



This annual report is an unauthorized translation of the consolidated annual report „Skupina ČEZ ESCO Výroční zpráva za rok 2024“, which was audited by an independent auditor. The auditor's report applies only to the Czech version of this report.

Nuclear power plants and renewable energy sources will be the basis of the future energy. Our mix is based on our geographical location – in the center of Europe, landlocked. We will continue to contribute to energy and national security and self-sufficiency, replacing current emission-generating coal facilities, and at the same time, ensuring affordable energy.

Nuclear power plants provide long-term stability of prices. Their service life is up to 80 years. Nuclear power plants are challenging to build. However, they are an important, reliable, and essential element of the Czech electricity system.

We are aware of the impact of our current steps. Therefore, we act with humility and responsibility to future generations. We believe that they will appreciate our courage in making decisions.

# CEZ Group Profile

CEZ Group is a stable energy group, one of the largest economic entities in Czechia and Central Europe, contributing significantly to the development of the region's energy sector in compliance with the European Union's sustainability targets. CEZ Group is a safe haven for its customers, meeting their needs, ensuring reliable energy supplies for Czechia and some other European countries, and providing complex energy services.

In its activities, CEZ Group emphasizes compliance with global climate goals, decarbonization, and the environment. It focuses on the development of nuclear and renewable energy sources, on innovation in the energy sector, and on the development of reliable and sustainable solutions for its customers. Its value is centered on the emission-free generation, distribution, and sale of electricity, heat, and natural gas. Other significant activities include commodity trading, coal mining, and the provision of complex energy and technology services.

CEZ Group employs over 33,000 people and supplies energy and energy solutions to millions of customers in Czechia, Germany, Poland, and Slovakia. It also operates in Hungary, France, Italy, Austria, the Netherlands, and the United Kingdom.

## Vision and Corporate Social Responsibility

The long-term vision of CEZ Group is to bring innovations for addressing energy needs and contribute to higher quality of life. The VISION 2030 – Clean Energy of Tomorrow strategy focuses on the dynamic transformation of the generation portfolio to low-emission, on responsible and sustainable business, and on the fulfillment of the growth strategy while respecting the specified debt level. An integral part is the commitment to fundamentally limit the generation of heat and electricity from coal by 2030 and to achieve climate neutrality by 2040. This commitment was validated by the global expert initiative SBTi.

The massive development of the nuclear energy industry and the construction of new renewable energy facilities are fundamental to the zero-emission vision and the priority of energy self-sufficiency. To cover peak electricity demand, CEZ Group also invests in the development of new controllable sources, such as batteries and gas-based sources. It also plays an important role in the area of charging infrastructure for electric vehicles. The overall goal is to provide safe and competitive energy for customers.

In distribution and sales, the core objective is to provide the most advantageous energy solutions and the best customer experience on the market. Therefore, CEZ Group invests significantly in strengthening, modernizing, and digitizing its distribution grids, aims to be a reliable supplier of energy and comprehensive energy services, and to participate in the energy transformation and decarbonization of industry, municipalities, and the public administration not only in Czechia, but also in the Central Europe.

CEZ Group's business activities are governed by strict ethical standards that include responsible behavior toward employees, society, and the environment. It adheres to the principles of sustainable development, with the entire Group's strategy being based on ESG (Environmental, Social, Governance) pillars. The principles of sustainability are thus an integral part of the management and direction of the entire Company, and CEZ Group emphasizes their fulfillment with its suppliers as well.

CEZ Group supports energy efficiency and effectiveness, promotes new technologies and innovations, and focuses on investments into modern technology, science, and research. The corporate culture emphasizes safety, internal efficiency, increasing the value for shareholders, and creating a safe and stimulating environment for its employees' career development based on the principle of equal opportunities for everyone. Priorities include close cooperation with communities and excellent approach to customers.

