

CEZ GROUP

CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING
STANDARDS AS ADOPTED BY THE EUROPEAN UNION
AS OF DECEMBER 31, 2025

PRELIMINARY UNAUDITED ACCOUNTS
Prepared as of March 11, 2026

(Translation of Consolidated Financial Statements Originally Issued in Czech)

CEZ GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024 (adjusted*)
ASSETS:			
Plant in service		1,110,884	1,084,121
Less accumulated depreciation and impairment		(605,575)	(560,896)
Net plant in service		505,309	523,225
Nuclear fuel		20,603	20,712
Construction work in progress		43,728	35,301
Total property, plant and equipment	4	569,640	579,238
Investments in associates and joint-ventures	3.3.2	8,692	3,582
Restricted financial assets	7.1	30,122	27,619
Other non-current financial assets	7.4	13,033	16,402
Intangible assets	5	34,359	33,771
Deferred tax assets	28	2,043	1,644
Total other non-current assets		88,249	83,018
Total non-current assets		657,889	662,256
Cash and cash equivalents	7.2	17,208	40,324
Trade and other receivables	7.3	51,381	68,491
Income tax receivable		5,642	437
Materials and supplies	10	22,021	19,375
Fossil fuel stocks		589	1,382
Emission rights	11	29,859	29,478
Derivatives and other current financial assets	7.4	49,009	52,401
Other current assets	12	28,725	23,214
Assets classified as held for sale	13	2,291	3,735
Total current assets		206,725	238,837
Total assets		864,614	901,093

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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

CEZ GROUP

CONSOLIDATED BALANCE SHEET

AS OF DECEMBER 31, 2025

continued

	Note	2025	2024 (adjusted*)
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		189,030	186,038
Total equity attributable to equity holders of the parent	14	241,495	238,503
Non-controlling interests	3.3.1	8,450	10,455
Total equity		249,945	248,958
Long-term debt, net of current portion	7.5	205,978	218,426
Provisions	15	182,595	181,350
Other long-term financial liabilities	7.8	13,721	14,057
Deferred tax liability	28	34,558	51,467
Other long-term liabilities		32	31
Total non-current liabilities		436,884	465,331
Short-term loans	7.6	10,298	2,552
Current portion of long-term debt	7.5	32,422	26,501
Trade payables	7.7	48,926	50,869
Income tax payable		8,870	2,914
Provisions	15	37,069	34,651
Derivatives and other short-term financial liabilities	7.8	22,652	47,623
Other short-term liabilities	16	17,548	18,308
Liabilities associated with assets classified as held for sale	13	-	3,386
Total current liabilities		177,785	186,804
Total equity and liabilities		864,614	901,093

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024 (adjusted*)
Sales of electricity, heat, gas and coal		212,097	233,220
Sales of services and other revenues		118,345	107,103
Other operating income		2,946	4,386
Total revenues and other operating income	18	333,388	344,709
Gains and losses from commodity derivative trading	19	1,859	6,249
Purchase of electricity, gas and other energies	20	(47,958)	(61,498)
Fuel and emission rights	21	(39,861)	(43,261)
Services	22	(48,190)	(46,922)
Salaries and wages	23	(46,671)	(42,538)
Material and supplies		(18,801)	(19,710)
Capitalization of expenses to the cost of assets and change in own inventories		7,644	4,685
Depreciation and amortization	4, 5	(56,494)	(43,420)
Impairment of property, plant and equipment and intangible assets	6	(596)	(2,558)
Impairment of trade and other receivables		(440)	(685)
Other operating expenses	24	(3,735)	(3,320)
Income before other income (expenses) and income taxes		80,145	91,731
Interest on debt		(7,768)	(6,548)
Interest on provisions	15	(7,807)	(8,066)
Interest income	25	3,265	3,523
Share of profit (loss) from associates and joint-ventures	3.3.2	(768)	(79)
Impairment of financial assets		8	(6)
Other financial expenses	26	(3,787)	(2,526)
Other financial income	27	3,606	3,713
Total other income (expenses)		(13,251)	(9,989)
Income before income taxes		66,894	81,742
Income taxes	28	(39,496)	(52,623)
Net income		27,398	29,119
Net income attributable to:			
Equity holders of the parent		28,107	29,163
Non-controlling interests		(709)	(44)
Net income per share attributable to equity holders of the parent (CZK per share):			
	31		
Basic		52.4	54.3
Diluted		52.4	54.3

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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, 2025

In CZK Millions

	Note	2025	2024 (adjusted*)
Net income		27,398	29,119
Change in fair value of cash flow hedges	9.3	4,633	(4,607)
Cash flow hedges reclassified to statement of income	9.3	(14,346)	(15,116)
Cash flow hedges reclassified to assets	9.3	620	40
Change in fair value of debt instruments		(692)	(684)
Disposal of debt instruments		20	12
Translation differences – subsidiaries		(1,139)	472
Translation differences – associates and joint-ventures		(396)	56
Disposal of translation differences		1,877	(23)
Share on other equity movements of associates and joint-ventures		-	(1)
Deferred tax related to other comprehensive income	28	8,714	11,688
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(709)	(8,163)
Change in fair value of equity instruments		-	947
Re-measurement gains (losses) on defined benefit plans		737	354
Deferred tax related to other comprehensive income	28	(149)	(69)
Net other comprehensive income not to be reclassified from equity in subsequent periods		588	1,232
Total other comprehensive income, net of tax		(121)	(6,931)
Total comprehensive income, net of tax		27,277	22,188
Total comprehensive income attributable to:			
Equity holders of the parent		28,030	22,209
Non-controlling interests		(753)	(21)

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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, 2025

In CZK Millions

	Note	Attributable to equity holders of the parent								Non-controlling interests	Total equity
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings	Total		
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		-	-	-	-	-	-	29,163	29,163	(44)	29,119
Other comprehensive income		-	-	480	(8,013)	(651)	947	283	(6,954)	23	(6,931)
Total comprehensive income		-	-	480	(8,013)	(651)	947	29,446	22,209	(21)	22,188
Dividends		-	-	-	-	-	-	(27,875)	(27,875)	(479)	(28,354)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	4	4
Acquisition of subsidiaries	3.2	-	-	-	-	-	-	-	-	9,375	9,375
Changes of non-controlling interests without loss of control	3.2.2	-	-	-	-	-	-	(105)	(105)	(115)	(220)
Put options held by non-controlling interests		-	-	10	-	-	-	212	222	142	364
Balance as at December 31, 2024 (adjusted*)		<u>53,799</u>	<u>(1,334)</u>	<u>(2,978)</u>	<u>369</u>	<u>(367)</u>	<u>(1,377)</u>	<u>190,391</u>	<u>238,503</u>	<u>10,455</u>	<u>248,958</u>

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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, 2025

continued

	Note	Attributable to equity holders of the parent								Non-controlling interests	Total equity
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings	Total		
Balance as at January 1, 2025 (adjusted*)		53,799	(1,334)	(2,978)	369	(367)	(1,377)	190,391	238,503	10,455	248,958
Net income		-	-	-	-	-	-	28,107	28,107	(709)	27,398
Other comprehensive income		-	-	387	(514)	(538)	5	583	(77)	(44)	(121)
Total comprehensive income		-	-	387	(514)	(538)	5	28,690	28,030	(753)	27,277
Dividends		-	-	-	-	-	-	(25,166)	(25,166)	(1,285)	(26,451)
Transfer of re-measurement of equity instruments on sale		-	-	-	-	-	1,375	(1,375)	-	-	-
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	4	4
Acquisition of subsidiaries	3.1	-	-	-	-	-	-	-	-	166	166
Changes of non-controlling interests without loss of control	3.1.2	-	-	-	-	-	-	9	9	(101)	(92)
Put options held by non-controlling interests		-	-	(8)	-	-	-	127	119	(36)	83
Balance as at December 31, 2025		<u>53,799</u>	<u>(1,334)</u>	<u>(2,599)</u>	<u>(145)</u>	<u>(905)</u>	<u>3</u>	<u>192,676</u>	<u>241,495</u>	<u>8,450</u>	<u>249,945</u>

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts as at December 31, 2024, stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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, 2025

In CZK Millions

	Note	2025	2024 (adjusted*)
OPERATING ACTIVITIES:			
Income before income taxes		66,894	81,742
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	4, 5	56,494	43,420
Amortization of nuclear fuel	4, 21	3,828	3,767
(Gains) and losses on non-current asset retirements		(1,677)	(210)
Foreign exchange rate loss (gain)		(1,281)	(1,060)
Interest expense, interest income and dividend income		4,491	2,938
Provisions		4,737	9,247
Impairment of property, plant and equipment and intangible assets	6	596	2,558
Other non-cash expenses and income	32	(14,376)	(12,014)
Share of (profit) loss from associates and joint-ventures	3.3.2	768	79
Changes in assets and liabilities:			
Receivables and contract assets		13,834	15,236
Materials, supplies and fossil fuel stocks		(2,053)	2,209
Receivables and payables from derivatives		1,529	33,982
Other assets		(14,627)	2,983
Trade payables		(3,590)	(10,917)
Other liabilities		(510)	1,520
Cash from operations		115,057	175,480
Income taxes paid		(47,482)	(49,594)
Interest paid, net of capitalized interest		(6,628)	(5,223)
Interest received		3,203	3,522
Dividends received		43	250
Net cash flow from operating activities		64,193	124,435
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	3	(5,439)	(20,723)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of	3.1.3	2,186	158
Additions to non-current assets before deducting grants, including capitalized interest		(62,716)	(54,116)
Proceeds from grants to non-current assets		501	538
Proceeds from sale of non-current assets		1,694	371
Loans made		(186)	(16)
Repayment of loans		50	105
Change in restricted financial assets		(3,237)	(2,970)
Net cash flow from investing activities		(67,147)	(76,653)

* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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, 2025

continued

	Note	2025	2024 (adjusted*)
FINANCING ACTIVITIES:			
Proceeds from borrowings		449,333	317,300
Payments of borrowings		(439,597)	(304,903)
Payments of lease liabilities	17	(1,340)	(1,134)
Proceeds from other long-term liabilities		528	279
Payments of other long-term liabilities		(1,412)	(1,054)
Dividends paid to Company's shareholders		(25,195)	(27,935)
(Dividends paid) contributions received – owners of non-controlling interests, net		(1,285)	(475)
Acquisition of non-controlling interests		(79)	(262)
Net cash flow from financing activities		<u>(19,047)</u>	<u>(18,184)</u>
Net effect of currency translation and allowances in cash		<u>(1,210)</u>	<u>(71)</u>
Net increase (decrease) in cash and cash equivalents		(23,211)	29,527
Cash and cash equivalents at beginning of period		<u>40,419</u>	<u>10,892</u>
Cash and cash equivalents at end of period	7.2	<u><u>17,208</u></u>	<u><u>40,419</u></u>

Supplementary cash flow information:

Total cash paid for interest	7,531	5,728
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* Some figures were adjusted due to the final valuation of GasNet Group companies at fair value on the date of acquisition and do not correspond to the amounts stated in the consolidated financial statements as of December 31, 2024 (see Note 2.2.3).

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

CEZ GROUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

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CEZ GROUP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

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, 2025, 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 3.3). 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, distribution, trade and sale in the field of natural gas, providing of complex energy services and further coal mining, trading in commodities 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 and further operates mainly in Germany, Hungary, Austria, Poland and Slovakia. Outside Central Europe, it operates mainly in France, Italy and the Netherlands. The average full-time equivalent number of employees of the Company and its subsidiaries included in the consolidation was 33,060 and 31,521 in 2025 and 2024, 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, responsible and sustainable business, the fulfillment of the growth strategy while maintaining the set level of debt and achievement of full climate neutrality by 2040. The strategy includes a commitment to fundamentally limit the generation of heat and electricity from coal 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 part of the strategy.

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 2.3). Mainly it relates to determination of recoverable amount of property, plant and equipment and intangible assets (Note 6), of the provision for mine reclamation and mining damages (Note 15.2), of the provision for demolition and dismantling of fossil-fuel power plants (Note 15.2) and of remaining useful life and depreciation methods of property, plant and equipment used for depreciation (Note 4).

2. Summary of the Most Significant General Accounting Policies

The accounting policies and principles set out in these consolidated financial statements are graphically highlighted as this text for clarity. The accounting policies and principles that directly relate to a given item of the notes to the consolidated financial statements are placed in individual notes for ease of reference. This chapter also sets out the accounting policies and principles that apply to the consolidated financial statements in general.

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 (hereinafter IFRS).

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.

These consolidated financial statements are preliminary and have not been audited.

Explanation Added for English Translation

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

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2025

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, 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (amendment).

The application of this amendment did not have a significant impact to the Group's financial statements.

2.2.2. 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, 2026, or later:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (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.

2.2.3. Final Accounting for the Acquisition of GasNet in 2024

The Group performed the final accounting for the acquisition of the companies of GasNet Group, specifying the fair values of the acquired identifiable assets and liabilities as at the acquisition date of August 28, 2024. The previously presented statements as of December 31, 2024, have been adjusted in this regard. An overview of the changes related to the final accounting for the acquisition is presented in the following table (in CZK millions):

	Provisional amounts of GasNet acquisition in the financial statements as of December 31, 2024	GasNet acquisition adjustment	Final accounting for the acquisition of GasNet
Share being acquired	55.21%	-	55.21%
Property, plant and equipment	108,297	229	108,526
Intangible assets	792	-	792
Other long-term financial assets	1,840	-	1,840
Cash and cash equivalents	2,530	-	2,530
Other short-term financial assets	1,438	-	1,438
Materials and supplies	50	-	50
Trade and other receivables	72	-	72
Contract assets	915	-	915
Another current assets	27	-	27
Bonds payable, net of current portion	(40,844)	(1,374)	(42,218)
Other long-term debt, net of current portion	(24,910)	(246)	(25,156)
Long-term provision	(4)	-	(4)
Other long-term financial liabilities	(5,136)	-	(5,136)
Deferred tax liability	(16,820)	(48)	(16,868)
Trade payables	(1,508)	-	(1,508)
Other short-term financial payables	(1,749)	(26)	(1,775)
Another current liabilities	(2,827)	212	(2,615)
Total net assets	22,163	(1,253)	20,910
Share of net assets acquired	12,236	(692)	11,544
Repayment of the loan to the former shareholder	7,785	91	7,876
Goodwill	1,547	601	2,148
Total purchase consideration	21,568	-	21,568
Cash outflow on acquisition of the subsidiary in 2024	21,568	-	21,568
Less: Cash and cash equivalents in the subsidiary acquired	(2,530)	-	(2,530)
Cash outflow in 2024, net	19,038	-	19,038

The following tables provide a summary of relevant effects on reported amounts as at December 31, 2024, (in CZK millions):

CONSOLIDATED BALANCE SHEET	December 31, 2024 original	Adjustment of GasNet acquisition	December 31, 2024 adjusted
Plant in service	1,083,667	454	1,084,121
Less accumulated depreciation and impairment	(558,976)	(1,920)	(560,896)
Net plant in service	524,691	(1,466)	523,225
Total property, plant and equipment	580,704	(1,466)	579,238
Intangible assets	33,186	585	33,771
Total other non-current assets	82,433	585	83,018
Total current assets	663,137	(881)	662,256
Total assets	901,974	(881)	901,093
Retained earnings and other reserves	186,809	(771)	186,038
Total equity attributable to equity holders of the parent	239,274	(771)	238,503
Non-controlling interests	11,640	(1,185)	10,455
Total equity	250,914	(1,956)	248,958
Long-term debt, net of current portion	216,908	1,518	218,426
Deferred tax liability	51,722	(255)	51,467
Total non-current liabilities	464,068	1,263	465,331
Current portion of long-term debt	26,689	(188)	26,501
Total current liabilities	186,992	(188)	186,804
Total equity and liabilities	901,974	(881)	901,093

CONSOLIDATED STATEMENT OF INCOME	2024 original	Adjustment of GasNet acquisition	2024 adjusted
Other operating expenses	(46,921)	(1)	(46,922)
Depreciation and amortization	(41,709)	(1,711)	(43,420)
Income before other income (expenses) and income taxes	93,443	(1,712)	91,731
Interest on debt	(6,561)	13	(6,548)
Interest income	3,522	1	3,523
Total other income (expenses)	(10,003)	14	(9,989)
Income before income taxes	83,440	(1,698)	81,742
Income taxes	(52,926)	303	(52,623)
Net income	30,514	(1,395)	29,119
Net income attributable to:			
Equity holders of the parent	29,933	(770)	29,163
Non-controlling interests	581	(625)	(44)
Net income per share attributable to equity holders of the parent (CZK per share):			
Basic	55.8	(1.5)	54.3
Diluted	55.8	(1.5)	54.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2024 original	Adjustment of GasNet acquisition	2024 adjusted
Net income	30,514	(1,395)	29,119
Total comprehensive income, net of tax	23,583	(1,395)	22,188

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Attributable to equity holders of the parent											
	Retained earnings			Total			Non-controlling interests			Total equity		
	Original	Adjust- ment of GasNet acqui- sition	Adjusted	Original	Adjust- ment of GasNet acqui- sition	Adjusted	Original	Adjust- ment of GasNet acqui- sition	Adjusted	Original	Adjust- ment of GasNet acqui- sition	Adjusted
Net income	29,933	(770)	29,163	29,933	(770)	29,163	581	(625)	(44)	30,514	(1,395)	29,119
Total comprehensive income	30,216	(770)	29,446	22,979	(770)	22,209	604	(625)	(21)	23,583	(1,395)	22,188
Acquisition of subsidiaries	-	-	-	-	-	-	9,936	(561)	9,375	9,936	(561)	9,375
Changes of non- controlling interests without loss of control	(104)	(1)	(105)	(104)	(1)	(105)	(116)	1	(115)	(220)	-	(220)
Balance as at December 31, 2024	<u>191,162</u>	<u>(771)</u>	<u>190,391</u>	<u>239,274</u>	<u>(771)</u>	<u>238,503</u>	<u>11,640</u>	<u>(1,185)</u>	<u>10,455</u>	<u>250,914</u>	<u>(1,956)</u>	<u>248,958</u>

CONSOLIDATED STATEMENT OF CASH FLOWS	<u>2024 original</u>	<u>Adjustment of GasNet acquisition</u>	<u>2024 adjusted</u>
OPERATING ACTIVITIES:			
Income before income taxes	83,440	(1,698)	81,742
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	41,709	1,711	43,420
Interest expense, interest income and dividend income	2,951	(13)	2,938
Cash from operations	175,480	-	175,480

2.3. Estimates and Accounting Judgments

In applying accounting policies, the Group makes judgments (other than judgments requiring estimates) that have a significant effect on the amounts reported in the consolidated financial statements, and further makes estimates and assumptions in determining the carrying amounts of assets and liabilities when an adequate value for such estimates or assumptions is not readily available from other sources. These estimates and related assumptions are based on historical experience and other factors that are considered to be relevant. The Group makes significant estimates when determining the recoverable amounts of property, plant and equipment and intangible assets (see Note 6), accounting for the nuclear provisions (see Note 15.1), provisions for reclamation of mines, mining damages and waste storage reclamation (see Note 15.2), provision for demolition and dismantling of fossil-fuel power plants (see Note 15.2), unbilled electricity and gas (see Note 12), fair value of commodity contracts and non-commodity derivatives (see Note 8), incremental borrowing rate and lease terms to measure lease liabilities (see Note 17) and deferred tax calculation (see Note 28). Actual outcome may vary from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis using available data, including macroeconomic data. Changes in these accounting estimates are recognized in the period in which the accounting estimate is revised. A change in estimate may affect the profit or loss of the current or future periods.

