CEZ GROUP

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION AS OF DECEMBER 31, 2024

(Translation of Consolidated Financial Statements Originally Issued in Czech)

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
ASSETS:			
Plant in service		1,083,667	947,745
Less accumulated depreciation and impairment		(558,976)	(538,500)
Net plant in service		524,691	409,245
Nuclear fuel		20,712	16,228
Construction work in progress		35,301	26,659
Total property, plant and equipment	3	580,704	452,132
Investments in associates and joint-ventures	9	3,582	3,737
Restricted financial assets	4	27,619	25,229
Other non-current financial assets	5	16,402	30,379
Intangible assets	6	33,186	27,801
Deferred tax assets	36	1,644	1,380
Total other non-current assets		82,433	88,526
Total non-current assets		663,137	540,658
Cash and cash equivalents	10	40,324	10,892
Trade and other receivables	11	68,491	84,759
Income tax receivable		437	942
Materials and supplies	12	19,375	20,255
Fossil fuel stocks		1,382	2,857
Emission rights	13	29,478	30,819
Derivatives and other current financial assets	5	52,401	111,714
Other current assets	14	23,214	22,869
Assets classified as held for sale	15	3,735	-
Total current assets		238,837	285,107
Total assets		901,974	825,765

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2024

continued

	Note	2024	2023
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		186,809	191,587
Total equity attributable to equity holders of the parent	15	239,274	244,052
Non-controlling interests	9	11,640	1,549
Total equity		250,914	245,601
Long-term debt, net of current portion	17	216,908	131,042
Provisions	21	181,350	165,440
Other long-term financial liabilities	22	14,057	6,104
Deferred tax liability	36	51,722	43,888
Other long-term liabilities		31	31
Total non-current liabilities		464,068	346,505
Short-term loans	23	2,552	7,314
Current portion of long-term debt	17	26,689	30,554
Trade payables	18	50,869	59,869
Income tax payable		2,914	2,268
Provisions	21	34,651	31,113
Derivatives and other short-term financial liabilities	22	47,623	82,540
Other short-term liabilities	24	18,308	20,001
Liabilities associated with assets classified as held for sale	15	3,386	-
Total current liabilities		186,992	233,659
Total equity and liabilities		901,974	825,765

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

CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
Sales of electricity, heat, gas and coal		233,220	251,799
Sales of services and other revenues		107,103	84,585
Other operating income		4,386	4,201
Total revenues and other operating income	26	344,709	340,585
Gains and losses from commodity derivative trading	27	6,249	15,504
Purchase of electricity, gas and other energies	28	(61,498)	(83,181)
Fuel and emission rights	29	(43,261)	(40,243)
Services	30	(46,921)	(39,722)
Salaries and wages	31	(42,538)	(37,783)
Material and supplies		(19,710)	(17,514)
Capitalization of expenses to the cost of assets and change in own inventories		4,685	4,590
Depreciation and amortization	3, 6	(41,709)	(35,336)
Impairment of property, plant and equipment and intangible assets	7	(2,558)	(5,300)
Impairment of trade and other receivables		(685)	(443)
Other operating expenses	32	(3,320)	(16,645)
Income before other income (expenses) and income taxes		93,443	84,512
Interest on debt		(6,561)	(6,299)
Interest on provisions	21	(8,066)	(7,289)
Interest income	33	3,522	6,279
Share of profit (loss) from associates and joint-ventures	9	(79)	832
Impairment of financial assets		(6)	(344)
Other financial expenses	34	(2,526)	(2,108)
Other financial income	35	3,713	3,433
Total other income (expenses)		(10,003)	(5,496)
Income before income taxes		83,440	79,016
Income taxes	36	(52,926)	(49,442)
Net income		30,514	29,574
Net income attributable to:			
Equity holders of the parent		29,933	29,524
Non-controlling interests		581	50
Net income per share attributable to equity holders of the parent (CZK per share):	39		
Basic		55.8	55.0
Diluted		55.8	55.0

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

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
Net income		30,514	29,574
Change in fair value of cash flow hedges	20.3	(4,607)	83,278
Cash flow hedges reclassified to statement of income	20.3	(15,116)	22,373
Cash flow hedges reclassified to assets	20.3	40	(131)
Change in fair value of debt instruments		(684)	2,347
Disposal of debt instruments		12	26
Translation differences – subsidiaries		472	948
Translation differences – associates and joint-ventures		56	(317)
Disposal of translation differences		(23)	1,099
Share on other equity movements of associates and joint-ventures		(1)	(40)
Deferred tax related to other comprehensive income	36	11,688	(75,295)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(8,163)	34,288
Change in fair value of equity instruments		947	(304)
Re-measurement gains (losses) on defined benefit plans		354	(3)
Deferred tax related to other comprehensive income	36	(69)	-
Net other comprehensive income not to be reclassified from equity in subsequent periods		1,232	(307)
Total other comprehensive income, net of tax		(6,931)	33,981
Total comprehensive income, net of tax		23,583	63,555
Total comprehensive income attributable to:			
Equity holders of the parent		22,979	63,473
Non-controlling interests		604	82

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	Attributable to equity holders of the parent									
		Stated capital	Treasury shares	Transla-tion difference	Cash flow hedge reserve	Debt instru-ments	Equity instruments and other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance as at January 1, 2023		53,799	(1,334)	(5,177)	(22,258)	(1,675)	(2,020)	237,551	258,886	1,375	260,261
Net income		-	-	-	-	-	-	29,524	29,524	50	29,574
Other comprehensive income		-	-	1,698	30,640	1,959	(304)	(44)	33,949	32	33,981
Total comprehensive income		-	-	1,698	30,640	1,959	(304)	29,480	63,473	82	63,555
Dividends		-	-	-	-	-	-	(77,810)	(77,810)	(9)	(77,819)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	40	40
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	-	194	194
Changes of non-controlling interests without loss of control	8	-	-	1	-	-	-	(8)	(7)	(9)	(16)
Put options held by non-controlling interests		-	-	10	-	-	-	(500)	(490)	(124)	(614)
Balance as at December 31, 2023		53,799	(1,334)	(3,468)	8,382	284	(2,324)	188,713	244,052	1,549	245,601

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

continued

	Note	Attributable to equity holders of the parent									
		Stated capital	Treasury shares	Transla-tion difference	Cash flow hedge reserve	Debt instru-ments	Equity instruments and other reserves	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance as at January 1, 2024		53,799	(1,334)	(3,468)	8,382	284	(2,324)	188,713	244,052	1,549	245,601
Net income		-	-	-	-	-	-	29,933	29,933	581	30,514
Other comprehensive income		-	-	480	(8,013)	(651)	947	283	(6,954)	23	(6,931)
Total comprehensive income		-	-	480	(8,013)	(651)	947	30,216	22,979	604	23,583
Dividends		-	-	-	-	-	-	(27,875)	(27,875)	(479)	(28,354)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	4	4
Acquisition of subsidiaries	8	-	-	-	-	-	-	-	-	9,936	9,936
Changes of non-controlling interests without loss of control	8	-	-	-	-	-	-	(104)	(104)	(116)	(220)
Put options held by non-controlling interests		-	-	10	-	-	-	212	222	142	364
Balance as at December 31, 2024		53,799	(1,334)	(2,978)	369	(367)	(1,377)	191,162	239,274	11,640	250,914

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023*
OPERATING ACTIVITIES:			
Income before income taxes		83,440	79,016
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	3, 6	41,709	35,336
Amortization of nuclear fuel	3	3,767	3,655
(Gains) and losses on non-current asset retirements		(210)	(486)
Foreign exchange rate loss (gain)		(1,060)	(1,102)
Interest expense, interest income and dividend income		2,951	8
Provisions		9,247	6,505
Impairment of property, plant and equipment and intangible assets	7	2,558	5,300
Other non-cash expenses and income	40	(12,014)	26,559
Share of (profit) loss from associates and joint-ventures	9	79	(832)
Changes in assets and liabilities:			
Receivables and contract assets		15,236	77,925
Materials, supplies and fossil fuel stocks		2,209	3,002
Receivables and payables from derivatives		33,982	(8,733)
Other assets		2,983	3,488
Trade payables		(10,917)	(29,005)
Other liabilities		1,520	(2,300)
Cash from operations		175,480	198,336
Income taxes paid		(49,594)	(60,313)
Interest paid, net of capitalized interest		(5,223)	(6,075)
Interest received		3,522	6,222
Dividends received		250	33
Net cash flow from operating activities		124,435	138,203
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	8	(20,723)	(2,584)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of		158	2,735
Additions to non-current assets before deducting grants, including capitalized interest		(54,116)	(45,477)
Proceeds from grants to non-current assets		538	49
Proceeds from sale of non-current assets		371	432
Loans made		(16)	(154)
Repayment of loans		105	34
Change in restricted financial assets		(2,970)	(1,726)
Net cash flow from investing activities		(76,653)	(46,691)

* The way of presentation of this statement was changed in 2024 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis and they do not fully correspond to the consolidated financial statements as at December 31, 2023.

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

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

continued

	Note	2024	2023*
FINANCING ACTIVITIES:			
Proceeds from borrowings		317,300	114,195
Payments of borrowings		(304,903)	(150,442)
Payments of lease liabilities	25	(1,134)	(856)
Proceeds from other long-term liabilities		279	12
Payments of other long-term liabilities		(1,054)	(2,436)
Dividends paid to Company's shareholders		(27,935)	(77,435)
(Dividends paid) contributions received – owners of non-controlling interests, net		(475)	27
Acquisition of non-controlling interests		(262)	(28)
Sale of non-controlling interests		-	12
Net cash flow from financing activities		(18,184)	(116,951)
Net effect of currency translation and allowances in cash		(71)	(278)
Net increase (decrease) in cash and cash equivalents		29,527	(25,717)
Cash and cash equivalents at beginning of period		10,892	36,609
Cash and cash equivalents at end of period	10	40,419	10,892

Supplementary cash flow information:

Total cash paid for interest		5,728	6,548

* The way of presentation of this statement was changed in 2024 (see Note 2.3.3). The prior year figures were changed accordingly to provide comparative information on the same basis and they do not fully correspond to the consolidated financial statements as at December 31, 2023.

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

CEZ GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024

CONTENT:

CEZ GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024

1. Description of the Company

ČEZ, a. s. (ČEZ or the Company), company reg. No. 45274649, is a Czech joint-stock company, in which at December 31, 2024, 69.8% of the share capital (69.9% of voting rights) owned the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are held by legal persons and individuals and they are traded on stock exchange markets in Prague and Warsaw. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group (the Group, see Note 9). CEZ Group is a vertically integrated energy group that is among the largest economic entities in the Czech Republic and Central Europe. The main business of the Group is the generation, distribution, trade and sale in the field of electricity and heat, coal mining, trading in commodities and providing of complex energy services, distribution, trade and sale in the field of natural gas and providing of telecommunications services.

The main point of the Group's value relates to emission-free mainly nuclear electricity generation and to the distribution and sale of electricity, gas and heat in the Czech Republic. CEZ Group supplies energy and modern energy solutions to millions of customers in the Czech Republic, Germany, Hungary, Austria, Poland and Slovakia. Outside Central Europe, it operates mainly in France, Italy and the Netherlands. The average number of employees of the Company and its subsidiaries included in the consolidation was 31,521 and 29,563 in 2024 and 2023, respectively.

The CEZ Group's business environment is significantly affected by regulation and legislation at the level of the European Union and in the individual countries in which the CEZ Group operates. Responsibility for public administration in the energy sector is exercised by the Ministry of Industry and Trade, the Energy Regulatory Office and the State Energy Inspection Board.

1.1. Strategy of the Company in the Context of Climate Changes

The "VISION 2030 – Clean Energy of Tomorrow" strategy is focused on dynamic transformation of the generation portfolio to low-emission one and achievement of full climate neutrality already by 2040. The strategy includes a commitment to fundamentally limit the production of heat and electricity from coal and fundamentally reduce the emission intensity by 2030. In areas of distribution and sales, the basic goal is to provide the most advantageous energy solutions and the best customer experience on the market. The goal to develop CEZ Group responsibly and sustainably in accordance with ESG principles is also among the main priorities.

This strategy considers and responds to the regulatory environment of the European Union and its expected development. A key element is the EU's climate goals contained in particular in the European Green Deal communication from 2019, which includes, among other things, an increase in the goal in the area of reducing greenhouse gas emissions and the full decarbonization of Europe (the goal for reducing emissions by 2030 compared to 1990 was increased to 55%). Furthermore, in 2021, the European Commission came up with the Fit for 55 package and, in response to the Russian invasion of Ukraine, with the REPowerEU measure, which ultimately led to the setting of a target for the share of renewable energies in the total gross final energy consumption at a level of at least 42.5% in 2030. In December 2024, the government of the Czech Republic approved the updated National Energy and Climate Plan, which main points cover the continuance of generation of electricity by nuclear and renewable sources to decrease emissions; gas should be used as a temporary source of energy, which will be fully replaced by renewable sources and low-emission gasses, mainly by hydrogen, by the year 2050. The goal is to reduce green-house gas emissions by 55% until the year 2030 through the expansion of renewable sources, energy savings and gradual cessation of use of fossil fuels, including the cessation of coal mining and combustion by the year 2033.

As one of the tools for achieving these climate goals, which has a significant impact on the Company, is the emission rights market in Europe. The European Union influences the market for these emission rights, for example by introducing a Market Stability Reserve (MSR), by reducing the total number of emission rights or by releasing them onto the market (back-loading). With increased decarbonization efforts, the market price of CO_2 emission rights receives a long-term growth stimulus; older, less efficient coal-fired power plants and heating plants or, in general, equipment cost-linked to the price of emission rights get under considerable economic pressure.

The biggest impact of these trends is on the assets of segment Mining and on coal and gas generation assets of the Group. CEZ Group's strategy anticipated this development in the long term, and therefore measures and strategic steps are being continuously implemented with the aim of minimizing the negative impact of these factors on the Group's value and at the same time making maximum use of the new opportunities that these trends bring for the Group.

The impacts of climate changes, but also a number of other factors, are evaluated in the various estimates and accounting judgments that the preparation of financial statements according to IFRS requires (see Note 2.4). Mainly it relates to determination of recoverable amount of property, plant and equipment and intangible assets (Note 7), of the provision for mine reclamation and mining damages (Note 21.2), of the provision for demolition and dismantling of fossil-fuel power plants (Note 21.2) and of remaining useful life and depreciation methods of property, plant and equipment used for depreciation (Note 2.8).

2. Summary of Significant Accounting Policies

2.1. Financial Statements

These consolidated financial statements of the CEZ Group have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

The financial statements are prepared based on a historical cost approach, except where IFRS require a different measurement basis as disclosed in the description of accounting policies below.

<u>Explanation Added for Translation into English</u>

These consolidated financial statements represent a translation of consolidated financial statements originally issued in Czech.

2.2. Consolidation Method

2.2.1. Group Structure

The consolidated financial statements of the CEZ Group include data of ČEZ, a. s., and its subsidiaries, associates and joint-ventures included in the consolidation unit (see Note 9).

2.2.2. Subsidiaries

Subsidiaries included in the consolidation unit are those entities which the CEZ Group controls. The Group controls an investee if, and only if, the Group:

- Has power over the investee (i.e., the Group has existing rights that give it the current ability to direct the activities of the entity that significantly affect its revenues)
- Is exposed to risk associated with or entitled to variable returns from its involvement with the investee
- Is able to use its power over the investee to affect the amount of the Group's returns

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method. The cost of a business combination is the sum of the consideration transferred, measured at fair value at acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized directly in profit or loss.

If the business combination is achieved in stages, the Group, as the acquirer, remeasures, through profit or loss, previously held equity interests in the acquiree to fair value at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired (“bargain purchase gain”), then the Group first reassesses the identification and measurement of the acquiree’s identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination. Any excess remaining after the reassessment is recognized immediately in the income statement and is presented in the line Impairment of property, plant and equipment and intangible assets.

A change in the ownership interest of a subsidiary, without loss of control, is accounted as an equity transaction.

Losses within a subsidiary incurred are attributed to the non-controlling interest even if that results in a deficit balance.

Put options held by non-controlling interests are recorded as a derecognition of non-controlling interest and recognition of a liability at the end of the reporting period. The liability is recognized at the present value of the amount payable on exercise of the option. Any difference between the amount of non-controlling interest is derecognized and this liability is accounted for within equity. Subsequent changes to the present value of liability are recorded directly in equity.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are eliminated unless transaction indicates impairment of the asset transferred. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the CEZ Group.

2.2.3. Associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are included in the consolidated financial statements using the equity method of accounting. Under this method the Group’s share of the post-acquisition profits or losses of associates is recognized in the income statement. The Group’s share of other post-acquisition movements in equity of associates is recognized in other comprehensive income against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The amount disclosed in balance sheet as Investments in associates and joint-ventures includes net book value of goodwill gained on acquisition.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses. In such a case, the Group recognizes its full share on profit or loss and its share on other comprehensive income only to the extent to recognize nil interest in an associate. This amount is included in the item Translation differences – associates and joint-ventures in the statement of comprehensive income, then the Group discontinues of using equity method of accounting. However, additional losses are provided for, and a liability is recognized on the balance sheet in the item Other long-term liabilities or in the item Provisions, after the Group’s interest is reduced to zero, only to the extent that the Group has incurred legal or constructive obligations (e.g., provided guarantees) or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

2.2.4. Joint-ventures

A joint-venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to its net assets. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary considerations to determine control over subsidiaries. The Group recognizes its interest in the joint-venture using the equity method of accounting (see Note 2.2.3).

2.2.5. Transactions Involving Entities under Common Control of Majority Owner

Acquisitions of subsidiaries from entities under common control are recorded using a method similar to pooling of interests.

The assets and liabilities of the acquired subsidiaries are included in the Group's consolidated financial statements at their book values. The difference between the cost of acquisition of subsidiaries from entities under common control and the share of net assets acquired in book values is recorded directly in equity.

2.3. Changes in Accounting Policies

2.3.1. Adoption of New IFRS Standards in 2024

The accounting policies adopted are consistent with those of the previous financial year, except for as follows. The Group has adopted the following amended standards endorsed by EU as at January 1, 2024:

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments),
- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (amendments),
- IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (amendments),
- IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures (amendments).

The application of these amendments did not have significant impact to the Group's financial statements.

2.3.2. New and Revised IFRS Standards Either Not Yet Effective or Not Yet Adopted by EU

The Group is currently assessing the potential impacts of the new or revised standards that will be effective or adopted by the EU from January 1, 2025 or later:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendment),
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (amendments),
- IFRS 1 First-time Adoption of International Financial Reporting Standards (amendment),
- IAS 7 Statements of Cash Flows (amendment),
- IFRS 18 Presentation and Disclosures in Financial Statements (new standard),
- IFRS 19 Subsidiaries without Public Accountability: Disclosure (new standard),
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint-ventures: Sale or Contribution of Assets between an Investor and Its Associate or Joint-venture (amendments).

The Group assesses the impact of amendments of IFRS 10 and IAS 28 and new standard IFRS 18 to the financial statements. The Group does not expect early adoption of any of the above-mentioned new or amended standards and does not expect any significant impact to the Group's financial statements.

2.3.3. Change of Presentation of Consolidated Statement of Cash Flows

In 2024, the presentation of the statement of cash flows was changed to increase the relevance of information regarding cash flows associated to grants related to assets. The original line item Additions to non-current assets, including capitalized interest, is no longer affected by grants and the receipt of cash and cash equivalents related to grants is reported on a separate line item Proceeds from grants to non-current assets within investing activities. Operating activities are no longer affected by grants related to non-current assets. As a result, some items of the comparative period have been reclassified to be fully comparable with the current period.

The overview of performed adjustments of previous period is as follows (in CZK millions):

	Adjustment 2023
Consolidated statement of cash flows:	
Receivables and contract assets	3,108
Other liabilities	(2,472)
Cash from operations	636
Net cash flow from operating activities	636
Additions to non-current assets before deducting grants, including capitalized interest	(685)
Proceeds from grants to non-current assets	49
Net cash flow from investing activities	(636)
Net increase in cash and cash equivalents	-

2.4. Estimates and Accounting Judgments

The Group makes significant estimates when determining the recoverable amounts of property, plant and equipment and intangible assets (see Note 7), accounting for the nuclear provisions (see Note 21.1), provisions for reclamation of mines, mining damages and waste storage reclamation (see Note 21.2), provision for demolition and dismantling of fossil-fuel power plants (see Note 21.2), unbilled electricity and gas (see Note 2.6), fair value of commodity contracts (see Notes 2.15 and 19), non-commodity derivatives (see Notes 2.14 and 19), incremental borrowing rate and lease terms to measure lease liabilities (see Notes 2.27 and 25) and deferred tax calculation (see Notes 2.21 and 36). Actual outcome may vary from these estimates.

The most significant changes in estimates in 2024 related to the provision for long-term spent fuel storage due to the increase of expected contribution to the nuclear account depending on electricity generated in nuclear power plants and to the change of the discount rate and provision for nuclear decommissioning due to the change of the discount rate.

Another significant change in estimates in 2024 related to adjustment of depreciations and depreciating methods of certain asset classes. IFRS accounting standards require depreciation methods to be reviewed periodically and that the depreciation methods used reflect the expected way in which the economic benefits of the assets will be consumed. When significant changes occur in the expected distribution of consumption of future economic benefits from certain assets, the method is being changed to reflect the changed distribution of consumption of benefits.

Regarding the effects of decarbonization and the assumptions of further market development, the Group examined depreciation methods. The result is a change in the accounting estimate for the depreciation method for coal generation resources[1)] and for assets used in lignite mining (collectively "coal assets"). Up to September 30, 2024, coal assets were depreciated on a linear basis over the expected remaining useful life. From October 1, 2024, the Group depreciates coal assets using a method in which depreciation

[1)] Except for coal generation resources, which are classified as assets held for sale. Assets classified as held for sale are not depreciated.

decreases evenly over the remaining useful life (the so-called sum-of years' digits method). This method for coal assets appropriately captures the expected way of consumption of economic benefits in the future, when the gradually decreasing usage of these assets is expected.

The depreciable amount of the Group's coal assets was CZK 73.2 billion as at September 30, 2024. The following table shows the depreciation schedule as a percentage of the depreciable amount as at September 30, 2024, after the change in the depreciation method until 2030, which represents the currently expected end of operation of the coal assets:

	Q4 2024	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Total
Share of depreciation on the depreciable amount after changing the depreciation method	7%	26%	22%	18%	13%	9%	5%	100%

Compared to the linear method of depreciation previously used, there is therefore a significant change in the distribution of depreciation over time. With regard to the different effective income tax rate in individual future years, which is affected by the windfall tax, which applies in the Czech Republic until December 31, 2025, and is relevant for ČEZ, a. s., there is a change in the estimate of when the taxable temporary differences related to the different net book value for accounting and tax purposes of the coal assets will be realized by depreciation (tax-deductible depreciation of ČEZ, a. s., does not change). Higher temporary differences realized in periods with a higher effective tax rate led to an increase in the deferred tax liability in the amount of CZK 4,885 million as at September 30, 2024. The related deferred income tax expense was reported as a one-off item in the line item Income tax in the statement of income as at September 30, 2024.

The most significant changes in estimates in 2023 related to the provision for nuclear decommissioning due to update of the expert decommissioning studies for Dukovany and Temelín Nuclear Power Plants, change of the discount rate and determining the recoverable amount of property, plant and equipment and intangible assets.

2.5. Revenues

Revenue is recognized, when the Group has satisfied a performance obligation and the amount of revenue can be reliably measured. The Group recognizes revenue at the amount of estimated consideration (less estimated discounts) that it expects to receive for goods transferred or services provided to the customer.

The Group recognizes revenue from sales of electricity, heat, gas and coal based on contract terms. Any differences between contracted amounts and actual supplies for electricity and gas are settled through the market operator.

Revenues from the sales of electricity
The Group generates, sells and trades in electricity. Revenues from the sale of electricity are generated from sales on organized markets and from sales to traders and to end consumers. Sales on organized markets - energy exchanges – are typically standardized sales. Sales to end consumers are often in a form of combined supply of power electricity and distribution services. In the case of sale in the territory of another distributor, the Group acts as an agent of the distribution company as far as distribution services are concerned. To fulfill the obligation arising from the contract, i.e., revenue from the sale of electricity is reported at the time of delivery of electricity. Revenue from unbilled electricity supplies is accounted for as an estimate using accruals (see Note 2.6). Invoicing to customers takes place according to the agreed contractual terms and volumes taken on a monthly, quarterly or annual basis, with the reconciliation of paid advances for the given period.

Revenues from the sales of gas
The Group sells and trades in gas. Revenues from the sale of gas are generated from sales to traders and to end consumers. Sales to end consumers are often in a form of combined supply of gas and distribution services. To fulfill the obligation arising from the contract, i.e., revenue from the sale of gas is reported at the time of delivery of gas. Revenue from unbilled gas supplies is accounted for as an estimate using accruals (see Note 2.6). Invoicing to customers takes place according to the agreed contractual terms and

volumes taken on a monthly, quarterly or annual basis, with the reconciliation of paid advances for the given period.

Revenues from the sale of heat
The Group produces and trades in heat. Customers mainly consist of the sector of housing, as well as customers from industry and the public sector. The sale and distribution of heat is a regulated sector. The contract is fulfilled by physical delivery to the place of the contracted customer. Invoicing is most often monthly or annual and, depending on the conditions set, eventually in the form of advance payments. According to the agreed tariff, invoicing depends on the amount of heat delivered, or may also include a fixed component for the agreed heat output. Customers with large heat consumptions have concluded contracts in the form of “take or pay”.

Revenues from sales of coal
The Group mines, processes and sells coal. Customers are mainly producers of electricity and heat and wholesale partners. To an insignificant extent, the Group also sells to end consumers, including the public sector. The contract is fulfilled at the moment of physical delivery. According to the parameters of the contract, transportation may be part of the delivery. The invoiced revenues are determined by the delivered quantity, the quality parameters of the deliveries, which are verified by accredited laboratories and the prices according to the contractual arrangements. Contract prices are variable in accordance with medium-term contracts and depend on indices of electricity price and inflation. Some business partners have concluded contracts in the form of "take or pay". The maturity of the invoices is short-term. Most customers pay first advance payments. Any bonuses from the quantity withdrawn are included as a reduction of the period’s revenues.

Revenues from sales of distribution services of electricity
Revenues from distribution services in the supply of electricity mainly consist of revenues for the price of the distribution system service and revenues from ensuring power input and connectivity. Revenues for the price of the distribution system service include payments for reserved capacity or for power input according to the value of the circuit breaker, for the use of networks or the amount consumed. Revenues are accounted during invoicing after the end of the accounting period, most often with annual or monthly periodicity. During the settlement period, customers pay the advances and unbilled supplies are booked (see Note 2.6). Prices for distribution system services are subject to price regulation by the Energy Regulatory Office (ERÚ) and are determined by the ERÚ’s price decision. Revenues for securing the power input and connectivity cover the costs associated with the connectivity and securing the required power input and, in the case of rellocation of distribution equipment, for constructions related to them. These are contributions for connection in terms of the Energy Act No. 458/2000 Coll., and Measurement Decree No. 16/2016 Coll. Revenues from securing power input are reported after payment is received. Connection contributions and related payments for power input and transmission of end consumers are charged to revenues in the period in which this performance was provided.

Revenues from sales of distribution services of gas
The Group provides gas distribution for users of the distribution system. Natural gas distribution for retail customers and households is invoiced on a periodic basis, with readings at each point of consumption being taken at least once every 14 months. For other customer categories, consumption is invoiced monthly. Revenues in the household and retail customer category in the reporting period consist of sales obtained through actual invoicing and sales for so-called unbilled gas distribution, the value of which is determined by calculating the total volume of gas supplied in a given period based on the consumer behavior of individual customers and is valued according to the pricing decision of the ERÚ.

Revenues from sales of services
The group provides several types of services in the field of engineering, designing complex energy and construction solutions, including their implementation. Obligations to fulfill from these types of services are fulfilled on an ongoing basis and contractual assets and liabilities are recognized. The Group uses the percentage of completion method for these types of services. The group assesses the criteria of whether the customer has gained control over the product or service with the chosen method of gradual fulfillment. The criteria are as follows:

a) The buyer simultaneously receives and consumes benefits from the assets provided by the supplier.
b) The company delivers or raise the value of an asset that is controlled by the customer during the creation.

c) The company creates an asset that cannot be used for purposes other than delivery to this customer, and the company has an enforceable right for remuneration from performance so far performed.

