A contract for 4th credit line was signed by and between ČEZ Distribuce, a. s., (debtor) and ČEZ, a. s., (creditor) on 2 March 2015. The first half of the loan was withdrawn on 11 March 2015, the other one on 21 August 2015. The loan is repayable by 31 December 2025. The interest rate has been set at 2.4% p.a.

The loan under the 4th credit line was provided to finance the implementation of the Project of reconstruction and development of the power grid in the Czech Republic (the "Project").

The loan agreement for credit line with ČEZ, a. s., includes the following terms and conditions to be fulfilled by the Company:

1. Maintenance	To maintain, repair and refurbish real estate that is part of the Project
2. Assets	To maintain legal title to and possession of the assets that are part of the Project
3. Insurance	To insure all work and real estate that is part of the Project
4. Servitude and beneficial use	To maintain the rights to use and enjoy necessary for the Project operation
5. Environment	To implement the Project in compliance with the environment protection legislation

A contract for 5th credit line was signed by and between ČEZ Distribuce, a. s., (debtor) and ČEZ, a. s., (creditor) on 25 September 2018. The credit line as per the contract is CZK 30,000,000 thousand. The first withdrawal in the amount of CZK 17,000,000 thousand was made on 29 November 2018.

A contract for 6th credit line was signed by and between ČEZ Distribuce, a. s., (debtor) and ČEZ, a. s., (creditor) on 10 August 2020, the loan was withdrawn on 18 August 2020. The interest rate has been set at 2.6% p.a.

The interest expense relating to the loans for 2021 and 2020 was CZK 783,644 thousand and CZK 675,295 thousand, respectively.

### The aggregate maturities of loans as at 31 December 2021 are as follows (in CZK thousands):

	Loans
2022	1,428,560
2023	1,428,560
2024	1,428,560
2025	1,288,560
2026	868,560
2027 and thereafter	20,039,960
<b>Total</b>	<b>26,482,760</b>

In addition, the Company undertook to pay interest and principal according to the payment schedule, inform the creditor of significant overdue payables and not to change the Company's ownership structure.

The Company was in compliance with these terms and conditions as at 31 December 2021 and 2020.

## 12. Current Liabilities

As at 31 December 2021 and 2020, the Company had overdue current payables for more than 30 days totaling CZK 7,656 thousand and CZK 6,933 thousand, respectively. As at 31 December 2021 and 2020, liabilities overdue for more than 5 years totaled CZK 6,187 thousand.

As at 31 December 2021 and 2020, the Company had liabilities of CZK 112,334 thousand and CZK 106,903 thousand owing to social security and health insurance premiums due in January 2022 and January 2021, respectively.

As at 31 December 2021 and 2020, short-term advance payments received of CZK 10,675,996 thousand and CZK 12,452,505 thousand, respectively cover, in particular, unbilled distribution services.

Unbilled deliveries represent, in particular, unbilled services related to electricity distribution, unbilled deliveries of electricity purchased to cover power grid losses and unpaid vacation claims for 2021 and 2020.

Payables to related parties (see Note 19).

## 13. Accruals and Deferred Income

Deferred income includes, in particular, contributions for reasonable costs incurred for connection and assuring the required power input and in case of switching installations diversion to separate constructions related to them. It is recognized into income for the year in which it was earned. These are in particular connection fees within the meaning of Act No. 458/2000 Coll. (the Energy Act) and Decree No. 16/2016 Coll. of Energy Regulatory Office (Energetický regulační úřad). These fees are credited to income by the Company in compliance with its internal regulations in the amount of 1/20 of collected fees per annum.