The most significant changes in estimates in 2025 related to the provision for nuclear decommissioning due to the change of the discount rate and further related to the provision for long-term spent fuel storage due to the expected adjustment of generation in nuclear power plants, due to the change 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 and due to the change of the discount rate.

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. Regarding the effects of decarbonization and the assumptions of further market development, the Group reassessed depreciation methods. The result is a change in the accounting estimate for the depreciation method for coal generation resources¹⁾ 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 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.

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

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 was therefore a significant change in the distribution of depreciation over time. With regard to the different effective income tax rate in individual years, which is affected by the windfall tax until December 31, 2025, there was an increase of deferred tax liability as at September 30, 2024, in the amount CZK 4,885 million. 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.

2.4. Exploration for and Evaluation of Mineral Resources

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

2.5. 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 statement of income, except when they arise in connection with a liability classified as effective cash flow hedges. Such exchange differences are recognized directly in other comprehensive income.

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 in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are recognized in the statement of income 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, 2025 and 2024:

	2025	2024
CZK per 1 EUR	24.245	25.185
CZK per 1 USD	20.632	24.237
CZK per 1 PLN	5.744	5.890
CZK per 1 BGN	12.396	12.877
CZK per 1 RON	4.757	5.062
CZK per 100 JPY	13.171	15.449
CZK per 100 TRY	48.021	68.539
CZK per 1 GBP	27.789	30.378
CZK per 100 HUF	6.296	6.121
CZK per 100 RSD	20.613	21.531

3. Principle of the Consolidation and Structure of the Group

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 3.3).

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 statement of income 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.

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 statement of income. 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.

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.

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.

3.1. Changes in the Group Structure in 2025

The following table summarizes the cash flows related to acquisitions in 2025 (in CZK millions):

Cash outflow on acquisitions of the subsidiaries	519
Cash outflow on investment to associate in Rolls-Royce SMR Limited ¹⁾	4,250
Cash outflow on investments in joint-ventures and associates	455
Payments of payables from acquisitions in previous periods	298
Less:	
Cash and cash equivalents acquired on acquisition of the subsidiaries	(60)
Cash and cash equivalents acquired on including the previously unconsolidated subsidiary in consolidation ²⁾	(23)
Total acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	<u>5,439</u>

- ¹⁾ In the first quarter of 2025, more than 11% of the interest in the company Rolls-Royce SMR Limited was purchased. This investment has been classified as equity financial asset measured at fair value through other comprehensive income (i.e., not as an investment in associate). Related cash flow made in the first quarter is presented in the line item Additions to non-current assets before deducting grants, including capitalized interest of statement of cash flows. In third quarter of 2025, this interest was increased by an additional investment of CZK 4,250 million to a total of 20.25%, thus the company Rolls-Royce SMR Limited became an associate of the Group consolidated by the equity method. The Group's total amount of the investment in 2025 at the date of acquisition of the 20.25% interest and beginning of consolidation by the equity method was CZK 7,240 million.
- ²⁾ In 2025, the Group started to consolidate previously not consolidated subsidiaries Výzkumný a zkušební ústav Plzeň s.r.o. and WMS s.r.o.

3.1.1. Acquisitions of Companies in 2025, in Which CEZ Group Gained Control

On January 22, 2025, the Group acquired a 100% interest in German company INC Innovative Netzconzepte GmbH, which focuses on implementation of network infrastructure.

On May 6, 2025, the Group acquired 100% interests in Spanish companies TREXCOM ENERGÍAS RENOVABLES, S.L., and BELECTRIC ESPAÑA CONSTRUCTION S.L. (hereinafter "Companies of BELECTRIC ESPAÑA group"), which focus on the development of solar projects and battery storage, their maintenance and electrical installations.

On October 1, 2025, the Group acquired a 100% interest in company ELPRO – DELICIA, a.s, which focuses on the distribution of electricity, the operation of local distribution systems, and the implementation of electrical installation, design, and service work in the field of high and low voltage.

On November 18, 2025, the Group acquired a 70% interest in the Italian company Maserati Energia S.r.l., which focuses on the production of biomethane.

On December 23, 2025, the Group acquired a 100% interest in TECHSYS - HW a SW, a.s., which is engaged in the development and supply of monitoring, control and information systems for energy, industry, transport and telecommunications, including the development of its own hardware and software

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):

	INC Innovative Netzconzepte	Companies of BELECTRIC ESPAÑA group	ELPRO - DELICIA	TECHSYS - HW a SW	Maserati Energia	Other	Total
Share being acquired	100%	100%	100%	100%	70%	100%	
Property, plant and equipment	18	14	88	12	467	142	741
Intangible assets	38	43	-	-	15	1	97
Other long-term financial assets	-	12	-	-	-	-	12
Other non-current assets	-	-	-	-	12	-	12
Cash and cash equivalents	25	17	5	13	-	23	83
Materials and supplies	11	1	11	4	-	13	40
Trade and other receivables	11	24	15	29	48	49	176
Long-term debt excluding short-term portion	(13)	(9)	-	-	(288)	(28)	(338)
Deferred tax liability	(12)	(10)	(13)	-	(4)	(4)	(43)
Short-term provisions	(7)	(36)	-	-	(36)	(18)	(97)
Another current liabilities	(19)	(32)	(12)	(10)	(169)	(43)	(285)
Total net assets	52	24	94	48	45	135	398
Share of net assets acquired	52	24	94	48	31	135	384
Goodwill	156	133	66	78	3	68	504
Income from incorporation into consolidation	-	-	-	-	-	(54)	(54)
Total purchase consideration	208	157	160	126	34	149	834
Liabilities from acquisition of the subsidiary	(66)	(20)	(16)	(46)	(18)	-	(166)
Cash and cash equivalents paid in previous years	-	-	-	-	-	(149)	(149)
Cash outflow on acquisition in 2025	142	137	144	80	16	-	519
Less: Cash and cash equivalents in the subsidiary acquired	(25)	(17)	(5)	(13)	-	-	(60)
Less: Cash and cash equivalents from previously not-consolidated subsidiary	-	-	-	-	-	(23)	(23)
Cash outflow in 2025, net	117	120	139	67	16	(23)	436

If the acquisitions had taken place at the beginning of the year 2025, net income for CEZ Group as at December 31, 2025, would have been CZK 27,376 million and the revenues and other operating income from continuing operations would have been CZK 333,720 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 2025 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):

	INC Innovative Netzconzepte	Companies of BELECTRIC ESPAÑA group	ELPRO - DELICIA	Maserati Energia	Other	Total
Revenues and other operating income	116	108	26	22	170	442
Income before other income (expense) and income taxes	18	6	2	4	26	56
Net income	13	8	2	6	74	103
Net income attributable:						
Equity holders of the parent	13	8	2	4	60	87
Non-controlling interests	-	-	-	2	14	16

3.1.2. Changes in Non-controlling Interests in 2025

In several partial transactions during 2025, the Group acquired a total of 6.09% of the shares in Elevion Co-Investment GmbH & Co. KG, which owns an 8% share in Elevion Deutschland Holding GmbH, thereby acquiring 0.48% of the Group's 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 May 29, 2025, the Group acquired 10.7% of non-controlling interest of the company ÚJV Řež, a. s. The equity interest of the Group is 80.55% now. The increase of the Group's interest was made issuing new shares in nominal amount of CZK 288 million, when only the Group participated on the subscription of new shares which resulted in dilution of the non-controlling interest.

On August 8, 2025, the Group acquired 24.90% of non-controlling interest of the company GESPA GmbH. The interest of the Group is 100% now.

On November 20, 2025, the Group acquired 34.00% of non-controlling interest of the company ZOHD Groep B.V. The 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 transactions with non-controlling interests during the year 2025 is given in the following table (in CZK millions):

	<u>Elevion Co- Investment</u>	<u>ZOHD</u>	<u>GESPA</u>	<u>ÚJV Řež</u>	<u>Total</u>
Change in share of the Group in 2025	6.09%	34.00%	24.90%	10.70%	
Liability from option derecognized from balance sheet	52	27			
Direct impact on equity from recognition of non-controlling interest after termination of put option	<u>(31)</u>	<u>(25)</u>			
Acquired share of net assets derecognized from non-controlling interests	21	2	(31)	109	101
Amount directly recognized in equity caused by acquisition of non- controlling interest	<u>36</u>	<u>33</u>	<u>31</u>	<u>(109)</u>	<u>(9)</u>
Total purchase consideration	<u><u>57</u></u>	<u><u>35</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>92</u></u>

3.1.3. Loss of Control over Subsidiaries in 2025

The following table summarizes the cash flows related to the loss of control over subsidiaries in 2025 (in CZK million):

Cash received from the sale of Polish companies	3,211
Cash received from the sale of interest in the company Distribuce Ostrava	781
Less:	
Cash disposed of on sale of Polish companies	<u>(1,806)</u>
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of, total	<u><u>2,186</u></u>

Sale of Shares in Polish Companies

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. Since September 30, 2024, the Group classified assets and liabilities of these companies as assets and associated liabilities classified as held for sale. 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 total sale price for the shares in the Polish companies was paid in full and the Group transferred control over the sold subsidiaries.

The following table provides an overview of the impacts related to the derecognition of Polish companies from consolidation (in CZK millions):

Sold interest	100%
Tangible and intangible assets	303
Deferred tax asset	36
Another non-current assets	273
Cash and cash equivalents	1,806
Trade and other receivables	1,351
Derivatives and other current financial assets	47
Fossil fuel stocks	346
Emission rights	366
Another current assets	216
Long-term liabilities	(190)
Trade payables	(602)
Income tax payable	(467)
Current provisions	(2,526)
Derivatives and other short-term financial liabilities	(133)
Another short-term liabilities	(122)
Total net assets	704
The effect of using average exchange rate on the cost of sale	(37)
Disposal of translation differences	1,812
Total cost of sale of the Group	2,479
Revenue from sale	3,336
Gain on sale	857

The following table shows the cash flows related to the sale and derecognition of the Polish companies from consolidation (in CZK millions):

Revenue from sale	3,336
Less: Cash from sale received in 2024	(125)
Cash from sale received in 2025	3,211
Cash disposed of on derecognition from consolidation	(1,806)
Total cash flow from sale of Polish companies in 2025	1,405

The Loss of Control over the Company Elektrárna Dukovany II

On April 30, 2025, based on The First Implementation Agreement between the state and the companies Elektrárna Dukovany II, a. s., and ČEZ, the Government of the Czech Republic decided that the state buys interest of 79.98% in the company Elektrárna Dukovany II, a. s., which is preparing the construction of a new nuclear power plant in the Dukovany site. The settlement of this transaction was made on May 5, 2025. The Group lost control over the company Elektrárna Dukovany II, a. s., and kept the interest of 20.02% representing the significant influence. The following table shows the summary of impacts of the sale (in CZK millions):

Lands	322
Construction work in progress	3,284
Other non-current assets	36
Trade and other receivables	2
Other current assets	18
Long-term liabilities	(52)
Trade payables	(76)
Other short-term liabilities	(67)
	<hr/>
Total net assets of former subsidiary disposed from the balance sheet (100%)	3,467
Less items newly recognized on the balance sheet of the Group:	
Effect of intercompany balances:	
Trade and other receivables	(42)
Trade payables	2
Payables from cash pooling	821
Other	1
Fair value of the remaining interest 20.02%, which is kept by the Group	(903)
	<hr/>
Total of derecognized and newly recognized items	3,346
Revenue from sale of 79.98% interest	3,607
	<hr/>
Gain on sale	261
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The gain on sale of controlling interest in the company Elektrárna Dukovany II, a. s., is presented in the statement of income as part of the line item Other financial income and contains the gain CZK 52 million attributable to measuring investment retained by the Group in the former subsidiary. The sale of the controlling interest and loss of the control is associated with no cash flows as of September 30, 2025, the receivable from the sale is due on March 31, 2026.

Sale of Shares in Company Distribuce Ostrava

On November 11, 2025, the Group sold its interest in company Distribuce Ostrava, which was established by the divestment of net assets that were the subject of the sale transaction. The sale price was paid in full. The following table provides an overview of the impacts related to the sale and to the derecognition from consolidation (in CZK millions):

Sold interest	100%
Property, plant and equipment	312
Other assets	67
Deferred tax liability	(30)
Other liabilities	(28)
	<hr/>
Total net assets – cost of sale of the Group	321
Revenue from sale	781
	<hr/>
Gain on sale	460
	<hr/> <hr/>

3.2. 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	<u>(2,903)</u>
Total cash outflows on acquisitions	<u><u>20,723</u></u>

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

3.2.1. 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 following table presents the 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 of the Group being acquired	55.21%	100%	100%	100%	100%		
Property, plant and equipment	108,526	11	134	121	3	-	108,795
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	(42,218)	-	-	-	-	-	(42,218)
Other long-term debt, net of current portion	(25,156)	(1)	(129)	(41)	-	-	(25,327)
Long-term provision	(4)	(11)	-	-	-	-	(15)
Other long-term financial liabilities	(5,136)	(14)	-	-	-	-	(5,150)
Deferred tax liability	(16,868)	(25)	(121)	(46)	(20)	-	(17,080)
Trade payables	(1,508)	(50)	(54)	(7)	(39)	-	(1,658)
Other short-term financial payables	(1,775)	-	-	(46)	-	-	(1,821)
Another current liabilities	(2,615)	(41)	(42)	(17)	(1)	(3)	(2,719)
Total net assets	20,910	208	519	222	292	17	22,168
Share of net assets acquired	11,544	208	519	222	292	8	12,793
Repayment of the loan to the former shareholder	7,876	-	-	-	-	-	7,876
Goodwill	2,148	220	-	349	110	2	2,829
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 acquired	(2,530)	(77)	(150)	(5)	(121)	(20)	(2,903)
Cash outflow on acquisition 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 26,270 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	217	11	48	11	14	(38)	263
Net income	68	9	40	-	(1)	(33)	83
Net income attributable:							
Equity holders of the parent	37	9	40	-	(1)	(29)	56
Non-controlling interests	31	-	-	-	-	(4)	27

3.2.2. 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	2	115
Amount directly recognized in equity caused by acquisition of non-controlling interest	23	(8)	90	-	105
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.

3.3. 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⁾		% voting interest
			Change in 2025	2025	2025
<u>New acquisitions and newly established companies</u>					
BELECTRIC ESPAÑA CONSTRUCTION S.L. ²⁾	ES	S	100.00	100.00	100.00
Distribuce Ostrava s.r.o. ³⁾	CZ	D	100.00	-	-
ELPRO - DELICIA, a.s.	CZ	S	100.00	100.00	100.00
ENERGOPROJEKT PRAHA s.r.o. ⁴⁾	CZ	G	69.85	80.55	100.00
INC Innovative Netzconzepte GmbH ⁵⁾	DE	S	96.99	97.39	100.00
Maserati Energia S.r.l.	IT	S	70.00	70.00	70.00
TECHSYS - HW a SW, a.s.	CZ	S	100.00	100.00	100.00
TREXCOM ENERGÍAS RENOVABLES, S.L.	ES	S	100.00	100.00	100.00
<u>Previously not-consolidated companies</u>					
Výzkumný a zkušební ústav Plzeň s.r.o. ⁶⁾	CZ	G	69.85	80.55	100.00
WMS s.r.o.	CZ	S	100.00	100.00	100.00

¹⁾ The equity interest represents effective ownership interest of the Group.