In case that at least one of the above-mentioned requirements has been met, the Group reports revenues using the input method, which is based on the ratio of the costs already spent on the fulfillment of obligations and the total estimated costs of the project. The revenue is subsequently reported in the given period in such an amount that it cumulatively corresponds to the percentage of completion related to the total estimated revenue. If an ongoing project or contract is onerous, the loss is reported immediately in full. Most contracts are concluded for a period of up to one year.

In addition to the above services, the Group also provides virtual mobile operator services. Invoicing is most often done monthly with fixed rates and a variable part according to the telecommunications services used.

Government and similar grants related to income are recognized in the income statement in the period in which the Group recognizes related expenses to be offset by the grant and is presented in the line Other operating income.

2.6. Unbilled Electricity and Gas

The change of unbilled electricity and gas is determined monthly on the basis of an estimate. The estimate of monthly change in unbilled electricity and gas is based on deliveries in a given month after deduction of invoiced amounts and estimated grid losses. The estimate of total unbilled balance is verified by extrapolation of consumption in the last measured period for individual locations. The ending balance of contract assets and liabilities is disclosed net in the balance sheet after deduction of advances received from customers and is included in the line item of Other current assets or Other short-term liabilities.

2.7. Fuel Costs

Fuel is recognized as costs when it is consumed. Fuel costs include the depreciation of nuclear fuel (see Note 2.9).

2.8. Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairments. The cost of property, plant and equipment comprises the purchase price and the related cost of materials and labor and the cost of debt financing used in the construction. The cost also includes the estimated cost of dismantling and removing a tangible asset to the extent specified by IAS 37, Provisions, Contingent Liabilities, and Contingent Assets. Government grants and similar subsidies received for the acquisition of property, plant and equipment decrease the cost.

Self-constructed property, plant and equipment are measured at the cost of constructing them. Expenditures on the repair, maintenance, and replacement of minor asset items are recognized as repair and maintenance expenses in the period when such repair is carried out. Improvements are capitalized. Any gains or losses arising from the sale or disposal of property, plant and equipment are included in profit or loss.

At each reporting date, the Group assesses whether there are any indicators that an asset may have been impaired. Where there are such indicators of impairment, the Group checks whether the recoverable amount of the item of property, plant and equipment is less than its depreciated cost. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Any impairment of property, plant and equipment is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

At each reporting date, the Group assesses whether there are any indicators that previously recognized impairments of assets are no longer justified or should be decreased. If there are such indicators, the Group determines the recoverable amount of non-current assets. A previously recognized impairment is recognized as an expense only if there has been a change in the assumptions used to estimate the non-current asset’s recoverable amount since the last recognition of the impairment. If that is the case, the depreciated cost of the asset including the impairment is increased to the new recoverable amount. The new depreciated cost may not exceed the current carrying amount, less accumulated depreciation, that would be determined had no impairment been recognized in the past. A reversal of previously recognized impairment is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

The Group depreciates the cost of property, plant and equipment (if any, adjusted for impairment losses) less their residual value over their estimated useful life. Coal assets are depreciated using the sum-of years' digits method (see Note 2.4). The Company depreciates other assets, except nuclear fuel (see Note 2.9), on a straight-line basis. Each part of an item of property, plant and equipment that is significant in relation to the total amount of the asset is recognized and depreciated separately.

The estimated useful life of property, plant and equipment as at December 31, 2024, is determined as follows:

	Useful lives (years)
Buildings and structures	10–60
Machinery and equipment	4–45
Vehicles	4–37
Furniture and fixtures	4–15

2.9. Nuclear Fuel

The Group recognizes nuclear fuel as part of property, plant and equipment because the period for which it is used for electricity generation exceeds 1 year. Nuclear fuel is measured at cost less accumulated depreciation and, if applicable, impairments. Nuclear fuel includes a capitalized portion of the provision for interim storage of spent nuclear fuel. The depreciation of nuclear fuel in a reactor is determined on the basis of the amount of energy generated and presented in the statement of income in the line item Fuel and emission rights. The depreciation of nuclear fuel includes additions to the provision for interim storage of spent nuclear fuel.

2.10. Intangible Assets

Intangible assets are measured at costs, including the purchase price and related expenses. Non-current intangible assets are amortized using the straight-line method over their estimated useful life, which ranges between 3–29 years.

At each reporting date, the Group assesses whether there are any indicators that a non-current intangible asset may have been impaired (for goodwill see Note 2.11). Non-current intangible assets under development are tested for possible impairment annually regardless of whether there are indicators of possible impairment. Any impairment of non-current intangible assets is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

2.11. Goodwill

Goodwill is initially measured at the amount of the difference between the consideration transferred plus the value of any non-controlling interest and the net amount of the identifiable assets acquired and liabilities assumed (see Note 2.2). Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Goodwill relating to associates and joint-ventures is recognized in the balance sheet as part of investments in associates and joint-ventures. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. The recognized goodwill is tested for possible impairment. The test is performed at least once a year or more frequently if there are indicators of possible impairment of goodwill.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the synergies arising from the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognized. Recognized impairment losses of goodwill cannot be reversed in subsequent periods. In the event of a partial sale of a cash-generating unit to which goodwill has been allocated, the carrying amount of goodwill relating to the sold part is included in the gain or loss on sale. The amount of goodwill disposed is measured on the basis of the ratio of the value of the sold part of the cash-generating unit to the value of the part that remains in the ownership of the Group.

2.12. Emission Rights

The greenhouse gas emission right (hereinafter the emission right) represents the right of the operator of a facility that emits greenhouse gases in the course of its operation to release the equivalent of a ton of carbon dioxide to the air in a given calendar year. Operators of such facilities are required to determine and report the amount of greenhouse gases produced by its facilities in every calendar year and this amount must be to be audited by an accredited person. Some Group companies as operators of such facilities were allocated a certain amount of emission rights based on the National Allocation Plan.

The Group is required to remit the number of emission rights corresponding to its actual amount of greenhouse gas emissions in the previous calendar year by no later than September 30 of the next calendar year.

Allocated emission rights are measured at nominal, i.e., zero value in financial statements. Purchased emission rights are measured at cost (except for emission allowances held for trading). Emission rights acquired in a business combination are initially recognized at their fair value at the date of acquisition and subsequently treated similarly to purchased emission rights. The Group makes a provision for covering released emissions corresponding to the difference between the actually released amount of emissions and its inventory of allocated emission rights. The provision is measured primarily at the cost of emission rights that were purchased with the intention of covering greenhouse gas emissions in the reporting period. The provision for released emissions exceeding such rights is measured at the market price effective at the end of the reporting period. Emission rights purchased for use in the next year are recognized as current assets in the line item Emission rights. Emission rights with a later planned time of use are recognized as part of non-current intangible assets.

At each reporting date, the Group assesses whether there are any indicators that emission allowances may have been impaired. Where there are such indicators, the Group checks whether the recoverable amount of cash-generating units that the emission rights were allocated to is less than their depreciated cost. Any impairment of emission rights is recognized in profit or loss and presented in the line item Other operating expenses.

The Group also purchases emission rights for the purpose of trading. The portfolio of emission rights held for trading is measured at fair value at the end of the reporting period, with any changes in fair value recognized in profit or loss and presented in the line item Gains and losses from commodity derivative trading. Emission rights purchased for the purpose of trading are recognized as current assets in the line item Emission rights.

Sale and repurchase agreements concerning emission rights are accounted for as collateralized loans.

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

2.13. Classification of Financial Instruments

Financial assets comprise primarily cash, equity instruments of another entity, or a contractual right to receive cash or another financial asset and derivatives with positive fair value.

Financial liabilities are primarily contractual obligations to deliver cash or another financial asset and derivatives with negative fair value.

Financial assets are classified as current if the Group intends to realize them within 12 months of the end of the reporting period or if there is not reasonable assurance that the Group will hold the financial assets for more than 12 months after the end of the reporting period.

Financial liabilities are presented as current if they are payable within 12 months of the end of the reporting period. Assets and liabilities held for trade are also presented as current assets and liabilities.

Financial assets and financial liabilities are offset and the resulting net amount is presented in the balance sheet if there is a legally enforceable right to set off the recognized amounts and the Group intends to settle on a net basis or to realize the financial assets and settle the financial liabilities simultaneously.

2.13.1. Financial Assets

Financial assets are classified into two main categories in terms of measurement at amortized cost and at fair value depending on whether the financial assets are held for sale or whether they are held under a business model whose objective is to hold the assets to collect contractual cash flows.

The Group classifies assets into the following categories:

a) Financial asset measurement at amortized cost

   This category comprises financial assets for which the Group’s strategy is to hold them to collect contractual cash flows, consisting of both principal and interest. Examples of such financial assets include loans, securities held to maturity, trade receivables.

   Expected credit losses, exchange differences, and interest revenue are recognized in profit or loss.

b) Financial asset measurement at fair value through other comprehensive income

   This category comprises financial assets where the Group’s strategy is both to collect contractual cash flows and to sell the financial assets. This model differentiates between two types of accounting treatment:

   - Without future transfer to profit or loss – used for equity financial assets
     Impairments are neither calculated nor recognized. Changes in fair value are recognized in other comprehensive income. When a financial asset is sold, no gain or loss is recognized in profit or loss, so it never affects profit or loss. If an equity financial asset is sold, the accumulated revaluation amount is transferred to retained earnings. Exchange differences are recognized in other comprehensive income as part of the revaluation amount. Dividends on such financial assets are recognized in profit or loss provided that the payment of such dividends does not reduce the value of the investment.

   - With future transfer to profit or loss – used for debt financial assets
     Additions to impairment are recognized in profit or loss. Changes in fair value are recognized in other comprehensive income. On the disposal of a financial asset, the gain or loss is recognized in profit or loss (the gain/loss is transferred from other comprehensive income to profit or loss). Exchange differences in relation to revaluation surplus are recognized in other comprehensive income. Exchange differences in relation to impairment are recognized in profit or loss. Interest revenue is recognized in profit or loss.

c) Financial asset measurement at fair value through profit or loss

A category of financial assets for which the Group's strategy is to actively trade the asset. The collection of contractual cash flows is not the main objective of the strategy. Examples of such financial assets are securities held for trading and derivatives which are not designated as cash flow hedge instruments. Impairments are neither calculated nor recognized. Changes in fair value and exchange differences are recognized in profit or loss.

Changes in the fair value of financial investments at fair value through profit or loss are recognized in Other financial expenses or Other financial income.

2.13.2. Financial Liabilities

Financial liabilities are classified into two main categories of at amortized cost and at fair value through profit or loss. If a financial liability is not in the category of fair value through profit or loss and it is neither a financial guarantee contract nor a commitment to provide a loan at below-market interest rate, then the financial lability is classified in the category at amortized cost.

For fair value option financial liabilities, i.e., those measured at fair value through profit or loss, a change in fair value that is attributable to changes in credit risk is presented in other comprehensive income; the remaining amount is presented in profit or loss. However, if the treatment of changes in fair value that are attributable to credit risk created or enlarged an accounting mismatch in profit or loss, the entity would present all gains or losses on such a liability in profit or loss.

2.13.3. Derivatives

Derivatives are a special category of financial assets and liabilities. The manner of recognizing gains or losses from the revaluation of derivatives to fair value depends on whether a derivative is classified as a hedging instrument and on the nature of the item being hedged. More information on the reporting of derivatives can be found in Note 2.14.

2.13.4. Impairment of Financial Assets

The impairment of financial assets is based on a model of expected credit losses (ECL).

An impairment analysis of receivables is performed by the Group at each reporting date on an individual basis for significant specific receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively where the individual approach is not applicable.

The Group accounts for either 12-month expected credit losses or lifetime expected credit losses depending on whether there has been a significant increase in credit risk since initial recognition (or since the commitment was made or the guarantee was provided). The Group has used a simplified approach for trade receivables, contract assets and lease receivables, under which lifetime expected credit losses are always accounted for.

The portfolio of financial assets is broken down into 3 categories for the purposes of ECL calculation. At the date of initial recognition, financial assets are included in Category 1 with the lowest impairment, which is determined as a percentage of historically unpaid receivables. They are subsequently reclassified as Category 2 and 3 as the debtor's credit risk increases. If a financial asset is bearing interest, interest revenue in Category 3 is calculated from the net amount of the asset.

2.14. Non-commodity Derivatives

The Group uses financial derivatives, such as interest rate swaps and foreign exchange contracts, to hedge risks associated with interest rate and exchange rate fluctuations. Derivatives are measured at fair value. They are recognized as part of non-current and current other financial assets and liabilities in the balance sheet. The manner of recognizing gains or losses from the revaluation of derivatives to fair value depends on whether a derivative is classified as a hedging instrument and on the nature of the item being hedged.

For hedge accounting purposes, hedging transactions are classified either as fair value hedges where the risk of change in the fair value of a balance sheet asset or liability is hedged or as cash flow hedges where the Group is hedged against the risk of changes in cash flows attributable to a balance sheet asset or liability or to a highly probable forecast transaction.

At the inception of a hedge, the Group prepares a documentation identifying the hedged item and the hedging instrument used, describes economic relationship between hedged item and the hedging instrument, evaluation of effectivity and also describes targets and strategy for managing risks for various hedging transactions.

The Group applies IFRS 9 Financial instruments to hedge transactions in hedge accounting.

2.14.1. Fair Value Hedging Derivatives

Changes in the fair values of fair value hedging derivatives are recognized in expenses or income, as appropriate, together with the relevant change in the fair value of the hedged asset or liability that is related to the hedged risk. Where an adjustment to the carrying amount of a hedged item is made for a debt financial instrument, the adjustment is amortized in profit or loss over time until the maturity of such a financial instrument.

2.14.2. Cash Flow Hedging Derivatives

Changes in the fair values of derivatives hedging expected cash flows are initially recognized in other comprehensive income. The gain or loss attributable to the ineffective portion is presented in the statement of income in the item Other financial expenses or Other financial income.

Amounts accumulated in equity are recognized in profit or loss in the period when the expenses or income associated with the hedged items are accounted for.

When a hedging instrument expires or a derivative is sold or it no longer meets the criteria for hedge accounting, the cumulative gain or loss recognized in equity remains in equity until the forecast transaction is closed and then recognized in the statement of income. If a forecast transaction is no longer likely to occur, the cumulative gain or loss, originally recognized in other comprehensive income, is transferred to profit or loss.

2.14.3. Other Derivatives

Some derivatives are not intended for hedge accounting. A change in the fair value of such derivatives is recognized directly in profit or loss.

2.15. Commodity Contracts

According to IFRS 9, certain commodity contracts are considered to be financial instruments and accounted for in accordance with the standard. Most commodity purchases and sales carried out by the Group assume physical delivery of the commodity in amounts intended for use or sale in the course of the Group's ordinary activities. Therefore, such contracts (so-called "own-use" contracts) are not within the scope of IFRS 9 and are specifically registered to allow differentiation from contracts within the scope of IFRS 9.

Forward purchases and sales with physical delivery of energy are not within the scope of IFRS 9 as long as the contract is made in the course of the Group's ordinary activities. This is true if all of the following conditions are met:

- Physical delivery of the commodity takes place under the contract,
- The amount of the commodity purchased or sold under the contract corresponds to the Group's operating requirements,
- There is no practice of settlements of these contracts net in cash or another financial instrument or by exchanging financial instruments,
- The contract does not represent a sold option as defined by IFRS 9. In the specific case of electricity sales contracts, the contracts are substantially equivalent to firm forward sales or can be considered sales of generation capacity.

These conditions must be met at the contract's inception and throughout its duration, which is regularly evaluated by the Group.

The Group considers transactions entered into with the aim of balancing electricity amounts purchased and sold to be part of an integrated energy group's ordinary activities; therefore, such contracts are not within the scope of IFRS 9.

The Group as well concludes trades to hedge gross margin from generation of electricity, from which fair value revaluation are not part of hedge accounting, mainly due to uncertainty of hedged electricity deliveries from generation sources, when expected electricity deliveries could be not realized at the end, but trading positions would be closed, with connected emission rights positions and fuels, e.g., deliveries from CCGT Počerady and thus those commodity contracts are treated under IFRS 9.

Commodity contracts that are within the scope of IFRS 9 and that do not hedge cash flows are revalued to fair value, with changes in fair value recognized in profit or loss. The Group presents revenue and expenses related to trading in electricity and other commodities in the statement of income item Gains and losses from commodity derivative trading.

Changes in the fair values of commodity contracts that are within the scope of IFRS 9 and that hedge expected cash flows are initially recognized in other comprehensive income. The gain or loss attributable to the ineffective portion is presented in the statement of income in the item Gains and losses from commodity derivative trading.

Subsequently, in accordance with the description in Note 2.14.2, amounts accumulated in equity are recognized in profit or loss in the period when the expenses or income associated with the hedged items are accounted for.

When a hedging instrument expires or a commodity contract is sold or it no longer meets the criteria for hedge accounting, the cumulative gain or loss recognized in equity remains in equity until the expected transaction is closed and then recognized in the statement of income. If the expected transaction is no longer likely to occur, the cumulative gain or loss, originally recognized in other comprehensive income, is transferred to profit or loss.

2.16. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, current accounts with banks, and short-term financial deposits with maturity of no more than 6 months.

2.17. Restricted Financial Assets

Cash and other financial assets that are recognized as restricted funds (see Note 4) are intended for the funding of nuclear decommissioning, for mining reclamation and damages, for the restoration and rehabilitation of waste dumps, or are cash guarantees given to counterparties. Such funds are classified as non-current assets due to the time at which they are expected to be released for the Group's purposes.

2.18. Contract Assets and Liabilities

Contract asset is the Group's right to a consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

Contract liability is the Group's obligation to transfer goods or provide services to a customer for which the Group has received consideration from the customer.

For work in progress, costs incurred and recognized gains are presented on the balance sheet net of any issued invoices and advances received as an asset or a liability.

Contract assets and contract liabilities are presented in the line items Other current assets and Other short-term liabilities.

2.19. Materials and Supplies

Purchased inventories (except for gas for trading - see the next paragraph) are measured at actual cost, using the weighted average cost method. The costs of purchased inventories include all costs of purchase, including transport costs. Upon use, they are recognized in expenses or capitalized as non-current assets. Work in progress is measured at actual cost. The costs include, primarily, direct material and labor costs. Obsolete inventories are written down using impairments recognized in expenses.

Gas inventories are acquired mainly for purpose of trading (and also for supplies to end customers – see the previous paragraph). Gas in a gas storage, which is intended for trading, is measured at fair value less cost to sell at the date of the financial statements. Changes in fair value are recognized in the statement of income in the line item Gains and losses from commodity derivative trading.

2.20. Fossil Fuel Stocks

Inventories of fossil fuels are measured at actual cost, determined on a weighted average cost basis.

2.21. Income Taxes

The amount of income taxes is determined in compliance with the tax regulations of the states of residence of the Group companies and is based on the profit or loss determined in accordance with local accounting regulations and adjusted for permanently or temporarily non-deductible expenses and untaxed income. Income taxes are calculated on an individual company basis as the Czech tax laws do not permit consolidated tax returns. For companies located in the Czech Republic, the current income tax at December 31, 2024 and 2023, respectively was calculated from income before tax in accordance with Czech accounting regulations, adjusted for some items that are non-deductible or non-taxable for tax purposes, using a base rate of 21% and 19%, respectively. In the period of 2023–2025 the company (above the tax base derived from average tax base from years 2018–2021 increased by 20%) is, and will be, respectively, burdened by an increased tax rate of 60%, windfall tax (see Note 36). The applicable tax rate including windfall tax is 75% for 2024. Expected tax rate from 2026 is 21%.

The Group, in the jurisdictions in which the Group operates, obligatorily applies the international tax reform – model rules of BEPS Pillar Two for the period from January 1, 2024. The impact from this tax reform on the Group is not significant for the year 2024, especially with regard to the so-called safe harbors.

Deferred tax is calculated on the basis of the liability method based on a balance sheet approach. Deferred tax is calculated from temporary differences between accounting measurement and measurement for the purposes of determining the income tax base. Deferred tax is determined using rates and laws that have been enacted by the end of the reporting period and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled. The Group applied a mandatory temporary exception for the calculation and disclosure of deferred tax from transactions in connection with the application of the international tax reform – OECD BEPS Pillar Two model rules.

A deferred tax asset or liability is not discounted. A deferred tax liability is recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by parent and it is probable that the temporary differences will not be realized in the foreseeable future.

Deferred tax asset is recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax asset is recognized to the extent that it is probable that sufficient taxable profit will be available in the future against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be claimed, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the reported profit after tax nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint-ventures, when it is probable, that the temporary differences will not be reversed and there will not be sufficient taxable profit against which the deductible temporary differences can be applied.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and, if necessary, the carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities of Group companies are not offset in the balance sheet.

If the current and deferred tax relate to items that are charged or credited directly to equity in the same or a different tax period, the tax is also recognized directly in equity.

Changes in the deferred tax due to a change in tax rates are recognized in profit or loss, except for items charged or credited directly to equity in the same or a different tax period, for which such a change is also recognized directly in equity.

2.22. Long-term Debt

Debt is initially measured at the amount of proceeds from the issue of the debt, less transaction costs. It is then carried at amortized cost, which is determined using the effective interest rate. The difference between the nominal amount and the initial measurement of debt is recognized in profit or loss as interest expense over the period of debt.

Transaction costs comprise commission paid to advisers, agents, and brokers and levies by regulatory agencies and securities exchanges.

2.23. Nuclear Provisions

The Group makes a provision for nuclear decommissioning, a provision for interim storage of spent nuclear fuel and other radioactive waste, and a provision for the funding of subsequent permanent disposal of spent nuclear fuel and irradiated reactor components (see Note 21.1).

The provisions made correspond to the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The estimate, expressed at the price level at the date of estimate, is discounted using an estimated long-term risk-free real interest rate of 1.9% and 2.1% per annum as at December 31, 2024 and 2023, respectively, so as to take into account the timing of expenditure. While estimating future expenses, an associated risk related to these future expenses is taken into account. This risk adjustment can be expressed as a reduction of the used discount rate by 1.5% and 1.9% as at December 31, 2024 and 2023, respectively. Initial discounted costs are capitalized as part of property, plant and equipment and then amortized for the duration of time for which nuclear power plants will generate electricity. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation. Such expenses are recognized in the statement of income in the line item Interest expense on provisions. The effect of the expected rate of inflation is estimated at 2.2% and 2.6% as at December 31, 2024 and 2023, respectively.

The process of nuclear power plant decommissioning is estimated to continue for approximately 45 years after the termination of electricity generation. It is assumed that a permanent repository for spent nuclear fuel will commence operation in 2050 and the disposing of stored spent nuclear fuel at the repository will continue until approximately 2090. Although the Group has made the best estimate of the amount of nuclear provisions, potential changes in technology, changes in safety and environmental requirements, and changes in the duration of such activities may result in actual costs varying considerably from the Group’s current estimates.

Changes in estimates concerning the provisions for nuclear decommissioning and permanent disposal of spent nuclear fuel resulting from new estimates of the amount or timing of cash flows required to settle these obligations or from a change in the discount rate are added to, or deducted from, the amount recognized as an asset in the balance sheet. Should the amount of the asset be negative, i.e., should the deducted amount exceed the amount of the asset, the difference is recognized directly in profit or loss.

2.24. Provisions for Decommissioning and Reclamation of Mines and Mining Damages

The Group has recognized a provision for obligations to decommission and reclaim (see Note 21.2). The provision recognized represents the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such estimate, expressed at the price level at the date of estimate, are discounted at December 31, 2024 and 2023, using an estimated long-term risk-free real interest rate to take into account the timing of payments in amount of 1.9% and 2.1% per annum, respectively. While estimating future expenses, an associated risk related to these future expenses is taken into account. This risk adjustment can be expressed as a reduction of the used discount rate by 1.5% and 1.9% as at December 31, 2024 and 2023, respectively. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the mines. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation. These expenses are presented in the income statement in the line Interest on provisions. The effect of the expected rate of inflation is estimated at 2.2% and 2.6% as at December 31, 2024 and 2023, respectively.

Although the Group has made the best estimate of the amount of provision for decommissioning and reclamation of mines and mining damages, potential changes in technology, changes in safety and environmental requirements, and changes in the duration of such activities may result in actual costs varying considerably from the Group’s current estimates.

Changes in a decommissioning liability that result from a change in the current best estimate of timing and/or amount of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognized as the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognized directly in profit or loss.

2.25. Provision for Demolition and Dismantling of Fossil-fuel Power Plants

The Group has recognized a provision for demolition and dismantling of fossil-fuel power plants after their decommissioning (see Note 21.2). The provision created corresponds to the best estimate of the expenditures required to settle the present obligation at the balance sheet date. The estimate, expressed in the price level at the date of estimate, is discounted using an estimated risk-free real interest rate of 1.5% and 1.7% per annum as at December 31, 2024 and 2023, respectively, in order to take into account the timing of expenditures. While estimating future expenses, an associated risk related to these future expenses is taken into account. This risk adjustment can be expressed as a reduction of the used discount rate by 1.7% and 1.8% as at December 31, 2024 and 2023, respectively. Initial discounted costs are capitalized as part of property, plant and equipment and then depreciated over the period during which coal power plants will generate electricity. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation. These expenses are recognized in the statement of income in the line item Interest on provisions. The effect of the expected rate of inflation is estimated at 2.2% and 2.9% as at December 31, 2024 and 2023, respectively.

Although the Group has made the best estimate of the amount of provision for demolition and dismantling of fossil-fuel power plants, potential changes in technology, changes in safety and environmental requirements, and changes in the duration of such activities may result in actual costs varying considerably from the Group's current estimates.

Changes in estimates concerning the provision resulting from new estimates of the amount or timing of cash flows required to settle these obligations or from a change in the discount rate are added to, or deducted from, the amount recognized as an asset in the balance sheet. Should the amount of the asset be negative, i.e., should the deducted amount exceed the amount of the asset, the difference is recognized directly in profit or loss.

2.26. Exploration for and Evaluation of Mineral Resources

Expenditures on exploration for and evaluation of mineral resources are charged to expense when incurred.

2.27. Leases

Determining whether a contract is, or contains, a lease is based on the economic substance of the transaction as at the inception date and requires an assessment of whether the fulfillment of the contractual obligation is dependent on the use of a specific asset or assets and whether the contract conveys a right to use the asset.

The Group does not apply the standard IFRS 16 to leases of intangible assets.

2.27.1. Group as a Lessee

The Group uses a consistent approach to the reporting and measurement of all leases, except for short-term leases and leases of low-value assets. The Group accounts for future lease payments as lease liabilities and recognizes right-of-use assets that represent a right to use the underlying assets. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

a) Lease Liability

At the commencement date of a lease, the Group recognizes lease liabilities measured at the present value of the lease payments that are to be made over the lease term. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers those payments occurs.

When calculating the present value of lease payments, the Group uses an incremental interest rate at the commencement date of the lease because the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased by accrued interest and decreased by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a lease modification, i.e., a change in the lease term, a change in lease payments (e.g., changes in future payments resulting from a change in an index or a rate used to determine the amount of the lease payment), or a change in the assessment of the option to purchase the underlying asset.

The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the incremental interest rate using observable inputs (such as market interest rates), if available, and makes the estimates individually for each entity (depending on the individual credit rating of a subsidiary).

The Group uses judgment to determine the expected lease term for contracts made for an indefinite time.

b) Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the underlying assets are available for use). Right-of-use assets are reported in the same asset category as they would be reported if the Group owned them. Right-of-use assets are measured at cost less accumulated amortization and impairment losses and adjusted for any reassessment of lease liabilities. The cost of right-of-use assets comprises the amount of recognized lease liabilities, initial direct costs, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized using the straight-line method over the lease term or the estimated life of the assets as follows:

	Depreciation period (years)
Lands	2–30
Buildings	1–46
Vehicles, machinery and equipment	1–40
Inventory and other tangible assets	10–23

2.27.2. Group as a Lessor

The Group leases out its tangible assets including own tangibles and right-of-use assets. The Group has classified the leases as financial or operating leases. Operating leases are the leases, in which the Group does not transfer substantially all the risk and rewards incidental to ownership of an assets.

Lease income from operating leases is recognized on a straight-line basis over the lease term and included as income in profit or loss due to their operating nature.