In 2021 and 2020, the movements in deferred income balance (in CZK thousands) comprising, in particular, contributions for reasonable costs incurred for connection and assuring the required power input and in case of switching installations diversion to separate constructions related to them were as follows:

Balance as at 31/12/2019	8,199,029
Additions in 2020	1,257,836
Released to revenues in 2020	(807,139)
<b>Balance as at 31/12/2020</b>	<b>8,649,726</b>
Additions in 2021	1,754,166
Released to revenues in 2021	(844,720)
<b>Balance as at 31/12/2021</b>	<b>9,559,172</b>

## 14. Income Tax

On the basis of preliminary calculation the Company calculated tax expense as follows (in CZK thousands):

	2021	2020
Profit before taxes	8,204,024	8,589,809
Difference between book and tax depreciation	(1,052,216)	(810,564)
Difference between net book value of fixed assets for accounting and tax purposes	90,429	75,862
Non-deductible expenses		
Creation of provisions	374,863	191,124
Creation/release of allowances	(67,384)	8,342
Other	165,166	184,776
Taxable income	7,714,882	8,239,349
Current income tax rate	19%	19%
Tax	1,465,828	1,565,476
Tax reliefs	(741)	(583)
Provision for corporate income tax	1,465,087	1,564,893
Adjustment of the tax paid in previous years	(9,247)	2,153
Current tax expense	1,455,840	1,567,046

The Company submits regular tax return prior to 30 June 2022.

The Company quantified deferred taxes as follows (in CZK thousands):

Deferred tax items	31/12/2021		31/12/2020	
	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset
Difference between net book value of fixed assets for accounting and tax purposes	-	(12,234,864)	-	(12,017,516)
Other temporary differences:				
Allowances against receivables	10,331	-	18,889	-
Provisions	365,680	-	294,457	-
Other	51,580	(1,661)	48,436	(1,715)
<b>Total</b>	<b>427,591</b>	<b>(12,236,525)</b>	<b>361,782</b>	<b>(12,019,231)</b>
<b>Net</b>		<b>(11,808,934)</b>		<b>(11,657,449)</b>

The deferred tax liability increased by CZK 29,808 thousand to CZK 11,687,257 thousand and by CZK 4,035 thousand to CZK 11,561,263 thousand within the transformation process as at 1 January 2021 and 1 January 2020, respectively. Change in deferred tax recognized in the income statement for 2021 and 2020 was CZK 121,677 thousand and CZK 96,186 thousand, respectively.

## 15. Commitments and Contingencies

The Company has effected the following types of insurance:

- Insurance of buildings, constructions and selected movable items (transformer stations, administrative buildings);
- Insurance of civil engineering structures (very high voltage and high voltage overhead power grids).

Other types of insurance include general liability insurance, insurance for damage caused by defective products and liability insurance of management and board members.

As at 31 December 2021 and 2020, the Company had concluded contracts for future supplies of fixed assets in the amount of approx. CZK 9,907,621 thousand and CZK 8,654,904 thousand, respectively. As at 31 December 2021 and 2020, an amount of contractual liabilities for the following years comprises a contractual fee totaling CZK 9,582,100 thousand and CZK 8,367,994 thousand, respectively for investments, CZK 321,657 thousand and CZK 276,338 thousand, respectively for repairs and CZK 3,864 thousand and CZK 10,572 thousand, respectively for relaying.

The Company is a party to a number of legal disputes relating to collection of a price component pertaining to costs incurred in supporting the electricity generation from renewable energy sources and combined heat and power generation (fees for "POZE – supported energy sources") in 2013. The Company's management believes that if an adverse judgment against ČEZ Distribuce, a. s. is delivered in these cases and any potential similar disputes, the Company will be entitled to claim back the fees from OTE, a.s. Therefore, the Company takes all measures necessary to prevent the Company from an unfavorable impact in the case of failure, if any.

Regarding legal disputes for POZE 1 – 3 Q 2013, there is a Supreme Court judgment from the second half of 2019 and some other judgments from 2020, in which the Court approves, in its judgment regarding similar case with different participants, the procedure applied by the Company in the respective period, i.e. that the fees should be collected also for the so-called own consumption. Also, in legal disputes for POZE 4 Q 2013 there is a final decision of the Energy Regulator regarding one of the Company disputes from the beginning of 2020 that confirms that the fees for POZE should have been collected at an amount collected by the Company.

In addition, the Company is a party to several disputes related to connection of photovoltaic power plants to the power grid. Based on the analysis performed, the Company's management believes that the risk of losing these disputes is very small and it is unlikely the Company would be imposed any significant obligations in the future arising from these disputes.