²⁾ The company name REVISIONES Y CONTROL DE CARTAGENA, S.L., was changed to BELECTRIC ESPAÑA CONSTRUCTION S.L. in 2025.

³⁾ The company was established in November 2025 and was sold in November 2025.

⁴⁾ In 2025, the voting interest was increased by 10.70%.

⁵⁾ In 2025, the voting interest was increased by 0.40%.

⁶⁾ In 2025, the voting interest was increased by 10.70%.

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
<u>Changes of non-controlling interests or voting interests</u>					
Alexander Ochs Wärmetechnik GmbH	DE	S	0.48	97.39	100.00
AMPRO Medientechnik GmbH	DE	S	0.48	97.39	100.00
Bechem & Post Wärmetechnik Kundendienst GmbH	DE	S	0.48	97.39	100.00
Centrum výzkumu Řež s.r.o.	CZ	G	10.70	80.55	100.00
D-I-E Elektro AG	DE	S	0.48	97.39	100.00
EAB Elektroanlagenbau GmbH Rhein/Main	DE	S	0.48	97.39	100.00
Elektro-Decker GmbH	DE	S	0.48	97.39	100.00
Elevion Co-Investment GmbH & Co. KG	DE	S	6.09	67.40	67.40
Elevion Deutschland Holding GmbH	DE	S	0.48	97.39	100.00
Elevion GmbH	DE	S	0.48	97.39	100.00
En.plus GmbH	DE	S	0.48	97.39	100.00
ENERGOPROJEKT PRAHA s.r.o.	CZ	G	10.70	80.55	100.00
Energy Shift B.V.	NL	S	34.00	100.00	100.00
Energy Shift Installaties B.V.	NL	S	34.00	100.00	100.00
ETS Efficient Technical Solutions GmbH	DE	S	0.48	97.39	100.00
ETS Efficient Technical Solutions Shanghai Co. Ltd.	CN	S	0.48	97.39	100.00
ETS Engineering Kft.	HU	S	0.48	97.39	100.00
GESPA GmbH	DE	S	24.90	100.00	100.00
Hermos AG	DE	S	0.48	97.39	100.00
HERMOS International GmbH	DE	S	0.48	97.39	100.00
HERMOS SDN. BHD	MY	S	0.48	97.39	100.00
Hermos Schaltanlagen GmbH	DE	S	0.48	97.39	100.00
Hermos sp. z o.o.	PL	S	0.48	97.39	100.00
Hermos Systems GmbH	DE	S	0.48	97.39	100.00
Hofmockel Automatisierungs- und Prozesstechnik GmbH	DE	S	0.48	97.39	100.00
INC Innovative Netzconzepte GmbH	DE	S	0.40	97.39	100.00
Rudolf Fritz GmbH	DE	S	0.48	97.39	100.00
ŠKODA PRAHA a.s. ⁷⁾	CZ	G	10.70	80.55	100.00
ÚJV Řež, a. s.	CZ	G	10.70	80.55	100.00
Výzkumný a zkušební ústav Plzeň s.r.o.	CZ	G	10.70	80.55	100.00
ZOHD Groep B.V.	NL	S	34.00	100.00	100.00
<u>Purchased companies which do not represent business combinations</u>					
Horti Padani Energia Srl Società Agricola	IT	S	70.00	70.00	70.00
<u>Liquidations and mergers</u>					
Ampro Projektmanagement GmbH	DE	S	(97.05)	-	-
Baltic Green Construction sp. z o.o. w likwidacji ⁸⁾	PL	G	(100.00)	-	-
Elektro Hofmockel Verwaltungsgesellschaft mit beschränkter Haftung	DE	S	(97.05)	-	-
Ferme éolienne de la Petite Valade SAS, société en liquidation. ⁹⁾	FR	G	(100.00)	-	-

⁷⁾ The company name ŠKODA PRAHA a.s. was changed to ENGINEERING PRAHA a.s. in 2026.

⁸⁾ The company name Baltic Green Construction sp. z o.o. was changed to Baltic Green Construction sp. z o.o. w likwidacji in 2025.

⁹⁾ The company name Ferme éolienne de la Petite Valade SAS was changed to Ferme éolienne de la Petite Valade SAS, société en liquidation in 2025.

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
Ferme Eolienne de Saint-Laurent-de-Céris SAS, société en liquidation ¹⁰⁾	FR	G	(100.00)	-	-
Ferme Eolienne de Seigny SAS, société en liquidation ¹¹⁾	FR	G	(100.00)	-	-
Ferme Eolienne de Thorigny SAS, société en liquidation ¹²⁾	FR	G	(100.00)	-	-
GWE Verwaltungs GmbH	DE	S	(100.00)	-	-
IBP Verwaltungs GmbH	DE	S	(100.00)	-	-
INTERNEXT 2000, s.r.o.	CZ	S	(100.00)	-	-
KABELOVÁ TELEVIZE CZ s.r.o.	CZ	S	(100.00)	-	-
Optické síť s.r.o.	CZ	S	(100.00)	-	-
PIPE SYSTEMS s.r.o.	CZ	S	(100.00)	-	-
SALLEKO, spol. s r.o.	CZ	G	(100.00)	-	-
Shift Energy B.V.	NL	S	(66.00)	-	-
WMS s.r.o.	CZ	S	(100.00)	-	-
<u>Sales</u>					
CEZ Chorzów S.A.	PL	G	(100.00)	-	-
CEZ Chorzów II sp. z o.o. w likwidacji ¹³⁾	PL	G	(100.00)	-	-
CEZ Polska sp. z o.o.	PL	G	(100.00)	-	-
CEZ Produkty Energetyczne Polska sp. z o.o.	PL	G	(100.00)	-	-
CEZ Skawina S.A.	PL	G	(100.00)	-	-
Distribuce Ostrava s.r.o.	CZ	G	(100.00)	-	-
<u>Other subsidiaries without change in equity interest or voting interest in 2025</u>					
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. ¹⁴⁾	SK	S	-	50.00	100.00
BANDRA Mobiliengeellschaft mbH & Co. KG	DE	G	-	100.00	100.00
BELECTRIC ESPAÑA, S.L.	ES	S	-	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
Belectric Italia Srl	IT	S	-	100.00	100.00
Belectric Solar Ltd.	GB	S	-	100.00	100.00
BIOPEL, a. s.	SK	S	-	28.86	57.72
Brandt GmbH	DE	S	-	100.00	100.00
Bücker & Essing GmbH	DE	S	-	100.00	100.00
BUDRIO GFE 312 SOCIETA' AGRICOLA S.R.L.	IT	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

¹⁰⁾ The company name Ferme Eolienne de Saint-Laurent-de-Céris SAS was changed to Ferme Eolienne de Saint-Laurent-de-Céris SAS, société en liquidation in 2025.

¹¹⁾ The company name Eolienne de Seigny SAS was changed to Ferme Eolienne de Seigny SAS, société en liquidation in 2025.

¹²⁾ The company name Ferme Eolienne de Thorigny SAS was changed to Ferme Eolienne de Thorigny SAS, société en liquidation in 2025.

¹³⁾ The company name CEZ Chorzów II sp. z o.o. was changed to CEZ Chorzów II sp. z o.o. w likwidacji in 2025.

¹⁴⁾ The company name AZ KLIMA SK, s.r.o., was changed to ESCO Integra, s. r. o. in 2026.

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
CASANO Mobiliengesellschaft mbH & Co. KG	DE	G	-	100.00	100.00
CE Insurance Limited	MT	G	-	100.00	100.00
CEZ Deutschland GmbH	DE	G	-	100.00	100.00
CEZ Energo Polska Sp. z o.o.	PL	S	-	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 MH B.V.	NL	G	-	100.00	100.00
CEZ RES International B.V.	NL	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
Czech Gas Networks Investments S.à r.l.	LU	D	-	55.21	100.00
Czech Gas Networks S.à r.l.	LU	D	-	55.21	55.21
Czech Grid Holding, a.s.	CZ	D	-	55.21	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.	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 PV & Wind a.s.	CZ	G	-	100.00	100.00
ČEZ Teplárenská, a.s.	CZ	S	-	100.00	100.00
ČEZ Trade, 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
EDERA Group a.s.	CZ	S	-	100.00	100.00
Elektrárna Temelín II, a. s.	CZ	G	-	100.00	100.00
EL-ENG s.r.o.	CZ	S	-	100.00	100.00
Elevion Energy & Engineering Solutions GmbH	DE	S	-	100.00	100.00
Elevion Energy Efficiency GmbH ¹⁵⁾	DE	S	-	51.00	51.00
Elevion Energy Solutions GmbH ¹⁶⁾	DE	S	-	100.00	100.00
Elevion Green 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 ¹⁷⁾	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
ENESA a.s.	CZ	S	-	100.00	100.00

¹⁵⁾ The company name GEE - Green Energy Efficiency GmbH was changed to Elevion Energy Efficiency GmbH in 2025.

¹⁶⁾ The company name Entract Energy GmbH was changed to Elevion Energy Solutions GmbH in 2025.

¹⁷⁾ The company name Elevion Österreich Holding GmbH was changed to Elevion Austria GmbH in 2026.

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
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
Euroklimat sp. z o.o.	PL	S	-	100.00	100.00
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 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 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
FVE Mydlovary, s.r.o.	CZ	G	-	100.00	100.00
GasNet Služby, s.r.o.	CZ	D	-	55.21	100.00
GasNet, s.r.o.	CZ	D	-	55.21	100.00
Green Energy Capital, a.s.	CZ	S	-	100.00	100.00
Grid Design, s.r.o.	CZ	D	-	51.00	51.00
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
inewa consulting Srl	IT	S	-	100.00	100.00
inewa Srl	IT	S	-	100.00	100.00
Instal Bud Pecyna Sp. z o.o.	PL	S	-	100.00	100.00
Inven Capital, SICAV, a.s.	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
Metropolitní s.r.o.	CZ	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
OEM Energy sp. z o.o.	PL	S	-	100.00	100.00
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
PRODECO, a.s.	CZ	M	-	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	M	-	100.00	100.00
SD - Kolejová doprava, a.s.	CZ	M	-	100.00	100.00
SERCOO ENERGY GmbH	DE	S	-	100.00	100.00

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
SERCOO Group GmbH	DE	S	-	100.00	100.00
Severočeské doly a.s.	CZ	M	-	100.00	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
Solkraftwerk Deubach GmbH & Co. KG	DE	S	-	100.00	100.00
Solkraftwerk Reddehausen GmbH & Co. KG	DE	S	-	100.00	100.00
Solární servis, s.r.o. ¹⁸⁾	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
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
TRIM-TECH TECHNIKA INSTALACJI sp. z o. o.	PL	S	-	100.00	100.00
Ústav aplikované mechaniky Brno, s.r.o.	CZ	G	-	100.00	100.00
Wagner Consult GmbH ¹⁹⁾	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 Datteln 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

¹⁸⁾ The company name Solární servis, s.r.o., was changed to Solární servis, s.r.o., v likvidaci in 2026.

¹⁹⁾ The company name Wagner Consult GmbH was changed to Elevion Engineering GmbH in 2026.

Associates and joint-ventures	Country	Operating segment	% equity interest ¹⁾		% voting interest
			Change in 2025	2025	2025
<u>New investments</u>					
Rolls-Royce SMR Limited	GB	G	20.25	20.25	20.25
ENERG-SERVIS a.s.	CZ	G	51.00	51.00	51.00
<u>Changes in equity or voting interest</u>					
Elektrárna Dukovany II, a. s. ²⁰⁾	CZ	G	(79.98)	20.02	20.02
<u>Other companies without change in equity interest or voting interest in 2025</u>					
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 İthalat İhracat ve Toptan Ticaret A.Ş.					
	TR	G	-	37.36	50.00
Akenerji Elektrik Enerjisi İthalat İhracat 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
Elektroenergetické datové centrum, a.s.					
	CZ	D	-	25.00	25.00
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 abbreviations:

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

²⁰⁾ In 2024, Elektrárna Dukovany II, a. s., was classified as a subsidiary. During 2025, following the sale of a portion of the ownership and voting rights, it was reclassified as an associate company (see Note 3.1.3).

3.3.1. 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):

	2025		2024	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
Czech Gas Networks Group	7,013	1,238	8,952	444
Other	1,437	47	1,503	35
Total	8,450	1,285	10,455	479

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the years ended December 31, 2025 and 2024 (in CZK millions):

	Czech Gas Networks Group	
	2025	2024 ¹⁾
Ownership share of non-controlling interests	44.79%	44.79%
Current assets	5,342	5,988
Non-current assets	105,233	110,298
Current liabilities	(14,161)	(7,899)
Non-current liabilities	(80,756)	(88,400)
Equity	15,658	19,987
Attributable to:		
Equity holders of the parent	8,645	11,035
Non-controlling interests	7,013	8,952
Revenues and other operating income	20,407	6,795
Income before other income (expenses) and income taxes	1,672	217
Other income (expenses)	(3,380)	(188)
Income (loss) before income taxes	(1,708)	29
Income taxes	147	39
Net income (loss)	(1,561)	68
Attributable to:		
Equity holders of the parent	(862)	38
Non-controlling interests	(699)	30
Total comprehensive income	(1,561)	68
Attributable to:		
Equity holders of the parent	(862)	38
Non-controlling interests	(699)	30
Operating cash flow	8,278	2,472
Investing cash flow	(5,006)	(2,459)
Financing cash flow	(3,633)	(286)
Net effect of currency translation and allowances in cash	(4)	6
Net decrease in cash and cash equivalents	(365)	(267)

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 CEZ Group.

3.3.2. 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, 2025 (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 comprehensive income	Total comprehensive income
Rolls-Royce SMR Limited	6,324	-	(630)	(287)	(917)
Elektrárna Dukovany II, a. s.	888	-	(14)	(1)	(15)
Jadrová energetická spoločnosť Slovenska, a. s. ¹⁾	-	-	(57)	(90)	(147)
GEOMET s.r.o.	486	-	(143)	-	(143)
ENERG-SERVIS a.s.	288	-	19	-	19
Bytkomfort, s.r.o.	244	20	13	(8)	5
LOMY MOŘINA spol. s r.o.	152	3	6	-	6
Akenerji Group	-	-	-	-	-
Other	310	-	38	(10)	28
Total	8,692	23	(768)	(396)	(1,164)

¹⁾ The Group's investment in the joint-venture Jadrová energetická spoločnosť Slovenska, a. s., in the amount of CZK 2,291 million was classified as an asset held for sale as at December 31, 2025 (see Note 13).

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, 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 comprehensive income	Total comprehensive 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)

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. The joint-venture's equity increased significantly in 2024, mainly due to the application of IAS 29 Financial Reporting in Hyperinflationary Economies. The Group's share of Akenerji's equity would have been positive under the equity method. However, the Group did not recognize this profit, which as at December 31, 2025, exceeded previously unrecognized shares of losses by CZK 646 million, because management does not consider this profit to be recoverable and its recognition would result in an immediate impairment of the Group's investment. Therefore, the Group's share of profit was not recognized, and the investment in the Akenerji group is presented at a zero carrying amount as at December 31, 2025 and 2024.

Rolls-Royce SMR Limited is an associate of the CEZ Group whose objective is to develop small modular reactors (SMR) in the United Kingdom, in the Czech Republic and in other countries worldwide. Elektrárna Dukovany II, a. s., is an associate of the CEZ Group, with the Czech Republic exercising control over the entity. The purpose of Elektrárna Dukovany II, a. s., is the construction of a new nuclear power source at the Dukovany site. 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. 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 the CEZ Group and European Metals Holdings Limited, established for the purpose of developing a potential lithium ore mining project at Cínovec. ENERGI-SERVIS a.s. is a joint-venture of the CEZ Group and the ENERGI-SERVIS Holding group, operating in the design, implementation and servicing of energy facilities for renewable energy sources, battery storage systems, the construction of electricity distribution networks, optical networks and charging infrastructure for electromobility.