For the leases classified as financial leases the Group recognizes net investment in the lease measured at the present value of lease payments to be made over the lease term, increased by any unguaranteed residual value of the leased asset at the end of the lease, which is not conditioned by future cash flow. In calculating the present value of net investment in the lease, the Group uses the interest rate implicit in the lease. In the case of a sublease, if the interest rate implicit in the sublease is not readily determined, the Group uses the discount rate used for the head lease.

2.28. Employee Benefits

The Group provides short-term employee benefits, defined benefit plans after the termination of employment and other long-term employee benefits. Short-term employee benefits are those that are expected to be settled within twelve months from the end of the accounting period. Defined benefit plans include mainly one-time lump sum payments depending on the salary at the time of termination of employment and the length of the period for which the employee has worked for the Group. Other long-term employee benefits include mainly jubilee. Employee benefits at the time of termination of employment and other long-term employee benefits are provided by certain Group companies in accordance with their applicable collective agreements.

Short-term employee benefits include salaries (both fixed and variable components in the form of annual bonuses), vacation entitlement and other short-term employee benefits, and are measured undiscounted upon initial recognition.

The liability for defined benefits and other long-term employee benefits are measured at the balance sheet date at the present value of the expected future payments necessary to satisfy the obligations arising from services provided by employees in the current and prior periods. The change in the liability for these employee benefits, which is recognized in profit or loss, results from the cost of the service provided by employees in the current and prior periods, gains and losses on the settlement of the benefits upon payment, and from interest expense reflecting the passage of time. The change in the liability from defined benefit plans, which is recognized in other comprehensive income and will not be reclassified to statement of income in subsequent periods, results from actuarial gains and losses. The change in the liability from other long-term employee benefits arising from actuarial gains and losses is charged to profit or loss.

Actuarial gains and losses mainly include the impact of changes in the expected employee turnover rate and financial assumptions, which include mainly changes in the nominal discount rate, the average wage and its nominal growth in subsequent periods. The discount rate corresponds to the rate of high-quality corporate bonds.

The liability is increased by interest costs incurred. These expenses are recognized in the statement of income in the line item Interest on provision.

2.29. Share-based Payments

Members of the Board of Directors and selected managers are in the new long-term bonus program since January 1, 2020 (Note 31). The amount of the bonus is partially based on the value of the Company's shares and it is settled in cash. The expense and related liability are recognized when the services are provided to the Group and in the fair value of the expected cash-settled transactions. The liability is subsequently revalued at fair value for each reporting period and at the settlement date, with any changes in fair value being reported in the relevant period in the statement of income in the line Salaries and wages.

2.30. Treasury Shares

Treasury shares are reported in the balance sheet as an item reducing equity. The acquisition of treasury shares is recognized in the statement of changes in equity as a deduction from equity. No gain or loss is recognized in the statement of income on the sale, issue, or cancellation of treasury shares. Consideration received is recognized in financial statements as a direct increase in equity.

2.31. Translation of Foreign Currencies

The consolidated financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured and reported using that functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when they arise in connection with a liability classified as effective cash flow hedges. Such exchange differences are recognized directly in equity.

The assets and liabilities of foreign subsidiaries are translated at the rate of exchange valid at the balance sheet date. The costs and revenues of foreign subsidiaries are translated at average exchange rates for the given year. The exchange differences arising on the retranslation are taken directly to other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognized in the income statement as a component of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

The Group used the following exchange rates to translate assets and liabilities in foreign currencies at December 31, 2024 and 2023:

	2024	2023
CZK per 1 EUR	25.185	24.725
CZK per 1 USD	24.237	22.376
CZK per 1 PLN	5.890	5.694
CZK per 1 BGN	12.877	12.642
CZK per 1 RON	5.062	4.969
CZK per 100 JPY	15.449	15.811
CZK per 100 TRY[1)]	68.539	75.700
CZK per 1 GBP	30.378	28.447
CZK per 100 HUF	6.121	6.455
CZK per 100 RSD	21.531	21.115

1) With effect from January 2, 2024, the quantity changes from 1 to 100.

2.32. Assets Held for Sale

Assets and disposal groups of assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and groups of assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is considered as met only if the sale is highly probable and the asset or group of assets is available for immediate sale in its present condition. Group management must take steps toward the sale of the asset or group of assets so as to complete the sale within one year from the date of the classification of the assets or group of assets as held for sale.

3. Property, Plant and Equipment

The overview of property, plant and equipment at December 31, 2024, is as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2024	357,675	573,716	16,354	947,745	23,538	27,267	998,550
Additions	4,087	1,886	183	6,156	-	48,094	54,250
Disposals	(1,705)	(6,199)	(88)	(7,992)	(4,510)	(1,267)	(13,769)
Bring into use	15,903	15,541	667	32,111	7,752	(39,863)	-
Acquisition of subsidiaries	99,786	6,040	1,124	106,950	-	1,615	108,565
Transfer to assets classified as held for sale	(4,412)	(9,049)	(217)	(13,678)	-	(55)	(13,733)
Change in capitalized part of provisions	(2,532)	14,265	(34)	11,699	-	-	11,699
Reclassification and other	(5)	(43)	(5)	(53)	-	17	(36)
Currency translation differences	227	484	18	729	-	68	797
Cost at December 31, 2024	469,024	596,641	18,002	1,083,667	26,780	35,876	1,146,323
Accumulated depreciation and impairment at January 1, 2024	(168,931)	(362,958)	(6,611)	(538,500)	(7,310)	(608)	(546,418)
Depreciation and amortization of nuclear fuel[1)]	(13,876)	(24,567)	(485)	(38,928)	(3,268)	-	(42,196)
Net book value of assets disposed	(438)	(145)	(33)	(616)	-	-	(616)
Disposals	1,705	6,199	50	7,954	4,510	111	12,575
Transfer to assets classified as held for sale	4,361	8,826	179	13,366	-	5	13,371
Reclassification and other	-	(95)	7	(88)	-	86	(2)
Impairment losses recognized	(624)	(838)	(261)	(1,723)	-	(169)	(1,892)
Impairment losses reversed	34	46	5	85	-	1	86
Currency translation differences	(159)	(359)	(8)	(526)	-	(1)	(527)
Accumulated depreciation and impairment at December 31, 2024	(177,928)	(373,891)	(7,157)	(558,976)	(6,068)	(575)	(565,619)
Property, plant and equipment at December 31, 2024	291,096	222,750	10,845	524,691	20,712	35,301	580,704

1) The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 499 million.

The overview of property, plant and equipment at December 31, 2023, is as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2023	339,869	549,019	14,657	903,545	20,586	26,624	950,755
Additions	1,375	1,145	109	2,629	146	41,607	44,382
Disposals	(2,134)	(6,186)	(70)	(8,390)	(4,627)	(426)	(13,443)
Bring into use	17,695	15,784	201	33,680	7,371	(41,051)	-
Acquisition of subsidiaries	300	389	20	709	-	639	1,348
Change in capitalized part of provisions	(275)	12,592	1,406	13,723	62	-	13,785
Reclassification and other	322	(80)	(2)	240	-	(225)	15
Currency translation differences	523	1,053	33	1,609	-	99	1,708
Cost at December 31, 2023	357,675	573,716	16,354	947,745	23,538	27,267	998,550
Accumulated depreciation and impairment at January 1, 2023	(157,102)	(343,677)	(4,785)	(505,564)	(8,593)	(1,479)	(515,636)
Depreciation and amortization of nuclear fuel[1)]	(11,685)	(21,223)	(289)	(33,197)	(3,344)	-	(36,541)
Net book value of assets disposed	(423)	(190)	(12)	(625)	-	-	(625)
Disposals	2,134	6,186	29	8,349	4,627	-	12,976
Reclassification and other	(21)	(835)	(8)	(864)	-	876	12
Impairment losses recognized	(1,939)	(2,629)	(1,979)	(6,547)	-	(360)	(6,907)
Impairment losses reversed	529	311	453	1,293	-	368	1,661
Currency translation differences	(424)	(901)	(20)	(1,345)	-	(13)	(1,358)
Accumulated depreciation and impairment at December 31, 2023	(168,931)	(362,958)	(6,611)	(538,500)	(7,310)	(608)	(546,418)
Property, plant and equipment at December 31, 2023	188,744	210,758	9,743	409,245	16,228	26,659	452,132

1) The amortization of nuclear fuel also includes charges in respect of additions to the accumulated provision for interim storage of spent nuclear fuel in the amount of CZK 311 million.

In 2024 and 2023, a composite depreciation rate of plant in service was 3.8% and 3.6%, respectively.

As at December 31, 2024 and 2023, capitalized interest costs amounted to CZK 576 million and CZK 477 million, respectively, and the interest capitalization rate was 3.5% and 3.4%, respectively.

Group's plant in service pledged as security for liabilities at December 31, 2024 and 2023, is CZK 7,593 million and CZK 7,592 million, respectively.

Construction work in progress contains mainly refurbishments performed on nuclear plants, including the acquisition of nuclear fuel, and investment in the electricity distribution network of subsidiary ČEZ Distribuce, a. s. As at December 31, 2024 and 2023, the construction work in progress includes the preparation of new nuclear power sources of CZK 5,041 million and CZK 4,277 million, respectively.

The Group drew in 2024 and 2023 grants related to the property, plant and equipment in the amount of CZK 437 million and CZK 741 million, respectively.

Group as a Lessee

Set out below are the carrying amounts and other information as at December 31, 2024, and for the year ended 2024, respectively, about right-of-use assets recognized in total property, plant and equipment (in CZK millions):

	2024			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	1,251	721	115	2,087
Depreciation charge for right-of-use assets	(615)	(345)	(80)	(1,040)
Carrying amount as at December 31	3,269	2,907	1,002	7,178

Set out below are the carrying amounts and other information as at December 31, 2023, and for the year ended 2023, respectively, about right-of-use assets recognized in total property, plant and equipment (in CZK millions):

	2023			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	574	394	93	1,061
Depreciation charge for right-of-use assets	(504)	(280)	(73)	(857)
Carrying amount as at December 31	2,387	805	768	3,960

Group as a Lessor

The carrying amounts of property, plant and equipment that are subject to an operating lease (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service
Carrying amount as at December 31, 2024	595	52	706	1,353
Carrying amount as at December 31, 2023	630	47	734	1,411

4. Restricted Financial Assets

The overview of restricted financial assets at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Czech government bonds	26,801	24,545
Cash in banks	818	684
Total restricted financial assets	27,619	25,229

The Czech government bonds are measured at fair value through other comprehensive income. The restricted financial assets contain in particular restricted financial assets to cover the costs of nuclear decommissioning, to cover the costs for mine reclamation and mining damages and for waste storage reclamation.

5. Derivatives and Other Financial Assets

The overview of derivatives and other financial assets at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024			2023		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Term deposits	-	-	-	66	-	66
Other financial receivables	1,561	115	1,676	4,912	128	5,040
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	-	-	31	31
Investment in finance lease	206	47	253	213	49	262
Total financial assets at amortized cost	1,767	162	1,929	5,191	208	5,399
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,501	-	3,501	3,746	-	3,746
Commodity and other derivatives	2,093	32,071	34,164	62	82,465	82,527
Total financial assets at fair value through profit or loss	5,594	32,071	37,665	3,808	82,465	86,273
Veolia Energie ČR, a.s. [1)]	-	-	-	403	-	403
Other equity financial assets	342	6	348	271	6	277
Total equity financial assets	342	6	348	674	6	680
Cash flow hedge derivatives	8,699	17,085	25,784	20,706	22,378	43,084
Debt financial assets	-	3,077	3,077	-	6,657	6,657
Total financial assets at fair value through other comprehensive income	9,041	20,168	29,209	21,380	29,041	50,421
Total	16,402	52,401	68,803	30,379	111,714	142,093

[1)] The share in Veolia Energie ČR, a.s., was reclassified to assets classified as held for sale in 2024 (see Note 15).

The following table analyses the value of receivables from commodity and other derivatives by the period of delivery as at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Delivery in 2024	-	68,805
Delivery in 2025	27,291	12,633
Delivery in 2026	4,555	910
Delivery in 2027 and thereafter	2,318	179
Total commodity and other derivatives	34,164	82,527

The following table provides an overview of the value of receivables from commodity derivatives by the commodities and other derivatives at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Electricity including cross-border capacities	11,457	45,400
Gas	15,999	34,677
Emission rights, guarantees of origin	2,860	800
Financial derivatives	3,848	1,650
Total commodity and other derivatives	34,164	82,527

The decrease of receivables from commodity and other derivatives in 2024 is caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year decrease is also influenced by volatility of the market prices and total year-to-year decrease of market prices of electricity, gas, emission rights and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 22.

Movements in impairment provisions of other financial receivables (in CZK millions):

	2024	2023
Balance as at January 1	(99)	(92)
Additions	(5)	(25)
Reversals	14	20
Currency translation differences	(7)	(2)
Balance as at December 31	(97)	(99)

Contractual maturities of debt financial assets as at December 31, 2024 (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Investment in finance lease	Other financial receivables
Due in 2025	3,077	47	115
Due in 2026	-	44	498
Due in 2027	-	35	148
Due in 2028	-	32	180
Thereafter	-	95	735
Total	3,077	253	1,676

Contractual maturities of debt financial assets as at December 31, 2023 (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Receivables from sale of subsidiaries, associates and joint-ventures	Investment in finance lease	Other financial receivables
Due in 2024	6,657	31	49	128
Due in 2025	-	-	42	3,055
Due in 2026	-	-	39	374
Due in 2027	-	-	31	902
Thereafter	-	-	101	581
Total	6,657	31	262	5,040

Debt financial assets at December 31, 2024, have following effective interest rate structure (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Investment in finance lease	Other financial receivables
Less than 2.00% p.a.	-	1	832
2.00% to 2.99% p.a.	-	4	19
3.00% to 3.99% p.a.	1,178	100	78
4.00% to 4.99% p.a.	721	3	75
5.00% to 5.99% p.a.	1,178	49	64
6.00% to 6.99% p.a.	-	24	99
7% p.a. and more	-	72	509
Total	3,077	253	1,676

Debt financial assets at December 31, 2023, have following effective interest rate structure (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Receivables from sale of subsidiaries, associates and joint-ventures	Investment in finance lease	Other financial receivables
Less than 2.00% p.a.	-	31	1	4,471
2.00% to 2.99% p.a.	-	-	5	16
3.00% to 3.99% p.a.	-	-	129	103
4.00% to 4.99% p.a.	-	-	3	23
5.00% to 5.99% p.a.	-	-	49	66
6.00% to 6.99% p.a.	6,633	-	26	90
7% p.a. and more	24	-	49	271
Total	6,657	31	262	5,040

The following table analyses the debt financial assets at December 31, 2024, by currency (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Investment in finance lease	Other financial receivables
CZK	3,077	152	941
EUR	-	101	685
PLN	-	-	43
Other	-	-	7
Total	3,077	253	1,676

The following table analyses the debt financial assets at December 31, 2023, by currency (in CZK millions):

	Debt financial assets at fair value through other comprehensive income	Receivables from sale of subsidiaries, associates and joint-ventures	Investment in finance lease	Other financial receivables
CZK	6,657	-	135	4,687
EUR	-	3	127	309
PLN	-	-	-	39
Other	-	28	-	5
Total	6,657	31	262	5,040

6. Intangible Assets

The overview of intangible assets at December 31, 2024, is as follows (in CZK millions):

	Software	Rights and other	Emission rights	Goodwill	Intangibles in progress	Total
Cost at January 1, 2024	17,741	16,335	5	15,099	2,222	51,402
Additions	159	256	-	-	3,508	3,923
Disposals	(1,017)	(264)	-	-	(5)	(1,286)
Bring to use	3,062	553	-	-	(3,615)	-
Acquisition of subsidiaries	645	1,001	-	2,227	134	4,007
Transfer to assets classified as held for sale	(38)	(2,421)	-	-	-	(2,459)
Reclassification and other	182	(180)	(1)	-	36	37
Currency translation differences	11	192	-	189	2	394
Cost at December 31, 2024	20,745	15,472	4	17,515	2,282	56,018
Accumulated amortization and impairment at January 1, 2024	(15,042)	(8,547)	-	-	(12)	(23,601)
Amortization	(1,900)	(881)	-	-	-	(2,781)
Net book value of assets disposed	(1)	(1)	-	-	-	(2)
Disposals	1,017	264	-	-	-	1,281
Transfer to assets classified as held for sale	17	2,421	-	-	-	2,438
Impairment losses recognized	(13)	-	-	-	(34)	(47)
Impairment losses reversed	-	-	-	-	2	2
Reclassification and other	-	8	-	-	1	9
Currency translation differences	(6)	(125)	-	-	-	(131)
Accumulated amortization and impairment at December 31, 2024	(15,928)	(6,861)	-	-	(43)	(22,832)
Intangible assets at December 31, 2024	4,817	8,611	4	17,515	2,239	33,186

The overview of intangible assets at December 31, 2023, is as follows (in CZK millions):

	Software	Rights and other	Emission rights	Goodwill	Intangibles in progress	Total
Cost at January 1, 2023	16,508	14,359	-	13,379	1,575	45,821
Additions	68	115	-	-	2,138	2,321
Disposals	(226)	(37)	-	-	(11)	(274)
Bring to use	1,320	174	-	-	(1,494)	-
Acquisition of subsidiaries	5	1,391	-	1,416	11	2,823
Transfer to non-current emission rights	-	-	5	-	-	5
Reclassification and other	50	(42)	-	-	-	8
Currency translation differences	16	375	-	304	3	698
Cost at December 31, 2023	17,741	16,335	5	15,099	2,222	51,402
Accumulated amortization and impairment at January 1, 2023	(13,806)	(7,584)	-	-	(8)	(21,398)
Amortization	(1,402)	(737)	-	-	-	(2,139)
Net book value of assets disposed	(5)	(2)	-	-	-	(7)
Disposals	226	37	-	-	-	263
Impairment losses recognized	(32)	-	-	-	(6)	(38)
Impairment losses reversed	18	-	-	-	2	20
Reclassification and other	(31)	31	-	-	-	-
Currency translation differences	(10)	(292)	-	-	-	(302)
Accumulated amortization and impairment at December 31, 2023	(15,042)	(8,547)	-	-	(12)	(23,601)
Intangible assets at December 31, 2023	2,699	7,788	5	15,099	2,210	27,801

Research and development costs, net of grants and subsidies received, that are not eligible for capitalization have been expensed in the period incurred and amounted to CZK 831 million and CZK 635 million in 2024 and 2023, respectively.

Group's intangible assets pledged as security for liabilities at December 31, 2024 and 2023, is CZK 49 million and CZK 62 million, respectively.

The net book value of intangible assets under the right-of-use assets at December 31, 2024 and 2023, is CZK 26 million and CZK 25 million, respectively.

At December 31, 2024 and 2023, goodwill allocated to cash-generating units is as follows (in CZK millions):

	2024	2023
Companies of Elevion Deutschland Holding Group excluding Hermos	4,209	4,132
ČEZ Distribuce	2,200	2,200
Energotrans	1,675	1,675
Companies of GasNet Group	1,547	-
Hermos	1,288	1,264
Euroklimat	1,094	845
Companies of Telco Pro Services Group	865	516
Companies of Kofler Energies Group	828	813
Companies of SERCOO Group	728	715
Companies of ČEZ ESCO Group excluding CAPEXUS and ESCO Slovensko	764	653
Companies of ESCO Slovensko Group	580	569
CAPEXUS	418	418
Companies of Zonnepanelen op het Dak Group	269	264
BELECTRIC	190	186
Companies of Elevion Holding Italia Group	141	139
Metrolog	116	112
PV Design and Build	112	112
ČEZ Prodej	110	110
Companies of Elevion Österreich Holding Group	106	104
Companies of ČEZ Teplárenská Group	69	69
Other	206	203
Total	17,515	15,099

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

The following table summarizes the impairments of property, plant and equipment and intangible assets by cash-generating units in 2024 (in CZK millions):

	Impairment losses					
	Intangible assets other than goodwill	Property, plant and equipment, nuclear fuel and investments	Total	Impairment reversal	Bargain purchase gain	Total
Severočeské doly	(11)	(1,869)	(1,880)	1	-	(1,879)
ČEZ Distribuce	-	(602)	(602)	-	-	(602)
French wind power projects	-	(75)	(75)	-	-	(75)
ČEZ Prodej	(33)	(6)	(39)	1	-	(38)
Energetické centrum	-	-	-	14	-	14
Other	(3)	(55)	(58)	73	7	22
Total	(47)	(2,607)	(2,654)	89	7	(2,558)

The following table summarizes the impairments of property, plant and equipment and intangible assets by cash-generating units in 2023 (in CZK millions):

	Impairment losses					
	Intangible assets other than goodwill	Property, plant and equipment, nuclear fuel and investments	Total	Impairment reversal	Bargain purchase gain	Total
Severočeské doly	(34)	(6,581)	(6,615)	1,630	-	(4,985)
German wind power plants	-	(292)	(292)	-	-	(292)
Energetické centrum	-	(23)	(23)	-	-	(23)
Other	(4)	(48)	(52)	51	1	-
Total	(38)	(6,944)	(6,982)	1,681	1	(5,300)

In 2024 and 2023, the Group performed impairment tests of goodwill and tests of other non-current assets where there was an indication that the carrying amounts could be impaired.

The impairment of tangible and intangible fixed assets of the cash-generating unit Severočeské doly in the amount CZK 1,879 million in 2024 was due to confirmation of the negative development of the market clean spread (electricity price minus price of emission right of CO_2) and due to the persistent trend of decreasing demand for lignite in the heating sector, which results from the gradual shift away from lignite and the transition to other alternative fuels in this segment.

The impairment of tangible fixed assets of the cash-generating unit ČEZ Distribuce in the amount CZK 602 million in 2024 was mainly due to the termination of investment activities in selected investments in progress. These were permanently suspended investments whose completion was assessed as ineffective.

The impairment of tangible and intangible fixed assets of the cash-generating unit Severočeské doly in the amount CZK 4,985 million in 2023 was due to development of market assumptions connected mainly with decrease of expected clean spread (electricity price minus price of emission right of CO_2) and decrease of price of gas, which is main substitute of lignite which resulted in decrease of expected demand for lignite.

The impairment of tangible and intangible fixed assets of the cash-generating unit German wind power plants in the amount CZK 292 million in 2023 was due to development of market assumptions connected with year-to-year increase of discount rate to 4.6%.

Description of selected parameters related to testing and determination of recoverable amounts

The impairment test involves determining the recoverable amount of the cash-generating unit, which corresponds to the value in use except for generation sources in Poland – cash-generating units CEZ Chorzów and CEZ Skawina, which are classified as held for sale as at December 31, 2024 (Note 15). For cash-generating units CEZ Chorzów and CEZ Skawina fair value less costs of disposal was used for determining the recoverable amount. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit and is internally assessed by the company's management.

Values in use are determined based on a complex projection of cash flows or on the medium-term budget for a period of 6 years and on the anticipated development of the expected cash flows in the long term, which is valid when the impairment test is performed. These budgets are based on the past experience, as well as on the anticipated future market trends and on the macroeconomic development of the respective region.

a. The value in use based on complex projection of cash flows of respective companies for the period covering remaining useful life of tested assets was used for determination of the recoverable amounts of the following cash-generating units:

ČEZ, a. s., generation assets are tested for any possible impairment as a single cash-generating unit as at December 31, 2024. As at December 31, 2023, the Company's generation assets were divided in two cash-generation units – the CCGT plant in Počerady and other generation assets. Company's cash-generating unit of generation assets is characterized by portfolio management in the deployment and maintenance of various power plants and the cash flows generated from these activities.

As part of testing the recoverable value of fixed assets of the cash-generating unit of ČEZ, a. s. (hereinafter the ČEZ value) we performed a sensitivity analysis of the test results to changes in certain key parameters of the used model – changes in wholesale power prices (hereinafter the EE prices), changes in the discount rate used in the calculation of the present value of future cash flows and changes in CZK/EUR exchange rate.

The development of commodity prices and, in particular, the development of wholesale power prices in Germany, which has a major impact the development of wholesale power prices in the Czech Republic, are the key assumptions used for the ČEZ value model. The developments of wholesale prices are primarily determined by the EU political decisions, the development of global demand and supply of commodities, a security situation in Europe and the technological progress.

Developments in EE prices are affected by a number of external factors, in particular changes in the structure and availability of generating facilities in the Czech Republic and its neighboring countries, macroeconomic developments in the region of Central Europe, and energy sector regulation in the EU and Germany. The model is built for a period matching the operating life of generating facilities, which means that its time frame greatly exceeds the period for which commodities, including electricity, are traded in public liquid markets. In addition, there are discussions being held about structural changes in the electricity market ("Market Design") and about substantial sector regulation. So it is realistically possible that market mechanisms for electricity pricing will be abandoned completely within the lifetime of generating facilities and centrally regulated payments will be introduced alternatively for the availability and deliveries of generating facilities or eventually mechanism combining market aspects and regulatory support would be introduced.

Due to the long-term nature of the model, the sensitivity of the ČEZ value to developments in electricity prices is also affected by internal factors and assumptions. These are, in particular, generation portfolio deployment varying with different changes in the prices of electricity, emission rights, and variable generation costs and, in the longer term, also with respect to changes in fixed costs reflecting changes in the gross margin of generating facilities.

The below sensitivity test results reflect expert estimates of the status and development of the above-mentioned factors in the period of the model and the status of commercial securing of the generation portfolio as at December 31, 2024.

The test is based on the business plan of CEZ Group for 2025–2030 and on the assumptions of long-term development of relevant electricity prices. The business plan was prepared in the fourth quarter 2024 whereas the plan was based on the active market parameters observed in September 2024 (power prices on EEX energy exchange in Germany, prices on PXE energy exchange in the Czech Republic, price of emission rights, FX rates, interest rates etc.). Electricity contracts traded on EEX are liquid for the whole period covering the business plan time frame and considering the interconnectedness of German and Czech power transmission grids, it makes them a fundamental market indicator for EE prices in the Czech Republic. Impact of windfall tax on year 2025 was considered as part of all tests.

The Company did not recognize any impairment of generation assets in 2024 and 2023. A change of the assumed EE prices as per the models by 1%, while other parameters remain unchanged, has an impact of approximately CZK 5.7 billion on the ČEZ value test result. Future cash flows of the model were discounted using a 7.3% rate. A change of 0.1 percentage point in the discount rate, with other parameters remaining unchanged, would change the ČEZ value by approximately CZK 2.4 billion. A 1% change in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 6.1 billion in the ČEZ value. Above-mentioned changes in ČEZ value would not lead to an impairment of assets.

The discount rate of 7.3% was used for cash-generating unit Energotrans. The model assumes change in the long-term contract for heat supply to Prague and its prolongation until 2050. The supply of heat from 2028 is expected under assumption of construction of new gas boiler rooms and combined cycle power plants of specific design.

The cash flow projections covering expected remaining useful life, which is estimated at 2030 as at December 31, 2024, were used for determination of the recoverable amount of the cash-generating unit Severočeské doly. Future cash flows were discounted using rate of 7.4%.

The complex projection of cash flows until 2050 as part of the purchase price allocation report was used for determining recoverable amount of fixed assets of cash-generating unit GasNet. The report included the economic obsolescence test. The terminal value at the end of 2050 was based on expected regulatory asset base in this year. The future cash flows were discounted using 6.2%.

b. The value in use derived from the projection of cash flows of respective companies based on financial budget for a period of 6 years and on the expected future development of cash flows generated from the respective assets was applied when determining the recoverable amount of the following cash-generating units:

The discount rate of 5.5% was used for cash-generating unit Czech distribution. The increase of cash flows beyond the six-year period for Czech distribution is getting from 1.3% towards 2.0% within following five years. Terminal value beyond 11-year period was based on the expected regulatory asset base at that year.

The discount rate of 6.5% was used for cash-generating unit ČEZ Teplárenská. After the sixth year, operating results at the level of the first six years and inflation-increasing renewal investments are expected for the next ten years. After the end of this convergence phase, a long-term sustainable level of growth of 2.5% is expected to be reached.

The discount rate of 7.3% was used for cash-generating unit Elevion Deutschland Holding. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 7.3% was used for cash-generating unit Hermos. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 7.5% was used for cash-generating unit Kofler Energies Ingenieurgesellschaft. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 8.4% was used for cash-generating unit ÚJV Řež. Cash flows are explicitly planned for the duration of the construction of the new nuclear source, after which they converge to a long-term sustainable level with a constant long-term growth rate of 2.0%.

c. The calculations of value in use for all cash-generating units are most sensitive to the following assumptions:

Gross margins – Gross margins are based on experience from historical trends in the preceding periods, current outlook of market and non-market parameters, eventually with regard to operational efficiency improvements. Gross margins are affected especially by wholesale electricity prices, prices of emission rights and prices of green and similar certificates.