Eight companies claim against ČEZ Distribuce, a. s. billing of a part of system services since 2016, which the Company repays to ČEPS, a.s. The receivables subject to claim procedures are listed in Note 6. Again, Company's management believes that if the receivables are not collected in these cases and any potential similar claims or disputes, the Company will be entitled to claim back the fees from ČEPS, a.s. Therefore, the Company takes all measures necessary to prevent the Company from an unfavorable impact of the claim process in the case of failure, if any.

## 16. Leases

The Company leases certain assets from categories such as Buildings, halls and constructions and also Separate movable items and Land.

**As at 31 December 2021 and 2020, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):**

Leased item	Lease term in months	Expense in 2021	Expense in 2020
Buildings, halls and constructions	18–240	188,632	228,213
Machinery and equipment	18–240	34,961	35,482
Hardware	48–72	3,634	34,831
Vehicles	48–72	13,429	14,286
Land	18–240	4,086	3,681
<b>Total</b>		<b>244,742</b>	<b>316,493</b>

A majority of lease agreement has been concluded for an indefinite period. The lease term in months is the usual period for which the Company intends to use the leased assets at the time the contract is signed.

## 17. Revenues and Expenses

**The breakdown of revenues on ordinary activities is as follows (in CZK thousands):**

	2021	2020
Use of grids, incl. reserved capacity at low voltage level	22,448,895	23,034,028
Support of electricity from renewable sources	13,582,250	12,487,327
Provided reserved capacity at very high voltage and very low voltage levels	9,649,214	9,525,665
Provision of system services	3,716,485	2,923,461
OPE charges	176,193	227,233
Other energy services	185,958	168,245
Other non-energy services	230,750	207,533
<b>Total revenues</b>	<b>49,989,745</b>	<b>48,573,492</b>

A vast majority of the Company's revenues comprises primarily revenues from the provision of distribution network services to customers and electricity producers and traders. The prices for services related to providing of distribution network are subject to price regulations of the Energy Regulatory Office and were determined by the Energy Regulatory Office's price decision.

As at 31 December 2021 and 2020, of the total revenues foreign revenues were CZK 15,049 thousand and CZK 13,997 thousand from Axpo Solutions AG, having its registered office in Switzerland (business reg. no.: 24683515, VAT ID CHE105779348MWST, Parkstrasse 23, Baden 5401), which has a license for electricity trading. The revenues were generated from services related to provision of distribution network.

In 2021 and 2020, the Company recorded in revenues a settlement of subsidy for operating needs totaling CZK 4,932 thousand and CZK 2,830 thousand, respectively.

The costs incurred by the Company in 2021 and 2020, respectively include, in particular, costs of purchase of transmission and distribution services, including electricity purchased to cover power grid losses (CZK 25,330,060 thousand and CZK 24,429,718 thousand), which are subject to price regulation of the Energy Regulatory Office, costs of purchase of other energies, materials and services related to the operation and maintenance of the power grid (CZK 4,448,028 thousand and CZK 4,276,111 thousand), personnel expenses (CZK 4,612,696 thousand and CZK 4,441,638 thousand) and capitalization of accumulated cost [CZK (1,213,357) thousand and CZK (1,102,861) thousand].

Statutory auditor's fees are disclosed in the consolidated financial statements of ČEZ, a. s.

## 18. Personnel and Related Expenses

The breakdown of personnel expenses is as follows (in CZK thousands):

	2021		2020	
	Total (incl. statutory bodies)	Members of management, supervisory and administrative bodies	Total (incl. statutory bodies)	Members of management, supervisory and administrative bodies
Average number of employees*	4,655	10	4,603	10
Wages and salaries	3,197,826	20,942	3,071,586	19,098
Social security and health insurance	1,092,041	6,525	1,048,871	4,171
Social cost	322,829	2,055	321,181	3,116
<b>Total personnel expenses</b>	<b>4,612,696</b>	<b>29,522</b>	<b>4,441,638</b>	<b>26,385</b>

\* Average recorded number of employees recalculated in physical persons as per the length of their working time to full working time set by the employer.

The members of statutory bodies received total bonuses and other remuneration of CZK 792 thousand and CZK 792 thousand in 2021 and 2020, respectively.