The following tables present summarized financial information of material associates and joint-ventures for the year ended December 31, 2025 (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.	855	114	14,391	6,283	5,561	3,402				
Akenerji Group						1,729	646	(646)	-	-
Rolls-Royce SMR Limited	6,216	4,127	601	1,687	26	5,104	1,034	-	5,290	6,324
Elektrárna Dukovany II, a. s.	221	160	4,617	550	112	4,176	836	-	52	888
Jadrová energetická spoločnosť Slovenska, a. s. ¹⁾	462	446	4,404	189	-	4,677	2,291	-	-	2,291
GEOMET s.r.o.	121	118	362	42	247	194	98	-	388	486
ENERG-SERVIS a.s.	675	170	13	467	-	221	113	-	175	288
Bytkomfort, s.r.o.	130	75	328	108	116	234	115	-	129	244
LOMY MOŘINA spol. s r.o.	174	78	245	96	26	297	152	-	-	152

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Akenerji Elektrik Üretim A.Ş.	12,059	(797)	97	(1,079)	529	80	(4,203)	(4,123)
Rolls-Royce SMR Limited	973	(59)	183	(4)	340	(6,331)	(153)	(6,484)
Elektrárna Dukovany II, a. s.	4	(2)	18	-	-	(76)	(5)	(81)
Jadrová energetická spoločnosť Slovenska, a. s. ¹⁾	60	(60)	14	-	(3)	(117)	(184)	(301)
GEOMET s.r.o.	-	-	1	(22)	-	(281)	-	(281)
ENERG-SERVIS a.s.	798	(6)	-	(1)	(12)	41	-	(41)
Bytkomfort, s.r.o.	402	(27)	-	(1)	(8)	25	(6)	19
LOMY MOŘINA spol. s r.o.	551	(25)	-	-	(5)	12	-	12

¹⁾ The Group's investment in the joint-venture Jadrová energetická spoločnosť Slovenska, a. s., in the amount of CZK 2,291 million was classified as an asset held for sale as at December 31, 2025 (see Note 13)

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

	<u>Current assets</u>	<u>Thereof: Cash and cash equivalents</u>	<u>Non-current assets</u>	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Equity</u>	<u>Share of the Group</u>	<u>Unrecognized share</u>	<u>Goodwill</u>	<u>Total investment in associates and joint-ventures</u>
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 MORINA spol. s r.o.	158	73	247	89	24	292	149	-	-	149
	<u>Revenues and other operating income</u>	<u>Depre-ciation and amortization</u>		<u>Interest income</u>	<u>Interest expense</u>	<u>Income taxes</u>	<u>Net income (loss)</u>	<u>Other compre-hensive income</u>	<u>Total compre-hensive income</u>	
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 MORINA spol. s r.o.	519	(20)		1	-	(3)	5	-	5	

4. Property, Plant and Equipment

Property, Plant and Equipment and Construction Work in Progress

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.

During the construction phase the property, plant and equipment is reported as construction work in progress. When construction is complete, the Group brings the property, plant and equipment into use and starts the depreciation. The Group depreciates the cost of property, plant and equipment (adjusted for impairment losses, if any) less their residual value over their estimated useful life. Coal assets are depreciated using the sum-of years' digits method (see Note 2.3). The Company depreciates other assets, except nuclear fuel 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 Group typically determines the estimated useful life of property, plant and equipment as follows:

	Useful lives (years)
Buildings and structures	5–60
Machinery and equipment	4–47
Vehicles	2–37
Furniture and fixtures	4–15

Right-of-use Assets

Right-of-use assets (see Note 17) are part of property, plant and equipment. 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.

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

Plant in service, including own tangible assets and right-of-use assets, is subject of lease (see Note 17).

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 (see Note 21). The depreciation of nuclear fuel includes additions to the provision for interim storage of spent nuclear fuel (see Note 15).

The overview of property, plant and equipment at December 31, 2025, 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, 2025	469,275	596,845	18,001	1,084,121	26,780	35,876	1,146,777
Additions	5,044	1,622	314	6,980	-	45,508	52,488
Disposals	(1,534)	(6,387)	(44)	(7,965)	(2,699)	(653)	(11,317)
Bring into use	12,603	16,177	653	29,433	3,544	(32,977)	-
Acquisition of subsidiaries	167	567	3	737	-	4	741
Sale of subsidiaries	(355)	(608)	(337)	(1,300)	-	(3,294)	(4,594)
Change in capitalized part of provisions	(690)	951	(699)	(438)	-	-	(438)
Reclassification and other	(367)	390	1	24	-	(37)	(13)
Currency translation differences	(203)	(476)	(29)	(708)	-	(169)	(877)
Cost at December 31, 2025	483,940	609,081	17,863	1,110,884	27,625	44,258	1,182,767
Accumulated depreciation and impairment at January 1, 2025	(179,251)	(374,488)	(7,157)	(560,896)	(6,068)	(575)	(567,539)
Depreciation and amortization of nuclear fuel ¹⁾	(22,044)	(30,610)	(650)	(53,304)	(3,653)	-	(56,957)
Net book value of assets disposed	(185)	(61)	(16)	(262)	-	-	(262)
Disposals	1,534	6,387	34	7,955	2,699	-	10,654
Sale of subsidiaries	223	432	-	655	-	-	655
Reclassification and other	(216)	(415)	609	(22)	-	45	23
Impairment losses recognized	(4)	(24)	(6)	(34)	-	-	(34)
Impairment losses reversed	51	4	36	91	-	-	91
Currency translation differences	54	182	6	242	-	-	242
Accumulated depreciation and impairment at December 31, 2025	(199,838)	(398,593)	(7,144)	(605,575)	(7,022)	(530)	(613,127)
Property, plant and equipment at December 31, 2025	<u>284,102</u>	<u>210,488</u>	<u>10,719</u>	<u>505,309</u>	<u>20,603</u>	<u>43,728</u>	<u>569,640</u>

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 175 million.

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	(1,680)	(5,998)	(89)	(7,767)	(4,510)	(1,267)	(13,544)
Bring into use	15,903	15,541	667	32,111	7,752	(39,863)	-
Acquisition of subsidiaries	100,013	6,043	1,124	107,180	-	1,615	108,795
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	(6)	(43)	(5)	(54)	-	17	(37)
Currency translation differences	227	484	18	729	-	68	797
Cost at December 31, 2024	469,275	596,845	18,001	1,084,121	26,780	35,876	1,146,777
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⁾	(15,174)	(24,963)	(485)	(40,622)	(3,268)	-	(43,890)
Net book value of assets disposed	(438)	(145)	(33)	(616)	-	-	(616)
Disposals	1,680	5,998	50	7,728	4,510	111	12,349
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	(179,251)	(374,488)	(7,157)	(560,896)	(6,068)	(575)	(567,539)
Property, plant and equipment at December 31, 2024	290,024	222,357	10,844	523,225	20,712	35,301	579,238

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.

In 2025 and 2024, a composite depreciation rate of plant in service was 4.9% and 4.0%, respectively.

As at December 31, 2025 and 2024, capitalized interest costs amounted to CZK 913 million and CZK 576 million, respectively, and the interest capitalization rate was 3.2% and 3.5%, respectively.

Group's plant in service pledged as security for liabilities at December 31, 2025 and 2024, was CZK 8,305 million and CZK 7,593 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, 2025 and 2024, the construction work in progress includes the preparation of new nuclear power sources of CZK 2,056 million and CZK 5,041 million, respectively.

The Group drew in 2025 and 2024 grants related to the property, plant and equipment in the amount of CZK 5 807 million and CZK 437 million, respectively. Significant year-on-year increase in drawing of grants is related to the grant call Construction, Reconstruction and Modernization of Distribution Networks within the framework of the National Renewal Plan with the aim of increasing capacity of networks and enabling integration of renewable energy sources. Grants drew mainly company ČEZ Distribuce, a. s.

Group as a Lessee

Set out below are the carrying amounts and other information as at December 31, 2025, and for the year ended 2025, respectively, about right-of-use assets recognized in total property, plant and equipment (in CZK millions):

	2025			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	989	273	287	1,549
Depreciation charge for right-of-use assets	(799)	(416)	(98)	(1,313)
Carrying amount as at December 31	3,355	2,655	1,156	7,166

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

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, 2025	884	149	389	1,422
Carrying amount as at December 31, 2024	595	52	706	1,353

5. Intangible Assets

Intangible Assets

Intangible assets are measured at cost, including the purchase price and related expenses. 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 intangible asset may have been impaired (for goodwill see following paragraph). Intangible assets in progress are tested for possible impairment annually regardless of whether there are indicators of possible impairment. Any impairment of intangible assets is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

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 3). 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.

The overview of intangible assets at December 31, 2025, is as follows (in CZK millions):

	Software	Rights and other	Emission rights	Goodwill	Intangibles in progress	Total
Cost at January 1, 2025	20,750	15,484	4	18,117	2,282	56,637
Additions	446	141	-	-	3,167	3,754
Disposals	(310)	(70)	-	-	(23)	(403)
Bring to use	2,326	292	-	-	(2,618)	-
Acquisition of subsidiaries	-	97	-	504	-	601
Sale of subsidiaries	(7)	-	-	-	-	(7)
Impairment of goodwill	-	-	-	(55)	-	(55)
Reclassification and other	55	(34)	(4)	-	5	22
Currency translation differences	(30)	(205)	-	(355)	(9)	(599)
Cost at December 31, 2025	23,230	15,705	-	18,211	2,804	59,950
Accumulated amortization and impairment at January 1, 2025	(15,949)	(6,874)	-	-	(43)	(22,866)
Amortization	(2,182)	(1,008)	-	-	-	(3,190)
Disposals	(7)	(5)	-	-	-	(12)
Impairment losses recognized	310	70	-	-	-	380
Impairment losses reversed	(2)	-	-	-	(2)	(4)
Reclassification and other	(7)	(2)	-	-	2	(7)
Currency translation differences	17	91	-	-	-	108
Accumulated amortization and impairment at December 31, 2025	(17,820)	(7,728)	-	-	(43)	(25,591)
Intangible assets at December 31, 2025	5,410	7,977	-	18,211	2,761	34,359

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	(1,012)	(252)	-	-	(5)	(1,269)
Bring to use	3,062	553	-	-	(3,615)	-
Acquisition of subsidiaries	648	1,001	-	2,829	134	4,612
Transfer to assets classified as held for sale	(38)	(2,421)	-	-	-	(2,459)
Reclassification and other	179	(180)	(1)	-	36	34
Currency translation differences	11	192	-	189	2	394
Cost at December 31, 2024	20,750	15,484	4	18,117	2,282	56,637
Accumulated amortization and impairment at January 1, 2024	(15,042)	(8,547)	-	-	(12)	(23,601)
Amortization	(1,916)	(882)	-	-	-	(2,798)
Net book value of assets disposed	(1)	(1)	-	-	-	(2)
Disposals	1,012	252	-	-	-	1,264
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	(15,949)	(6,874)	-	-	(43)	(22,866)
Intangible assets at December 31, 2024	4,801	8,610	4	18,117	2,239	33,771

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 683 million and CZK 831 million in 2025 and 2024, respectively.

Group's intangible assets pledged as security for liabilities at December 31, 2025 and 2024, is CZK 780 million and CZK 49 million, respectively.

At December 31, 2025 and 2024, goodwill allocated to cash-generating units is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Elevion	3,694	3,670
ČEZ Distribuce	2,200	2,200
GasNet	2,148	2,148
Energotrans	1,675	1,675
Hermos	1,185	1,231
Companies of Telco Pro Services Group	933	865
Other companies of Elevion Group	910	818
Euroklimat	800	821
Other companies of ČEZ ESCO Group	731	587
SERCOO	701	728
ESCO Slovensko	558	580
EEES Design solutions	508	583
CAPEXUS	418	418
Energy Shift	259	269
Alexander Ochs Wärmetechnik	259	269
En.plus	249	258
AZ KLIMA	245	245
EEES Energy solutions	237	246
Instal Bud Pecyna	215	221
Other	286	285
	<u>18,211</u>	<u>18,117</u>
Total	<u>18,211</u>	<u>18,117</u>

6. 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 2025 (in CZK millions):

	Impairment losses					
	Goodwill	Intangible assets other than goodwill	Property, plant and equipment, nuclear fuel and investments	Total	Impairment reversal	Total
ČEZ Distribuce	-	-	(392)	(392)	-	(392)
French wind power projects	-	-	(138)	(138)	-	(138)
EEES Design solutions	(55)	-	-	(55)	-	(55)
Other	-	(4)	(99)	(103)	92	(11)
Total	(55)	(4)	(629)	(688)	92	(596)

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 Energetické centrum	(33)	(6)	(39)	1	-	(38)
Other	-	-	-	14	-	14
Other	(3)	(55)	(58)	73	7	22
Total	(47)	(2,607)	(2,654)	89	7	(2,558)

In 2025 and 2024, 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 fixed assets of the cash-generating unit ČEZ Distribuce in the amount CZK 392 million in 2025 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 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 CO₂) 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.

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. 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. 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 this activity.

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 on the development of wholesale power prices in the Czech Republic, are the key assumptions used for the ČEZ value model. The developments of wholesale prices are primarily determined by the EU political decisions, the development of global demand and supply of commodities, 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, 2025.

The test is based on the business plan of CEZ Group for 2026–2030 and on the assumptions of long-term development of relevant electricity prices. The business plan was prepared in the fourth quarter of 2025

whereas the plan was based on the active market parameters observed in September 2025 (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 2025 and 2024. A change of the assumed EE prices as per the models by 1%, while other parameters remain unchanged, has an impact of approximately CZK 5.8 billion on the ČEZ value test result (increase of EE price has a positive impact on ČEZ value). Future cash flows of the model were discounted using a 8.0% 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 2.5 billion (decrease of discount rate has a positive impact on ČEZ value). A 1% change in the CZK/EUR exchange rate, with other parameters remaining unchanged, would result in a change of approximately CZK 4.6 billion in the ČEZ value (depreciation of CZK towards EUR has a positive impact on ČEZ value). Above-mentioned changes in ČEZ value would not lead to an impairment of assets.

The discount rate of 6.6% 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, 2025, were used for determination of the recoverable amount of the cash-generating unit Severočeské doly. Future cash flows were discounted using rate of 8.1%.

- 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 6.6% was used for cash-generating unit Czech distribution. The increase of cash flows beyond the five-year period for Czech distribution is getting from 2.0% towards 2.1% 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 6.4% was used for cash-generating unit GasNet. The explicit projection of cash flow expecting average yearly increase 3.5% of EBITDA was used for first ten years. Terminal value beyond 11-year period was used as value 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 7.2% was used for cash-generating unit Elevion. Cash flows after the fifth 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 7.2% was used for cash-generating unit Hermos. Cash flows after the fifth 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 7.2% was used for cash-generating unit EEES Design solutions. Cash flows after the fifth 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 8.5% 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 – Tax legislation, the emission trading system (EU ETS) and climate targets and related EU policy.

7. Financial Assets and Liabilities

Financial Assets

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 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. Assets held for trading are also presented as current.

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.

Measurement of 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 assets measured 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, cash and cash equivalents and trade receivables.

Expected credit losses, exchange differences, and interest revenue calculated by using effective interest rate method are recognized in profit or loss.

b) Financial assets measured 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 reclassification 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 reclassification 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 reclassified 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 assets measured 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.

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.

Restricted Financial Assets

Cash and other financial assets that are recognized as restricted funds 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.

Other restricted financial assets represent long-term and short-term government bonds, which could be classified as debt financial assets measured at fair value through other comprehensive income and debt financial assets measured at amortized costs, based on intention of the Company.

Cash and Cash Equivalents

Cash and cash equivalents include immediately available liquid funds and very short-term investments that are readily convertible to known amounts of cash, with maturities of no more than 6 months from the date of acquisition and are subject to an insignificant risk of changes in value. These items are held to cover short-term liabilities rather than for short-term investment or other purposes.

Financial Liabilities

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

Financial liabilities are classified as current if they are due within 12 months from the end of the reporting period. Liabilities held for trading are presented as current.

Measurement of Financial Liabilities

Financial liabilities are classified into two main categories in terms of measurement:

a) Financial liabilities measured at amortized cost

Financial liabilities are classified into this category with the exceptions of:

- financial liabilities which the Company has to or irrevocably decided to remeasure liabilities through profit or loss,
- financial guarantee contracts,
- loan commitments with interest rate lower than market interest rates.

As example of such liabilities are mainly bonds payable, bank loans, trade payables and commitments from capital expenditures.

Financial liabilities are initially measured at fair value, less transaction costs directly associated with them (if any). Subsequently, the financial liabilities are measured at amortized cost, which is determined using the effective interest rate method. The foreign currency differences and interests are recognized in profit or loss

b) Financial liabilities measured at fair value through profit or loss

The Company has an obligation or can irrevocably decide to classify a financial liability as measured at fair value through profit or loss. Examples of such financial liabilities are mainly financial and commodity derivatives that are not used to hedge cash flows.

Financial liabilities are initially measured at fair value, transaction costs are recognized directly in profit or loss. Subsequent changes in fair value that are not attributable to changes in credit risk are recognized in profit or loss. Exchange differences and interests are included in fair value changes and are recognized in profit or loss.

The change in fair value attributable to changes in credit risk is recognized in other comprehensive income. 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.

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.

Derivatives

Derivatives are a special category of financial assets and liabilities. Derivatives within the scope of IFRS 9 are measured at fair value. The way in which gains or losses from the revaluation of derivatives to fair value are recognized depends on whether the derivative is classified as a hedging instrument and on the nature of the item being hedged. For non-hedging derivatives within the scope of IFRS 9, the change in the fair value of the derivatives is recognized directly in profit or loss. The accounting for derivatives classified as hedging instruments is described in Note 9.3.