The biggest shareholder of the parent company ČEZ is Czechia, with a nearly 70% stake in the Company's stated capital. ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. The market capitalization of ČEZ as at December 31, 2024, amounted to CZK 514 billion and during its existence the Company has paid CZK 474 billion in dividends to its shareholders.

CEZ Group has long been one of the largest taxpayers in Czechia and one of the main pillars of the Czech economy. Since the establishment of the joint-stock company in 1992, ČEZ has paid more than a trillion Czech crowns to the Czech state in dividends, taxes, levies, donations, and payments for emission allowances.



## A Hundred Photovoltaic Power Plants

In 2024, ČEZ ESCO completed almost 100 photovoltaic projects with a total installed capacity of over 20 MW. These included both rooftop and ground installations for our customers. Since last year, solar sources implemented by ČEZ ESCO have helped to generate emission-free electricity, among others, in the Moser glassworks in Karlovy Vary, in the large production and warehouse halls of the developer CTP, at the site of the car parts manufacturer Denso in Liberec, or in department stores in Prague (Metropole Zličín, Westfield Chodov, Centrum Černý Most) and in Hradec Králové (XXXLutz).



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# Statutory Declaration by the Persons Responsible for ČEZ ESCO's 2024 Annual Report

To the best of our knowledge, the Consolidated Annual Report gives a true and fair view of the financial situation, business activities, and financial results of the company and its consolidated unit for the past accounting period and of the prospects for future development of the financial situation, business activities, and financial results.

Prague, July 10, 2025



Kamil Čermák

Chairman of the Board of Directors of ČEZ ESCO, a.s.



Ondřej Šišpela

Member of the Board of Directors of ČEZ ESCO, a.s.



Radek Doubek

Vice-Chairman of the Board of Directors of ČEZ ESCO, a.s.



Vlastimil Vyskočáni

Member of the Board of Directors of ČEZ ESCO, a.s.



# 1. ČEZ ESCO Group Profile

## Introduction by the Chairman of the Board of Directors

### Dear shareholders, ladies and gentlemen,

We had another important year from the point of view of our energy business and the development of modern energy. The Czech energy sector began to address the transition from coal and the transformation of the heating industry towards gas more intensively, with continued large-scale construction of renewable energy sources and the rapid growth of the market for energy savings in the form of EPC. Czech industrial companies started to perceive investments in decarbonization as an essential part of their competitiveness in the years to come.

I am pleased that ČEZ ESCO was very active in all these areas – both in terms of services to our customers and in delivering value to our shareholder. We performed well in 2024 and can present very good results. Revenues from our non-commodity services exceeded CZK 10.5 billion, which shows a growing interest in our ESCO solutions and elements of modern energy, and we also flourished in the commodity sector, maintaining our position of the strongest player in the energy market for business and larger customers. The synergies between commodity and non-commodity services is increasingly proving to be very strong strategically and in terms of business.

Let's have a look at specific products. In 2024, our company completed almost 100 photovoltaic projects with a total installed capacity of over 20 MW. These included both rooftop and ground installations for our customers. Since last year, solar sources implemented by ČEZ ESCO have helped to generate emission-free electricity, among others, in the Moser glassworks in Karlovy Vary, in the large production and warehouse halls of the developer CTP, at the site of the car parts manufacturer Denso in Liberec, or in department stores in Prague (Metropole Zličín, Westfield Chodov, Centrum Černý Most) and in Hradec Králové (XXXLutz).

Our Energy Performance Contracting (EPC) projects were also successful; the customer repays the investment into efficiency measures through the saved funds, with the amount of savings guaranteed contractually. In 2024, our EPC projects reduced energy costs for cities, hospitals, cultural institutions, and industrial enterprises by more than CZK 400 million. The largest ongoing projects include EPC projects in the Na Homolce Hospital, the Prague Congress Center, and the Thomayer University Hospital. We have launched other new projects or are working on them as the tender winner, for example in the Central Bohemian Region or in the Public Transport Company of Prague.