Members of statutory bodies have benefits consisting of using the automobiles for private purposes, contributions to life insurance and bonuses. Members of management have benefits consisting of using the automobiles for private purposes.

## 19. Related Party Information

The members of management, supervisory and administrative bodies were granted no advances, earnest money, loans, borrowings, guarantees or other benefits (except using the automobiles and telephones for private purposes) in 2021 and 2020 and they do not hold any shares of the Company.

Related parties specified in the tables below are companies of the ČEZ Group.

As at 31 December 2021 and 2020, receivables from group companies with majority control in the amount of CZK 7,097,517 thousand and CZK 10,148,809 thousand, respectively represent the balance of cash in the cash pooling system (see Note 6).

The Company has loans granted by the parent company (see Note 11).

The Company provides services to related parties.

In 2021 and 2020, sales were as follows (in CZK thousands):

Related party	2021	2020
ČEZ Prodej, a.s.	16,840,049	15,692,356
ČEZ ESCO, a.s.	4,841,753	4,676,550
ČEZ Energetické služby, s.r.o.	136,794	143,006
Telco Pro Services, a. s.	122,694	112,349
ČEZ LDS s.r.o.	50,410	41,194
ČEZ, a. s.	41,412	57,241
Severočeské doly a.s.	10,954	11,462
Elektrárna Dětmarovice, a.s.	10,336	22,122
Energotrans, a.s.	5,434	3,056
ČEZ Energo, s.r.o.	2,566	2,473
ČEZ Obnovitelné zdroje, s.r.o.	1,592	1,413
ČEZ ICT Services, a. s.	749	829
ÚJV Řež, a. s.	727	8,751
MARTIA a.s.	312	3,518
ČEZ OZ uzavřený investiční fond a.s.	270	280
Telco Infrastructure, s.r.o.	38	-
ČEZ Teplárenská, a.s.	10	-
AirPlus, spol. s r.o.	9	-
Elektrárna Počeradky, a.s.	-	21,863
ČEZ Korporátní služby, s.r.o.	-	1,465
<b>Total</b>	<b>22,066,109</b>	<b>20,799,928</b>

**Short-term receivables from related parties as at 31 December, including unbilled revenue, except for advance payments made were as follows (in CZK thousands):**

Related party	2021	2020
ČEZ Prodej, a.s.	7,437,855	7,121,251
ČEZ ESCO, a.s.	523,619	572,028
Telco Pro Services, a. s.	21,991	20,029
ČEZ Energetické služby, s.r.o.	17,106	7,937
ČEZ, a. s.	11,250	9,607
ČEZ ICT Services, a. s.	7,647	217
ČEZ LDS s.r.o.	3,794	2,737
Energotrans, a.s.	575	3,083
Elektrárna Dětmorovice, a.s.	452	1,667
ČEZ Obnovitelné zdroje, s.r.o.	49	28
Telco Infrastructure, s.r.o.	5	-
ČEZ Korporátní služby, s.r.o.	-	4,822
MARTIA a.s.	-	1,328
ÚJV Řež, a. s.	-	515
ČEZ Energo, s.r.o.	-	14
<b>Total</b>	<b>8,024,343</b>	<b>7,745,263</b>

**Short-term payables to related parties as at 31 December, including unbilled deliveries, except for advance payments received were as follows (in CZK thousands):**

Related party	2021	2020
ČEZ Prodej, a.s.	451,938	504,470
ČEZ, a. s.	129,550	63,126
ČEZ ICT Services, a. s.	67,664	132,687
ČEZ Obnovitelné zdroje, s.r.o.	47,567	7,972
Telco Pro Services, a. s.	32,799	49,986
ČEZ Energetické služby, s.r.o.	3,473	887
ČEZ ESCO, a.s.	2,281	2,626
AirPlus, spol. s r.o.	719	-
MARTIA a.s.	718	12,202
Energotrans, a.s.	428	327
ČEZ Teplárenská, a.s.	239	2
Elektrárna Dětmorovice, a.s.	223	141
ČEZ OZ uzavřený investiční fond a.s.	220	213
Severočeské doly a.s.	2	2
ČEZ Korporátní služby, s.r.o.	-	63,668
<b>Total</b>	<b>737,821</b>	<b>838,309</b>