Some derivatives are not within the scope of IFRS 9. It relates to most commodity purchases and sales carried out by the Group where there is an assumption of physical delivery of the commodity in amounts intended for use or sale in the course of the Group's ordinary activities. Such contracts are called "own-use" and are specifically registered to allow distinction 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 also concludes trades to hedge gross margin from generation of electricity, where fair value changes do not qualify for hedge accounting mainly due to fact that forecast transaction of sale of generated electricity is not highly probable because forecast physical electricity generation might not happen eventually, but instead the trading positions on electricity might be closed financially by additional deals as well as for other related trading positions on emission rights positions and fuels, e.g., generation from CCGT Počerady . As a result, these commodity contracts are within scope of 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.

Gains and losses from financial derivatives not classified as hedge instruments are recognized by the Group in the statement of income in the line item Other financial costs and Other financial income.

Derivatives are recognized as part of the line item long-term and current other financial assets and liabilities in the balance sheet.

7.1. Restricted Financial Assets

The overview of restricted financial assets at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Czech government bonds	29,315	26,801
Cash in banks	<u>807</u>	<u>818</u>
Total restricted financial assets	<u><u>30,122</u></u>	<u><u>27,619</u></u>

The Czech government bonds are measured at fair value through other comprehensive income.

7.2. Cash and Cash Equivalents

The overview of cash and cash equivalents at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Cash on hand and current accounts with banks	5,469	7,212
Term deposits	7,060	33,013
Reverse repurchase agreements	4,679	-
Debt securities	<u>-</u>	<u>99</u>
Total	<u><u>17,208</u></u>	<u><u>40,324</u></u>

At December 31, 2025 and 2024, cash and cash equivalents included foreign currency deposits of CZK 3,509 million and CZK 19,370 million, respectively.

The weighted average interest rate on short-term securities and term deposits at December 31, 2025 and 2024, was 3.3% and 3.4%, respectively. For the years 2025 and 2024, the weighted average interest rate was 3.4% and 4.8%, respectively.

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

	<u>2024</u>
Cash and cash equivalents as a separate line on the balance sheet	40,324
Cash and cash equivalents attributable to assets classified as held for sale (Note 13)	<u>95</u>
Total	<u><u>40,419</u></u>

7.3. Trade and Other Receivables

The overview of trade and other receivables at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Trade receivables	44,942	54,550
Margin calls	8,693	17,089
Collaterals	1,458	910
Allowances	<u>(3,712)</u>	<u>(4,058)</u>
Total	<u><u>51,381</u></u>	<u><u>68,491</u></u>

The information about receivables from related parties is included in Note 29.

Carrying amounts of receivables pledged as security for liabilities at December 31, 2025 and 2024, were CZK 337 million and CZK 164 million, respectively.

At December 31, 2025 and 2024, the ageing structure of trade and other receivables is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Not past due	48,374	65,112
Past due:		
Less than 3 months	1,646	1,857
3–6 months	393	332
6–12 months	448	627
More than 12 months	<u>520</u>	<u>563</u>
Total	<u><u>51,381</u></u>	<u><u>68,491</u></u>

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 2025 and 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.

Movements in allowances (in CZK millions):

	<u>2025</u>	<u>2024</u>
Balance as at January 1	(4,058)	(3,781)
Additions	(2,881)	(2,669)
Reversals	2,459	2,033
Derecognition of impaired assets	719	368
Currency translation differences	<u>49</u>	<u>(9)</u>
Balance as at December 31	<u><u>(3,712)</u></u>	<u><u>(4,058)</u></u>

7.4. Derivatives and Other Financial Assets

The overview of derivatives and other financial assets at December 31, 2025 and 2024, is as follows (in CZK millions):

	2025			2024		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Other financial receivables	1,971	369	2,340	1,561	115	1,676
Receivables from sale of subsidiaries, associates and joint-ventures	-	3,603	3,603	-	-	-
Investment in finance lease	198	45	243	206	47	253
Total financial assets at amortized cost	2,169	4,017	6,186	1,767	162	1,929
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,979	-	3,979	3,501	-	3,501
Commodity and other derivatives	1,480	20,148	21,628	2,093	32,071	34,164
Total financial assets at fair value through profit or loss	5,459	20,148	25,607	5,594	32,071	37,665
Equity financial assets	299	7	306	342	6	348
Cash flow hedge derivatives	5,106	7,276	12,382	8,699	17,085	25,784
Debt financial assets	-	17,561	17,561	-	3,077	3,077
Total financial assets at fair value through other comprehensive income	5,405	24,844	30,249	9,041	20,168	29,209
Total	13,033	49,009	62,042	16,402	52,401	68,803

The following table analyses the value of receivables from commodity and other derivatives by the period of delivery as at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Delivery in 2025	-	27,291
Delivery in 2026	16,925	4,555
Delivery in 2027	3,293	1,138
Delivery in 2028 and thereafter	1,410	1,180
Total commodity and other derivatives	21,628	34,164

The following table provides an overview of the value of receivables from commodity derivatives by the commodities and other derivatives at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Electricity including cross-border capacities	5,519	11,457
Gas	12,179	15,999
Emission rights, guarantees of origin	1,337	2,860
Financial derivatives	2,593	3,848
Total commodity and other derivatives	21,628	34,164

The decrease of receivables from commodity and other derivatives in 2025 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 and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 7.8.

Movements in impairment provisions of other financial assets at amortized costs (in CZK millions):

	2025	2024
Balance as at January 1	(97)	(99)
Additions	(5)	(5)
Reversals	3	14
Currency translation differences	3	(7)
Balance as at December 31	(96)	(97)

Contractual maturities of debt financial assets as at December 31, 2025 (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 2026	17,561	3,603	45	369
Due in 2027	-	-	42	470
Due in 2028	-	-	32	436
Due in 2029	-	-	28	101
Thereafter	-	-	96	964
Total	17,561	3,603	243	2,340

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

Debt financial assets at December 31, 2025, 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.	5,331	3,603	-	1,055
2.00% to 2.99% p.a.	19	-	-	176
3.00% to 3.99% p.a.	6,397	-	67	53
4.00% to 4.99% p.a.	4,534	-	1	328
5.00% to 5.99% p.a.	1,280	-	36	110
6.00% to 6.99% p.a.	-	-	59	137
From 7% p.a.	-	-	80	481
Total	17,561	3,603	243	2,340

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
From 7% p.a.	-	72	509
Total	3,077	253	1,676

The following table analyses the debt financial assets at December 31, 2025, 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	17,561	3,603	145	1,525
EUR	-	-	98	621
PLN	-	-	-	33
Other	-	-	-	161
Total	<u>17,561</u>	<u>3,603</u>	<u>243</u>	<u>2,340</u>

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	<u>3,077</u>	<u>253</u>	<u>1,676</u>

7.5. Long-term Debt

The overview of long-term debt at December 31, 2025 and 2024, is as follows (in CZK millions):

	2025	2024
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,591	1,866
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,062	1,245
4.875% Eurobonds, due 2025 (EUR 750 million)	-	19,540
4.375% Eurobonds, due 2042 (EUR 50 million)	1,218	1,265
4.500% Eurobonds, due 2047 (EUR 50 million)	1,216	1,262
4.383% Eurobonds, due 2047 (EUR 80 million)	1,967	2,044
3.000% Eurobonds, due 2028 (EUR 725 million)	17,987	18,731
0.875% Eurobonds, due 2026 (EUR 750 million)	18,168	18,840
2.375% Eurobonds, due 2027 (EUR 600 million)	14,774	15,323
4.250% Eurobonds, due 2032 (EUR 750 million)	18,526	19,230
4.125% Eurobonds, due 2031 (EUR 800 million) ¹⁾	19,628	17,759
4.125% Eurobonds, due 2033 (EUR 750 million)	18,521	-
5.625% U.S. bonds, due 2042 (USD 300 million)	6,233	7,319
4.500% Registered bonds, due 2030 (EUR 40 million)	967	1,003
4.700% Registered bonds, due 2032 (EUR 40 million)	1,002	1,040
4.270% Registered bonds, due 2047 (EUR 61 million)	1,466	1,522
3.550% Registered bonds, due 2038 (EUR 30 million)	745	774
1.000% Registered bonds, due 2027 (EUR 600 million) ²⁾	14,164	14,423
0.875% Registered bonds, due 2031 (EUR 500 million) ²⁾	10,581	10,715
0.450% Registered bonds, due 2029 (EUR 500 million) ²⁾	10,928	11,049
4.480% CZK bonds, due 2026 (CZK 6,750 million) ³⁾	6,887	6,917
Total bonds and debentures	167,631	171,867
Less: Current portion	(27,198)	(21,409)
Bonds and debentures, net of current portion	140,433	150,458
Long-term bank loans and lease liabilities:		
Less than 2.00% p.a.	6,197	7,697
2.00% to 2.99% p.a.	33,010	2,310
3.00% to 3.99% p.a.	9,218	25,537
4.00% to 4.99% p.a.	19,622	34,922
5.00% to 5.99% p.a.	1,216	1,148
6.00% to 6.99% p.a.	1,154	1,027
From 7.00% p.a.	352	419
Total long-term bank loans and lease liabilities	70,769	73,060
Less: Current portion	(5,224)	(5,092)
Long-term bank loans and lease liabilities, net of current portion	65,545	67,968
Total long-term debt	238,400	244,927
Less: Current portion	(32,422)	(26,501)
Total long-term debt, net of current portion	205,978	218,426

¹⁾ Eurobonds due in 2031 were increased from original EUR 700 million by EUR 100 million on September 22, 2025.

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.

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

	<u>2025</u>	<u>2024</u>
Within 1 year	32,422	26,501
Between 1 year and 2 years	34,704	30,689
Between 2 and 3 years	32,869	35,360
Between 3 and 4 years	18,707	33,584
Between 4 and 5 years	13,606	21,478
Thereafter	<u>106,092</u>	<u>97,315</u>
Total long-term debt	<u><u>238,400</u></u>	<u><u>244,927</u></u>

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

	<u>2025</u>		<u>2024</u>	
	<u>Foreign currency</u>	<u>CZK</u>	<u>Foreign currency</u>	<u>CZK</u>
EUR	8,319	201,691	8,190	206,260
USD	302	6,233	302	7,319
JPY	20,140	2,653	20,138	3,111
CZK		27,636		28,085
PLN	20	116	13	75
Other		<u>71</u>		<u>77</u>
Total long-term debt		<u><u>238,400</u></u>		<u><u>244,927</u></u>

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 2025 and 2024, without considering interest rate hedging (in CZK millions):

	<u>2025</u>	<u>2024</u>
Floating rate long-term debt:		
Interest rate fixed to 1 month	181	204
Interest rate fixed from 1 to 3 months	1,101	1,416
Interest rate fixed from 3 months to 1 year	53,467	53,565
Interest rate fixed for more than 1 year	<u>47</u>	<u>99</u>
Total floating rate long-term debt	54,796	55,284
Fixed rate long-term debt	<u>183,604</u>	<u>189,643</u>
Total long-term debt	<u><u>238,400</u></u>	<u><u>244,927</u></u>

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 8 and Note 9.

The following table analyses the changes in liabilities and receivables arising from financing activities in 2025 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, 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 ¹⁾	3,166	-	-	-	3,166
Acquisition of subsidiaries	60,505	510	-	-	61,015
Disposal of subsidiaries	(99)	-	-	-	(99)
Declared dividends	-	28,354	-	-	28,354
Other ²⁾	1,024	560	-	-	1,584
Liabilities / assets arising from financing activities at December 31, 2024	247,479	3,623	31	(83)	251,050
Liabilities / assets arising from other than financing activities	-	58,057	-	(52,318)	
Total amount on balance sheet at December 31, 2024	<u>247,479</u>	<u>61,680</u>	<u>31</u>	<u>(52,401)</u>	
Less: Liabilities / assets from other than financing activities	-	(58,057)	-	52,318	
Liabilities / assets from financing at January 1, 2025	247,479	3,623	31	(83)	251,050
Cash flows	8,396	(27,374)	5	5	(18,968)
Additions and modifications of leases	1,310	-	-	-	1,310
Foreign exchange movement	(4,336)	(4)	(1)	-	(4,341)
Changes in fair values ¹⁾	(5,195)	-	-	-	(5,195)
Acquisition of subsidiaries	358	-	-	-	358
Transfer to liabilities associated to assets classified as held for sale	-	(24)	-	-	(24)
Declared dividends	-	26,451	-	-	26,451
Other ²⁾	686	711	(3)	-	1,394
Liabilities / assets arising from financing activities at December 31, 2025	248,698	3,383	32	(78)	252,035
Liabilities / assets arising from other than financing activities	-	32,990	-	(48,931)	
Total amount on balance sheet at December 31, 2025	<u>248,698</u>	<u>36,373</u>	<u>32</u>	<u>(49,009)</u>	

¹⁾ The item Changes in fair values includes foreign exchange differences from debt that are designated as non-derivative cash flow hedge of highly probable future net revenue in EUR (see Note 9.3).

²⁾ The item Other includes accrued interest, transfer of interest paid on leases 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.

7.6. Short-term Loans

The overview of short-term loans at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Bank loans	9,852	2,071
Bank overdrafts	<u>446</u>	<u>481</u>
Total	<u><u>10,298</u></u>	<u><u>2,552</u></u>

Most short-term loans bear interest at fixed interest rates. The weighted average interest rate was 2.3% and 4.6% at December 31, 2025 and 2024, respectively. For the years 2025 and 2024, the weighted average interest rate was 2.5% and 3.1%, respectively.

7.7. Trade Payables

The overview of trade payables at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Payables to suppliers, excluding payables from non-current assets purchase	21,403	26,062
Accruals	12,958	13,100
Payables from non-current assets purchase	7,899	6,337
Collaterals	2,704	1,596
Payables to employees	1,918	1,769
Other trade payables	<u>2,044</u>	<u>2,005</u>
Total	<u><u>48,926</u></u>	<u><u>50,869</u></u>

7.8. Derivatives and Other Financial Liabilities

The overview of derivatives and other financial liabilities at December 31, 2025 and 2024, is as follows (in CZK millions):

	2025		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	409	-	409
Other	1,376	2,227	3,603
Financial liabilities at amortized cost	1,785	2,227	4,012
Cash flow hedge derivatives	6,969	3,883	10,852
Commodity and other derivatives	4,157	16,276	20,433
Liabilities from put options held by non-controlling interests	665	23	688
Contingent consideration from the acquisition of subsidiaries	145	243	388
Financial liabilities at fair value	11,936	20,425	32,361
Total	13,721	22,652	36,373
	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

The following table analyses the value of liabilities from commodity and other derivatives by the period of delivery as at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Delivery in 2025	-	33,798
Delivery in 2026	13,278	8,346
Delivery in 2027	3,335	2,744
Delivery in 2028 and thereafter	3,820	2,108
Total commodity and other derivatives	<u>20,433</u>	<u>46,996</u>

The following table provides an overview of the value of liabilities from commodity derivatives by the commodities and other derivatives at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Electricity including cross-border capacities	5,277	19,987
Gas	7,443	20,470
Oil	31	8
Emission rights, guarantees of origin	372	185
Financial derivatives	7,310	6,346
Total commodity and other derivatives	<u>20,433</u>	<u>46,996</u>

The decrease of liabilities from commodity and other derivatives in 2025 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 and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 7.4.

8. 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 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.

The overview of carrying amount, fair value and the fair value hierarchy of financial assets and liabilities at December 31, 2025, is as follows (in CZK millions):

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Assets measured at fair value:</u>					
Commodity derivatives	19,034	19,034	5,155	13,478	401
Cash flow hedge derivatives	12,382	12,382	9,152	3,230	-
Other derivatives	2,594	2,594	-	2,594	-
Restricted debt financial assets	29,315	29,315	29,315	-	-
Debt instruments at fair value through other comprehensive income	17,561	17,561	17,561	-	-
Equity financial assets at fair value through profit or loss	3,979	3,979	-	-	3,979
Equity financial assets at fair value through other comprehensive income	306	306	-	-	306
<u>Liabilities measured at fair value:</u>					
Commodity derivatives	(13,125)	(13,125)	(7,595)	(5,453)	(77)
Cash flow hedge derivatives	(10,852)	(10,852)	(8,858)	(1,994)	-
Other derivatives	(7,308)	(7,308)	-	(7,308)	-
Liabilities from put options held by non-controlling interests	(688)	(688)	-	-	(688)
Contingent consideration from the acquisition of subsidiaries	(388)	(388)	-	-	(388)
<u>Assets and liabilities for which fair value is disclosed:</u>					
Receivables from sale of subsidiaries, associates and joint-ventures	3,603	3,603	-	3,603	-
Other financial receivables	2,340	2,251	-	2,251	-
Investment in finance lease	243	243	-	243	-
Long-term debt ¹⁾	(230,541)	(234,806)	(158,731)	(76,075)	-
Short-term loans	(10,298)	(10,298)	-	(10,298)	-
Other financial liabilities	(4,012)	(4,012)	-	(4,012)	-

¹⁾ The value of long-term debt is disclosed without lease liabilities, whose fair value is not disclosed (carrying amount as at December 31, 2025, is CZK (7,860) million).