ČEZ ESCO is also very active in the field of modern heating. Our subsidiary ČEZ Energo operates over 170 cogeneration units throughout Czechia and is the biggest player in small cogeneration sources in our country. But our ambitions are much greater. Czechia has one of the largest district heating systems in Europe, supplying 4 million households in this way. However, this highly efficient and ecological system faces the uneasy task of replacing coal used so far with low-emission and emission-free sources within a few years. Our many years of experience with the construction of modern heating facilities and with the modernization of heating systems led to the logical step of incorporating ČEZ Teplárenská, which operates some large heating facilities in Bohemia and Moravia, into the structure of ČEZ ESCO Group, starting from the beginning of 2025. We gradually plan to build new gas and biomass sources at previously coal-fired heating sites. We transform heating sites in close cooperation and coordination with local partners in the regions and in adjacent cities and municipalities. The modernization of the unique Czech heating industry will require investments of tens of billions of Czech crowns, and our goal is to maintain reliable and affordable heat supply to households, companies, as well as schools, hospitals, and offices for decades to come.

More and more companies, cities, and regions choose to decarbonize and modernize their operations and buildings. A large part of the industry already perceives investments in decarbonization as an essential part of their competitiveness. And we can help them on their journey. Our customers and important partners include, for example, onsemi, for whose chip production hall in Rožnov pod Radhoštěm we built clean rooms, essential for the production of semiconductors. We also cooperate intensively with Třinecké železářny, helping them with their ambitious decarbonization plan. In the past, ČEZ ESCO participated, among other things, in major modernization projects undertaken in individual steel-processing facilities. We also supply clean electricity from nuclear and renewable energy sources to the largest steel manufacturer in Czechia, now also in the form of an off-site PPA contract, from the Vrškaň photovoltaic power plant.

We build renewable energy sources for large industrial players directly on their land or rooftops. A popular product of ČEZ ESCO in this regard is Photovoltaics for CZK 1 (on-site PPA contract), allowing the installation of photovoltaic power plants without the need for an initial investment, where the customer pays for the energy consumed. We built one of the largest corporate photovoltaic sources of this type in Czechia – specifically a 1.7 MW power plant – for the car parts manufacturer Denso in Liberec. This innovative concept has turned out to be very successful with our customers in recent years and was used in the past by, for example, Komerční banka and Škoda Auto.

Our constant search for new areas to move into is also demonstrated by the biggest hydrogen project in Czechia launched last year, focused on the use of hydrogen in public transport in the Central Bohemian Region. On selected bus routes serving the surroundings of Mníšek pod Brdy, ten vehicles will run on green hydrogen generated by the Vrané nad Vltavou hydroelectric power plant in Central Bohemia. ČEZ ESCO will supply a 540 kW electrolyzer for hydrogen generation, a hydrogen filling station, and storage tanks. The project marks a major step towards emission-free transport and will help gain valuable operational experience from a fully commercial hydrogen plant.

The commodity sector plays a very important role in our business, as we are the market leader among corporate customers and large customers by a big margin. Our customers continue to show great interest in electricity with guarantees of origin from renewable or emission-free sources, allowing them to decarbonize their production operations more efficiently and faster.

Last year, we also welcomed a new member to our ČEZ ESCO family: EL-ENG. The family-owned business from Holešov in the Zlín Region will complement ČEZ ESCO's services with comprehensive electrical installations and other related services, which are key to the development of the sector of technical equipment for buildings. Within ČEZ ESCO Group, we will continue to deepen commercial and internal synergies among subsidiaries.

This year, ČEZ ESCO celebrates ten years since its establishment, and during that time it has developed into a market leader in sustainable energy; we have become the first choice for customers from public administration, large Czech industry, and small and medium-sized enterprises. I would hereby like to thank all of our employees for how they handled this challenging but very successful year and the whole decade. I would also like to thank all our customers – we have served over 50,000 of them over the past 10 years. I am pleased that many of them come to us repeatedly and that we can supply them with a variety of products across the entire ČEZ ESCO range. I am convinced that we are entering 2025 in a very strong position and that we, as a company, are well prepared to continue in providing the best and most comprehensive energy services in Czechia.