Raw materials price inflation – Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is available, otherwise past actual raw material price movements have been used as an indicator of future price movements.

Discount rate – Discount rates reflect management’s estimate of the risk specific to each cash-generating unit. The basis used to determine the value assigned is weighted average cost of capital (WACC) of the related subsidiaries.

Estimated growth rate – The basis used to determine the value assigned to estimated growth rate is the anticipated future development of the market, gross domestic product, nominal wages and interest rates and the forecast of regulation.

The development of regulatory environment – Windfall tax.

8. Changes in the Group Structure

8.1. Changes in the Group Structure in 2024

The following table summarizes the cash flows related to acquisitions in 2024 (in CZK millions):

Cash outflow on acquisitions of the subsidiaries[1)]	23,306
Cash outflow on investments in joint-ventures	47
Payments of payables from acquisitions in previous periods	273
Less:	
Cash and cash equivalents acquired	(2,903)
Total cash outflows on acquisitions	20,723

[1)] It also includes payments for taking over shareholders loans from the original owners in the amount of CZK 7,785 million.

8.1.1. Acquisitions of Companies in 2024, in Which CEZ Group Gained Control

On April 5, 2024, the Group acquired a 100% interest in Polish company Instal Bud Pecyna Sp. z o.o., which focuses on implementation of industrial installations of technical equipment of buildings and wastewater treatment projects.

On April 30, 2024, the Group acquired a 100% interest in the company ACTHERM Distribuce s.r.o., which focuses on heat distribution.

On April 30, 2024, the Group acquired a 100% interest in the companies EDERA Group a.s., EDERA Jičín s.r.o., and Metropolitní s.r.o., which focus on providing services in the field of electronic communications, production, installation, repairs of electrical machines and devices, electronic and telecommunications equipment.

On August 28, 2024, the Group acquired a 55.21% interest in Luxembourg company Czech Gas Networks S.à r.l. The company Czech Gas Networks S.à r.l. is indirect 100% owner of Czech companies GasNet, s.r.o., which is the leading gas distribution infrastructure operator based in the Czech Republic, and GasNet Služby, s.r.o. By this acquisition, CEZ Group supports the transformation of the heating industry and its transition from coal-fired energy to natural gas and hydrogen.

On December 4, 2024, the Group acquired a 100% interest in the company EL-ENG s.r.o., that focuses on electrical installation work in the field of high and low voltage, including design and engineering activities.

The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated provisionally and could be adjusted in the subsequent period. The following table presents the current best estimate of fair values of acquired identifiable assets and liabilities as of the date of acquisition (in CZK millions):

	GasNet Group	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	EL-ENG	Other	Total
Share being acquired	55.21%	100%	100%	100%	100%		
Property, plant and equipment	108,297	11	134	121	3	-	108,566
Intangible assets	792	131	577	185	98	-	1,783
Other long-term financial assets	1,840	24	-	6	-	-	1,870
Other non-current assets	-	5	-	-	-	-	5
Cash and cash equivalents	2,530	77	150	5	121	20	2,903
Other short-term financial assets	1,438	-	-	46	-	-	1,484
Materials and supplies	50	-	1	10	-	-	61
Trade and other receivables	72	70	-	5	116	-	263
Contract assets	915	31	-	-	1	-	947
Another current assets	27	1	3	1	13	-	45
Bonds payable, net of current portion	(40,844)	-	-	-	-	-	(40,844)
Other long-term debt, net of current portion	(24,910)	(1)	(129)	(41)	-	-	(25,081)
Long-term provision	(4)	(11)	-	-	-	-	(15)
Other long-term financial liabilities	(5,136)	(14)	-	-	-	-	(5,150)
Deferred tax liability	(16,820)	(25)	(121)	(46)	(20)	-	(17,032)
Trade payables	(1,508)	(50)	(54)	(7)	(39)	-	(1,658)
Other short-term financial payables	(1,749)	-	-	(46)	-	-	(1,795)
Another current liabilities	(2,827)	(41)	(42)	(17)	(1)	(3)	(2,931)
Total net assets	22,163	208	519	222	292	17	23,421
Share of net assets acquired	12,236	208	519	222	292	8	13,485
Repayment of the loan to the former shareholder	7,785	-	-	-	-	-	7,785
Goodwill	1,547	220	-	349	110	2	2,228
Bargain purchase	-	-	(7)	-	-	-	(7)
Total purchase consideration	21,568	428	512	571	402	10	23,491
Liabilities from acquisition of the subsidiary	-	(72)	-	(20)	(92)	(1)	(185)
Cash outflow on acquisition in 2024	21,568	356	512	551	310	9	23,306
Less: Cash and cash equivalents in the subsidiary acquired	(2,530)	(77)	(150)	(5)	(121)	(20)	(2,903)
Cash outflow in 2024, net	19,038	279	362	546	189	(11)	20,403

If the acquisitions had taken place at the beginning of the year 2024, net income for CEZ Group as at December 31, 2024, would have been CZK 30,455 million and the revenues and other operating income from continuing operations would have been CZK 358,730 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions. Non-controlling interest from all acquisitions in 2024 was measured as a proportionate share in the recognized amounts of the acquiree's identifiable net assets.

From the acquisition date, the newly acquired subsidiaries have contributed the following balances to the Group's statement of income (in CZK millions):

	GasNet Group	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	EL-ENG	Other	Total
Revenues and other operating income	6,705	187	156	122	31	4	7,205
Income before other income (expense) and income taxes	1,928	11	48	11	14	(38)	1,974
Net income	1,511	9	40	-	(1)	(33)	1,526
Net income attributable:							
Equity holders of the parent	834	9	40	-	(1)	(29)	853
Non-controlling interests	677	-	-	-	-	(4)	673

8.1.2. Changes in Non-controlling Interests in 2024

In several partial transactions during 2024, the Group acquired a total of 27.13% of the shares in Elevion Co-Investment GmbH & Co. KG, which owns an 8% share in Elevion Deutschland Holding GmbH, thereby acquiring a 2.18% non-controlling interest in Elevion Deutschland Holding. Former investors of Elevion Co-Investment owned put option for sale of non-controlling interest to the Group. In such a case, as long as the option is valid, the non-controlling interest is derecognized at the balance sheet date and a liability is recognized, which is measured at the present value of the amount payable when the option is exercised. This option expired, and as a result, the liability was derecognized and the non-controlling interest was booked, which was also immediately derecognized due to the realization of the buyout of the non-controlling interest.

On October 22, 2024, the Group acquired 4% of non-controlling interest of the company Euroklimat sp. z o.o. The equity interest of the Group is 100% now. Former investors owned put option for sale of non-controlling interest to the Group. In such a case, as long as the option is valid, the non-controlling interest is derecognized at the balance sheet date and a liability is recognized, which is measured at the present value of the amount payable when the option is exercised. This option expired, and as a result, the liability was derecognized and the non-controlling interest was booked, which was also immediately derecognized due to the realization of the buyout of the non-controlling interest.

On November 7, 2024, the Group acquired 22.32% of non-controlling interest of the company OEM Energy sp. z o.o. The equity interest of the Group is 100% now. Former investors owned put option for sale of non-controlling interest to the Group. In such a case, as long as the option is valid, the non-controlling interest is derecognized at the balance sheet date and a liability is recognized, which is measured at the present value of the amount payable when the option is exercised. This option expired, and as a result, the liability was derecognized and the non-controlling interest was booked, which was also immediately derecognized due to the realization of the buyout of the non-controlling interest.

An overview of basic financial information on these transactions is given in the following table (in CZK millions):

	Elevion Deutschland Holding	OEM Energy	Euroklimat	Other	Total
Change in share of the Group in 2024	+2.18%	+22.32%	+4.00%		
Liability from option derecognized from balance sheet	123	19	95		
Direct impact on equity from recognition of non-controlling interest after termination of put option	(41)	(3)	(80)		
Acquired share of net assets derecognized from non-controlling interests	82	16	15	3	116
Amount directly recognized in equity caused by acquisition of non-controlling interest	23	(8)	90	(1)	104
Total purchase consideration	105[1)]	8	105	2	220

1) The transaction for the acquisition of a non-controlling interest in Elevion Deutschland Holding also included the exchange of additional net assets of the Group in the amount of CZK 42 million. The total purchase price and related cash outflow in this transaction was CZK 147 million.

8.2. Changes in the Group Structure in 2023

The following table summarizes the cash flows related to acquisitions in 2023 (in CZK millions):

Cash outflow on acquisitions of the subsidiaries[1)]	2,562
Cash outflow on investments in joint-ventures	263
Payments of payables from acquisitions in previous periods	201
Less:	
Cash and cash equivalents acquired	(442)
Total cash outflows on acquisitions	2,584

1) It also includes payments for taking over shareholders loans from the original owners in the amount of CZK 453 million.

8.2.1. Acquisitions of Companies in 2023, in Which CEZ Group Gained Control

On January 31, 2023, the Group acquired a 100% interest in the company Web4Soft Internet s.r.o., which focuses on providing high-speed internet connection.

On February 28, 2023, the Group acquired a 100% interest in the company SALLEKO, spol. s r.o., which focuses on building constructions, their changes and removals.

On March 28, 2023, the Group acquired a 100% interest in the German company GESPA GmbH, which focuses on services in the field of installation of rooftop photovoltaic power plants, electromobility and recharging station infrastructure.

On March 31, 2023, the Group acquired a 100% interest in the company MD projekt s.r.o., which focuses on assembly, repairs, revisions, and tests of electrical equipment.

On April 20, 2023, the Group acquired a 100% interest in the German companies Elektro Hofmockel GmbH & Co. Elektroanlagen KG and Elektro Hofmockel Verwaltungsgesellschaft mit beschränkter Haftung, managing company, which focus on services in the field of automatization of treatment of wastewater. Industrial companies and municipalities are the main customers.

On May 11, 2023, the Group acquired a 51% interest in the company Grid Design, s.r.o., which focuses on the design of power structures of low voltage and high voltage and, in the future, extra high voltage as well.

On July 1, 2023, the Group gained control over Tepelné hospodářství města Ústí nad Labem s.r.o. The gain of the control resulted from a new amendment of the shareholder's agreement. In this context, there was no change in the ownership interest or in the voting rights interests (these interests remain on 55.83% share) and the amendment was concluded without any transfer of consideration. The company Tepelné hospodářství města Ústí nad Labem s.r.o., focuses on heat distribution.

On July 4, 2023, the Group acquired an 85% interest in the Italian company Societa' Agricola Falgas S.r.l. The company was founded for the acquisition of two biogas plants in northern Italy (1 Mwe each), which took place in November 2023. It is planned to expand the capacity of the plants and convert them to biomethane.

On July 7, 2023, the Group acquired a 100% interest in the German companies Alexander Ochs Wärmetechnik GmbH and Bechem & Post Wärmetechnik Kundendienst GmbH. Companies focus on the ventilation and air-conditioning segment, from initial consultation and planning to installation and subsequent service and maintenance.

On August 31, 2023, the Group acquired a 100% interest in the German group SERCOO, comprising the parent company SERCOO Group GmbH and its subsidiaries Brandt GmbH, Bücker & Essing GmbH, Deutsche Technik Service GmbH, MT Energy Service GmbH, MWB Power GmbH a SERCOO ENERGY GmbH. The SERCOO group specializes in the maintenance and repair of biogas plants, cogeneration units, gas and diesel engines and rotating equipment.

On November 15, 2023, the Group acquired a 70% interest in the Italian company Projekt X S.r.l. The company was established to build and operate 7 cogeneration units in 4 locations in northern Italy with an installed capacity of 26.4 MW, which will supply electricity and heat for the TAL pipeline, which is a key oil pipeline for deliveries to refineries in Austria, Germany and the Czech Republic.

On November 28, 2023, the Group acquired a 100% interest in the Polish company TRIM-TECH TECHNIKA INSTALACJI sp. z o.o. The company provides design services mainly in the areas of ventilation, heating, air conditioning and internal and external networks of wastewater system.

The following table presents the fair values of acquired identifiable assets and liabilities as of the date of acquisition (in CZK millions):

	Group SERCOO	Group Alexander Ochs	Hofmockel companies	Tepelné hospodářství města Ústí nad Labem	Projekt X	Other	Total
Share of the Group being acquired	100%	100%	100%	55.83%	70%		
Property, plant and equipment	200	42	23	213	494	376	1,348
Intangible assets	690	105	110	2	410	90	1,407
Another non-current assets	58	-	2	-	2	-	62
Cash and cash equivalents	25	107	13	231	21	45	442
Another short-term financial assets	601	-	-	-	-	-	601
Materials	228	3	11	4	-	95	341
Trade receivables	134	44	5	38	-	83	304
Contractual assets	37	32	-	7	-	1	77
Another current assets	18	1	3	4	33	3	62
Long-term debt, net of current portion	(153)	(29)	(7)	(30)	(268)	(15)	(502)
Deferred tax liability	(199)	(32)	(34)	(13)	(115)	(22)	(415)
Long-term provisions	(11)	-	-	(20)	-	(1)	(32)
Trade payables	(70)	(103)	(14)	(38)	(151)	(104)	(480)
Short-term provisions	(167)	(17)	(10)	-	-	(22)	(216)
Another short-term financial liabilities	(624)	-	(8)	(5)	(170)	(76)	(883)
Another short-term liabilities	(104)	(30)	(14)	(119)	(3)	(83)	(353)
Total net assets	663	123	80	274	253	370	1,763
Share of net assets acquired	663	123	80	153	180	370	1,569
Goodwill	696	254	196	-	33	237	1,416
Total purchase consideration	1,359	377	276	153	213	607	2,985
Liabilities from acquisition of the subsidiary	-	(54)	(34)	-	(135)	(47)	(270)
Carrying amount of the previous investment in the joint-venture	-	-	-	(153)	-	-	(153)
Cash outflow on acquisition in 2023	1,359	323	242	-	78	560	2,562
Less: Cash and cash equivalents acquired	(25)	(107)	(13)	(231)	(22)	(44)	(442)
Cash outflow on acquisition in 2023, net	1,334	216	229	(231)	56	516	2,120

If the acquisitions had taken place at the beginning of the year 2023, net income for CEZ Group as at December 31, 2023, would have been CZK 29,339 million and the revenues and other operating income from continuing operations would have been CZK 340,984 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions. Non-controlling interest from all acquisitions in 2023 was measured as a proportionate share in the recognized amounts of the acquiree's identifiable net assets.

From the acquisition date, the newly acquired subsidiaries have contributed the following balances to the Group's statement of income (in CZK millions):

	Group SERCOO	Group Alexander Ochs	Hofmockel companies	Tepelné hospodá-řství města Ústí nad Labem	Projekt X	Other	Total
Revenues and other operating income	676	441	237	266	1	167	1,788
Income before other income (expense) and income taxes	95	51	37	13	(4)	(17)	175
Net income	66	48	38	7	6	51	216
Net income attributable:							
Equity holders of the parent	66	44	37	4	4	74	229
Non-controlling interests	-	4	1	3	2	(23)	(13)

8.2.2. Changes in Non-controlling Interests in 2023

On June 19, 2023, the Group acquired non-controlling interest corresponding to 49% of the share of company e-Dome a. s., which resulted in increase in its equity interest to 100%. Former investors owned put option for sale of non-controlling interest to the Group. In such a case, as long as the option is valid, the non-controlling interest is derecognized at the balance sheet date and a liability is recognized, which is measured at the present value of the amount payable when the option is exercised. This option expired, and as a result, the liability was derecognized and the non-controlling interest was booked, which was also immediately derecognized due to the realization of the buyout of the non-controlling interest.

On November 13, 2023, the Group sold 15% of non-controlling interest of the company SOCIETA' AGRICOLA B.T.C. S.R.L. The equity interest of the Group is 85% now.

An overview of basic financial information on these transactions is given in the following table (in CZK millions):

	e-Dome	SOCIETA' AGRICOLA B.T.C.	Other	Total
Share acquired in 2023	+49%	(15%)		
Liability from option derecognized from balance sheet	1			
Direct impact on equity from recognition of non-controlling interest after termination of put option	13			
Acquired share of net assets derecognized from non-controlling interests	14	(7)	2	9
Amount directly recognized in equity caused by acquisition of non-controlling interest	11	(5)	1	7
Total purchase consideration	25	(12)	3	16

9. Investments in Subsidiaries, Associates and Joint-ventures

The consolidated financial statements of CEZ Group include the financial figures of ČEZ, a. s., and its subsidiaries, associates and joint-ventures listed in the following table:

Subsidiaries	Country	Operating segment	% equity interest[1] Change in 2024	% equity interest[1] 2024	% voting interest 2024
New acquisitions and newly established companies					
ACTHERM Distribuce s.r.o.[2]	CZ	S	100.00	100.00	100.00
BELECTRIC ESPAÑA, S.L.	ES	S	100.00	100.00	100.00
CEZ Energo Polska Sp. z o.o.	PL	S	100.00	100.00	100.00
Czech Gas Networks Investments S.à r.l.	LU	D	55.21	55.21	100.00
Czech Gas Networks S.à r.l.	LU	D	55.21	55.21	55.21
Czech Grid Holding, a.s.	CZ	D	55.21	55.21	100.00
ČEZ Trade, a.s.	CZ	S	100.00	100.00	100.00
EDERA Group a.s.	CZ	S	100.00	100.00	100.00
EDERA Jičín s.r.o.[3]	CZ	S	100.00	100.00	100.00
EL-ENG s.r.o.	CZ	S	100.00	100.00	100.00
FVE Mydlovary, s.r.o.	CZ	G	100.00	100.00	100.00
GasNet Služby, s.r.o.	CZ	D	55.21	55.21	100.00
GasNet, s.r.o.	CZ	D	55.21	55.21	100.00
GEE - Green Energy Efficiency GmbH	DE	S	51.00	51.00	51.00
Instal Bud Pecyna Sp. z o.o.	PL	S	100.00	100.00	100.00
Metropolitní s.r.o.	CZ	S	100.00	100.00	100.00
Previously not-consolidated companies					
Elevion Green GmbH	DE	S	100.00	100.00	100.00
Changes of non-controlling interests or voting interests					
Alexander Ochs Wärmetechnik GmbH	DE	S	2.18	96.91	100.00
AMPRO Medientechnik GmbH	DE	S	2.18	96.91	100.00
Ampro Projektmanagement GmbH	DE	S	2.18	96.91	100.00
Bechem & Post Wärmetechnik Kundendienst GmbH	DE	S	2.18	96.91	100.00
BIOPEL, a. s.	SK	S	3.74	28.86	57.72
BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.	IT	S	30.00	100.00	100.00
D-I-E Elektro AG	DE	S	2.18	96.91	100.00
EAB Elektroanlagenbau GmbH Rhein/Main	DE	S	2.18	96.91	100.00
Elektro Hofmockel Verwaltungsgesellschaft mit beschränkter Haftung	DE	S	2.18	96.91	100.00
Elektro-Decker GmbH	DE	S	2.18	96.91	100.00
Elevion Co-Investment GmbH & Co. KG[4]	DE	S	27.13	61.31	61.31
Elevion Deutschland Holding GmbH	DE	S	2.18	96.91	100.00
Elevion GmbH	DE	S	2.18	96.91	100.00
En.plus GmbH	DE	S	2.18	96.91	100.00
ETS Efficient Technical Solutions GmbH	DE	S	2.18	96.91	100.00
ETS Efficient Technical Solutions Shanghai Co. Ltd.	CN	S	2.18	96.91	100.00

[1] The equity interest represents effective ownership interest of the Group.

[2] The company was acquired in 2024, see Note 8.1. The company ceased to exist through a merge with the company ČEZ Teplárenská, a.s., in 2024.

[3] The company was acquired in 2024, see Note 8.1. The company ceased to exist through a merge with the company EDERA Group a.s., in 2024.

[4] The company was an associate till November 5, 2024. The company is a subsidiary since November 6, 2024. The voting interest was increased by 27,13% simultaneously.

Subsidiaries	Country	Operating segment	% equity interest[1] Change in 2024	2024	% voting interest 2024
ETS Engineering Kft.	HU	S	2.18	96.91	100.00
Euroklimat sp. z o.o.	PL	S	4.00	100.00	100.00
Hermos AG	DE	S	2.18	96.91	100.00
HERMOS International GmbH	DE	S	2.18	96.91	100.00
HERMOS SDN. BHD	MY	S	2.18	96.91	100.00
Hermos Schaltanlagen GmbH	DE	S	2.18	96.91	100.00
Hermos sp. z o.o.	PL	S	2.18	96.91	100.00
Hermos Systems GmbH	DE	S	2.18	96.91	100.00
Hofmockel Automatisierungs- und Prozesstechnik GmbH[5]	DE	S	2.18	96.91	100.00
OEM Energy sp. z o.o.	PL	S	22.32	100.00	100.00
Rudolf Fritz GmbH	DE	S	2.18	96.91	100.00
TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.	PL	S	4.00	100.00	100.00
Windpark Datteln GmbH & Co. KG[6]	DE	G	50.00	100.00	100.00
Purchased companies which do not represent business combinations					
ČEZ PV & Wind a.s.	CZ	G	100.00	100.00	100.00
Liquidations and mergers					
A.E. Wind S.A. w likwidacji	PL	G	(100.00)	-	-
Baltic Green III sp. z o.o. w likwidacji	PL	G	(100.00)	-	-
CERBEROS s.r.o.	CZ	S	(100.00)	-	-
CEZ Bulgarian Investments B.V.	NL	G	(100.00)	-	-
CEZ Ukraine LLC	UA	G	(100.00)	-	-
Deutsche Technik Service GmbH	DE	S	(100.00)	-	-
e-Dome a. s.	SK	S	(50.00)	-	-
Ferme Eolienne du Germancé SAS, société en liquidation[7]	FR	G	(100.00)	-	-
Hermos Signaltechnik GmbH	DE	S	(94.73)	-	-
MD projekt s.r.o.	CZ	G	(100.00)	-	-
Teplo Klášterec s.r.o.	CZ	S	(100.00)	-	-
Web4Soft Internet s.r.o.	CZ	S	(100.00)	-	-
Other subsidiaries without change in equity interest or voting interest in 2024					
AirPlus, spol. s r.o.	CZ	S	-	100.00	100.00
Areál Třeboradice, a.s.	CZ	G	-	100.00	100.00
AxE AGRICOLTURA PER L'ENERGIA SOCIETA' AGRICOLA A R.L.	IT	S	-	100.00	100.00
AZ KLIMA a.s.	CZ	S	-	100.00	100.00
AZ KLIMA SK, s.r.o.	SK	S	-	50.00	100.00
Baltic Green Construction sp. z o.o.	PL	G	-	100.00	100.00
BANDRA Mobiliengesellschaft mbH & Co. KG	DE	G	-	100.00	100.00
Belectric France S.A.R.L.	FR	S	-	100.00	100.00
BELECTRIC GmbH	DE	S	-	100.00	100.00
BELECTRIC Greenvest GmbH	DE	S	-	100.00	100.00
Belectric Israel Ltd.	IL	S	-	100.00	100.00

[5] The company name Elektro Hofmockel GmbH & Co. Elektroanlagen KG was changed to Hofmockel Automatisierungs- und Prozesstechnik GmbH in 2024.
[6] The company was an associate till December 31, 2023. The company is a subsidiary since January 1, 2024. The voting interest was increased by 50,00% simultaneously.
[7] The company name Ferme Eolienne du Germancé SAS was changed to Ferme Eolienne du Germancé SAS, société en liquidation in 2024.

Subsidiaries	Country	Operating segment	% equity interest[1)] Change in 2024	2024	% voting interest 2024
Belectric Italia Srl	IT	S	-	100.00	100.00
Belectric Solar Ltd.	GB	S	-	100.00	100.00
Brandt GmbH	DE	S	-	100.00	100.00
Bücker & Essing GmbH	DE	S	-	100.00	100.00
CAPEXUS s.r.o.	CZ	S	-	100.00	100.00
CAPEXUS SK s. r. o.	SK	S	-	50.00	100.00
CASANO Mobiliengesellschaft mbH & Co. KG	DE	G	-	100.00	100.00
CE Insurance Limited	MT	G	-	100.00	100.00
Centrum výzkumu Řež s.r.o.	CZ	G	-	69.85	100.00
CEZ Deutschland GmbH	DE	G	-	100.00	100.00
CEZ Erneuerbare Energien Beteiligungs GmbH	DE	G	-	100.00	100.00
CEZ Erneuerbare Energien Beteiligungs II GmbH	DE	G	-	100.00	100.00
CEZ Erneuerbare Energien Verwaltungs GmbH	DE	G	-	100.00	100.00
CEZ France SAS	FR	G	-	100.00	100.00
CEZ Holdings B.V.	NL	G	-	100.00	100.00
CEZ Hungary Ltd.	HU	G	-	100.00	100.00
CEZ Chorzów II sp. z o.o. w likwidacji[8)]	PL	G	-	100.00	100.00
CEZ Chorzów S.A.	PL	G	-	100.00	100.00
CEZ MH B.V.	NL	G	-	100.00	100.00
CEZ Polska sp. z o.o.	PL	G	-	100.00	100.00
CEZ Produkty Energetyczne Polska sp. z o.o.	PL	G	-	100.00	100.00
CEZ RES International B.V.	NL	G	-	100.00	100.00
CEZ Skawina S.A.	PL	G	-	100.00	100.00
CEZ Windparks Lee GmbH	DE	G	-	100.00	100.00
CEZ Windparks Luv GmbH	DE	G	-	100.00	100.00
CEZ Windparks Nordwind GmbH	DE	G	-	100.00	100.00
ČEZ Distribuce, a. s.	CZ	D	-	100.00	100.00
ČEZ Energetické produkty, s.r.o.	CZ	G	-	100.00	100.00
ČEZ Energo, s.r.o.	CZ	S	-	100.00	100.00
ČEZ ENERGOSERVIS spol. s r.o.	CZ	G	-	100.00	100.00
ČEZ ESCO, a.s.	CZ	S	-	100.00	100.00
ČEZ ESL, s.r.o.[9)]	CZ	S	-	100.00	100.00
ČEZ ICT Services, a. s.	CZ	G	-	100.00	100.00
ČEZ Invest Slovensko, a.s.	CZ	G	-	100.00	100.00
ČEZ Obnovitelné zdroje, s.r.o.	CZ	G	-	100.00	100.00
ČEZ OZ uzavřený investiční fond a.s.	CZ	G	-	99.96	99.96
ČEZ Prodej, a.s.	CZ	S	-	100.00	100.00
ČEZ Teplárenská, a.s.	CZ	S	-	100.00	100.00
ČEZNET s.r.o.	CZ	S	-	100.00	100.00
Domat Control System s.r.o.	CZ	S	-	100.00	100.00
E-City Polska sp. z o.o.	PL	S	-	100.00	100.00
Elektrárna Dukovany II, a. s.	CZ	G	-	100.00	100.00
Elektrárna Temelín II, a. s.	CZ	G	-	100.00	100.00
Elevion Energy & Engineering Solutions GmbH	DE	S	-	100.00	100.00
Elevion Group B.V.	NL	S	-	100.00	100.00
Elevion Holding Italia Srl	IT	S	-	100.00	100.00
Elevion Österreich Holding GmbH	AT	S	-	100.00	100.00
ELIMER, a.s.	SK	S	-	50.00	100.00
Energetické centrum s.r.o.	CZ	S	-	100.00	100.00
Energotrans, a.s.	CZ	G	-	100.00	100.00
Energy Shift B.V.	NL	S	-	66.00	100.00

8) The company name CEZ Chorzów II sp. z o.o. was changed to CEZ Chorzów II sp. z o.o. w likwidacji in 2024.
9) The company name ČEZ Energetické služby, s.r.o., was changed to ČEZ ESL, s.r.o., in 2024.