The overview of carrying amount, fair value and the fair value hierarchy of financial assets and liabilities at December 31, 2024, is as follows (in CZK millions):

	Carrying amount	Fair value	Level 1	Level 2	Level 3
<u>Assets measured at fair value:</u>					
Commodity derivatives	30,316	30,316	17,343	12,202	771
Cash flow hedge derivatives	25,784	25,784	19,266	6,518	-
Other derivatives	3,848	3,848	-	3,848	-
Restricted debt financial assets	26,801	26,801	26,801	-	-
Debt instruments at fair value through other comprehensive income	3,077	3,077	3,077	-	-
Equity financial assets at fair value through profit or loss	3,501	3,501	-	-	3,501
Equity financial assets at fair value through other comprehensive income	348	348	-	-	348
Equity financial assets classified as held for sale at fair value through other comprehensive income	1,356	1,356	-	1,356	-
<u>Liabilities measured at fair value:</u>					
Commodity derivatives	(40,650)	(40,650)	(19,731)	(19,621)	(1,298)
Cash flow hedge derivatives	(8,953)	(8,953)	(6,376)	(2,577)	-
Other derivatives	(6,346)	(6,346)	-	(6,346)	-
Liabilities from put options held by non-controlling interests	(787)	(787)	-	-	(787)
Contingent consideration from the acquisition of subsidiaries	(530)	(530)	-	-	(530)
<u>Assets and liabilities for which fair value is disclosed:</u>					
Other financial receivables	1,676	1,665	-	1,665	-
Investment in finance lease	253	253	-	253	-
Long-term debt ¹⁾	(236,964)	(239,144)	(162,092)	(77,052)	-
Short-term loans	(2,552)	(2,552)	-	(2,552)	-
Other financial liabilities	(4,414)	(4,414)	-	(4,414)	-

¹⁾ The value of long-term debt is disclosed without lease liabilities, whose fair value is not disclosed (carrying amount as at December 31, 2024, is CZK (7,963) million).

The Group concludes 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 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 overview of the financial assets and liabilities measured at fair value – Level 3, for the years ended December 31, 2025 and 2024 (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, 2024	3,746	680	(528)
Additions	215	77	(37)
Disposals	(28)	-	(6,396)
Revaluation	(432)	(6)	6,434
Reclassification to level 2	-	(403)	-
Balance at December 31, 2024	3,501	348	(527)
Additions	465	104	-
Disposals	-	(146)	(5,310)
Revaluation	13	-	5,623
Reclassification to level 2	-	-	538
Balance at December 31, 2025	3,979	306	324

In 2025, there was a transfer of financial instruments measured at fair value from level 3 to level 2, which related to commodity contracts for gas with delivery in the Czech Republic, where market inputs are already used. In 2024, there was a transfer of financial instruments measured at fair value from level 3 to level 2, which related to a 15% stake in Veolia Energie ČR, a.s., in the portfolio of equity financial assets at fair value through other comprehensive income. The fair value as of 31 December 2024 was determined based on the market price - a concluded sales contract.

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 7.4). The fair value of the investments included in this portfolio at December 31, 2025 and 2024, 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.

8.1. Offsetting of Financial Instruments

The following table shows the overview of financial instruments that are offset, or subject to enforceable master netting agreement or other similar agreements but not offset, as at December 31, 2025 and 2024 (in CZK millions):

	2025		2024	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	34,010	(31,285)	59,948	(55,949)
Other financial instruments ¹⁾	22,475	(8,692)	27,680	(17,049)
Collaterals paid (received) ²⁾	1,458	(2,704)	910	(1,596)
Gross financial assets / liabilities	57,943	(42,681)	88,538	(74,594)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	57,943	(42,681)	88,538	(74,594)
Effect of master netting agreements	(35,912)	35,912	(59,821)	59,821
Net amount after master netting agreements	<u>22,031</u>	<u>(6,769)</u>	<u>28,717</u>	<u>(14,773)</u>

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 12 and 16. The information about offset of construction contracts and related billings and advances received is included in Note 12.

Short-term derivative assets are included in the balance sheet in 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.

9. 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 (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, among the others, 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 rights' purchases in the following 6-year horizon, closed long-term contracts for electricity sale 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 risk capital (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 and 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	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 rights, 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 emission sources operation in the Czech Republic.

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).

9.1. Qualitative Description of Risks Associated with Financial Instruments

Commodity Risks

The development of electricity, emission rights, 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 generation sales, i.e., from trades resulting in optimizing the sales of the Group's generation and in optimizing the emission rights position for generation (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

The development of foreign exchange rates and interest rates 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 2025, and 2024, 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.

9.2. 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):

	<u>2025</u>	<u>2024</u>
Monthly VaR (95%) – impact of changes in commodity prices	1,750	1,497

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 2026 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):

	<u>2025</u>	<u>2024</u>
Monthly currency VaR (95% confidence)	560	289

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 and reflects the ownership interests held in the respective companies,
- 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):

	<u>2025</u>	<u>2024</u>
IR sensitivity ¹⁾ to parallel yield curve shift (+10bp)	(39)	(36)

¹⁾ 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, 2025, and 2024.

Liquidity Risk

Contractual maturities of undiscounted payments of financial liabilities as at December 31, 2025 (in CZK millions):

	<u>Bonds and debentures</u>	<u>Loans and lease liabilities</u>	<u>Derivatives ¹⁾</u>	<u>Trade payables and other financial liabilities</u>
Due in 2026	31,975	17,156	507,245	51,421
Due in 2027	32,929	7,977	120,671	1,375
Due in 2028	21,502	16,732	23,246	378
Due in 2029	14,199	9,391	16,988	588
Due in 2030	4,197	13,684	3,228	97
Thereafter	94,653	30,670	44,265	622
Total	<u>199,455</u>	<u>95,610</u>	<u>715,643</u>	<u>54,481</u>

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 8.

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

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

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 8.

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 trading horizon (in CZK millions):

Year	Maximum net amount of margin calls and collaterals	Peak day	Average daily net amount of margin calls and collaterals	Market price ¹⁾ (EUR/MWh)	
				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
2025	23,382	May 7, 2025	13,891	86	33

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, 2025, the price of this product CAL 2026 DE BL was 84 EUR/MWh, the price of gas at the trade point TTF with delivery following year – at December 31, 2025, the price of TTF 2026 was 27 EUR/MWh.

The committed credit facilities available to the Group as at December 31, 2025 and 2024, amounted to CZK 89.6 billion and CZK 58.2 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 800 million and EUR 400 million remained available to be drawn down as at December 31, 2025 and 2024, respectively.

9.3. Hedge Accounting

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

The Group uses cash flow hedges in accordance with IFRS 9 Financial Instruments for hedging relationships in hedge accounting.

At the inception of the hedge, the Group prepares documentation that identifies the hedged item and the hedging instrument used, describes the economic relationship between the hedged item and the hedging instrument, assesses effectiveness, and documents the risk management objectives and strategy for various hedging transactions as well.

Changes in the fair values of hedging instruments, respectively their components that are part of the hedge relationship (e.g. exchange rate differences) hedging the expected cash flows that are attributable to the effective portion of the hedge are recognized in other comprehensive income. The gain or loss attributable to the ineffective portion is recognized in the statement of income in the line item Gains and losses from commodity derivative trading, Other financial expenses and Other financial income.

The amounts accumulated in equity are included in profit or loss in the period in which the costs or income associated with the hedged items are recognized.

If the period for which the hedging instrument was negotiated has expired, or the derivative or commodity contract has been sold or no longer meets the criteria for hedge accounting, the cumulative gain or loss recognized in equity is retained in equity until the expected transaction occurs and is subsequently 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 reclassified to profit or loss.

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 result of own-use presales (Note 7) and this hedging strategy as at December 31, 2025, is that for 2026 approximately 87% of expected generation in the Czech Republic was hedged at an average price of EUR 95 per MWh, for 2027 approximately 59% of expected generation at an average price of EUR 85 per MWh, for 2028 approximately 29% of expected generation at an average price of EUR 78 per MWh and for 2029 approximately 7% at an average price of EUR 75 per MWh.

Since 2025, the Group has been hedging selected cash flows with regard to the commodity risk associated with the future purchase of emission rights for consumption to cover CO₂ emissions. The hedging instrument is a portfolio of futures for the purchase (or sale) of CO₂ emission rights.

The Group also hedges cash flows from highly probable future net revenues in EUR (planned EUR revenues reduced by planned EUR costs) for the purpose of hedging foreign currency risk. The hedging instruments in this case consist of liabilities arising from the issuance of Eurobonds and bank loans denominated in EUR, and currency forwards and interest rate swaps.

The Group also hedged selected cash flows connected to purchase of emission rights, to cover its CO₂ emissions for the year 2025 and 2024, for the purpose of hedging the currency risk associated with the payment for their purchase. The hedge was made by currency swaps and forwards. The accumulated value of change of fair value revaluation was reclassified from the equity to the price of emission rights acquired.

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. 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, 2025 and 2024 (in CZK millions):

	2025			Effective hedge amount before tax ³⁾ (in CZK millions)
	Unit of measure	Quantity / nominal value ¹⁾	Carrying amount ²⁾ (in CZK millions)	
Cash flow hedge				
Commodity risk – presale of electricity:				
2026	GWh	(8,141)	3,269	1,409
2027	GWh	(12,914)	(1,214)	(1,208)
2028 and thereafter	GWh	(10,779)	(1411)	(1,449)
Commodity risk – electricity, total	GWh	(31,834)	644	(1,248)
Commodity risk – gas consumption in 2026	GWh	212	(57)	(55)
Commodity risk – purchase of emission rights in years 2026–2028	thousands tons	2,776	696	696
Commodity risk total			1,283	(607)
Foreign currency risk in years 2026–2042	mil. EUR	(5,836)	(152,996)	(163)
Foreign currency risk in years 2026–2042	mil. USD	(300)	772	715
Foreign currency risk – other	mil. EUR	(21)	7	-
Interest rate risk in years 2026–2032		-	-	(128)
Foreign currency and interest rate risk total			(152,217)	424
Total cash flow hedge			(150,934)	(183)

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

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 2025 and 2024, 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 2025 and 2024, the Group recognized gain from the ineffectiveness of cash flow hedging in the amount of CZK 2,211 million and CZK 2,505 million, respectively. The ineffectiveness in 2025 and 2024 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 2025 and 2024 (in CZK millions):

	2025		
	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	1,976	(15,927)	(2,210)
Commodity risk – gas consumption	(85)	(15)	-
Commodity risk – purchase of emission rights	696	-	-
Foreign currency risk – presale of electricity, purchase of emission rights	4,241	2,162	(1)
Foreign currency risk – other	16	(1)	-
Interest rate risk – interest costs from issued bonds	-	55	-
Total cash flow hedge	6,844	(13,726)	(2,211)

	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)

The following table provides an overview of movements in equity before tax, which are related to cash flow hedge in 2025 and 2024 and their reconciliation to the statement of comprehensive income (in CZK millions):

	2025	2024
Change in fair value of financial instruments recorded in equity, gross	6,844	(2,102)
Transfer of ineffective part of hedge to profit or loss	(2,211)	(2,505)
Change in fair value of cash flow hedges	4,633	(4,607)
Cash flow hedges reclassified to profit or loss	(13,106)	(15,116)
Cash flow hedges reclassified to assets	(620)	40
Total reclassifications of effective part of hedge	(13,726)	(15,076)

10. Materials and Supplies

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. 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. The value of unusable inventories, for which the net realizable value is lower than their carrying amount, is reduced using impairment charged to expenses to the level of net realizable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

The overview of materials and supplies at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Gas storage for trading	3,835	3,190
Gas storage for consumption	508	474
Other material	15,228	13,702
Work in progress	2,282	1,479
Other supplies	887	1,241
Allowances for obsolescence	<u>(719)</u>	<u>(711)</u>
Total	<u>22,021</u>	<u>19,375</u>

11. 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 rights 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. 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 (see Note 5).

At each reporting date, the Group assesses whether there are any indicators that emission rights 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.

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 2025 and 2024 (in CZK millions):

	2025		2024	
	in thousands tons	in millions CZK	in thousands tons	in millions CZK
<u>Emission rights for own use:</u>				
Emission rights for own use at January 1	14,172	27,102	17,267	25,118
Emission rights granted	219	-	275	-
Settlement of emissions with register	(12,941)	(24,785)	(14,763)	(21,355)
Emission rights purchased	12,239	25,571	11,702	23,616
Emission rights classified as held for sale	-	-	(309)	(360)
Reclassification	16	4	-	-
Currency translation differences	-	-	-	83
Emission rights for own use at December 31	<u>13,705</u>	<u>27,892</u>	<u>14,172</u>	<u>27,102</u>
<u>Emission rights held for trading:</u>				
Emission rights held for trading at January 1	1,320	2,369	2,921	5,589
Settlement of emissions with register	(604)	(978)	(596)	(963)
Emission rights purchased	5,286	9,901	5,022	8,242
Emission rights sold	(5,061)	(9,477)	(6,027)	(9,291)
Fair value adjustment	-	145	-	(1,208)
Emission rights held for trading at December 31	<u>941</u>	<u>1,960</u>	<u>1,320</u>	<u>2,369</u>

The composition of emission rights and green and similar certificates at December 31, 2025 and 2024 (in CZK millions):

	2025		2024	
	Current	Non-current	Current	Total
Emission rights	29,852	4	29,471	29,475
Green and similar certificates, guarantees of origin	<u>7</u>	-	<u>7</u>	<u>7</u>
Total	<u>29,859</u>	<u>4</u>	<u>29,478</u>	<u>29,482</u>

12. Other Current Assets

Contract assets

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).

For work in progress, costs incurred and recognized gains are presented in the balance sheet net of any issued invoices and advances received as an asset or a liability. Contract liabilities are presented in the line item Other short-term liabilities.

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.

The overview of other current assets at December 31, 2025 and 2024, is as follows (in CZK millions):

	2025	2024
Unbilled electricity and gas supplied to the retail customers	5,668	129
Received advances from retail customers	(5,224)	(36)
Unbilled supplies to retail customers, net	444	93
Gross contract assets based on percentage of completion	22,589	19,764
Received billings and advances	(16,397)	(14,748)
Net contract assets	6,192	5,016
Advances paid	3,106	3,292
Prepayments	1,792	1,646
Other contract assets	8,511	9,649
Grants, taxes and fees, excluding income tax	8,680	3,518
Total	<u>28,725</u>	<u>23,214</u>

13. Assets and Associated Liabilities Classified as 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. Management of the company must take steps toward the sale of the asset or group of assets in order to complete the sale within one year from the date of the classification of the assets or group of assets 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. As at December 31, 2024, the Group classified this interest as asset held for sale. The settlement of the transaction was made on April 17, 2025, for the sale price of CZK 1,356 million.

The partner in the joint-venture Jadrová energetická spoločnosť Slovenska, a. s., which is the Slovak state through the company Jadrová a vyradovacia spoločnosť, a. s. (JAVYS), declared in 2024, by adopting a resolution of the Government of the Slovak Republic, its intention to build a new nuclear power plant in Jaslovské Bohunice through a company with 100% ownership control of the Slovak Republic. CEZ Group received a proposal to buy back its 49% interest. In 2025, partners negotiated the terms of the sale. The Supervisory Board of ČEZ, a. s., issued its consent to the sale under the specified conditions. CEZ Group considers the sale to be highly probable in 2026 and classified the investment in the joint-venture Jadrová energetická spoločnosť Slovenska, a. s., as at December 31, 2025, as an asset held for sale. In January 2026, both parties confirmed their interest in completing the transaction.

The overview of assets classified as held for sale and associated liabilities as December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Investment in joint-venture Jadrová energetická spoločnosť Slovenska, a. s.	2,291	-
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	2,291	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)	(155)	(1,624)

Assets and net income associated with named assets classified as held for sale are reported in operating segment Generation.

14. Equity

Treasury shares are reported in the balance sheet as an item reducing 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.

As at December 31, 2025 and 2024, 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. As at December 31, 2025 and 2024, the Company held 1,179,512 pieces of treasury shares.

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, and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act. 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.

Declared dividends per share before tax were CZK 47 in 2025 and CZK 52 in 2024. Dividends for the year 2025 will be approved at the General Meeting, which will be held in the first half of 2026.

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. 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):

	<u>2025</u>	<u>2024</u>
Long-term debt	238,400	244,927
Short-term loans	10,298	2,552
Long-term debt associated with assets classified as held for sale	-	99
Total debt	248,698	247,578
Less:		
Cash and cash equivalents	(17,208)	(40,324)
Cash and cash equivalents classified as held for sale	-	(95)
Highly liquid financial assets:		
Short-term debt financial assets (Note 7.4)	(17,561)	(3,077)
Total net debt	213,929	204,082
Income before income taxes and other income (expenses)	80,145	91,731
Depreciation and amortization	56,494	43,420
Impairment of property, plant and equipment and intangible assets	596	2,558
Gains and losses on sale of property, plant and equipment (Notes 18 and 24)	(197)	(247)
EBITDA	137,038	137,462
Net debt to EBITDA ratio	<u>1.56</u>	<u>1.48</u>

15. Provisions

The Group creates provisions when it has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

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

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 using an estimated long-term risk-free real interest rate to take into account the timing of payments. 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. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of property, plant and equipment or over a time for which power plants will generate electricity in case of nuclear provisions and provisions for demolition and dismantling of emission sources. In case of provisions for remediation, reclamation and mining damages over the period of ongoing mining or over the expected remaining active operating life of the landfill in the case of landfill reclamation provisions, if this period is shorter than the useful life of the power plant.