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases (including interest on loans) from related parties in 2021 and 2020 were as follows (in CZK thousands):

Related party	2021	2020
ČEZ Prodej, a.s.	2,349,514	3,019,986
ČEZ, a. s.	1,722,071	1,087,586
ČEZ ICT Services, a. s.	588,392	546,356
Telco Pro Services, a. s.	281,565	271,618
MARTIA a.s.	17,671	40,193
ČEZ Energetické služby, s.r.o.	10,877	16,875
Energotrans, a.s.	3,548	2,524
ČEZ OZ uzavřený investiční fond a.s.	2,181	2,113
Elektrárna Dětmorovice, a.s.	1,513	491
ČEZ Teplárenská, a.s.	982	26
AirPlus, spol. s r.o.	719	-
ČEZ ESCO, a.s.	426	137
ČEZ Obnovitelné zdroje, s.r.o.	423	449
AZ KLIMA a.s.	51	820
Severočeské doly a.s.	19	16
ČEZ Korporátní služby, s.r.o.	-	539,557
Tepelné hospodářství města Ústí nad Labem s.r.o.	-	1,535
ČEZ LDS s.r.o.	-	53
ENESA a.s.	-	2
<b>Total</b>	<b>4,979,952</b>	<b>5,530,337</b>

The interest expense relating to the loans received from ČEZ, a. s. for 2021 and 2020 was CZK 783,644 thousand and CZK 675,295 thousand, respectively.

Effective from 1 January 2021, ČEZ Korporátní služby, s.r.o., ceased to exist without liquidation and its assets and liabilities transferred to ČEZ, a. s. Due to this fact the purchases from ČEZ, a. s., are therefore increased in 2021.

As at 31 December 2021 and 2020, advances received from related parties were CZK 7,288,823 thousand and CZK 7,333,391 thousand, respectively. The advances mostly comprised of advances for distribution services received from ČEZ Prodej, a.s. and ČEZ ESCO, a.s.

## 20. Miscellaneous Operating Income

Miscellaneous operating income includes in particular the released part of connection fees (see Note 13) and re-invoiced costs of relaying.

## 21. Cash Flow Statement

The cash flow statement was prepared under the indirect method.

## 22. Subsequent Events

Ukraine is at war during the period of preparation of the accompanying financial statements. This war together with the sanctions against the Russian Federation have, among other things, a negative impact on business in Ukraine and Russia. At the same time, there is an unforeseen increase in market prices for raw materials, fuels and energy and increased exchange rate volatility, which makes it very difficult to estimate further developments in market prices and key macroeconomic indicators. We continuously monitor and analyze the situation and its potential impacts on the Company's operations, including any impacts on the going concern assumption. On grounds of an evaluation of all currently available information, the management of the Company has concluded that this war does not have a significant impact on the accompanying financial statements and that there is currently no significant uncertainty about the Company's ability to continue as a going concern.

Prepared on: 25 April 2022

Signature of entity's statutory body:



Martin Zmelík



Martin Molinger

# Identification of ČEZ Distribuce, a. s.

ČEZ Distribuce, a. s.  
Teplická 874/8  
405 02 Děčín IV-Podmokly  
Czechia

Registered in the Commercial Register maintained by the  
Regional Court in Ústí nad Labem, Section B, File 2145

Established: 2010  
Legal form: Joint-stock company  
Company reg. No.: 24729035  
VAT ID No.: CZ24729035  
Banking details: Komerční banka, a.s., account No. 35-4544580267/0100  
Phone: +420 411 121 111  
Fax: +420 411 122 997  
Internet: [www.cezdistribuce.cz](http://www.cezdistribuce.cz)  
E-mail: [info@cezdistribuce.cz](mailto:info@cezdistribuce.cz)

License number: 121015583  
OTE registration number: 715

Closing date of the 2021 Annual Report: April 25, 2022

Annex 1 Relation Structure Diagram for the Period  
of January 1, 2021, to December 31, 2021