Subsidiaries	Country	Operating segment	% equity interest[1)] Change in 2024	2024	% voting interest 2024
Energy Shift Installaties B.V.	NL	S	-	66.00	100.00
ENESA a.s.	CZ	S	-	100.00	100.00
Entract Energy GmbH	DE	S	-	100.00	100.00
ENVEZ, a. s.	CZ	S	-	51.00	51.00
EP Rožnov, a.s.	CZ	S	-	100.00	100.00
EPIGON spol. s r.o.	CZ	S	-	100.00	100.00
ESCO Distribučné sústavy a.s.	SK	S	-	50.00	100.00
ESCO Servis, s. r. o.	SK	S	-	50.00	100.00
ESCO Slovensko, a. s.	SK	S	-	50.00	50.00
Ferme Eolienne d´Andelaroche SAS	FR	G	-	100.00	100.00
Ferme éolienne de Feuillade et Souffrignac SAS	FR	G	-	100.00	100.00
Ferme éolienne de Genouillé SAS	FR	G	-	100.00	100.00
Ferme éolienne de la Petite Valade SAS	FR	G	-	100.00	100.00
Ferme Eolienne de la Piballe SAS	FR	G	-	100.00	100.00
Ferme Eolienne de Neuville-aux-Bois SAS	FR	G	-	100.00	100.00
Ferme éolienne de Nueil-sous-Faye SAS	FR	G	-	100.00	100.00
Ferme Eolienne de Saint-Laurent-de-Céris SAS	FR	G	-	100.00	100.00
Ferme Eolienne de Seigny SAS	FR	G	-	100.00	100.00
Ferme Eolienne de Thorigny SAS	FR	G	-	100.00	100.00
Ferme éolienne des Besses SAS	FR	G	-	100.00	100.00
Ferme Eolienne des Breuils SAS	FR	G	-	100.00	100.00
Ferme Eolienne des Grands Clos SAS	FR	G	-	100.00	100.00
Ferme éolienne du Blessonnier SAS	FR	G	-	100.00	100.00
GESPA GmbH	DE	S	-	75.10	75.10
Green Energy Capital, a.s.[10)]	CZ	S	-	100.00	100.00
Grid Design, s.r.o.	CZ	D	-	51.00	51.00
GWE Verwaltungs GmbH	DE	S	-	100.00	100.00
GWE Wärme- und Energietechnik GmbH	DE	S	-	100.00	100.00
HA.EM OSTRAVA, s.r.o.	CZ	S	-	100.00	100.00
High-Tech Clima S.A.	RO	S	-	100.00	100.00
HORMEN CE a.s.	CZ	S	-	100.00	100.00
Hybridkraftwerk Culemeyerstraße Projekt GmbH	DE	S	-	100.00	100.00
IBP Ingenieure GmbH	DE	S	-	100.00	100.00
IBP Verwaltungs GmbH	DE	S	-	100.00	100.00
inewa consulting Srl	IT	S	-	100.00	100.00
inewa Srl	IT	S	-	100.00	100.00
INTERNEXT 2000, s.r.o.	CZ	S	-	100.00	100.00
Inven Capital, SICAV, a.s.	CZ	S	-	100.00	100.00
KABELOVÁ TELEVIZE CZ s.r.o.	CZ	S	-	100.00	100.00
KART, spol. s r.o.	CZ	S	-	100.00	100.00
Kofler Energies Ingenieurgesellschaft mbH	DE	S	-	100.00	100.00
M&P Real GmbH	AT	S	-	100.00	100.00
Magnalink, a.s.	CZ	S	-	85.00	85.00
MARTIA a.s.	CZ	G	-	100.00	100.00
Metrolog sp. z o.o.	PL	S	-	100.00	100.00
Moser & Partner Ingenieurbüro GmbH	AT	S	-	100.00	100.00
MT Energy Service GmbH	DE	S	-	100.00	100.00
MWB Power GmbH	DE	S	-	100.00	100.00
NEK Facility Management GmbH	DE	S	-	100.00	100.00
Nuclear Property Services, s.r.o.	CZ	G	-	100.00	100.00
Optické sítě s.r.o.	CZ	S	-	100.00	100.00

[10)] The company name Green energy capital, a.s., was changed to Green Energy Capital, a.s., in 2024.

Subsidiaries	Country	Operating segment	% equity interest[1)] Change in 2024	2024	% voting interest 2024
OSC, a.s.	CZ	G	-	100.00	100.00
Pantegra Ingenieure GmbH	DE	S	-	100.00	100.00
Peil und Partner Ingenieure GmbH	DE	S	-	100.00	100.00
PIPE SYSTEMS s.r.o.	CZ	S	-	100.00	100.00
PRODECO, a.s.	CZ	T	-	100.00	100.00
Project X S.r.l.	IT	S	-	70.00	70.00
PV Design and Build s.r.o.	CZ	G	-	100.00	100.00
Revitrans, a.s.	CZ	T	-	100.00	100.00
SALLEKO, spol. s r.o.	CZ	G	-	100.00	100.00
SD - Kolejová doprava, a.s.	CZ	T	-	100.00	100.00
SERCOO ENERGY GmbH	DE	S	-	100.00	100.00
SERCOO Group GmbH	DE	S	-	100.00	100.00
Severočeské doly a.s.	CZ	T	-	100.00	100.00
Shift Energy B.V.	NL	S	-	66.00	100.00
SOCIETA' AGRICOLA B.T.C. S.R.L.	IT	S	-	85.00	85.00
SOCIETA' AGRICOLA DEF S.R.L.	IT	S	-	100.00	100.00
Societa' Agricola Falgas S.r.l.	IT	S	-	85.00	85.00
Solarkraftwerk Deubach GmbH & Co. KG[11)]	DE	S	-	100.00	100.00
Solarkraftwerk Reddehausen GmbH & Co. KG	DE	S	-	100.00	100.00
Solární servis, s.r.o.	CZ	S	-	100.00	100.00
SPRAVBYTKOMFORT, a.s. Prešov	SK	S	-	27.50	55.00
SYNECO PROJECT S.r.l.	IT	S	-	100.00	100.00
Syneco tec GmbH	AT	S	-	100.00	100.00
SYNECOTEC Deutschland GmbH	DE	S	-	100.00	100.00
ŠKODA JS a.s.	CZ	G	-	100.00	100.00
ŠKODA PRAHA a.s.	CZ	G	-	69.85	100.00
Telco Infrastructure, s.r.o.	CZ	S	-	100.00	100.00
Telco Pro Services, a. s.	CZ	S	-	100.00	100.00
TENAUR, s.r.o.	CZ	S	-	100.00	100.00
Tepelné hospodářství města Ústí nad Labem s.r.o.	CZ	S	-	55.83	55.83
ÚJV Řež, a. s.	CZ	G	-	69.85	69.85
Ústav aplikované mechaniky Brno, s.r.o.	CZ	G	-	100.00	100.00
Wagner Consult GmbH	AT	S	-	100.00	100.00
Windpark Baben Erweiterung GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Badow GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark FOHREN-LINDEN GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Frauenmark III GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Gremersdorf GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Cheinitz-Zethlingen GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Mengeringhausen GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Naundorf GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Nortorf GmbH & Co. KG	DE	G	-	100.00	100.00
Windpark Zagelsdorf GmbH & Co. KG	DE	G	-	100.00	100.00
ZOHD Groep B.V.	NL	S	-	66.00	66.00

[11)] The company name Belectric SP Solarprojekte 101 GmbH & Co. KG was changed to Solarkraftwerk Deubach GmbH & Co. KG in 2024.

Associates and joint-ventures	Country	Operating segment	% equity interest[1)] Change in 2024	% equity interest[1)] 2024	% voting interest 2024
Previously not-consolidated companies					
Elektroenergetické datové centrum, a.s.	CZ	D	25.00	25.00	25.00
Step acquisitions					
Elevion Co-Investment GmbH & Co. KG[12)]	DE	S	27.13	61.31	61.31
Windpark Datteln GmbH & Co. KG[13)]	DE	G	50.00	100.00	100.00
Other companies without change in equity interest or voting interest in 2024					
5 ER ENERJİ TARIM HAYVANCILIK ANONİM ŞİRKETİ	TR	G	-	-	50.00
AK-EL Kemah Elektrik Üretim A.Ş.	TR	G	-	37.36	50.00
AKEL SUNGURLU ELEKTRİK ÜRETİM ANONİM ŞİRKETİ	TR	G	-	-	50.00
Akenerji Doğalgaz Ithalat Ihracat ve Toptan Ticaret A.Ş.	TR	G	-	37.36	50.00
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	TR	G	-	37.36	50.00
Akenerji Elektrik Üretim A.Ş.	TR	G	-	37.36	37.36
Bytkomfort, s.r.o.	SK	S	-	49.00	49.00
ČEZ Recyklace, s.r.o.	CZ	G	-	34.00	34.00
GEOMET s.r.o.	CZ	M	-	51.00	51.00
GP JOULE PP1 GmbH & Co. KG	DE	G	-	50.00	50.00
GP JOULE PPX Verwaltungs-GmbH	DE	G	-	50.00	50.00
Green Wind Deutschland GmbH	DE	G	-	50.00	50.00
Jadrová energetická spoločnosť Slovenska, a. s.	SK	G	-	49.00	49.00
juwi Wind Germany 100 GmbH & Co. KG	DE	G	-	51.00	51.00
KLF-Distribúcia, s.r.o.	SK	S	-	25.00	50.00
LOMY MOŘINA spol. s r.o.	CZ	M	-	51.05	51.05
Windpark Bad Berleburg GmbH & Co. KG	DE	G	-	50.00	50.00
Windpark Berka GmbH & Co. KG	DE	G	-	50.00	50.00
Windpark Moringen Nord GmbH & Co. KG	DE	G	-	50.00	50.00
Windpark Prezelle GmbH & Co. KG	DE	G	-	50.00	50.00

Used shortcuts:

Country ISO code	Country	Country ISO code	Country	Segment	Operating segment
AT	Austria	LU	Luxembourg	G	Generation
CN	China	MT	Malta	D	Distribution
CZ	Czech Republic	MY	Malaysia	S	Sales
DE	Germany	NL	Netherlands	M	Mining
ES	Spain	PL	Poland		
FR	France	RO	Romania		
GB	United Kingdom	SK	Slovakia		
HU	Hungary	TR	Turkey		
IL	Israel	UA	Ukraine		
IT	Italy				

12) The company was an associate till November 5, 2024. The company is a subsidiary since November 6, 2024. The voting interest was increased by 27,13% simultaneously.

13) The company was an associate till December 31, 2023. The company is a subsidiary since January 1, 2024. The voting interest was increased by 50.00% simultaneously.

Subsidiaries with Non-controlling Interests

The following table shows the composition of Group's non-controlling interests and dividends paid to non-controlling interests by respective subsidiaries (in CZK millions):

	2024		2023	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
Czech Gas Networks S.à r.l.	10,137	444	-	-
ESCO Slovensko, a. s.	602	-	671	-
ÚJV Řež, a. s.	586	-	577	-
Other	315	35	301	9
Total	11,640	479	1,549	9

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2024 (in CZK millions):

	Czech Gas Networks[1)]	ESCO Slovensko	ÚJV Řež
Ownership share of non-controlling interests	44.79%	50%	30.15%
Current assets	5,988	397	1,084
Non-current assets	113,362	1,306	2,767
Current liabilities	(87,136)	(225)	(816)
Non-current liabilities	(8,087)	(252)	(711)
Equity	24,127	1,226	2,324
Attributable to:			
Equity holders of the parent	13,990	624	1,738
Non-controlling interests	10,137	602	586
Revenues and other operating income	6,795	316	1,883
Income (loss) before other income (expenses) and income taxes	(1,928)	(202)	82
Income (loss) before income taxes	(1,727)	(107)	57
Income taxes	264	11	(14)
Net income (loss)	(1,463)	(96)	43
Attributable to:			
Equity holders of the parent	(808)	(48)	30
Non-controlling interests	(655)	(48)	13
Total comprehensive income	(1,463)	(96)	43
Attributable to:			
Equity holders of the parent	(808)	(48)	30
Non-controlling interests	(655)	(48)	13
Operating cash flow	2,472	(234)	105
Investing cash flow	(2,459)	(28)	(209)
Financing cash flow	(286)	200	(11)
Net effect of currency translation and allowances in cash	5	5	1
Net increase (decrease) in cash and cash equivalents	(268)	(57)	(114)

1) Data from statement of income, statement of comprehensive income and from statement of cash flows are disclosed for the period 9-12/2024, when the company was a subsidiary of the Group.

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2023 (in CZK millions):

	ESCO Slovensko	ÚJV Řež
Ownership share of non-controlling interests	50%	30.15%
Current assets	413	1,076
Non-current assets	1,129	2,651
Current liabilities	(69)	(730)
Non-current liabilities	(127)	(717)
Equity	1,346	2,280
Attributable to:		
Equity holders of the parent	675	1,703
Non-controlling interests	671	577
Revenues and other operating income	87	1,732
Income (loss) before other income (expenses) and income taxes	(60)	163
Income (loss) before income taxes	(22)	147
Income taxes	-	(24)
Net income (loss)	(22)	123
Attributable to:		
Equity holders of the parent	(11)	86
Non-controlling interests	(11)	37
Total comprehensive income	(75)	110
Attributable to:		
Equity holders of the parent	(41)	77
Non-controlling interests	(34)	33
Operating cash flow	(59)	291
Investing cash flow	(88)	(177)
Financing cash flow	128	(12)
Net effect of currency translation and allowances in cash	6	(3)
Net increase (decrease) in cash and cash equivalents	(13)	99

Interests in Associates and Joint-ventures

The following table shows the composition of Group's investment in associates and joint-ventures and share of main financial results from associates and joint-ventures for the year ended December 31, 2024 (in CZK millions):

	Investment in associates and joint-ventures	Dividends received	Group's share of associate's and joint-venture's: Net income (loss)	Other compre-hensive income	Total compre-hensive income
Akenerji Group	-	-	-	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	2,439	-	(39)	45	6
GEOMET s.r.o.	454	-	(75)	-	(75)
Bytkomfort, s.r.o.	259	9	13	4	17
LOMY MOŘINA spol. s r.o.	149	4	2	-	2
Other	281	151	20	5	25
Total	3,582	164	(79)	54	(25)

The following table shows the composition of Group's investment in joint-ventures and share of main financial results from joint-ventures for the year ended December 31, 2023 (in CZK millions):

	Investment in associates and joint-ventures	Dividends received	Group's share of associate's and joint-venture's: Net income (loss)	Other compre-hensive income	Total compre-hensive income
Akcez Group	-	-	985	(430)	555
Akenerji Group	-	-	-	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	2,433	-	(22)	60	38
GEOMET s.r.o.	529	-	(159)	-	(159)
Bytkomfort, s.r.o.	251	24	(2)	6	4
LOMY MOŘINA spol. s r.o.	151	-	6	-	6
Tepelné hospodářství města Ústí nad Labem s.r.o.[1)]	-	2	14	-	14
Other	373	-	10	7	17
Total	3,737	26	832	(357)	475

[1)] Data from statement of income and statement of comprehensive income are disclosed for the period 1-6/2023, when the company was a joint-venture of the Group.

On July 29, 2022, the Company concluded an agreement to sell its 50% share in Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş., which includes three companies engaged in electricity distribution, energy sales and energy services. The settlement of the transaction is, among other things, conditional on the refinancing of Akcez's existing debt by the new co-owners. The transaction was subsequently subject to approval by the Turkish Competition Authority and the local energy regulator. The settlement of the sale transaction took place on December 1, 2023, after fulfillment of all postponing conditions. Gain on sale disclosed in Other financial income (Note 35) is presented in following table (in CZK millions):

Gain on sale according to the contract of sale of 50% share	224
Gain on reversal of provision for guarantee for Akcez group loans	1,370
Disposal of translation differences on sale	(1,111)
Gain on sale of Akcez group	483

In 2017, the share on losses of joint-venture Akenerji Elektrik Üretim A.Ş. exceeded the carrying amount of Group's investment in this joint-venture. The Group has made no obligations on behalf of Akenerji Elektrik Üretim A.Ş., so therefore the Group discontinued of using equity method of accounting as at December 31, 2017 (Note 2.2.3). The amount of unrecognized share of the Group on losses based on historical cost basis of Akenerji Group amounted to CZK 4,064 million as at December 31, 2023. As at December 31, 2024, data in accordance with IAS 29 Reporting in Hyperinflationary Economies is available. The equity of the joint-venture increased significantly, in particular through the application of IAS 29. The Group's share of the equity of the Akenerji Group would have been positive under the equity method. The Group did not recognize this profit exceeding previously unrecognized shares of losses by CZK 1,580 million, as the Group's management does not consider this profit to be recoverable and it would lead to an immediate impairment of the Group's investment. Therefore, the Group's share of the profit was not recognized and the investment in the Akenerji Group is recognized at zero value as at December 31, 2024.

The joint-venture Akenerji Elektrik Üretim A.Ş. is formed by partnership of CEZ Group and Akkök Group in Turkey to invest mainly into power generation projects. Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş. was also joint-venture of CEZ Group and Akkök Group. CEZ Group left this joint-venture at December 1, 2023. The joint-venture Jadrová energetická spoločnosť Slovenska, a. s., is a joint-venture formed by CEZ Group and the Slovak government to prepare the project of building a new nuclear power source in Slovakia. GEOMET s.r.o. is a joint-venture of CEZ Group and European Metals Holdings Limited with the intention to develop a potential lithium ore mining project in Cínovec.

The IAS 29 Reporting in Hyperinflationary Economies standard was not applied in 2023 for the Group's investments in Turkish joint-ventures, although in general for the purposes of IFRS reporting for 2023 Turkey is considered to be a country where the conditions for the application of IAS 29 are met. The Group performed calculations and analysis, which, taking into account that the Group's investments have a zero value, show that the effects of the application of IAS 29 on the Group's financial statements as at December 31, 2023, would not be significant and costs of calculation of the impacts would exceed the benefits for the users of these consolidated financial statements.

The following tables present summarized financial information of material associates and joint-ventures for the year ended December 31, 2024 (in CZK millions):

	Current assets	Thereof: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Unrecognized share	Goodwill	Total investment in associates and joint-ventures
Akenerji Elektrik Üretim A.Ş.	2,546	703	17,512	2,394	11,730	5,934				
Akenerji Group						4,229	1,580	(1,580)	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	766	731	4,420	208	-	4,978	2,439	-	-	2,439
GEOMET s.r.o.	111	108	329	63	247	130	66	-	388	454
Bytkomfort, s.r.o.	72	7	344	150	11	255	125	-	134	259
LOMY MOŘINA spol. s r.o.	158	73	247	89	24	292	149	-	-	149

	Revenues and other operating income	Depre-ciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other compre-hensive income	Total compre-hensive income
Akenerji Elektrik Üretim A.Ş.	17,149	(912)	108	(1,346)	(511)	1,957	694	2,651
Jadrová energetická spoločnosť Slovenska, a. s.	27	(13)	28	(1)	(7)	(79)	(92)	(171)
GEOMET s.r.o.	1	-	2	(22)	-	(146)	-	(146)
Bytkomfort, s.r.o.	468	(25)	2	(1)	(9)	25	(4)	21
LOMY MOŘINA spol. s r.o.	519	(20)	1	-	(3)	5	-	5

The following tables present summarized financial information of material associates and joint-ventures for the year ended December 31, 2023 (in CZK millions):

	Current assets	Thereof: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Unrecognized share on loss	Goodwill	Total investment in associates and joint-ventures
Akenerji Elektrik Üretim A.Ş.	2,548	766	1,978	6,102	7,216	(8,792)				
Akenerji Group						(10,872)	(4,064)	4,064	-	-
Jadrová energetická spoločnosť Slovenska, a. s.	1,041	748	4,203	278	1	4,965	2,433	-	-	2,433
GEOMET s.r.o.	255	250	310	41	247	277	141	-	388	529
Bytkomfort, s.r.o.	155	100	243	132	23	243	119	-	132	251
LOMY MOŘINA spol. s r.o.	169	68	245	96	23	295	151	-	-	151

	Revenues and other operating income	Depre-ciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other compre-hensive income	Total compre-hensive income
Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş.[1)]	34	-	131	(310)	-	(829)	840	11
Sakarya Elektrik Dagitim A.Ş.	7,651	(53)	46	(88)	88	2,346	1,820	4,166
Sakarya Elektrik Perakende Satis A.Ş.	23,712	(31)	401	(61)	325	729	319	1,048
Akenerji Elektrik Üretim A.Ş.	17,060	(116)	82	(1,569)	41	(3,451)	(5,922)	(9,373)
Jadrová energetická spoločnosť Slovenska, a. s.	21	(9)	29	-	(5)	(46)	122	76
GEOMET s.r.o.	-	(1)	-	(13)	-	(312)	-	(312)
Bytkomfort, s.r.o.	796	(25)	1	(1)	(27)	(5)	6	1
LOMY MOŘINA spol. s r.o.	466	(18)	1	-	(4)	11	-	11
Tepelné hospodářství města Ústí nad Labem s.r.o.[2)]	370	(10)	3	(1)	-	25	-	25

1) Data are for the period 1-11/2023, when the company was joint-venture of the Group.
2) Data are for the period 1-6/2023, when the company was joint-venture of the Group.

10. Cash and Cash Equivalents

The overview of cash and cash equivalents at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Cash on hand and current accounts with banks	7,212	5,573
Term deposits	33,021	3,251
Reverse repurchase agreements	-	1,952
Debt securities	99	117
Allowances to cash and cash equivalents	(8)	(1)
Total	40,324	10,892

At December 31, 2024 and 2023, cash and cash equivalents included foreign currency deposits of CZK 19,370 million and CZK 5,012 million, respectively.

The weighted average interest rate on short-term securities and term deposits at December 31, 2024 and 2023, was 3.4% and 4.6%, respectively. For the years 2024 and 2023, the weighted average interest rate was 4.8% and 6.5%, respectively.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024	2023
Cash and cash equivalents as a separate line on the balance sheet	40,324	10,892
Cash and cash equivalents attributable to assets classified as held for sale (note 15)	95	-
Total	40,419	10,892

11. Trade and Other Receivables

The overview of trade and other receivables at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Trade receivables	54,550	66,745
Margin calls	17,089	19,926
Collaterals	910	1,869
Allowances	(4,058)	(3,781)
Total	68,491	84,759

The information about receivables from related parties is included in Note 37.

Carrying amounts of receivables pledged as security for liabilities at December 31, 2024 and 2023, are CZK 164 million and CZK 89 million, respectively.

At December 31, 2024 and 2023, the ageing structure of trade and other receivables is as follows (in CZK millions):

	2024	2023
Not past due	65,112	81,872
Past due:		
Less than 3 months	1,857	1,478
3–6 months	332	458
6–12 months	627	235
More than 12 months	563	716
Total	68,491	84,759

Receivables include impairment allowances created by the Group in the same way for all similar receivables that are not individually significant.

The most significant item of receivables overdue for more than 12 months in 2024 are receivables of German entities of the Elevion group. Companies of the Elevion group undertake several litigations and the management of Elevion group is convinced that the part of receivables without the allowance is not impaired, based on the experience and the legal assessments.

The most significant item of receivables overdue for more than 12 months in 2023 were receivables of the company ČEZ Distribuce, a. s. The company ČEZ Distribuce, a. s., undertook several litigations concerning the payments for system services of local distribution grid's providers from 2016–2021 and collection of the price component related to the costs of support for the generation of electricity from renewable energy sources and combined generation of electricity and heat in 2013. The majority of those disclosed receivables overdue more than 12 months at December 31, 2023, was paid during 2024.

Movements in allowances (in CZK millions):

	2024	2023
Balance as at January 1	(3,781)	(3,043)
Additions	(2,669)	(2,906)
Reversals	2,033	2,143
Derecognition of impaired assets	368	51
Currency translation differences	(9)	(26)
Balance as at December 31	(4,058)	(3,781)

12. Materials and Supplies

The overview of materials and supplies at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Gas storage for trading	3,190	3,098
Gas storage for consumption	474	1,450
Other material	13,702	15,029
Work in progress	1,479	716
Other supplies	1,241	820
Allowances for obsolescence	(711)	(858)
Total	19,375	20,255

13. Emission Rights

The following table summarizes the movements in the quantity (in thousand tons) and book value of emission rights and credits held by the Group during 2024 and 2023 (in CZK millions):

	2024		2023	
	in thousands tons	in millions CZK	in thousands tons	in millions CZK
Emission rights for own use:				
Emission rights for own use at January 1	17,267	25,118	19,507	23,093
Emission rights granted	275	-	335	-
Settlement of emissions with register	(14,763)	(21,355)	(16,848)	(20,134)
Emission rights purchased	11,702	23,616	14,289	21,868
Emission rights classified as held for sale	(309)	(360)	-	-
Reclassification	-	-	(16)	(5)
Currency translation differences	-	83	-	296
Emission rights for own use at December 31	14,172	27,102	17,267	25,118
Emission rights held for trading:				
Emission rights held for trading at January 1	2,921	5,589	3,281	6,408
Settlement of emissions with register	(596)	(963)	(737)	(1,640)
Emission rights purchased	5,022	8,242	43,413	88,963
Emission rights sold	(6,027)	(9,291)	(43,036)	(87,910)
Fair value adjustment	-	(1,208)	-	(232)
Emission rights held for trading at December 31	1,320	2,369	2,921	5,589

The composition of emission rights and green and similar certificates at December 31, 2024 and 2023 (in CZK millions):

	2024			2023		
	Non-current	Current	Total	Non-current	Current	Total
Emission rights	4	29,471	29,475	5	30,707	30,712
Green and similar certificates, guarantees of origin	-	7	7	-	112	112
Total	4	29,478	29,482	5	30,819	30,824

Non-current emission rights for own use and non-current green and similar certificates are part of intangible assets (see Note 6).

During 2024 and 2023, total emissions of CO_2 made by the Group amounted to of 14,887 thousand tons and 15,359 thousand tons, respectively. At December 31, 2024 and 2023, the Group recognized a provision for CO_2 emissions in total amount of CZK 25,860 million and CZK 22,422 million, respectively (see Notes 2.12 and 21).

14. Other Current Assets

The overview of other current assets at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Unbilled electricity and gas supplied to the retail customers	129	100
Received advances from retail customers	(36)	(34)
Unbilled supplies to retail customers, net	93	66
Gross contract assets based on percentage of completion	19,764	20,301
Received billings and advances	(14,748)	(14,567)
Net contract assets	5,016	5,734
Advances paid	3,292	2,929
Prepayments	1,646	1,525
Accruals	9,649	9,953
Grants, taxes and fees, excluding income tax	3,518	2,662
Total	23,214	22,869

15. Assets and Associated Liabilities Classified as Held for Sale

On November 11, 2024, the Group concluded the contract for sale of interest in Polish companies CEZ Polska sp. z o.o. (including its interest in CEZ Chorzów S.A. and CEZ Skawina S.A.) and CEZ Produkty Energetyczne Polska sp. z o.o. The Group classified assets and liabilities of these companies as assets and associated liabilities classified as held for sale as at December 31, 2024. The transaction was settled after the approval of the Polish competition authority on February 6, 2025. The buyer is ResInvest Group based on an auction process initiated in March 2024. The sales price less costs of sale exceeds the cost of sale of assets and related liabilities held for sale.

On February 4, 2025, the Group concluded the contract for sale of its 15% interest in the company Veolia Energie ČR a.s. with the company VEOLIA ENERGIE INTERNATIONAL S.A. The Group classified this interest as asset held for sale.

The overview of assets classified as held for sale and associated liabilities as December 31, 2024 (in CZK millions):

	2024
Property, plant and equipment	394
Intangible assets	20
Investment in Veolia Energie ČR	1,356
Other non-current financial assets	7
Deferred tax asset	189
Cash and cash equivalents	95
Trade and other receivables	716
Materials and fossil fuel stocks	452
Emission rights	360
Other current assets	146
Assets classified as held for sale	3,735
Long-term debt, net of current portion	96
Long-term provisions	27
Deferred tax liability	3
Trade payables	523
Short-term provisions	2,168
Other short-term liabilities	569
Liabilities associated with assets classified as held for sale	3,386
Associated currency translation differences (cumulative loss)	(1,624)

Assets and net income associated with named assets classified as held for sale are reported in operating segment Generation. As at December 31, 2023, the Group did not report any assets and associated liabilities classified as held for sale.

16. Equity

As at December 31, 2024 and 2023, the share capital of the Company registered in the Commercial Register totaled CZK 53,798,975,900 and consisted of 537,989,759 shares with a nominal value of CZK 100 per share. All shares are bearer common shares that are fully paid and listed. The rights and obligations attached to the Company's shares are governed by applicable law as set down in Section 210 et seq. of Act No. 89/2012 Coll., Civil Code, as amended, and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act, as amended. No special rights or restrictions are attached to the Company's shares. Pursuant to Section 256(1) of the Business Corporations Act, shareholder rights attached to the shares are to participate, in compliance with the Company's bylaws, in Company management and receive a portion of its profits or its liquidation surplus when wound up with liquidation.