The overview of interest rates used for calculation of provisions as of December 31, 2025 and 2024:

	2025			2024		
	Long-term risk-free real interest rate	Risk adjustment	Expected rate of inflation	Long-term risk-free real interest rate	Risk adjustment	Expected rate of inflation
Nuclear provisions	2.8%	2.2%	2.1%	1.9%	1.5%	2.2%
Provision for reclamation of mines and mining damages	2.8%	2.2%	2.1%	1.9%	1.5%	2.2%
Provision for demolition and dismantling of fossil-fuel power plants	2.0%	1.8%	2.3%	1.5%	1.7%	2.2%
Provision for waste storage reclamation	2.0%	1.8%	2.3%	1.5%	1.7%	2.2%

Each year, the provisions are 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.

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.

Although the Group made its best estimate of the amount of provisions, the actual 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.

Provision for Employee Benefits

The Group in accordance with the standard IAS 19 Employee Benefits creates the provision for employee benefits.

The provision for employee benefits represents a 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 profit or loss 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 following basic assumptions were used to calculate the present value of the provision:

	2025	2024
The most significant assumptions (weighted average):		
Turnover rate	2.1%	2.2%
Expected increase in the nominal average wages	3.6%	5.3%
Nominal corporate discount rate	6.3%	6.0%

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

Provision for CO₂ Emissions

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 and also reflecting the effect of hedge accounting (see Note 9.3). The provision for released emissions exceeding such rights is measured at the market price effective at the end of the reporting period.

The following table provides an overview of provisions as at December 31, 2025 and 2024 (in CZK millions):

	2025			2024		
	Non-current	Current	Total	Non-current	Current	Total
Nuclear provisions	142,364	3,357	145,721	142,736	2,375	145,111
Provision for demolition and dismantling of fossil-fuel power plants	16,472	437	16,909	15,112	548	15,660
Provision for reclamation of mines and mining damages	15,569	200	15,769	15,654	210	15,864
Provision for waste storage reclamation	719	11	730	778	15	793
Provision for CO ₂ emissions	-	27,129	27,129	-	25,860	25,860
Provision for employee benefits	5,146	405	5,551	5,478	452	5,930
Other provisions	2,325	5,530	7,855	1,592	5,191	6,783
Total	182,595	37,069	219,664	181,350	34,651	216,001

During 2025 and 2024, total emissions of CO₂ made by the Group from its electricity and heat generation sources amounted to of 13,409 thousand tons and 14,887 thousand tons, respectively.

15.1. 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.

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. The decommissioning of nuclear power plants is expected to continue for approximately 45 years after electricity generating would end. 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 7.1).

It is assumed that a permanent repository for the storage of spent nuclear fuel and irradiated reactor components will be ready for operation in 2050. A disposing of stored spent nuclear fuel at the repository will continue until approximately 2090.

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 up to December 31, 2025, is stated by Nuclear Energy Act at CZK 55 per MWh produced at nuclear power plants. Starting in 2026, the Nuclear Energy Act only sets the maximum amount of this fee. Its specific amount is determined by government regulation, always for a five-year period. Between 2026 and 2030, the contribution is CZK 88 per MWh produced at nuclear power plants. In 2025 and 2024, the payments to the nuclear account amounted to CZK 1,764 million and CZK 1,633 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 overview of the provisions for the years ended December 31, 2025 and 2024 (in CZK millions):

	Accumulated provisions			
	Nuclear decommissioning	Spent fuel storage		Total
		Interim	Long-term	
Balance at January 1, 2024	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 (deducted from) 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
Discount accretion and effect of inflation	2,853	462	2,843	6,158
Provision charged in profit or loss	-	490	-	490
Effect of change in estimate recognized in profit or loss	-	(1,362)	-	(1,362)
Effect of change in estimate added to (deducted from) fixed assets	(5,045)	-	2,814	(2,231)
Current cash expenditures	-	(681)	(1,764)	(2,445)
Balance at December 31, 2025	65,593	9,807	70,321	145,721

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 2025, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the 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 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.

The following table shows the sensitivity of nuclear provisions to changes in the discount rate, keeping all other parameters unchanged, as at December 31, 2025 (in CZK millions):

	Accumulated provision				Change in %	Effect of the change in the discount rate on the value of assets out of the total change
	Nuclear decommis- sioning	Spent fuel storage		Total		
		Interim	Long-term			
Effect of discount rate decrease:						
(20)bp	6,995	422	2,130	9,547	+6.6%	9,125
(10)bp	3,401	207	1,053	4,661	+3.2%	4,454
Balance at December 31, 2025 – base scenario ¹⁾	65,593	9,807	70,321	145,721		
Effect of discount rate increase:						
+10bp	(3,220)	(199)	(1,031)	(4,450)	(3.1%)	(4,251)
+20bp	(6,269)	(390)	(2,040)	(8,699)	(6.0%)	(8,309)

¹⁾ Base scenario as at December 31, 2025, corresponds to the long-term risk-free real interest rate of 2.8% and to the expected rate of inflation of 2.1%.

15.2. Provisions for Mine Reclamation and Mining Damages, Waste Storage Reclamation and 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.

The Group creates a provision for waste storage reclamation in order to ensure reclamation and subsequent care of the waste storage after its operation has ended. Its amount is estimated on the basis of the expenditures which would be most likely required for the land reclamation. The Group makes contributions to a restricted bank accounts in the amount of the provisions recorded under the Waste 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 7.1).

The following table shows the movements of provisions for the years ended December 31, 2025 and 2024 (in CZK millions):

	Mine reclamation and damages	Waste storage reclamation	Demolition and dismantling of fossil-fuel power plants
Balance at January 1, 2024	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	<u>15,864</u>	<u>793</u>	<u>15,660</u>
Discount accretion and effect of inflation	661	30	590
Provision charged in profit or loss	88	-	-
Effect of change in estimate recognized in profit or loss	-	(15)	(262)
Change in estimate added to (deducted from) fixed assets	(703)	(67)	1,696
Current cash expenditures	(141)	(11)	(775)
Balance at December 31, 2025	<u>15,769</u>	<u>730</u>	<u>16,909</u>

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. Changes in estimate in 2025 and 2024 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 2025 was related especially to Ledvice power plant. For the next years, the use of provision is expected mainly in 2029–2030 for power plant Dětmarovice (CZK 2.6 billion in present value), in 2031–2034 for remaining coal-fired power plants (CZK 11.0 billion in present value) and in 2047–2048 for combined-cycle gas turbine in Počerady (CZK 0.6 billion in present value). This expected future time course of using the provision may change. In 2025 and 2024, 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 timing of the decommissioning costs and due to change in discount rate.

15.3. Provision for 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 following table shows the movements of the provisions for the years 2025 and 2024 (in CZK millions):

	<u>Employee benefits</u>
Balance at January 1, 2024	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	<u>5,930</u>
Interest costs incurred	346
Provision charged in profit or loss	385
Actuarial gains and losses booked to other comprehensive income	(737)
Current cash expenditures	(311)
Currency translation differences	(4)
Decrease from derecognition of subsidiary from consolidation	(58)
Balance at December 31, 2025	<u>5,551</u>

16. Other Short-term Liabilities

Contract liability

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.

Unbilled Electricity and Gas

Accounting rules and principles are stated in the Note 12.

Overview of other short-term liabilities at December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Advances received from retail customers – electricity and gas	39,079	44,100
Unbilled electricity and gas supplied to retail customers	<u>(34,721)</u>	<u>(39,397)</u>
Received advances from retail customers, net	<u>4,358</u>	<u>4,703</u>
Taxes and fees, except income tax	5,551	6,088
Other advances received	3,769	3,940
Deferred income	346	394
Other contract liabilities	<u>3,524</u>	<u>3,183</u>
Total	<u><u>17,548</u></u>	<u><u>18,308</u></u>

17. 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 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.

17.1. 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 (see Note 4). 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 (see Note 4) at the commencement date of the lease (i.e., the date when the underlying assets are available for use). 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.

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 7.5).

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

	<u>2025</u>	<u>2024</u>
Payments of principal	1,340	1,134
Payments of interests	346	241
Lease payments not included in valuation of lease liability	<u>198</u>	<u>211</u>
Total cash outflow for leases	<u><u>1,884</u></u>	<u><u>1,586</u></u>

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

	<u>2025</u>	<u>2024</u>
Expense relating to short-term leases	54	74
Expense relating to leases of low-value assets	40	39
Variable lease payments not included in valuation of lease liability	104	98
Depreciation charge for right-of-use assets	1,313	1,040
Interest expenses	369	261
Lease modifications	(26)	(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 2025.

17.2. 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.

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.

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.

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):

	<u>2025</u>	<u>2024</u>
Up to 1 year	57	59
Between 1 year and 2 years	48	55
Between 2 and 3 years	44	46
Between 3 and 4 years	39	42
Between 4 and 5 years	33	37
Thereafter	<u>98</u>	<u>83</u>
Total undiscounted investment in finance lease	319	322
Unearned finance income	<u>(76)</u>	<u>(69)</u>
Net investment in the lease	<u><u>243</u></u>	<u><u>253</u></u>

The Group recognized interest income on lease receivables of CZK 15 million and CZK 14 million at December 31, 2025 and 2024, respectively.

Operating Lease

Rental income recognized by the Group during 2025 and 2024 was CZK 336 million and CZK 227 million, respectively. In the following years, the Group expects rental income to be similar to the year 2025.

The net book values of the property, plant and equipment leased out under operating lease are disclosed in the Note 4.

18. Revenues and Other Operating Income

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.

Especially when providing certain services, the obligation to fulfil under the contract may be on on-going basis. 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.

Revenues relating to providing distribution services from ensuring power input are recognized after receiving of the payment. Contributions for connections and related payments for ensuring power input and relocation of end-users are recognized in revenues in the period when such transaction occurs.

Government and similar grants related to income are recognized in the statement of income 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.

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 12). 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 12). 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 12). 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 relocation 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 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 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 other 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 using the percentage of completion method. Most contracts are concluded for a period of up to one year. 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.

The overview of revenues and other operating income for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
<u>Sales of electricity:</u>		
Sales of electricity to end customers	67,946	77,385
Sales of electricity through energy exchange and other organized markets	65,849	46,555
Sales of electricity to traders	12,507	29,123
Sales to distribution and transmission companies	471	449
Other sales of electricity	16,567	29,096
Effect of hedging – presales of electricity (Note 9.3)	15,927	14,230
Effect of hedging – currency risk hedging (Note 9.3)	(499)	431
	<u>178,768</u>	<u>197,269</u>
<u>Sales of gas, coal and heat:</u>		
Sales of gas	15,434	16,257
Sales of coal	5,152	4,579
Sales of heat	12,743	15,115
	<u>33,329</u>	<u>35,951</u>
Total sales of electricity, heat, gas and coal	212,097	233,220
<u>Sales of services and other revenues:</u>		
Distribution services – electricity	47,805	46,397
Distribution services – gas	19,942	6,589
Ancillary services to transmission grid	1,220	2,621
Other services	45,634	47,653
Rental income	336	227
Revenues from goods sold	985	954
Other revenues	2,423	2,662
	<u>118,345</u>	<u>107,103</u>
<u>Other operating income:</u>		
Granted certificates and guarantees of origin	14	13
Contractual fines and interest fees for delays	159	1,014
Gain on sale of property, plant and equipment	228	260
Gain on sale of material	243	190
Gain on sale of emission rights and green and similar certificates	1	68
Other	2,301	2,841
	<u>2,946</u>	<u>4,386</u>
Total revenues and other operating income	<u><u>333,388</u></u>	<u><u>344,709</u></u>

The Group drew in 2025 and 2024 grants related to income in the amount of CZK 573 million and CZK 571 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, 2025 and 2024, are CZK 314,678 million and CZK 325,435 million, respectively, and can be linked to the above-mentioned figures as follows (in CZK million):

	<u>2025</u>	<u>2024</u>
Sales of electricity, heat, gas and coal	212,097	233,220
Sales of services and other revenues	<u>118,345</u>	<u>107,103</u>
Total revenues	330,442	340,323
Adjustments:		
Effect of hedging – presales of electricity	(15,927)	(14,230)
Effect of hedging – currency risk hedging	499	(431)
Rental income	<u>(336)</u>	<u>(227)</u>
Revenues from contracts with customers	<u><u>314,678</u></u>	<u><u>325,435</u></u>

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

	<u>2025</u>	<u>2024</u>
Within 1 year	25,635	21,562
More than 1 year	<u>7,272</u>	<u>7,019</u>
Total	<u><u>32,907</u></u>	<u><u>28,581</u></u>

19. Gains and Losses from Commodity Derivative Trading

Accounting rules and principles relating to commodity contracts under IFRS 9 are presented in Note 7.

The overview of gains and losses from commodity derivative trading for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Gain from electricity derivative trading	3,267	7,617
Loss from gas derivative trading	(1,792)	(989)
Gain (loss) from emission rights derivative trading	416	(357)
Loss from oil derivative trading	(31)	(35)
Gain (loss) from coal derivative trading	<u>(1)</u>	<u>13</u>
Total gains and losses from commodity derivative trading	<u><u>1,859</u></u>	<u><u>6,249</u></u>

20. Purchase of Electricity, Gas and Other Energies

The overview of purchase of electricity, gas and other energies for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Purchase of electricity for resale	(32,766)	(45,523)
Purchase of gas for resale	(13,183)	(13,772)
Purchase of other energies	<u>(2,009)</u>	<u>(2,203)</u>
Total purchase of electricity, gas and other energies	<u><u>(47,958)</u></u>	<u><u>(61,498)</u></u>

21. Fuel and Emission Rights

The overview of fuel and emission rights for generation for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Emission rights for generation	(27,350)	(27,832)
Consumption of biomass and fossil fuel except gas	(2,921)	(5,099)
Consumption of gas	(5,762)	(6,563)
Amortization of nuclear fuel	(3,828)	(3,767)
Total fuel and emission rights	<u>(39,861)</u>	<u>(43,261)</u>

22. Services

The overview of services for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Services for manufacturing orders and products for sale	(19,314)	(19,511)
Transmission grid services for distribution of electricity and gas	(10,546)	(9,209)
Repairs and maintenance	(5,517)	(5,553)
Other distribution services	(592)	(878)
Other services	(12,221)	(11,771)
Total services	<u>(48,190)</u>	<u>(46,922)</u>

Fees for services provided by external auditors in 2025 and 2024 (in CZK millions):

	<u>2025</u>		<u>2024</u>	
	<u>Total</u>	<u>ČEZ</u>	<u>Total</u>	<u>ČEZ</u>
Audit fees for statutory audit	109	16	101	15
Fees charged by auditors for other audit services	25	20	20	13
Fees charged by auditors for tax advisory	2	-	2	-
Fees charged by auditors for other non-audit services	2	1	7	5
Total	<u>138</u>	<u>37</u>	<u>130</u>	<u>33</u>

23. Salaries and Wages

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.

Members of the Board of Directors and selected managers are in the new long-term bonus program since January 1, 2020. The amount of the bonus is partially dependent on the share price and it is paid out in cash. The program of long-term performance bonus is based on performance units that are 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 are evaluated by the Supervisory Board and number of performance units allocated to a beneficiary is adjusted accordingly. Then a two-year holding period follows. The long-term performance bonus is paid in cash 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.

The overview of salaries and wages for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	2025		2024	
	Total	Key management ¹⁾	Total	Key management ¹⁾
Salaries and wages including remuneration of the board members	(34,195)	(190)	(31,429)	(195)
Social and health security	(10,491)	(28)	(9,384)	(26)
Other personal expenses	(1,985)	(15)	(1,725)	(14)
Total	(46,671)	(233)	(42,538)	(235)

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.

Cost of cash-settled share-based payments related to the long-term performance bonus program for 2025 and 2024 was CZK 64 million and CZK 29 million, respectively. Liabilities from share-based payments as at December 31, 2025 and 2024, amounted to CZK 156 million.

24. Other Operating Expenses

Other operating expenses for the years ended December 31, 2025 and 2024, consist of the following (in CZK millions):

	2025	2024
Change in provisions	4,083	4,385
Levy on revenues above price caps	-	46
Other taxes and fees	(3,455)	(3,398)
Insurance	(1,062)	(991)
Cost of goods sold	(638)	(656)
Costs related to trading of commodities	(462)	(573)
Gifts	(541)	(523)
Bad debt expense	(124)	(131)
Consumption of guarantees of origin and green and similar certificates	(14)	(16)
Loss on sale of property, plant and equipment	(31)	(13)
Other	(1,491)	(1,450)
Total	(3,735)	(3,320)

Contributions to the nuclear account (see Note 15.1) 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.

25. Interest Income

Interest income for each category of financial assets for the years ended December 31, 2025 and 2024, is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Bank accounts	1,728	1,865
Debt financial assets measured at fair value through other comprehensive income	1,066	1,053
Loans, receivables and other debt financial assets at amortized cost	378	572
Financial assets and liabilities at fair value through profit or loss	78	19
Finance lease	<u>15</u>	<u>14</u>
Total	<u><u>3,265</u></u>	<u><u>3,523</u></u>

26. Other Financial Expenses

Other financial expenses for the years ended December 31, 2025 and 2024, consist of the following (in CZK millions):

	<u>2025</u>	<u>2024</u>
Loss from revaluation of equity financial assets	(255)	(1,317)
Losses on financial derivatives	(2,865)	(683)
Loss on sale of debt financial assets	(169)	(47)
Creation and settlement of provisions	(25)	(9)
Other	<u>(473)</u>	<u>(470)</u>
Total	<u><u>(3,787)</u></u>	<u><u>(2,526)</u></u>

27. Other Financial Income

Other financial income for the years ended December 31, 2025 and 2024, consists of the following (in CZK millions):

	<u>2025</u>	<u>2024</u>
Foreign exchange rate gain	1,281	1,060
Gains on financial derivatives	-	1,031
Gain on revaluation of equity financial assets	263	860
Dividend income	10	85
Gain on sale of debt financial assets	-	63
Gain on disposal of subsidiaries, associates and joint-ventures (Note 3.1.3)	1,578	-
Other	<u>474</u>	<u>614</u>
Total	<u><u>3,606</u></u>	<u><u>3,713</u></u>

28. Income Taxes

Corporate Income Tax

The amount of income tax 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, 2025 and 2024, 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 the standard rate of 21%.

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. The applicable tax rate including windfall tax of the Company for 2025 and 2024, respectively corresponds to a rate of 73% and 75%, respectively. The expected tax rate applicable 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. The impact from this tax reform on the Group is not significant for the year 2025, especially with regard to the so-called safe harbors.

Deferred Tax

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.

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

	<u>2025</u>	<u>2024</u>
Current income tax charge	(47,292)	(50,859)
Adjustments in respect of current income tax of previous periods	(897)	(100)
Deferred income tax	<u>8,693</u>	<u>(1,664)</u>
Total	<u><u>(39,496)</u></u>	<u><u>(52,623)</u></u>

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

	<u>2025</u>	<u>2024</u>
Income before income taxes	66,894	81,742
Statutory income tax rate in the Czech Republic	<u>73%</u>	<u>75%</u>
“Expected” income tax expense	(49,033)	(60,980)
Tax effect of:		
Share of profit (loss) from associates and joint-ventures	(563)	(59)
Adjustments in respect of current income tax of previous periods	(897)	(100)
Effect of different tax rate in other countries	11,995	15,307
Effect of different tax rate for calculation of deferred tax	(912)	(3,171)
Change in the depreciation method (see Note 2.3)	-	(4,885)
Change in unrecorded deferred tax asset	(1,033)	403
Social expenses	(165)	(134)
Expiration of tax losses with recorded deferred tax assets	(73)	(46)
Gain on disposal of subsidiaries	774	-
Interest income	813	825
Other already taxed, tax exempt or non-deductible items, net	<u>(402)</u>	<u>217</u>
Income taxes	<u><u>(39,496)</u></u>	<u><u>(52,623)</u></u>
Effective tax rate	59%	64%

Deferred income tax at December 31, 2025 and 2024, consists of the following (in CZK millions):

	<u>2025</u>	<u>2024</u>
Nuclear provisions	26,871	28,110
Difference between financial statement value and tax value of net book value of fixed assets	2,369	2,048
Revaluation of financial instruments	682	1,284
Allowances	5,002	5,373
Other provisions	13,191	24,657
Lease liabilities	1,425	1,460
Tax loss carry forwards	3,899	2,771
Other temporary differences	1,211	2,497
Unrecorded deferred tax asset	<u>(5,299)</u>	<u>(4,321)</u>
Total deferred tax assets	<u>49,351</u>	<u>63,879</u>
Difference between financial statement value and tax value of net book value of fixed assets	(70,446)	(81,974)
Revaluation of financial instruments	(771)	(10,095)
Other provisions	(63)	(47)
Right-of-use assets	(1,311)	(1,363)
Investment in finance lease	(138)	(149)
Emission rights	(5,689)	(16,937)
Other temporary differences	<u>(3,448)</u>	<u>(3,137)</u>
Total deferred tax liability	<u>(81,866)</u>	<u>(113,702)</u>
Total deferred tax (liability) assets	<u><u>(32,515)</u></u>	<u><u>(49,823)</u></u>
Reflected in the balance sheet as follows:		
Deferred tax assets	2,043	1,644
Deferred tax liability	<u>(34,558)</u>	<u>(51,467)</u>
Total deferred tax (liability) assets	<u><u>(32,515)</u></u>	<u><u>(49,823)</u></u>

Movements of deferred tax in the balance sheet in 2025 and 2024 were as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Balance at January 1	(49,823)	(42,508)
Deferred tax classified as held for sale as at January 1	186	-
Deferred tax recognized in profit or loss	8,693	(1,664)
Deferred tax recognized in other comprehensive income	8,565	11,619
Acquisition of subsidiaries	(31)	(17,080)
Disposal of subsidiaries	(158)	-
Currency translation differences	53	(4)
Deferred tax classified as held for sale as at December 31	<u>-</u>	<u>(186)</u>
Balance at December 31	<u><u>(32,515)</u></u>	<u><u>(49,823)</u></u>

At December 31, 2025 and 2024, the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK 74,848 million and CZK 66,573 million, respectively.

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

	2025			2024		
	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	4,633	(1,473)	3,160	(4,607)	352	(4,255)
Cash flow hedges reclassified to statement of income	(14,346)	10,507	(3,839)	(15,116)	11,346	(3,770)
Cash flow hedges reclassified to assets	620	(455)	165	40	(30)	10
Change in fair value of debt instruments	(692)	144	(548)	(684)	28	(656)
Disposal of debt instruments	20	(9)	11	12	(8)	4
Translation differences – subsidiaries	(1,139)	-	(1,139)	472	-	472
Translation differences – associates and joint-ventures	(396)	-	(396)	56	-	56
Disposal of translation differences	1,877	-	1,877	(23)	-	(23)
Share on other equity movements of associates and joint-ventures	-	-	-	(1)	-	(1)
Change in fair value of equity instruments	-	-	-	947	-	947
Re-measurement gains (losses) on defined benefit plans	737	(149)	588	354	(69)	285
Total	<u>(8,686)</u>	<u>8,565</u>	<u>(121)</u>	<u>(18,550)</u>	<u>11,619</u>	<u>(6,931)</u>

29. Related Parties

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

At December 31, 2025 and 2024, the receivables from related parties and payables to related parties are as follows (in CZK millions):

	Receivables		Payables	
	2025	2024	2025	2024
ČEZ Recyklace, s.r.o.	158	152	-	-
Elektrárna Dukovany II, a. s. ¹⁾	114	-	1	-
Elektroenergetické datové centrum, a.s.	14	1	75	-
GEOMET s.r.o.	221	1	-	-
IVITAS, a.s.	10	-	18	11
LOMY MOŘINA spol. s r.o.	49	41	28	23
Rolls-Royce SMR Limited ²⁾	18	-	-	-
Windpark Berka GmbH & Co. KG	19	15	-	-
Other	46	50	23	56
Total	649	260	145	90

¹⁾ The company was classified as a subsidiary until May 5, 2025. From May 6, 2025, the company is a related party.

²⁾ The company has been a related party since July 7, 2025.

The following table provides the total amount of transactions, which have been entered into with related parties for 2025 and 2024 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2025	2024	2025	2024
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	8	10	229	224
Bytkomfort, s.r.o.	2	96	-	-
Elektrárna Dukovany II, a. s. ¹⁾	227	-	13	-
Elektroenergetické datové centrum, a.s.	82	10	239	17
in PROJEKT LOUNY ENGINEERING s.r.o.	-	-	51	46
IVITAS, a.s.	1	-	17	30
Jadrová energetická spoločnosť Slovenska, a. s.	167	18	-	-
LOMY MOŘINA spol. s r.o.	200	209	418	430
MOVYKO JE s.r.o.	-	-	11	-
RadioMedic s.r.o.	32	20	-	-
VLAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	32	30	-	-
VUHU a.s.	4	3	24	21
Výzkumný a zkušební ústav Plzeň s.r.o. ²⁾	-	14	-	81
Other	17	9	28	21
Total	772	419	1,030	870

¹⁾ The company was classified as a subsidiary until May 5, 2025. From May 6, 2025, the company is a related party.

²⁾ The company was a related party until December 31, 2024. Effective January 1, 2025, the company has been classified as a subsidiary.

Dividend income, interest and other financial income from related parties for 2025 and 2024 (in CZK millions):

	Interest and other financial income		Dividend income	
	2025	2024	2025	2024
GEOMET s.r.o.	17	11	-	-
Other	2	7	5	19
Total	19	18	5	19

Information about salaries and wages of key management is included in Note 23.

30. Segment Information

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 reports its result using four primary reportable operating segments:

- Generation
- Mining
- Distribution
- Sales

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 evaluates the performance of its segments based on EBITDA (Note 14). 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):

	2025	2024
Revenues and other operating income	333,388	344,709
Gains and losses from commodity derivative trading	1,859	6,249
Purchase of electricity, gas and other energies	(47,958)	(61,498)
Fuel and emission rights	(39,861)	(43,261)
Services	(48,190)	(46,922)
Capitalization of expenses to the cost of assets and change in own inventories	7,644	4,685
Levy on revenues above price caps ¹⁾	-	46
Other ²⁾	811	(703)
Gross margin	207,693	203,305

¹⁾ Levy on revenues above price caps is part of the statement of income line item Other operating expenses (Note 24).

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, 2025 and 2024 (in CZK millions):

Year 2025:	Gene- ration	Mining	Distribu- tion	Sales	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	118,938	5,786	67,971	140,693	333,388	-	333,388
Revenues and other operating income – intersegment	74,812	9,759	666	10,636	95,873	(95,873)	-
Total revenues and other operating income	193,750	15,545	68,637	151,329	429,261	(95,873)	333,388
Thereof:							
Sales of electricity, heat, gas and coal	178,358	13,959	20	106,637	298,974	(86,877)	212,097
Sales of services and other revenues	13,184	1,506	68,114	43,415	126,219	(7,874)	118,345
Other operating income	2,208	80	503	1,277	4,068	(1,122)	2,946
Revenues and other operating income, including result from commodity derivative trading	195,260	15,545	68,637	151,678	431,120	(95,873)	335,247
Total sales of electricity, including the result of electricity trading ¹⁾	158,730	3	20	83,578	242,331	(60,296)	182,035
Gross margin	107,534	15,101	56,647	36,267	215,549	(7,856)	207,693
EBITDA	76,890	7,549	40,338	12,686	137,463	(425)	137,038
Depreciation and amortization	(31,668)	(2,934)	(18,639)	(3,253)	(56,494)	-	(56,494)
Impairment of property, plant and equipment and intangible assets	(160)	6	(392)	(50)	(596)	-	(596)
Income before other income (expenses) and income taxes	45,078	4,646	21,359	9,487	80,570	(425)	80,145
Interest on debt and provisions	(12,247)	(666)	(3,625)	(514)	(17,052)	1,477	(15,575)
Interest income	3,126	507	282	827	4,742	(1,477)	3,265
Share of profit (loss) from associates and joint-ventures	(668)	(137)	25	12	(768)	-	(768)
Income taxes	(27,115)	(752)	(5,921)	(5,642)	(39,430)	(66)	(39,496)
Net income	18,679	3,859	11,314	4,294	38,146	(10,748)	27,398
Identifiable assets	288,186	8,766	253,808	19,366	570,126	(486)	569,640
Investment in associates and joint-ventures	7,735	638	61	258	8,692	-	8,692
Unallocated assets							286,282
Total assets							864,614
Capital expenditure	29,105	1,861	19,754	6,040	56,760	(640)	56,120
Average number of employees	12,686	4,190	6,908	9,276	33,060	-	33,060

¹⁾ The item contains the line Total sales of electricity (Note 18) and the line Gain from electricity derivative trading (Note 19).

Year 2024:	Gene- ration	Mining	Distribu- tion	Sales	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	121,298	5,224	53,259	164,928	344,709	-	344,709
Revenues and other operating income – intersegment	91,340	11,121	617	14,097	117,175	(117,175)	-
Total revenues and other operating income	212,638	16,345	53,876	179,025	461,884	(117,175)	344,709
Thereof:							
Sales of electricity, heat, gas and coal	196,671	14,822	17	129,915	341,425	(108,205)	233,220
Sales of services and other revenues	14,166	1,392	53,232	46,675	115,465	(8,362)	107,103
Other operating income	1,801	131	627	2,435	4,994	(608)	4,386
Revenues and other operating income, including result from commodity derivative trading	218,779	16,344	53,876	179,134	468,133	(117,175)	350,958
Total sales of electricity, including the result of electricity trading ¹⁾	177,875	3	17	106,946	284,841	(79,955)	204,886
Gross margin	124,096	16,008	40,715	29,591	210,410	(7,105)	203,305
EBITDA	92,640	8,829	27,162	8,969	137,600	(138)	137,462
Depreciation and amortization	(26,448)	(2,343)	(11,663)	(2,966)	(43,420)	-	(43,420)
Impairment of property, plant and equipment and intangible assets	(60)	(1,879)	(602)	(17)	(2,558)	-	(2,558)
Income before other income (expenses) and income taxes	66,287	4,641	14,915	6,026	91,869	(138)	91,731
Interest on debt and provisions	(12,461)	(731)	(2,193)	(513)	(15,898)	1,284	(14,614)
Interest income	2,659	650	448	1,050	4,807	(1,284)	3,523
Share of profit (loss) from associates and joint-ventures	(38)	(72)	18	13	(79)	-	(79)
Income taxes	(47,620)	(604)	(2,868)	(1,573)	(52,665)	42	(52,623)
Net income	17,356	4,139	11,022	4,596	37,113	(7,994)	29,119
Identifiable assets	298,623	10,632	253,722	16,653	579,630	(392)	579,238
Investment in associates and joint-ventures	2,669	604	35	274	3,582	-	3,582
Unallocated assets							318,273
Total assets							901,093
Capital expenditure	28,218	1,918	22,732	4,606	57,474	(637)	56,837
Average number of employees	12,689	4,305	5,427	9,100	31,521	-	31,521

¹⁾ The item contains the line Total sales of electricity (Note 18) and the line Gain from electricity derivative trading (Note 19).

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):

	2025	2024
Czech Republic	288,004	289,820
Germany	26,092	29,741
Hungary	8,505	10,214
Poland	4,233	8,723
Slovakia	2,046	2,236
Israel	1,306	1,476
Italy	846	805
Romania	806	895
Spain	762	2
Austria	176	206
Other	612	591
Total revenues and other operating income	<u>333,388</u>	<u>344,709</u>

The following table shows the split of property, plant and equipment by the location of entity which they belong to at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Czech Republic	555,178	565,319
Germany	7,539	7,875
Italy	2,875	1,655
France	2,605	2,963
Slovakia	690	724
Other	753	702
Total property, plant and equipment, nuclear fuel and investments	<u>569,640</u>	<u>579,238</u>

31. Net Income per Share

	2025	2024
Numerator (CZK millions)		
Basic and diluted:		
Net income attributable to equity holders of the parent	<u>28,107</u>	<u>29,163</u>
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	536,810	536,810
Dilutive effects	-	-
Diluted:		
Adjusted weighted average shares	<u>536,810</u>	<u>536,810</u>
Net income per share (CZK per share)		
Basic	52.4	54.3
Diluted	52.4	54.3

32. Other Non-cash Expenses and Income

The overview of other non-cash expenses and income as at December 31, 2025 and 2024 (in CZK millions).

	2025	2024
Cash flow hedges reclassified to statement of income except reclassification affecting foreign exchange gain (loss) and interest expenses	(15,445)	(14,551)
Fair value adjustment of emission rights held for trading and guarantees of origin	(47)	1,251
Re-measurement of the investments in ČEZ's investment funds at Inven Capital, SICAV, a.s., at fair value	(14)	432
Creation of long-term bonus recognized in profit or loss	733	736
Impairment of trade and other receivables	422	685
Other	(25)	(567)
Total	<u>(14,376)</u>	<u>(12,014)</u>

33. Commitment and Contingencies

Investment Plans

Capital expenditures for the next six years as at December 31, 2025, are estimated as follows (in CZK billions):

	Capital expenditure related to investment plans
2026	82.5
2027	90.4
2028	85.4
2029	73.1
2030	67.2
Total	<u>398.6</u>

The above-mentioned values do not include planned acquisitions of subsidiaries, associates and joint-ventures.

The Group reviews regularly investment plan and actual capital expenditures may vary from the above estimates. At December 31, 2025, 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.

34. Events after the Balance Sheet Date

On January 15, 2026, after necessary approval of by the regulatory authorities, the purchase agreement concluded on September 4, 2025, was settled and the company GasNet, s.r.o., acquired a 100% share in Gas Distribution s.r.o., the operator of the gas network in the South Bohemian Region and part of the Vysočina Region. The Group is thus expanding its gas network and except for Prague will distribute gas throughout the Czech Republic. The purchase price in the amount of CZK 8,190 million has been fully paid. The following table sets out the preliminary carrying amounts of assets and liabilities of Gas Distribution as of December 31, 2025, which currently represent the best estimate of fair values of the acquired identifiable assets and liabilities as of the acquisition date (in CZK millions):

	December 31, 2025
Non-current assets	8,895
Current assets	1,280
Non-current liabilities	(1,908)
Current liabilities	(794)
Total net assets acquired	<u>7,473</u>