As at December 31, 2024 and 2023, the Company held 1,179,512 pieces of treasury shares. Treasury shares are presented at cost as a deduction from equity.

Declared dividends per share before tax were CZK 52 in 2024 and CZK 145 in 2023. Dividends for the year 2024 will be approved at the General Meeting, which will be held in the first half of 2025.

Capital Structure Management

The primary objective of the Group's capital structure management is to maintain its credit rating at an investment grade and a level that is standard in the sector and to maintain a healthy ratio of equity to borrowed capital to support the Group's business and maximize value for shareholders. The Group monitors its capital structure and makes adjustments to it with a view to changes in the business environment.

The Group primarily monitors its capital structure using the net debt-to-EBITDA ratio. Considering the current structure and stability of its cash flows and its development strategy, the Group aims to keep the ratio at 3.5 as maximum.

EBITDA comprises earnings before taxes and other expenses and revenues plus depreciation and amortization and impairment of property, plant and equipment and intangible assets less gain (or plus loss) from sales of property, plant and equipment. Total debt comprises long-term debt including the current portion and short-term borrowings. Net debt represents total debt less cash and cash equivalents and highly liquid financial assets. For the purposes of capital structure management, highly liquid financial assets comprise short-term and long-term debt financial assets and short-term and long-term deposits. Total capital is equity attributable to parent company shareholders plus total debt. These calculations always include items relating to assets held for sale, which are reported separately in the balance sheet.

The calculation and evaluation of the ratios is done using consolidated figures (in CZK millions):

	2024	2023
Long-term debt	243,597	161,596
Short-term loans	2,552	7,314
Long-term debt associated with assets classified as held for sale	99	-
Total debt	246,248	168,910
Less:		
Cash and cash equivalents	(40,324)	(10,892)
Cash and cash equivalents classified as held for sale	(95)	-
Highly liquid financial assets:		
Short-term debt financial assets (Note 5)	(3,077)	(6,657)
Long-term term deposits (Note 5)	-	(66)
Total net debt	202,752	151,295
Income before income taxes and other income (expenses)	93,443	84,512
Depreciation and amortization	41,709	35,336
Impairment of property, plant and equipment and intangible assets	2,558	5,300
Gains and losses on sale of property, plant and equipment (Note 26 and 32)	(248)	(309)
EBITDA	137,462	124,839
Net debt to EBITDA ratio	1.47	1.21

17. Long-term Debt

The overview of long-term debt at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,866	1,910
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,245	1,274
4.875% Eurobonds, due 2025 (EUR 750 million)	19,540	19,173
4.375% Eurobonds, due 2042 (EUR 50 million)	1,265	1,241
4.500% Eurobonds, due 2047 (EUR 50 million)	1,262	1,238
4.383% Eurobonds, due 2047 (EUR 80 million)	2,044	2,006
3.000% Eurobonds, due 2028 (EUR 725 million)	18,731	18,433
0.875% Eurobonds, due 2026 (EUR 750 million)	18,840	18,464
2.375% Eurobonds, due 2027 (EUR 600 million)	15,323	15,020
4.250% Eurobonds, due 2032 (EUR 750 million)	19,230	-
4.125% Eurobonds, due 2031 (EUR 700 million)	17,759	-
5.625% U.S. bonds, due 2042 (USD 300 million)	7,319	6,754
4.500% Registered bonds, due 2030 (EUR 40 million)	1,003	984
4.700% Registered bonds, due 2032 (EUR 40 million)	1,040	1,021
4.270% Registered bonds, due 2047 (EUR 61 million)	1,522	1,493
3.550% Registered bonds, due 2038 (EUR 30 million)	774	760
1.000% Registered bonds, due 2027 (EUR 600 million)[2)]	14,142	-
0.875% Registered bonds, due 2031 (EUR 500 million)[2)]	10,681	-
0.450% Registered bonds, due 2029 (EUR 500 million)[2)]	10,229	-
5.450% CZK bonds, due 2026 (CZK 6,750 million)[3)]	6,871	-
Total bonds and debentures	170,686	89,771
Less: Current portion	(21,597)	(1,469)
Bonds and debentures, net of current portion	149,089	88,302
Long-term bank and other[1)] loans and lease liabilities:		
Less than 2.00% p.a.	7,697	9,893
2.00% to 2.99% p.a.	2,304	1,260
3.00% to 3.99% p.a.	25,543	27,441
4.00% to 4.99% p.a.	34,773	19,318
5.00% to 5.99% p.a.	1,148	13,018
6.00% to 6.99% p.a.	1,027	175
7.00% p.a. and more	419	720
Total long-term bank and other loans and lease liabilities	72,911	71,825
Less: Current portion	(5,092)	(29,085)
Long-term bank and other loans and lease liabilities, net of current portion	67,819	42,740
Total long-term debt	243,597	161,596
Less: Current portion	(26,689)	(30,554)
Total long-term debt, net of current portion	216,908	131,042

1) As at December 31, 2023, other loans represent mainly long-term loan provided by the Ministry of Finance of the Czech Republic in the amount of EUR 1 billion to cover the liquidity risk associated to potential immediate increase of requests for extraordinary increase of margin calls on energy stock exchange and towards business counterparties. The loan was repaid in 2024.

2) Bond was recognized at fair value as part of the acquisition of the GasNet Group. The effective interest rate is the market interest rate at the date of acquisition and is in the range of 3.9–4.4%.

3) This is a floating interest rate bond 1% + 6M PRIBOR.

The interest rates indicated above are historical rates for fixed rate debt and current market rates for floating rate debt. The actual interest payments are affected by interest rate risk hedging carried out by the Group.

All long-term debt is recognized in original currencies while the related hedging derivatives are recognized using the method described in Note 2.14.

The overview of long-term debt maturities is as follows (in CZK millions):

	2024	2023
Within 1 year	26,689	30,554
Between 1 year and 2 years	29,616	24,711
Between 2 and 3 years	36,017	24,190
Between 3 and 4 years	31,076	21,527
Between 4 and 5 years	21,094	28,807
Thereafter	99,105	31,807
Total long-term debt	243,597	161,596

The summary of long-term debt by currency (in millions):

	2024		2023	
	Foreign currency	CZK	Foreign currency	CZK
EUR	8,145	205,124	6,003	148,423
USD	302	7,319	302	6,754
JPY	20,138	3,111	20,135	3,184
CZK		27,891		3,016
PLN	13	75	28	157
Other		77		62
Total long-term debt		243,597		161,596

Long-term debt with floating interest rates exposes the Group to interest rate risk. The following table summarizes long-term debt by contractual reprising dates of interest rates at December 31, 2024 and 2023, without considering interest rate hedging (in CZK millions):

	2024	2023
Floating rate long-term debt		
with interest rate fixed to 1 month	204	128
with interest rate fixed from 1 to 3 months	1,416	1,326
with interest rate fixed from 3 months to 1 year	53,520	30,927
with interest rate fixed for more than 1 year	99	112
Total floating rate long-term debt	55,239	32,493
Fixed rate long-term debt	188,358	129,103
Total long-term debt	243,597	161,596

Fixed rate long-term debt exposes the Group to the risk of change in fair values of these financial instruments. For related fair value information and risk management policies of all financial instruments see Note 19 and Note 20.

The following table analyses the changes in liabilities and receivables arising from financing activities in 2023 and 2024 (in CZK millions):

	Debt	Derivatives and other financial liabilities	Other long-term liabilities	Derivatives and other current financial assets	Total liabilities / assets from financing activities
Liabilities / assets from financing at January 1, 2023	202,146	1,084	29	(19)	203,240
Cash flows	(37,119)	(79,765)	-	(51)	(116,935)
Additions and modifications of leases	1,007	-	-	-	1,007
Foreign exchange movement	(1,325)	15	2	-	(1,308)
Changes in fair values	3,626	-	-	-	3,626
Acquisition of subsidiaries	594	3	-	-	597
Disposal of subsidiaries	(9)	7	-	-	(2)
Declared dividends	-	77,819	-	-	77,819
Other[1]	(10)	4,205	-	-	4,195
Liabilities / assets arising from financing activities at December 31, 2023	168,910	3,368	31	(70)	172,239
Liabilities / assets arising from other than financing activities	-	85,276	-	(111,644)	
Total amount on balance sheet at December 31, 2023	168,910	88,644	31	(111,714)	
Less: Liabilities / assets from other than financing activities	-	(85,276)	-	111,644	
Liabilities / assets from financing at January 1, 2024	168,910	3,368	31	(70)	172,239
Cash flows	11,263	(29,172)	-	(13)	(17,922)
Additions and modifications of leases	2,152	-	-	-	2,152
Foreign exchange movement	558	3	-	-	561
Changes in fair values	3,166	-	-	-	3,166
Acquisition of subsidiaries	59,161	510	-	-	59,671
Transfer to liabilities associated to assets classified as held for sale	(99)	-	-	-	(99)
Declared dividends	-	28,354	-	-	28,354
Other[1]	1,038	560	-	-	1,598
Liabilities / assets arising from financing activities at December 31, 2024	246,149	3,623	31	(83)	249,720
Liabilities / assets arising from other than financing activities	-	58,057	-	(52,318)	
Total amount on balance sheet at December 31, 2024	246,149	61,680	31	(52,401)	

[1] The item Other includes accrued interest, transfer of interest paid on leasing to operating activities and non-cash additions and decreases of liabilities.

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item Derivatives and other financial liabilities consists of dividend payables and other financial liabilities (short-term and long-term including short-term portion), item Other long-term liabilities consists especially of long-term deposits and received advanced payments, item Derivatives and other current financial assets consists of advanced payments to dividend administrator.

18. Trade Payables

The overview of trade payables at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Payables to suppliers, excluding payables from non-current assets purchase	26,062	38,436
Accruals	13,100	10,502
Payables from non-current assets purchase	6,337	4,504
Collaterals	1,596	2,208
Payables to employees	1,769	1,521
Other trade payables	2,005	2,698
Total	50,869	59,869

19. Fair Value of Financial Instruments

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, which excludes a forced or liquidation sale. Fair value is determined as a quoted market price or a value obtained on the basis of discounted cash flow models or option pricing models.

The Group uses the following methods and assumptions to determine the fair value of each class of financial instruments:

Cash, Cash Equivalents and Short-term Investments

The fair value of cash and other current financial assets is deemed to be the carrying amount due to their relatively short maturity.

Securities Held for Trading

The fair value of current equity and debt securities held for trading is based on their market price.

Non-current Debt and Equity Financial Assets

The fair value of non-current debt and equity financial assets that are publicly traded in an active market is based on their quoted market price. The fair value of non-current and equity financial assets that are not publicly traded in an active market is determined using appropriate valuation techniques.

Short-term Receivables and Payables

The fair value of receivables and payables is deemed to be the carrying amount due to their relatively short maturity.

Short-term Borrowings

The fair value of these financial instruments corresponds to the carrying amount due to their short maturity.

Long-term Debt

The fair value of long-term debt is deemed to be the market value of identical or similar instruments, or the measurement is based on current interest rates on debt with the same maturity. The fair value of long-term debt with a variable interest rate is deemed to be the carrying amount.

Derivatives

The fair value of derivatives corresponds to their market value.

Carrying amounts and the estimated fair values of financial assets (except for derivatives) at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets at amortized cost:				
Other financial receivables	1,561	1,550	4,912	4,912
Investment in finance lease	206	206	213	213
Non-current assets at fair value through other comprehensive income:				
Restricted debt financial assets	26,801	26,801	24,545	24,545
Equity financial assets	342	342	674	674
Non-current assets at fair value through profit or loss:				
Equity financial assets	3,501	3,501	3,746	3,746
Current assets at amortized cost:				
Term deposits	-	-	69	69
Cash and cash equivalents	40,324	40,324	10,892	10,892
Trade and other receivables	68,491	68,491	84,759	84,759
Other financial receivables	115	115	128	128
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	31	31
Investment in finance lease	47	47	49	49
Current assets at fair value through other comprehensive income:				
Debt financial assets	3,077	3,077	6,657	6,657
Equity financial assets	6	6	6	6
Assets classified as held for sale at fair value through other comprehensive income:				
Equity financial assets	1,356	1,356	-	-

Carrying amounts and the estimated fair values of financial liabilities (except for derivatives) at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt[1)]	(236,951)	(239,144)	(157,946)	(156,450)
Other long-term financial liabilities	(2,270)	(2,270)	(1,699)	(1,699)
Short-term loans	(2,552)	(2,552)	(7,314)	(7,314)
Other short-term financial liabilities	(2,144)	(2,144)	(2,066)	(2,066)

[1)] The value of long-term debt is shown without lease liabilities of which the fair value is not disclosed (the carrying amount as at December 31, 2024 and 2023, is CZK (6,646) million and CZK (3,650) million, respectively.

Carrying amounts and the estimated fair values of derivatives and liabilities recognized at fair value at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities from put options held by non-controlling interests	(787)	(787)	(1,136)	(1,136)
Contingent consideration from the acquisition of subsidiaries	(530)	(530)	(666)	(666)
Cash flow hedge derivatives:				
Short-term receivables	17,085	17,085	22,378	22,378
Long-term receivables	8,699	8,699	20,706	20,706
Short-term liabilities	(1,794)	(1,794)	(8,455)	(8,455)
Long-term liabilities	(7,159)	(7,159)	(2,579)	(2,579)
Commodity derivatives:				
Short-term receivables	30,316	30,316	80,879	80,879
Short-term liabilities	(40,650)	(40,650)	(70,877)	(70,877)
Other derivatives:				
Short-term receivables	1,755	1,755	1,586	1,586
Long-term receivables	2,093	2,093	62	62
Short-term liabilities	(2,720)	(2,720)	(736)	(736)
Long-term liabilities	(3,626)	(3,626)	(430)	(430)

19.1. Fair Value Hierarchy of Financial Instruments

The Group uses and discloses financial instruments with the following structure according to the manner in which the fair value is determined:

Level 1: Measured at fair value using the market prices of identical assets and liabilities quoted in active markets.

Level 2: Measured at fair value using methods under which significant inputs are directly or indirectly derived from data observable in active markets.

Level 3: Measured at fair value using methods under which significant inputs are not derived from data observable in active markets.

For assets and liabilities that occur regularly or repeatedly in financial statements, the Group reviews categorization in levels of the fair value hierarchy (according to the lowest input level that is significant to the measurement of fair value as a whole) at the end of each reporting period to determine whether there have been any transfers between levels of the fair value hierarchy.

In 2024, there was a transfer of financial instruments measured at fair value from level 3 to level 2, which was connected to a 15% interest in the company Veolia Energie ČR, a.s., in the portfolio equity financial assets at fair value through other comprehensive income. At December 31, 2024, the fair value was stated based on market price – concluded sales contract. There were no transfers between the levels of financial instruments at fair value in 2023.

As at December 31, 2024, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	30,316	17,343	12,202	771
Cash flow hedge derivatives	25,784	19,266	6,518	-
Other derivatives	3,848	-	3,848	-
Restricted debt financial assets	27,604	27,604	-	-
Debt financial assets at fair value through other comprehensive income	3,077	3,077	-	-
Equity financial assets at fair value through profit or loss	3,501	-	-	3,501
Equity financial assets at fair value through other comprehensive income	348	-	-	348
Equity financial assets classified as held for sale at fair value through other comprehensive income	1,356	-	1,356	-

Liabilities measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	(40,650)	(19,731)	(19,621)	(1,298)
Cash flow hedge derivatives	(8,953)	(6,376)	(2,577)	-
Other derivatives	(6,346)	-	(6,346)	-
Liabilities from put options held by non-controlling interests	(787)	-	-	(787)
Contingent consideration from the acquisition of subsidiaries	(530)	-	-	(530)

Assets and liabilities for which fair values are disclosed:

	Total	Level 1	Level 2	Level 3
Other financial receivables	115	-	115	-
Investment in finance lease	253	-	253	-
Long-term debt	(239,144)	(162,092)	(77,052)	-
Short-term loans	(2,552)	-	(2,552)	-
Other financial liabilities	(4,414)	-	(4,414)	-

As at December 31, 2023, the fair value hierarchy was the following (in CZK millions):

Assets measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	80,879	11,146	66,184	3,549
Cash flow hedge derivatives	43,084	31,954	11,130	-
Other derivatives	1,648	-	1,648	-
Restricted debt financial assets	24,545	24,545	-	-
Debt financial assets at fair value through other comprehensive income	6,657	6,657	-	-
Equity financial assets at fair value through profit or loss	3,746	-	-	3,746
Equity financial assets at fair value through other comprehensive income	680	-	-	680

Liabilities measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	(70,877)	(36,700)	(30,100)	(4,077)
Cash flow hedge derivatives	(11,034)	(5,495)	(5,539)	-
Other derivatives	(1,166)	-	(1,166)	-
Liabilities from put options held by non-controlling interests	(1,136)	-	-	(1,136)
Contingent consideration from the acquisition of subsidiaries	(666)	-	-	(666)

Assets and liabilities for which fair values are disclosed:

	Total	Level 1	Level 2	Level 3
Term deposits	69	-	69	-
Other financial receivables	128	-	128	-
Receivables from sale of subsidiaries, associates and joint-ventures	31	-	31	-
Investment in finance lease	262	-	262	-
Long-term debt	(156,450)	(84,412)	(72,038)	-
Short-term loans	(7,314)	-	(7,314)	-
Other financial liabilities	(3,765)	-	(3,765)	-

The Group negotiates derivative financial instruments with various counterparties, especially large groups operating in the energy sector and large financial institutions with high credit ratings. Derivatives that are measured by means of techniques using market inputs include, in particular, commodity forward and futures contracts, foreign exchange forward contracts, interest rate swaps, and options. The most frequently applied valuation methods use commodity price curves, swap models, present value calculations, and option pricing models (e.g., Black-Scholes, Black-76). The models use various inputs including the forward curves of underlying commodities, foreign exchange spot and forward rates, and interest rate curves.

The following table shows roll-forward of the financial assets and liabilities measured at fair value – Level 3, for the years ended December 31, 2024 and 2023 (in CZK millions):

	Equity financial assets at fair value through profit or loss	Equity financial assets at fair value through other comprehensive income	Commodity derivatives
Balance at January 1, 2023	3,840	887	888
Additions	385	97	-
Disposals	(9)	-	(16,245)
Revaluation	(470)	(304)	14,829
Balance at December 31, 2023	3,746	680	(528)
Additions	215	77	(37)
Disposals	(28)	-	(6,396)
Revaluation	(432)	(6)	6,434
Reclassification to level 2[1)]	-	(403)	-
Balance at December 31, 2024	3,501	348	(527)

[1)] As at December 31, 2024, there was reclassification to level 2 with regards to available market price resulting from the concluded sales contract. The revaluation gain already within fair value level 2 as at December 31, 2024, was CZK 953 million.

The main investment in the portfolio Equity financial assets at fair value through other comprehensive income (including assets classified as held for sale) is 15% interest in the company Veolia Energie ČR, a.s. The company's shares are not traded on any market. Fair value at December 31, 2024, corresponds to the sale price of the asset according to the concluded sales contract (see Note 15). Fair value at December 31, 2023, was determined using available public EBITDA data and the usual range of EBITDA multiples which corresponds to the purchase price of a 100% stake in a company in transactions observed in the market in the industry in question before adjustment for the amount of debt. The fair value at December 31, 2023, was determined using 5 EBITDA as the best estimate of the fair value.

Equity financial assets at fair value through profit or loss include investments of the CEZ Group's investment fund in the company Inven Capital, SICAV, a.s. (Note 5). The fair value of the investments included in this portfolio at December 31, 2024 and 2023, was determined by a valuation expert. The determination of fair value takes into consideration, in particular, capital contributions and other forms of financing made by the co-investors recently. In addition, the valuation takes into account further development and eventual subsequent significant events, such as received bids for redemption.

The fair value of the contingent consideration was determined based on present value of future cash flows, which the Group expects to pay in connection with the acquisition of the subsidiary and is assessed internally by management. The amount of the payment depends on future financial results of the acquired company.

The liability from put option held by the non-controlling interests is measured as the present value of the amount payable on exercise of the option.

Commodity derivatives measured at fair value in level 3 include cross-border electricity transmission rights (hereinafter referred to as "cross-border capacities") and gas contracts with delivery in regions where the market is not sufficiently active throughout the duration of the contract. Cross-border capacities are sold in auctions organized by auction offices covering transmission system operators or in auctions organized directly by transmission system operators. Cross-border capacities are not traded on an organized market. The fair value of cross-border capacities, which represents an estimate of the expected value of compensation for unused cross-border capacities, takes into account especially the acquisition price of purchased capacities and the forward prices of electricity in the respective countries. The fair value of contracts for the purchase and sale of gas on insufficiently active markets is derived from the nearest active market and the location spread is determined using a valuation model that makes maximum use of available market data.

19.2. Offsetting of Financial Instruments

The following table shows the recognized financial instruments that are offset, or subject to enforceable master netting agreement or other similar agreements but not offset, as at December 31, 2024 and 2023 (in CZK millions):

	2024		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	59,948	(55,949)	125,611	(83,077)
Other financial instruments[1)]	27,680	(17,049)	58,612	(25,142)
Collaterals paid (received)[2)]	910	(1,596)	1,869	(2,208)
Gross financial assets / liabilities	88,538	(74,594)	186,092	(110,427)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	88,538	(74,594)	186,092	(110,427)
Effect of master netting agreements	(59,821)	59,821	(90,839)	90,839
Net amount after master netting agreements	28,717	(14,773)	95,253	(19,588)

1) Other financial instruments consist of invoices due from derivative trading and are included in Trade and other receivables or Trade payables.

2) Collaterals paid are included in Trade and other receivables and collaterals received are included in Trade payables.

ČEZ, a. s., trades in derivatives under EFET and ISDA master agreements. The agreements allow mutual setoff of receivables and payables on early termination of contracts. The reason for early termination is the counterparty's insolvency or failure to fulfill agreed contract terms. All agreed contracts are settled financially on early termination. Their mutual setoff is either embedded in a contractual provision of the master agreements or results from the collateral provided. In addition, a CSA (Credit Support Annex) has been signed with several partners, defining the permitted limit of exposure between the partners. When the limit is exceeded, cash is transferred to reduce exposure below an agreed level. The deposited cash is also included in the final offset.

The information about offset of unbilled electricity supplied to retail customers with advances received is included in Note 14 and 24. The information about offset of construction contracts and related billings and advances received is included in Note 14.

Short-term derivative assets are included in the balance sheet in Derivatives and other current financial assets; long-term derivative assets are included in Other non-current financial assets; short-term derivative liabilities are included in Derivatives and other current financial liabilities; and long-term derivative liabilities are included in Other non-current financial liabilities.

20. Financial Risk Management

Risk Management Approach

A risk management system is being successfully developed in order to protect the Group's value while taking the level of risk acceptable for the shareholders. In the Group, the risk is defined as a potential difference between the actual and the expected (planned) developments and is measured by means of the extent of such difference in CZK and the likelihood with which such a difference may occur.

A risk capital concept is applied within the Group. The concept allows the setting of basic cap for partial risk limits and, in particular, the unified quantification of all kinds of risks. The value of aggregate annual risk capital limit (Profit@Risk) is approved by the Board of Directors based on the Risk Management Committee proposal for every financial year. The proposed limit value is derived from historical volatility of profit, revenues and costs of the Group (the top-down method). The approved value in CZK is set on the basis of a 95% confidence level and expresses a maximum profit decrease, which is the Group willing to take in order to reach the planned annual profit.

The bottom-up method is used for setting and updating the Risk frames. The Risk frames include the definition of risk and departments/units of the Group for which the frame is obligatory; definition of rules and responsibilities for risk management; permitted instruments and methods of risk management and actual risk limits, including a limit which expresses the share in the annual Profit@Risk limit.

The main business plan market risks are quantified in the Group (EBITDA@Risk based on MonteCarlo simulation in Y+1 to Y+5 horizon). The market risks are actively managed through gradual electricity sales and emission allowances' purchases in the following 6-year horizon, closed long-term contracts for electricity sale and emission allowances purchase and the FX and IR risk hedging in medium-term horizon. In business plan horizon, the risk management is also based on debt capacity concept which enables to assess the impact of main investment and other activities (incl. the risk characteristics), on expected cash flow and total debt of the Group in order to maintain corporate rating.

Since 2021, a new uniform Enterprise Risk Management scheme is adopted by the Group to be applied to all group-level significant risks. For this level of risks, the scheme integrates, across the process areas of the whole Group, all decentral risk management activities into one, uniform and centrally coordinated process of the group-level significant risks management, with the use of a software tool. Since 2024, the scheme is used also for evidence of significant ESG risks which may have adverse material impact on Group's financial statements.

Risk Management Organization

The supreme authority responsible for risk management in ČEZ, a. s., is the CFO, except for approval of the aggregate annual budget risk capital limit (Profit@Risk) within the competence of the ČEZ, a. s., Board of Directors. CFO decides, based on the recommendation of the Risk Management Committee, on the development of a system of risk management, on an overall allocation of risk capital to the individual risks and organizational units, he approves obligatory rules, responsibilities and limit structure for the management of partial risks.

The Risk Management Committee continuously monitors an overall risk impact on the Group, including Group risk limits utilization, status of risks linked to business plan horizon, hedging strategies status, assessment of impact of investment and other activities on potential Group debt capacity and cash flow in order to maintain corporate rating. Since 2021, it also monitors overviews regarding new uniform Enterprise Risk Management scheme.

Overview and Methods of Risk Management

The Group applies a unified categorization of the Group's risks which reflects the specifics of a corporate, i.e., non-banking company, and focuses on primary causes of unexpected development. The risks are divided into four basic categories listed below.

1. Market risks	**2. Credit risks**	**3. Operation risks**	**4. Business risks**
1.1 Financial (FX, IR)	2.1 Counterparty default	3.1 Operating	4.1 Strategic
1.2 Commodity	2.2 Supplier default	3.2 Internal change	4.2 Political
1.3 Volumetric	2.3 Settlement	3.3 Liquidity management	4.3 Regulatory
1.4 Market liquidity		3.4 Security	4.4 Reputation

From the view of risk management, the Group activities can be divided into two basic groups:

- Activities with the unified quantification of the share of respective activity in the aggregate annual risk capital limit (Profit@Risk) of the Group (i.e., using specific likelihood, it is possible to objectively determine what risk is associated with an activity / planned profit). These risks are managed by the rules and limits set by the CFO of ČEZ, a. s., based on the recommendation of the Risk Management Committee and, concurrently, in accordance with governing documents of the respective units / processes of the Group.
- Activities whose share in the aggregate risk limit of the Group has not been quantified so far or for objective reasons. These risks are managed by the responsible owners of the relevant processes in accordance with internal governing documents of the respective units / processes of the Group which are newly also subject to policies defined by new uniform Enterprise Risk Management scheme since 2021.

For all risks quantified on a unified basis, a partial risk limit is set whose continuous utilization is evaluated on a monthly basis and is usually defined as a sum of the actual expected deviation of annual profit plan and the potential risk of loss on a 95% confidence interval. The Group's methodologies and data provide for a unified quantification of the following risks:

- Market risks: financial (currency, interest and stock price) risks, commodity prices (electricity, emission allowances, coal, gas, crude oil), volume (volume of electricity produced by wind power plants).
- Credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk.
- Operational risks: risks of nuclear and fossil power plants operation in the Czech Republic, investment risks.

The development of the Group's quantified risks is reported to the Risk Management Committee every month through 3 regular reports:

- Annual budget risks (aggregated annual risk capital limit, resp. Profit@Risk limit utilization)
- Business plan risks (EBITDA@Risk based on MonteCarlo simulation)
- Debt capacity (actual deviation from the optimal debt within Y+5 horizon, derived from rating agency requirements on debt indicators in order to preserve the ČEZ rating).

20.1. Qualitative Description of Risks Associated with Financial Instruments

Commodity Risks

The development of electricity, emission allowances, coal and gas prices is a key risk factor of the Group's value. The current system of commodity risk management is focused on (i) the margin from the own electricity production sales, i.e., from trades resulting in optimizing the sales of the Group's production and in optimizing the emission allowances position for production (the potential risk is managed on the EaR, VaR and the EBITDA@Risk bases), and (ii) the margin from the proprietary trading of commodities within the whole Group (the potential risk is managed on the VaR basis).

Market Financial Risks (Currency, Interest and Stock Price Risks)

The development of foreign exchange rates, interest rates and stock prices is a significant risk factor of the Group's value. The current system of financial risk management is focused mainly on (i) the future cash flows and (ii) financial trades which are realized for the purposes of an overall risk position management in accordance with the risk limits (the potential risk is managed on the basis of VaR, EBITDA@Risk and complementary position limits). Own financial instruments (i.e., active and passive financial trades and derivative trades) are realized entirely in the context of an overall expected cash flows of the Group (including operational and investment foreign currency flows).

Credit Risks

With respect to the Group's activities managed on a centralized level, credit exposures of individual financial partners and wholesale partners are managed in accordance with individual credit limits. The individual limits are set and continuously updated according to the counterparty's credibility (in accordance with international rating and internal financial evaluation of counterparties with no international rating).

With respect to the electricity sales to end customers in the Czech Republic, the actual credibility is monitored for each business partner based on payment history (in addition, the financial standing is considered for selected partners). This credibility determines the payment conditions of partners (i.e., it indirectly determines an amount of an approved credit exposure) and also serves to quantify both the expected and the potential losses.

The Group's maximum exposure to credit risk to receivables and other financial instruments as at December 31, 2024 and 2023, is the carrying value of each class of financial assets except for financial guarantees. Credit risk from balances with banks and financial institutions is managed by the Group's risk management department in cooperation with Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

In accordance with the credit risk methodology applied to the banking sector per Basel II, every month the expected and potential losses are quantified on a 95% confidence level. It means that the share of all credit risks mentioned above in the aggregate annual risk capital limit (Profit@Risk limit) is quantified and evaluated.

Liquidity Risks

The Group's liquidity risk is primarily perceived as an operational risk (risk of liquidity management) and a risk factor is the internal ability to effectively manage the future cash flows planning process in the Group and to secure the adequate liquidity and effective short-term financing (the risk is managed on a qualitative basis). The fundamental liquidity risk management (i.e., liquidity risk within the meaning for banking purposes) is covered by the risk management system as a whole. In any given period, the future deviations of the Group's expected cash flows are managed in accordance with the aggregate risk limit and in the context of the actual and the targeted debt/equity ratio of the Group. Other tools used for liquidity risk management are the regularly evaluated Margin@Risk reports and liquidity stress scenario reports, which are mainly used to manage the liquidity risk related to the margin calls requirements. These reports also evaluate the effects of the transactions of the sliding sale of electricity and the purchase of emission rights in the horizon of the next 6 years.

20.2. Quantitative Description of Risks Associated with Financial Instruments

Commodity Risks

The required quantitative information on risks (i.e., a potential change of market value resulting from the effects of risk factors as at December 31) was prepared based on the assumptions given below:

- the indicator of risk associated with financial instruments is defined as the monthly parametric VaR (95% confidence) which expresses a maximum potential decrease in fair value of contracts classified as derivatives under IFRS 9 (the underlying commodities in the Group's derivative transactions are: electricity, EUA emission rights, gas, coal ARA, Richards Bay, Newcastle and crude oil and crude oil products) on the given confidence level;
- highly probable forecasted future electricity generation sales with the delivery in the CZ power grid are included in the VAR calculation to reflect the hedging character of significant portion of the existing derivative sales of electricity with delivery in Germany;
- for the calculation of volatility and correlations (between commodity prices), the SMA (Simple Moving Average) method is applied to 60 daily time series;
- the source of market data is mainly EEX, PXE and ICE;
- the indicator VaR illustrates mainly the impact of revaluation of above-mentioned financial instruments to statement of income.

Potential impact of the above risk factors as at December 31 (in CZK millions):

	2024	2023
Monthly VaR (95%) – impact of changes in commodity prices	1,497	1,215

Currency Risks

The required quantitative information on risks (i.e., a potential change of market value resulting from the effects of currency risk as at December 31) was prepared based on the assumptions given below:

- the indicator of currency risk is defined as the monthly VaR (95% confidence);
- for the calculation of VaR, which is based on volatility and internal correlations of each considered currency, the method of historical simulation VaR is applied to 90 daily historical time series;
- the relevant currency position is defined mainly as a value of foreign currency cash flows from all contracted financial instruments, from expected foreign currency operational revenues and costs in 2025 and from highly probable forecasted foreign currency revenues, costs or capital expenditures that are being hedged by financial instruments etc.;
- the relevant currency positions reflect all significant foreign-currency flows of the Group companies in the monitored basket of foreign currencies;
- the source of market FX and interest rate data is mainly IS Reuters and IS Bloomberg;
- the indicator VaR illustrates mainly the impact of revaluation of above-mentioned currency position to statement of income.

Potential impact of the currency risk as at December 31 (in CZK millions):

	2024	2023
Monthly currency VaR (95% confidence)	289	301

Interest Risks

The sensitivity of the interest revenue and cost to the parallel shift of yield curves was chosen for the quantification of the potential impact of the interest risk. The approximate quantification (as at December 31) was based on the following assumptions:

- parallel shift of the yield curves (+10bp) was selected as the indicator of interest risk;
- the statement of income sensitivity is measured as an annual change of the interest revenue and cost resulting from the interest-sensitive positions as at December 31;
- the considered interest positions reflect all significant interest-sensitive positions of the Group companies;
- the source of market interest rates is mainly IS Reuters and IS Bloomberg.

Potential impact of the interest risk as at December 31 (in CZK millions):

	2024	2023
IR sensitivity* to parallel yield curve shift (+10bp)	(38)	(24)

* Negative result denotes higher increase in interest costs than in interest revenues.

Credit Exposure

The Group is exposed to credit risk on all financial assets presented in the balance sheet as well as credit risk from provided guarantees. Credit exposure from provided guarantees that are not included in the balance sheet were nil as at December 31, 2024 and 2023.

Liquidity Risk

Contractual maturities of undiscounted payments of financial liabilities as at December 31, 2024 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other financial liabilities	Derivatives[1)]
Due in 2025	9,323	24,678	53,357	654,730
Due in 2026	7,148	27,182	1,693	131,800
Due in 2027	7,784	32,300	630	44,552
Due in 2028	16,796	17,646	146	2,033
Due in 2029	11,335	11,811	655	15,190
Thereafter	38,388	78,843	542	38,556
Total	90,774	192,460	57,023	886,861

1) Contractual maturities for derivatives represent contractual cash out-flows of these instruments, but at the same time the Group will receive corresponding consideration. For fair values of derivatives see Note 19.

Contractual maturities of undiscounted payments of financial liabilities as at December 31, 2023 (in CZK millions):

	Loans	Bonds and debentures	Trade payables and other financial liabilities	Derivatives[1)]
Due in 2024	37,271	4,274	62,404	407,376
Due in 2025	7,506	21,338	1,751	63,784
Due in 2026	6,834	20,352	495	8,850
Due in 2027	8,218	16,500	596	1,270
Due in 2028	11,362	19,513	56	802
Thereafter	15,016	29,653	717	24,289
Total	86,207	111,630	66,019	506,371

1) Contractual maturities for derivatives represent contractual cash out-flows of these instruments, but at the same time the Group will receive corresponding consideration. For fair values of derivatives see Note 19.

The following table shows the exposure to liquidity risk related to requirements for margin calls connected to existing contracts of electricity, gas and emission rights for next 6 years (in CZK millions):

				Market price[1)] (EUR/MWh)	
Year	Maximum net amount of margin calls and collaterals	Peak day	Average daily net amount of margin calls and collaterals	Electricity CAL DE BL Y+1	Gas TTF Y+1
2021	60,816	December 27, 2021	3,680	271	98
2022	195,240	August 29, 2022	86,612	985	312
2023	76,737	January 2, 2023	30,681	214	78
2024	23,986	September 20, 2024	19,137	82	35

1) Market price is stated for the trading day preceding the indicated day of the maximum. The product for electricity is calendar baseload with delivery in Germany for following year (Y+1) - at December 31, 2024, the price of this product CAL 2024 DE BL was 97 EUR/MWh, the price of gas at the trade point TTF with delivery following year - at December 31, 2024, the price of TTF 2025 was 48 EUR/MWh.

The committed credit facilities available to the Group as at December 31, 2024 and 2023, amounted to CZK 58.2 billion and CZK 53.2 billion, respectively. In addition, from the committed loan facility agreements with the European Investment Bank to support financing of the program of renewal and further development of the distribution grid in the Czech Republic the amount of EUR 400 million and EUR 540 million remained available to be drawn down as at December 31, 2024 and 2023, respectively.

20.3. Hedge Accounting

The Group hedges cash flows arising from highly probable future sales of electricity in the Czech Republic. Hedging instruments are futures and forward contracts electricity sales in Germany. The fair value of these derivative hedging instruments amounted to CZK 16,157 million and CZK 32,552 million at December 31, 2024 and 2023, respectively. The result of own-use presales (Note 2.15) and this hedging strategy as at December 31, 2024, is that for 2025 approximately 90% of expected generation in the Czech Republic was hedged at an average price of EUR 117 per MWh, for 2026 approximately 60% of expected generation at an average price of EUR 94 per MWh, for 2027 approximately 28% of expected generation at an average price of EUR 80 per MWh and for 2028 approximately 7% at an average price of EUR 73 per MWh.

The Group also hedges cash flows arising from highly probable future revenue in EUR for the purposes of currency risk hedging. The hedged cash flows are expected to occur in 2025–2042. The relevant hedging instruments as at December 31, 2024 and 2023, are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 6.3 billion and EUR 5.6 billion, respectively, and currency forward contracts and interest rate swaps. The fair value of these derivative hedging instruments amounted to CZK 648 million and CZK (364) million at December 31, 2024 and 2023, respectively.

In 2024 and 2023, the Group also hedged selected cash flows connected to purchase of emission rights, to cover its CO_2 emissions for the year 2024 and 2023 for the purpose of hedging the currency risk associated with the time difference between the time when the emission rights are expensed and the payment for their purchase. The hedge was made by currency swaps. The accumulated value of change of fair value revaluation, transferred from the equity to the price of emission rights connected with the hedge for purchase of emission rights amounted to CZK 40 million and CZK (131) million, respectively.

The Group also hedges purchases of gas for consumption in cogeneration units for combined generation of electricity and heat with the aim to hedge connected cash flows and final gas consumption with regard to valid regulatory frame of hedged period. At December 31, 2024 and 2023, the relevant hedging instruments were commodity forward and swaps for gas.

The following tables provide an overview of the fair value of hedging derivatives as at December 31, 2024 and 2023 (in CZK millions):

	2024			
	Unit of measure	Quantity / nominal value[1)]	Carrying amount[2)] (in CZK millions)	Effective hedge amount before tax[3)] (in CZK millions)
Cash flow hedge				
Commodity risk – presale of electricity:				
2025	GWh	(13,061)	15,276	14,597
2026	GWh	(15,321)	1,708	1,075
2027 and thereafter	GWh	(12,639)	(827)	(758)
Commodity risk – electricity, total	GWh	(41,021)	16,157	14,914
Commodity risk – gas consumption in 2025	GWh	211	35	45
Commodity risk total			16,192	14,959
Foreign currency risk in years 2025–2042	mil. EUR	(6,621)	(159,644)	(6,578)
Foreign currency risk in years 2025–2042	mil. USD	(300)	1,909	728
Foreign currency risk – other			(7)	(4)
Interest rate risk in years 2025–2032		-	-	(184)
Foreign currency and interest rate risk total			(157,742)	(6,038)
Total cash flow hedge			(141,550)	8,921

	2023			
	Unit of measure	Quantity / nominal value[1)]	Carrying amount[2)] (in CZK millions)	Effective hedge amount before tax[3)] (in CZK millions)
Cash flow hedge				
Commodity risk – presale of electricity:				
2024	GWh	(12,033)	14,993	12,597
2025	GWh	(18,037)	14,144	14,170
2026 and thereafter	GWh	(10,706)	3,415	3,432
Commodity risk – electricity, total	GWh	(40,776)	32,552	30,199
Commodity risk – gas consumption in 2024	GWh	194	(141)	(133)
Commodity risk total			32,411	30,066
Foreign currency risk in years 2024–2042	mil. EUR	(8,207)	(140,944)	(1,918)
Foreign currency risk in years 2024–2042	mil. USD	(300)	1,359	713
Foreign currency risk – other			3	12
Interest rate risk in years 2024–2032	mil. EUR	(100)	(1)	(259)
Foreign currency and interest rate risk total			(139,583)	(1,452)
Total cash flow hedge			(107,172)	28,614

1) Positive values represent purchase, negative values represent sale.
2) Positive values represent receivables, negative values represent payables.
3) The value in the column Effective hedge amount before tax also includes values in equity related to terminated hedging instruments (until the realization of the cash flow).

In 2024 and 2023, the amounts removed from equity in respect of cash flow hedges were recognized in profit or loss and included in the line items Sales of electricity, heat, gas and coal, Gains and losses from commodity derivative trading, Other financial expenses and Other financial income. In 2024 and 2023, the Group recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the amount of CZK 2,505 million and CZK (76) million, respectively. The ineffectiveness in 2024 and 2023 was primarily caused by the volatility of electricity price on Czech / German market and unequal price increase / decrease of the electricity on Czech and German market.

The following tables provide an overview of movements in equity before tax, which is related to cash flow hedge in 2024 and 2023 (in CZK millions):

	2024		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	1,452	(14,230)	(2,506)
Commodity risk – gas consumption	46	132	-
Foreign currency risk – presale of electricity, purchase of emission rights	(3,611)	(1,036)	1
Foreign currency risk – other	(8)	1	-
Interest rate risk – interest costs from issued bonds	19	57	-
Total cash flow hedge	(2,102)	(15,076)	(2,505)

	2023		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	87,735	25,487	92
Commodity risk – gas consumption	(332)	2	-
Foreign currency risk – presale of electricity, purchase of emission rights	(4,206)	(3,305)	(16)
Foreign currency risk – other	7	-	-
Interest rate risk – interest costs from issued bonds	(2)	58	-
Total cash flow hedge	83,202	22,242	76

The following table provides an overview of movements in equity before tax, which are related to cash flow hedge in 2024 and 2023 and their reconciliation to the statement of comprehensive income (in CZK millions):

	2024	2023
Change in fair value of financial instruments recorded in equity, gross	(2,102)	83,202
Transfer of ineffective part of hedge to profit or loss	(2,505)	76
Change in fair value of cash flow hedges	(4,607)	83,278
Cash flow hedges reclassified to statement of income	(15,116)	22,373
Cash flow hedges reclassified to assets	40	(131)
Total reclassifications of effective part of hedge	(15,076)	22,242

21. Provisions

The following table provides an overview of provisions as at December 31, 2024 and 2023 (in CZK millions):

	2024			2023		
	Non-current	Current	Total	Non-current	Current	Total
Nuclear provisions	142,736	2,375	145,111	126,055	2,563	128,618
Provision for demolition and dismantling of fossil-fuel power plants	15,112	548	15,660	16,387	141	16,528
Provision for reclamation of mines and mining damages	15,654	210	15,864	15,113	210	15,323
Provision for waste storage reclamation	778	15	793	573	24	597
Provision for CO_2 emissions (Note 13)	-	25,860	25,860	-	22,422	22,422
Provision for employee benefits	5,478	452	5,930	5,372	472	5,844
Other provisions	1,592	5,191	6,783	1,940	5,281	7,221
Total	181,350	34,651	216,001	165,440	31,113	196,553

21.1. Nuclear Provisions

The Company operates two nuclear power plants. The Dukovany Nuclear Power Plant comprises four units commissioned for continuous operation between 1985 and 1987. The Temelín Nuclear Power Plant consists of two units that were commissioned for continuous operation in 2002 and 2003. The Nuclear Energy Act sets down obligations for nuclear facility decommissioning and disposal of radioactive waste and spent nuclear fuel. In accordance with the Nuclear Energy Act, all the nuclear parts and equipment of a nuclear power plant must be disposed of after the end of operation. For the purpose of determining the amount of nuclear provisions, it is estimated that the Dukovany Nuclear Power Plant will stop generating electricity in 2047, the Temelín Nuclear Power Plant in 2062. Decommissioning cost studies for Dukovany Nuclear Power Plant from 2022 and for Temelín Nuclear Power Plant from 2023 assume that the total costs of decommissioning of so-called nuclear island and conventional part of these power plants will reach the amount of CZK 45.3. billion and CZK 36.9 billion, respectively. The Company makes contributions to a restricted bank accounts in the amount of the nuclear provisions recorded under the Nuclear Energy Act. These funds can be invested in government bonds in accordance with legislation. These restricted financial assets are reported in the balance sheet as part of the line item Restricted financial assets (see Note 4).

The Ministry of Industry and Trade established the Radioactive Waste Repository Authority (SÚRAO) as the central organizer and operator of facilities for the final disposal of radioactive waste and spent fuel. The SÚRAO operates, supervises and is responsible for disposal facilities and for disposal of radioactive waste and spent fuel therein. The activities of the SÚRAO are financed through a nuclear account funded by the originators of radioactive waste. Contribution to the nuclear account is stated by Nuclear Energy Act at CZK 55 per MWh produced at nuclear power plants. In 2024 and 2023, the payments to the nuclear account amounted to CZK 1,633 million and CZK 1,673 million, respectively. The originator of radioactive waste and spent fuel directly covers all costs associated with interim storage of radioactive waste and spent fuel.

The Group has established provisions for estimated future expenses on nuclear decommissioning and interim storage and permanent disposal of spent nuclear fuel in accordance with the principles described in Note 2.23. The following is a summary of the provisions for the years ended December 31, 2024 and 2023 (in CZK millions):

	Accumulated provisions			
	Nuclear decommis-sioning	Spent fuel storage		
		Interim	Long-term	Total
Balance at January 1, 2023	59,417	9,325	40,968	109,710
Discount accretion and effect of inflation	2,911	463	2,007	5,381
Provision charged in profit or loss	-	585	-	585
Effect of change in estimate recognized in profit or loss	-	579	-	579
Effect of change in estimate added to fixed assets	12,628	62	1,835	14,525
Current cash expenditures	-	(490)	(1,672)	(2,162)
Balance at December 31, 2023	74,956	10,524	43,138	128,618
Discount accretion and effect of inflation	3,598	504	2,071	6,173
Provision charged in profit or loss	-	918	-	918
Effect of change in estimate recognized in profit or loss	-	(459)	-	(459)
Effect of change in estimate added to fixed assets	(10,769)	-	22,852	12,083
Current cash expenditures	-	(589)	(1,633)	(2,222)
Balance at December 31, 2024	67,785	10,898	66,428	145,111

The use of the provision for permanent disposal of spent nuclear fuel in a current year comprises payments made to the government-controlled nuclear account and the use of the provision for interim storage represents, in particular, purchases of containers for spent nuclear fuel and other related equipment for these purposes.

In 2024, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the change in expected future storage costs and change in discount rate. The change in estimated provision for nuclear decommissioning is due to the change in the amount of costs for decommissioning of Dukovany Nuclear Power Plant and Temelín Nuclear Power Plant and due to the change in discount rate. The change in estimated provision for long-term spent fuel storage is connected with the modification of the expected output of the nuclear power plants, change of expected contribution to the nuclear account per MWh in future years and change in discount rate.

In 2023, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the change in expected future storage costs and change in discount rate. The change in estimated provision for nuclear decommissioning is due to the update of the expert decommissioning studies for Dukovany Nuclear Power Plant and for Temelín Nuclear Power Plant and due to the change in discount rate. The change in estimated provision for long-term spent fuel storage is connected with the modification of the expected output of the nuclear power plants, change of expected contribution to the nuclear account per MWh in future years and change in discount rate.

The actual decommissioning and spent fuel storage costs could vary substantially from the above estimates because of new regulatory requirements, changes in technology, increased costs of labor, materials and equipment and/or the actual time required to complete all decommissioning, disposal and storage activities.

The following table shows the sensitivity of nuclear provisions to changes in the discount rate, keeping all other parameters unchanged, as at December 31, 2024 (in CZK millions):

	Accumulated provision				
	Nuclear decommis-sioning	Spent fuel storage			
		Interim	Long-term	Total	Change in %
Effect of discount rate decrease:					
(20)bp	7,441	462	2,075	9,978	6.9%
(10)bp	3,615	226	1,026	4,867	3.4%
Balance at December 31, 2024 – base scenario[1)]	67,785	10,898	66,428	145,111	
Effect of discount rate increase:					
+10bp	(3,417)	(218)	(1,004)	(4,639)	(3.2%)
+20bp	(6,649)	(426)	(1,985)	(9,060)	(6.2%)

1) Base scenario as at December 31, 2024, corresponds to the long-term risk-free real interest rate of 1.9% and to the expected rate of inflation of 2.2% (Note 2.23).

21.2. Provisions for Mine Reclamation and Mining Damages, Waste Storage Reclamation and Demolition and Dismantling of Fossil-fuel Power Plants

The following table shows the movements of provisions for the years ended December 31, 2024 and 2023 (in CZK millions):

	Mine reclamation and damages	Waste storage reclamation	Demolition and dismantling of fossil-fuel power plants
Balance at January 1, 2023	13,406	616	19,722
Discount accretion and effect of inflation	647	28	956
Provision charged in profit or loss	53	-	-
Change in estimate added to (deducted from) fixed assets	1,406	(22)	(2,227)
Current cash expenditures	(189)	(25)	(1,163)
Reversal of provision	-	-	(760)
Balance at December 31, 2023	15,323	597	16,528
Discount accretion and effect of inflation	727	28	760
Provision charged in profit or loss	19	-	-
Change in estimate added to (deducted from) fixed assets	(37)	184	(477)
Current cash expenditures	(168)	(16)	(216)
Reversal of provision	-	-	(935)
Balance at December 31, 2024	15,864	793	15,660

The provision for decommissioning and reclamation of mines and the provision for mining damages were recorded by Severočeské doly a.s., a mining subsidiary of ČEZ. Severočeské doly a.s. operates open pit coal mines and is responsible for decommissioning and reclamation of the mines as well as for damages caused by the operations of the mines. Current cash expenditures represent cash payments for current reclamation of mining area and settlement of mining damages. The use of the provision for decommissioning and reclamation of mines is not so intense during the period, when the mining is in progress (the cease of mining is expected in 2030). The highest use of the provision is expected during years 2031–2040 (CZK 11.5 billion in present value) in relation to solution of the residual pits. Mine reclamation should be finalized in 2045, during years 2041–2045 is expected the use of provision of CZK 1.6 billion in present value. This expected future time course of using the provision is uncertain and corresponds to the current strategy of the Group (Note 1.1). Changes in estimate in 2024 and 2023 represent change in provision as result of updated cost estimates in the current period, mainly due to changes in expected prices of reclamation activities, and also due to changes in their timing and in the discount rate.

The use of the provision for demolition and dismantling of fossil-fuel power plants in 2023 was related especially to generation unit Prunéřov I, whose demolition and dismantling was completed in 2023. For the next years, the use of provision is expected mainly in 2029–2030 for power plant Dětmarovice (CZK 2.3 billion in present value), in 2031–2034 for remaining coal-fired power plants (CZK 9.9 billion in present value) and in 2047–2048 for combined-cycle gas turbine in Počerady (CZK 0.5 billion in present value). This expected future time course of using the provision is uncertain and corresponds to the current strategy of the Group (Note 1.1). In 2024 and 2023, the Group recorded the change in estimate in provision for demolition and dismantling of fossil-fuel power plants due to the update of the amount and scope of the decommissioning costs and due to change in discount rate.

The actual decommissioning and reclamation of mines and mining damages could vary substantially from the above estimates, because of new regulatory requirements, changes in technology, increased costs of labor, materials and equipment and/or the actual time required to complete all related operations.

21.3. Provision for Employee Benefits

The following table shows the movements of the provisions for the years 2024 and 2023 (in CZK millions):

	Employee benefits
Balance at January 1, 2023	5,293
Interest costs incurred	248
Provision charged in profit or loss	456
Actuarial gains and losses booked to other comprehensive income	3
Current cash expenditures	(159)
Currency translation differences	4
Balance at December 31, 2023	5,844
Interest costs incurred	348
Provision charged in profit or loss	389
Actuarial gains and losses booked to other comprehensive income	(354)
Current cash expenditures	(262)
Currency translation differences	2
Reclassification to liabilities associated to assets classified as held for sale	(37)
Balance at December 31, 2024	5,930

The Group in accordance with the standard IAS 19 Employee Benefits created the provision for employee benefits agreed in the collective agreements. These are amounts paid for age of 50 years and for retirement.

The following basic assumptions were used to calculate the present value of the provision:

	2024	2023
The most significant assumptions (weighted average):		
Turnover rate	2.2%	2.2%
Expected increase in the nominal average wages	5.3%	5.9%
Nominal corporate discount rate	6.0%	6.1%

22. Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	634	-	634
Other	1,636	2,144	3,780
Financial liabilities at amortized cost	2,270	2,144	4,414
Cash flow hedge derivatives	7,159	1,794	8,953
Commodity and other derivatives	3,626	43,370	46,996
Liabilities from put options held by non-controlling interests	749	38	787
Contingent consideration from the acquisition of subsidiaries	253	277	530
Financial liabilities at fair value	11,787	45,479	57,266
Total	14,057	47,623	61,680

	2023		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	318	-	318
Other	1,381	2,066	3,447
Financial liabilities at amortized cost	1,699	2,066	3,765
Cash flow hedge derivatives	2,579	8,455	11,034
Commodity and other derivatives	430	71,613	72,043
Liabilities from put options held by non-controlling interests	933	203	1,136
Contingent consideration from the acquisition of subsidiaries	463	203	666
Financial liabilities at fair value	4,405	80,474	84,879
Total	6,104	82,540	88,644

The following table analyses the value of liabilities from commodity and other derivatives by the period of delivery as at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Delivery in 2024	-	58,015
Delivery in 2025	33,798	12,764
Delivery in 2026	8,346	784
Delivery in 2027 and thereafter	4,852	480
Total commodity and other derivatives	46,996	72,043

The following table provides an overview of the value of liabilities from commodity derivatives by the commodities and other derivatives at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Electricity including cross-border capacities	19,987	35,726
Gas	20,478	29,406
Emission rights, guarantees of origin	185	5,736
Financial derivatives	6,346	1,175
Total commodity and other derivatives	46,996	72,043

The decrease of liabilities from commodity and other derivatives in 2024 is caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year decrease is also influenced by volatility of the market prices and total year-to-year decrease of market prices of electricity, gas, emission rights and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 5.

23. Short-term Loans

The overview of short-term loans at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Bank loans	2,071	7,214
Bank overdrafts	481	100
Total	2,552	7,314

Short-term loans bear interest at fixed interest rates. The weighted average interest rate was 4.6% and 5.5% at December 31, 2024 and 2023, respectively. For the years 2024 and 2023, the weighted average interest rate was 3.1% and 8.1%, respectively.

24. Other Short-term Liabilities

Other short-term liabilities at December 31, 2024 and 2023, are as follows (in CZK millions):

	2024	2023
Advances received from retail customers	44,100	37,732
Unbilled electricity and gas supplied to retail customers	(39,397)	(32,129)
Received advances from retail customers, net	4,703	5,603
Taxes and fees, except income tax	6,088	6,446
Other advances received	3,940	3,184
Deferred income	394	387
Other contract liabilities	3,183	4,381
Total	18,308	20,001

25. Leases

25.1. Group as a Lessee

The Group has lease contracts for various items of offices, vehicles, buildings and land used to place its own electricity and heat production facilities. Leases of vehicles generally have lease terms between 1–8 years, while buildings and lands between 4–21 years.

The Group has entered into lease contracts with fixed and variable payments. The variable payments are regularly adjusted according to the inflation index or are based on use of the underlying assets.

The Group also leases buildings, machinery or equipment with lease terms of 12 months or less or with low value. In this case the Group applies recognition exemption for these leases.

The net book values of the right-of-use assets presented under Property, plant and equipment are described in the Note 3.

The amounts of lease liability are presented under Long-term debt (see Note 17).

The following table sets out total cash outflows for lease payments (in CZK millions):

	2024	2023
Payments of principal	1,134	856
Payments of interests	241	148
Lease payments not included in valuation of lease liability	211	166
Total cash outflow for leases	1,586	1,170

The following are the amounts that are recognized in profit or loss (in CZK millions):

	2024	2023
Expense relating to short-term leases	74	87
Expense relating to leases of low-value assets	39	17
Variable lease payments not included in valuation of lease liability	98	62
Depreciation charge for right-of-use assets	1,040	857
Interest expenses	261	157
Lease modifications	(5)	(5)

Next year, the Group expects to pay lease payments that are not included in valuation of lease liability to be similar to the year 2024.

25.2. Group as a Lessor

Finance Lease

The most significant lease under finance lease is the lease of assets for electricity and heat production directly at the customer.

The following table sets out a maturity analysis of investment in finance lease, showing the undiscounted lease payments to be received after the reporting date (in CZK millions):

	2024	2023
Up to 1 year	59	59
Between 1 year and 2 years	55	51
Between 2 and 3 years	46	49
Between 3 and 4 years	42	40
Between 4 and 5 years	37	36
Thereafter	83	91
Total undiscounted investment in finance lease	322	326
Unearned finance income	(69)	(64)
Net investment in the lease	253	262

The Group recognized interest income on lease receivables of CZK 14 million and CZK 12 million at December 31, 2024 and 2023, respectively.

Operating Lease

The net book values of the property, plant and equipment leased out under operating lease are disclosed in the Note 3.

Rental income recognized by the Group during 2024 and 2023 was CZK 227 million and CZK 202 million, respectively. In the following years, the Group expects rental income to be similar to the year 2024.

26. Revenues and Other Operating Income

The overview of revenues and other operating income for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Sales of electricity:		
Sales of electricity to end customers	77,385	114,278
Sales of electricity through energy exchange and other organized markets	46,555	53,842
Sales of electricity to traders	29,123	38,004
Sales to distribution and transmission companies	449	196
Other sales of electricity	29,096	16,113
Effect of hedging – presales of electricity (Note 20.3)	14,230	(25,487)
Effect of hedging – currency risk hedging (Note 20.3)	431	3,276
Total sales of electricity	197,269	200,222
Sales of gas, coal and heat:		
Sales of gas	16,257	31,009
Sales of coal	4,579	7,108
Sales of heat	15,115	13,460
Total sales of gas, coal and heat	35,951	51,577
Total sales of electricity, heat, gas and coal	233,220	251,799
Sales of services and other revenues:		
Distribution services – electricity	46,397	35,843
Distribution services – gas	6,589	26
Ancillary services of transmission grid	2,621	5,883
Other services	47,653	37,497
Rental income	227	202
Revenues from goods sold	954	1,076
Other revenues	2,662	4,058
Total sales of services and other revenues	107,103	84,585
Other operating income:		
Granted certificates and guarantees of origin	13	70
Contractual fines and interest fees for delays	1,014	821
Gain on sale of property, plant and equipment	260	340
Gain on sale of material	190	383
Gain on sale of emission rights	68	9
Other	2,841	2,578
Total other operating income	4,386	4,201
Total revenues and other operating income	344,709	340,585

The Group drew in 2024 and 2023 grants related to income in the amount of CZK 571 million and CZK 559 million, respectively. Grants related to income are included in Other operating income in item Other.

Revenues from contracts with customers for the years ended December 31, 2024 and 2023, were CZK 325,435 million and CZK 358,393 million, respectively, and can be linked to the above figures as follows (in CZK million):

	2024	2023
Sales of electricity, heat, gas and coal	233,220	251,799
Sales of services and other revenues	107,103	84,585
Total revenues	340,323	336,384
Adjustments:		
Effect of hedging – presales of electricity	(14,230)	25,487
Effect of hedging – currency risk hedging	(431)	(3,276)
Rental income	(227)	(202)
Revenues from contracts with customers	325,435	358,393

The Group assumes that in the following periods it will recognize in the profit and loss statement revenues related to unsatisfied obligations from construction contracts in these amounts (in CZK millions):

	2024	2023
Within 1 year	21,562	20,471
More than 1 year	7,019	8,877
Total	28,581	29,348

27. Gains and Losses from Commodity Derivative Trading

The composition of gains and losses from commodity derivative trading for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Gain from electricity derivative trading	7,617	16,358
Loss from gas derivative trading	(989)	(784)
Loss from emission rights derivative trading	(357)	(89)
Loss from oil derivative trading	(35)	(1)
Gain from coal derivative trading	13	20
Total gains and losses from commodity derivative trading	6,249	15,504

28. Purchase of Electricity, Gas and Other Energies

The composition of purchase of electricity, gas and other energies for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Purchase of electricity for resale	(45,523)	(53,001)
Purchase of gas for resale	(13,772)	(27,754)
Purchase of other energies	(2,203)	(2,426)
Total purchase of electricity, gas and other energies	(61,498)	(83,181)

29. Fuel and Emission Rights

The composition of fuel and emission rights for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Emission rights for generation	(27,832)	(22,544)
Consumption of biomass and fossil energy fuel except gas	(5,099)	(7,426)
Consumption of gas	(6,563)	(6,618)
Amortization of nuclear fuel	(3,767)	(3,655)
Total fuel and emission rights	(43,261)	(40,243)

30. Services

The composition of services for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Services for manufacturing orders and products for sale	(19,511)	(17,837)
Transmission grid services for distribution of electricity and gas	(9,209)	(6,419)
Repairs and maintenance	(5,553)	(5,107)
Other distribution services	(878)	(657)
Other services	(11,770)	(9,702)
Total services	(46,921)	(39,722)

Information about fees charged by independent auditors is provided in the annual financial report of CEZ Group.

31. Salaries and Wages

Salaries and wages for the years ended December 31, 2024 and 2023, are as follows (in CZK millions):

	2024		2023	
	Total	Key management[1)]	Total	Key management[1)]
Salaries and wages including remuneration of the board members	(31,429)	(195)	(27,605)	(136)
Social and health security	(9,384)	(26)	(8,183)	(21)
Other personal expenses	(1,725)	(14)	(1,995)	(13)
Total	(42,538)	(235)	(37,783)	(170)

1) Members of the Supervisory Board and the Board of Directors of the parent company. The remuneration of former board members is also included in personal expenses.

Members of the Board of Directors and selected managers are in the new long-term bonus program since January 1, 2020. The program of long-term performance bonus is based on performance units that will be allocated to each beneficiary every year. The number of performance units allocated is based on the defined yearly value of a given long-term bonus and the price of share before the allocation. The Supervisory Board sets out the performance indicators for each year's allocation of the performance units. The defined performance indicators will be evaluated by the Supervisory Board and number of performance units allocated to a beneficiary will be adjusted accordingly. Then a two-year holding period will follow. The long-term performance bonus will be paid three years after the initial allocation, and the amount will be based on the adjusted number of performance units as well as on the share price at the end of the holding period and the amount of dividends distributed during the holding period.

Cost of cash-settled share-based payments related to the long-term performance bonus program for 2024 and 2023 was CZK 29 million and CZK 91 million, respectively. Liabilities from share-based payments as at December 31, 2024 and 2023, amounted to CZK 156 million and CZK 200 million, respectively.

32. Other Operating Expenses

Other operating expenses for the years ended December 31, 2024 and 2023, consist of the following (in CZK millions):

	2024	2023
Change in provisions	4,385	1,608
Levy on revenues above price caps	46	(10,076)
Other taxes and fees	(3,398)	(3,083)
Insurance	(991)	(966)
Cost of goods sold	(656)	(621)
Costs related to trading of commodities	(573)	(1,147)
Gifts	(523)	(499)
Bad debt expense	(131)	(524)
Consumption of guarantees of origin and green and similar certificates	(16)	(14)
Loss on sale of property, plant and equipment	(12)	(31)
Other	(1,451)	(1,292)
Total	(3,320)	(16,645)

Contributions to the nuclear account (see Note 21.1) is part of Other taxes and fees. The settlement of the provision for long-term spent fuel storage is accounted for in the amount of contributions to nuclear account. Settlement of provision for long-term spent fuel storage is included in Change in provisions.

33. Interest Income

Interest income for each category of financial assets for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Bank accounts	1,864	4,006
Debt financial assets designated at fair value through other comprehensive income	1,053	1,192
Loans, receivables and other debt financial assets at amortized cost	572	1,057
Financial assets and liabilities at fair value through profit or loss	19	12
Finance lease	14	12
Total	3,522	6,279

34. Other Financial Expenses

Other financial expenses for the years ended December 31, 2024 and 2023, consist of the following (in CZK millions):

	2024	2023
Loss from revaluation of equity financial assets	(1,317)	(972)
Losses on financial derivatives	(683)	(294)
Loss on sale of debt financial assets	(47)	(346)
Creation and settlement of provisions	(9)	(36)
Other	(470)	(460)
Total	(2,526)	(2,108)

35. Other Financial Income

Other financial income for the years ended December 31, 2024 and 2023, consists of the following (in CZK millions):

	2024	2023
Foreign exchange rate gain	1,059	1,098
Gains on financial derivatives	1,031	876
Gain on revaluation of equity financial assets	860	510
Dividend income	85	10
Gain on sale of debt financial assets	63	11
Gain on disposal of subsidiaries, associates and joint-ventures	-	483
Other	615	445
Total	3,713	3,433

36. Income Taxes

Companies resident in the Czech Republic calculated corporate income tax in accordance with the Czech tax regulations at the rate of 21% and 19% in 2024 and 2023, respectively. The Company's corporate income tax for 2024 and 2023 corresponds to a rate of 75% and 71%, respectively, due to the application of windfall tax.

Pursuant to Act No. 366/2022 Coll., the Company's taxable income in the years 2023–2025 is further burdened with an increased tax rate of 60%, windfall tax. It is a component of corporate income tax. The tax base for windfall tax is the difference between the comparative tax base and the average of the comparative tax bases from years 2018–2021 increased by 20%. The Group applies the legal ability to move tax bases within the group of companies with windfall profits.

This increased tax rate affects the calculation of deferred income tax of the Company. Tax rates for calculating deferred tax in individual years were calculated as a share of the total corporate income tax including windfall tax and tax base.

The estimated effective income tax rates of the Company for the calculation of deferred tax in the future years are as follows:

Year 2025	72%
From 2026 and on	21%

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements. However, it cannot be ruled out that the relevant tax authorities may take a different view on issues allowing for different interpretations of the law, which could have an impact on the reported income.

The components of the income tax provision are as follows (in CZK millions):

	2024	2023
Current income tax charge	(50,859)	(45,833)
Adjustments in respect of current income tax of previous periods	(100)	(203)
Deferred income taxes	(1,967)	(3,406)
Total	(52,926)	(49,442)

The following table summarizes the differences between the income tax expense and accounting profit before taxes multiplied by the applicable tax rate (in CZK millions):

	2024	2023
Income before income taxes	83,440	79,016
Statutory income tax rate in the Czech Republic	75%	71%
"Expected" income tax expense	(62,246)	(55,825)
Tax effect of:		
Impairment of goodwill and other non-current assets	(20)	(147)
Share of profit (loss) from associates and joint-ventures	(59)	581
Adjustments in respect of current income tax of previous periods	(100)	(203)
Effect of different tax rate in other countries	16,217	11,519
Impact of different tax rate for calculation of deferred tax	(3,171)	(3,586)
Change in the depreciation method (see Note 2.4)	(4,885)	-
Change in unrecorded deferred tax asset	204	(2,196)
Provisions	59	(160)
Social expenses	(134)	(162)
Dividend income	61	2
Expiration of tax losses with recorded deferred tax assets	(46)	(38)
Gain on sale of Akcez group	-	341
Interests	825	835
Other already taxed, tax exempt or non-deductible items, net	369	(403)
Income taxes	(52,926)	(49,442)
Effective tax rate	63%	63%

Deferred income taxes at December 31, 2024 and 2023, consist of the following (in CZK millions):

	2024	2023
Nuclear provisions	28,110	26,725
Difference between financial statement value and tax value of net book value of fixed assets	2,048	2,736
Revaluation of financial instruments	1,284	520
Allowances	5,373	4,847
Other provisions	24,657	20,583
Lease liabilities	1,460	748
Tax loss carry forwards	2,771	924
Other temporary differences	2,497	2,772
Unrecorded deferred tax asset	(4,122)	(3,683)
Total deferred tax assets	64,078	56,172
Difference between financial statement value and tax value of net book value of fixed assets	(82,229)	(62,250)
Revaluation of financial instruments	(10,294)	(20,469)
Other provisions	(47)	(163)
Right-of-use assets	(1,363)	(620)
Investment in finance lease	(149)	(139)
Emission rights	(16,937)	(12,252)
Other temporary differences	(3,137)	(2,787)
Total deferred tax liability	(114,156)	(98,680)
Total deferred tax (liability) assets	(50,078)	(42,508)
Reflected in the balance sheet as follows:		
Deferred tax assets	1,644	1,380
Deferred tax liability	(51,722)	(43,888)
Total deferred tax (liability) assets	(50,078)	(42,508)

Movements of deferred tax in the balance sheet in 2024 and 2023 were as follows (in CZK millions):

	2024	2023
Balance at January 1	(42,508)	36,664
Deferred tax recognized in profit or loss	(1,967)	(3,406)
Deferred tax recognized in other comprehensive income	11,619	(75,295)
Acquisition of subsidiaries	(17,032)	(415)
Currency translation differences	(4)	(56)
Deferred tax classified as held for sale as at December 31	(186)	-
Balance at December 31	(50,078)	(42,508)

At December 31, 2024 and 2023, the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK 66,573 million and CZK 41,658 million, respectively.

Tax effects relating to individual items of other comprehensive income (in CZK millions):

	2024			2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(4,607)	352	(4,255)	83,278	(59,170)	24,108
Cash flow hedges reclassified to statement of income	(15,116)	11,346	(3,770)	22,373	(15,806)	6,567
Cash flow hedges reclassified to assets	40	(30)	10	(131)	94	(37)
Change in fair value of debt instruments	(684)	28	(656)	2,347	(398)	1,949
Disposal of debt instruments	12	(8)	4	26	(15)	11
Translation differences – subsidiaries	472	-	472	948	-	948
Translation differences – associates and joint-ventures	56	-	56	(317)	-	(317)
Disposal of translation differences	(23)	-	(23)	1,099	-	1,099
Share on other equity movements of associates and joint-ventures	(1)	-	(1)	(40)	-	(40)
Change in fair value of equity instruments	947	-	947	(304)	-	(304)
Re-measurement gains (losses) on defined benefit plans	354	(69)	285	(3)	-	(3)
Total	(18,550)	11,619	(6,931)	109,276	(75,295)	33,981

37. Related Parties

The Group purchases from and sells to related parties products, goods and services in the ordinary course of business.

At December 31, 2024 and 2023, the receivables from related parties and payables to related parties are as follows (in CZK millions):

	Receivables		Payables	
	2024	2023	2024	2023
ČEZ Recyklace, s.r.o.	152	144	-	-
GEOMET s.r.o.	1	126	-	-
GP JOULE PP1 GmbH & Co. KG	5	56	-	-
in PROJEKT LOUNY ENGINEERING s.r.o.	-	16	6	16
IVITAS, a.s.	-	-	11	5
LOMY MOŘINA spol. s r.o.	41	52	23	40
Výzkumný a zkušební ústav Plzeň s.r.o.	1	8	23	18
VUHU a.s.	-	-	9	10
Windpark Berka GmbH & Co. KG	15	11	-	-
Other	45	46	18	75
Total	260	459	90	164

The following table provides the total amount of transactions, which have been entered into with related parties for 2024 and 2023 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2024	2023	2024	2023
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	10	23	224	35
Bytkomfort, s.r.o.	96	-	-	-
in PROJEKT LOUNY ENGINEERING s.r.o.	-	41	46	40
IVITAS, a.s.	-	1	30	19
Jadrová energetická spoločnosť Slovenska, a. s.	18	16	-	-
LOMY MOŘINA spol. s r.o.	209	184	430	368
RadioMedic s.r.o.	20	12	-	2
Tepelné hospodářství města Ústí nad Labem s.r.o.[1)]	-	240	-	1
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	30	29	-	-
Výzkumný a zkušební ústav Plzeň s.r.o.	14	9	81	90
VUHU a.s.	3	-	21	22
Other	19	14	38	19
Total	419	569	870	596

1) Company has been related party till June 30, 2023. Company is a subsidiary since July 1, 2023.

Dividend income, interest and other financial income from related parties for 2024 and 2023 (in CZK millions):

	Interest and other financial income		Dividend income	
	2024	2023	2024	2023
Bytkomfort, s.r.o.	-	-	9	23
GEOMET s.r.o.	11	6	-	-
Other	7	16	10	13
Total	18	22	19	36

Information about salaries and wages of key management is included in Note 31. Information about guarantees provided to joint-ventures is included in Note 20.2.

38. Segment Information

The Group reports its result using four primary reportable operating segments:

- Generation
- Distribution
- Sales
- Mining

The segments are defined across the countries in which CEZ Group operates. Segment is a functionally autonomous part of CEZ Group that forms a separate process part of the value chain of the Group.

The Group accounts for intersegment revenues and transfers as if the revenues or transfers were to third parties, that is, at current market prices or where the regulation applies at regulated prices.

In segment reporting, IFRS 16 is applied to external leases from the Group's perspective, but it is not applied to leases between individual operating segments, although in some cases the asset is leased to another segment internally.

The Group evaluates the performance of its segments based on EBITDA (Note 15). The Group also monitors and evaluates the results of individual segments according to the gross margin indicator, which is defined as follows (in CZK millions):

	2024	2023
Revenues and other operating income	344,709	340,585
Gains and losses from commodity derivative trading	6,249	15,504
Purchase of electricity, gas and other energies	(61,498)	(83,181)
Fuel and emission rights	(43,261)	(40,243)
Services	(46,921)	(39,722)
Capitalization of expenses to the cost of assets and change in own inventories	4,685	4,590
Levy on revenues above price caps[1)]	46	(10,076)
Other[2)]	(704)	(1,676)
Gross margin	203,305	185,781

1) Levy on revenues above price caps is part of the statement of income line item Other operating expenses (see Note 32).

2) Other includes relevant part of the material costs (part of the statement of income line-item Material and supplies) and excludes part of the statement of income line item Services, which refers to repair and maintenance services and other services that have rather overhead nature.

The following tables summarize segment information by operating segments for the years ended December 31, 2024 and 2023 (in CZK millions):

Year 2024:	Generation	Distribution	Sales	Mining	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	121,298	53,259	164,928	5,224	344,709	-	344,709
Revenues and other operating income – intersegment	91,340	617	14,097	11,121	117,175	(117,175)	-
Total revenues and other operating income	212,638	53,876	179,025	16,345	461,884	(117,175)	344,709
Thereof:							
Sales of electricity, heat, gas and coal	196,671	17	129,915	14,822	341,425	(108,205)	233,220
Sales of services and other revenues	14,166	53,232	46,675	1,392	115,465	(8,362)	107,103
Other operating income	1,801	627	2,435	131	4,994	(608)	4,386
Revenues and other operating income, including result from commodity derivative trading	218,779	53,876	179,134	16,344	468,133	(117,175)	350,958
Total sales of electricity, including the result of electricity trading[1)]	177,875	17	106,946	3	284,841	(79,955)	204,886
Gross margin	124,096	40,715	29,591	16,008	210,410	(7,105)	203,305
EBITDA	92,640	27,162	8,969	8,829	137,600	(138)	137,462
Depreciation and amortization	(26,448)	(9,952)	(2,966)	(2,343)	(41,709)	-	(41,709)
Impairment of property, plant and equipment and intangible assets	(60)	(602)	(17)	(1,879)	(2,558)	-	(2,558)
Income before other income (expenses) and income taxes	66,287	16,627	6,026	4,641	93,581	(138)	93,443
Interest on debt and provisions	(12,461)	(2,205)	(513)	(732)	(15,911)	1,284	(14,627)
Interest income	2,659	448	1,049	650	4,806	(1,284)	3,522
Share of profit (loss) from associates and joint-ventures	(38)	18	13	(72)	(79)	-	(79)
Income taxes	(47,620)	(3,171)	(1,573)	(604)	(52,968)	42	(52,926)
Net income	17,356	12,417	4,596	4,139	38,508	(7,994)	30,514
Identifiable assets	298,623	255,188	16,653	10,632	581,096	(392)	580,704
Investment in associates and joint-ventures	2,669	35	274	604	3,582	-	3,582
Unallocated assets							317,688
Total assets							901,974
Capital expenditure	28,218	22,732	4,606	1,918	57,474	(637)	56,837
Average number of employees	12,689	5,427	9,100	4,305	31,521	-	31,521

1) The item contains the line Total sales of electricity (Note 26) and the line Gain from electricity derivative trading (Note 27).

Year 2023:	Generation	Distribution	Sales	Mining	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	103,994	35,828	193,015	7,748	340,585	-	340,585
Revenues and other operating income – intersegment	141,107	379	28,785	13,765	184,036	(184,036)	-
Total revenues and other operating income	245,101	36,207	221,800	21,513	524,621	(184,036)	340,585
Thereof:							
Sales of electricity, heat, gas and coal	227,999	-	178,736	20,130	426,865	(175,066)	251,799
Sales of services and other revenues	15,126	35,870	40,680	1,310	92,986	(8,401)	84,585
Other operating income	1,976	337	2,384	73	4,770	(569)	4,201
Revenues and other operating income, including result from commodity derivative trading	259,869	36,207	222,802	21,512	540,390	(184,301)	356,089
Total sales of electricity, including the result of electricity trading[1)]	201,627	-	139,241	5	340,873	(124,293)	216,580
Gross margin	119,400	28,837	25,737	21,113	195,087	(9,306)	185,781
EBITDA	90,445	17,431	6,317	12,251	126,444	(1,605)	124,839
Depreciation and amortization	(23,301)	(7,305)	(2,348)	(2,382)	(35,336)	-	(35,336)
Impairment of property, plant and equipment and intangible assets	(263)	(29)	(23)	(4,985)	(5,300)	-	(5,300)
Income before other income (expenses) and income taxes	67,079	10,149	3,974	4,915	86,117	(1,605)	84,512
Interest on debt and provisions	(12,379)	(1,263)	(488)	(654)	(14,784)	1,196	(13,588)
Interest income	4,732	734	1,325	684	7,475	(1,196)	6,279
Share of profit (loss) from associates and joint-ventures	(18)	612	391	(153)	832	-	832
Income taxes	(42,491)	(3,078)	(1,153)	(2,920)	(49,642)	200	(49,442)
Net income	28,167	6,802	3,450	2,099	40,518	(10,944)	29,574
Identifiable assets	288,800	135,516	15,104	12,977	452,397	(265)	452,132
Investment in associates and joint-ventures	2,773	-	284	680	3,737	-	3,737
Unallocated assets							369,896
Total assets							825,765
Capital expenditure	22,305	17,008	4,776	2,480	46,569	(785)	45,784
Average number of employees	12,005	4,621	8,606	4,331	29,563	-	29,563

1) The item contains the line Total sales of electricity (Note 26) and the line Gain from electricity derivative trading (Note 27).

Prices in certain intersegment transactions are regulated by the Energy Regulatory Office.

The following table shows the split of revenues and other operating income by the location of the entity where the revenues are originated (in CZK millions):

	2024	2023
Czech Republic	289,820	288,628
Germany	29,741	22,199
Hungary	10,214	11,501
Poland	8,723	12,596
Slovakia	2,236	2,499
Israel	1,476	1,157
Romania	895	610
Italy	805	445
Austria	206	247
Other	593	703
Total revenues and other operating income	344,709	340,585

The following table shows the split of property, plant and equipment by the location of entity which they belong to at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Czech Republic	566,785	439,116
Germany	7,875	7,182
France	2,963	2,702
Italy	1,655	1,549
Slovakia	724	727
Other	702	856
Total property, plant and equipment	580,704	452,132

39. Net Income per Share

	2024	2023
Numerator (CZK millions)		
Basic and diluted:		
Net income attributable to equity holders of the parent	29,933	29,524
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	536,810	536,810
Dilutive effects	-	-
Diluted:		
Adjusted weighted average shares	536,810	536,810
Net income per share (CZK per share)		
Basic	55.8	55.0
Diluted	55.8	55.0

40. Other Non-cash Expenses and Income

The following table provides an overview of other non-cash expenses and income as at December 31, 2024 and 2023 (in CZK millions).

	2024	2023
Cash flow hedges reclassified to statement of income without effect of foreign exchange rate loss (gain)	(14,551)	22,232
Fair value adjustment of emission rights held for trading and guarantees of origin	1,251	345
Revaluation of the investments in ČEZ's investment funds at Inven Capital, SICAV, a.s., to fair value	432	470
Creation of long-term bonus recognized in profit or loss	736	2,266
Impairment of trade and other receivables	685	443
Other	(567)	803
Total	(12,014)	26,559

41. Commitment and Contingencies

Investment Plans

Capital expenditures for the next six years as at December 31, 2024, are estimated as follows (in CZK billions):

2025	70.0
2026	77.9
2027	83.4
2028	63.8
2029	65.0
2030	66.6
Total	426.7

The above-mentioned values do not include planned acquisitions of subsidiaries, associates and joint-ventures. From 2025 onwards, above-mentioned values do not include the investments of the company Elektrárna Dukovany II, a. s., because it is assumed, in accordance with Act No. 367/2021 Coll., on measures for the transition of the Czech Republic to low-carbon energy, that investments will be financed through repayable financial notes provided to the company Elektrárna Dukovany II, a. s.

The Group reviews regularly investment plan and actual capital expenditures may vary from the above estimates. At December 31, 2024, The Group had outstanding significant purchase commitments in connection with the investment plan.

Insurance Matters

The Nuclear Energy Act sets limits for liabilities for nuclear damages so that the operator of nuclear installations for energy generation purposes is liable for up to CZK 8 billion per incident. The Nuclear Energy Act limits the liability for damage caused by other nuclear installations and activities (such as transportation) to CZK 2 billion. The Nuclear Energy Act also requires an operator to insure its liability connected with the operation of a nuclear power plant up to a minimum of CZK 2 billion and up to a minimum of CZK 300 million for other activities (such as transportation). The Company concluded the above-mentioned insurance policies with company Generali Česká pojišťovna a.s. (representing Czech Nuclear Insurance Pool) and European Liability Insurance for the Nuclear Industry. The Company has obtained all insurance policies with minimal limits as required by the law.

The Group also maintains the insurance policies covering the assets of its coal-fired, hydroelectric, CCGT and nuclear power plants and general third-party liability insurance in connection with main operations of the Group.

42. Events after the Balance Sheet Date

On January 13, 2025, the Group concluded committed loan facility agreement with European Investment Bank to support modernization and further development of the electricity distribution grid in the Czech Republic during years 2025 and 2026 in the amount of EUR 400 million. The drawing is expected in 2025.

On February 4, 2025, an agreement with the company VEOLIA ENERGIE INTERNATIONAL S.A. on the sale of a 15% interest in the company Veolia Energie ČR, a.s., was signed.

On February 4, 2025, the Group acquired a 51% interest in the company ENERG-SERVIS a.s., which operates in the field of design, engineering, implementation and service work within photovoltaics, battery storage, electrical distribution systems and optical networks.

The following table summarizes carrying amounts of the acquired identifiable assets and liabilities of the company ENERG-SERVIS a.s. (in CZK millions):

	December 31, 2024
Non-current assets	12
Current assets	319
Short-term liabilities	(109)
Net assets	222

On February 6, 2025, the settlement of sale of interests in Polish companies CEZ Polska sp. z o.o. (including its interest in CEZ Chorzów S.A. and CEZ Skawina S.A.) and CEZ Produkty Energetyczne Polska sp. z o.o. was made, based on the sale contract concluded on November 11, 2024.

On February 26, 2025, the International Chamber of Commerce (ICC) arbitral tribunal fully upheld the claim of ČEZ, which in international arbitration sought compensation for damages exceeding CZK 1 billion from the Russian gas company Gazprom. The damage arose because Gazprom significantly reduced the supply of natural gas during 2022, which ČEZ had ordered from it before the Russian invasion of Ukraine, and ČEZ had to cover this shortfall with gas purchased at the then high prices. According to the ICC arbitral award, Gazprom must pay ČEZ not only the aforementioned damages, but also interest on late payment and compensation for the costs of the proceedings. If it does not do so voluntarily, ČEZ will proceed to enforce the arbitral award, i.e., it will enforce its claims by execution.

On March 4, 2025, the Group acquired ownership of Rolls-Royce SMR Limited with a stake of more than 11%.

These consolidated financial statements have been authorized for issue on April 7, 2025.

Daniel Beneš
Chairman of the Board of Directors

Martin Novák
Member of the Board of Directors