Kamil Čermák

Chairman of the Board of Directors and Chief Executive Officer, ČEZ ESCO, a.s.

# ČEZ ESCO Group Highlights

## ČEZ ESCO Group Highlights

	Unit	2024	2023	2022
Workforce headcount, December 31	Number	1,836	2,152	2,028
Total revenues and other operating income	CZK thousands	54,160,473	96,551,665	61,769,257
of which: Sales of electricity, gas and heat	CZK thousands	46,949,901	87,044,610	54,896,817
of which: Sales of services and other revenues	CZK thousands	7,056,841	9,356,629	6,791,054
EBITDA	CZK thousands	2,658,243	2,764,105	(40,611)
Net income	CZK thousands	1,605,866	1,609,345	(562,675)
Total assets	CZK thousands	26,969,993	30,477,519	25,999,080
Equity	CZK thousands	12,447,638	9,305,266	8,784,882
Operating cash flow	CZK thousands	2,631,649	2,238,276	(2,555,106)
Net debt	CZK thousands	1,019,772	2,600,663	3,418,857
Net debt / EBITDA	1	0.38	0.94	(84.19)





## ČEZ ESCO in Modern Heating

ČEZ ESCO is very active in the field of modern heating. Its subsidiary ČEZ Energo operates over 170 cogeneration units throughout Czechia and is the biggest player in small cogeneration sources in our country. But our ambitions are much greater. Czechia has one of the largest district heating systems in Europe, supplying 4 million households in this way. However, this highly efficient and ecological system faces the uneasy task of replacing coal used so far with low-emission and emission-free sources within a few years.

# Significant Events

## Selected Events of 2024

### January

- As a result of division, spin-off and merger, with effect from the record date of January 1, 2024, the ownership of the shares of ESCO Slovensko, a. s., was transferred from ČEZ ESCO, a.s., as the divided company, to ČEZ Invest Slovensko, a.s., as the successor company.
- On the basis of an agreement, an additional payment was made into the equity of ENVEZ, a. s.

### March

- On the basis of an agreement, an additional payment was made into the equity of Green Energy Capital, a.s.
- Establishment of CEZ Energo Polska Sp. z o.o.

### June

- On the basis of an agreement, an additional payment was made into the equity of AZ KLIMA a.s.

### July

- Change of the name of ČEZ Energetické služby, s.r.o. to ČEZ ESL, s.r.o.

### December

- Acquisition of EL-ENG s.r.o. by ČEZ ESCO Group.
- On the basis of an agreement, an additional payment was made into the equity of Green Energy Capital, a.s.

## Selected Events of 2025 until the Annual Report Closing Date

### January

- Based on an agreement, an additional non-monetary payment was received from the sole shareholder (outside the stated capital) – a contribution of 100% of the stated capital in ČEZ Teplárenská, a.s.
- With effect from the record date of January 1, 2025, the part of heat management business of ČEZ ESL, s.r.o. was divided by spin-off and merger and the split part was transferred to the successor company ČEZ Energo, s.r.o.
- Merger of EPIGON spol. s r.o. and PIPE SYSTEMS s.r.o., the successor company is EPIGON spol. s r.o.

# Strategic Plans

ČEZ ESCO Group is a long-term leader in modern energy. In the coming years, it will focus on further developing its key areas – decarbonization, energy savings, and innovative solutions. The goal is not only to respond to changing market conditions, but above all to actively contribute to the transformation of the Czech energy sector and strengthen its position as a partner for sustainable and efficient energy solutions which contribute to the competitiveness of Czech companies. ČEZ ESCO emphasizes energy savings in buildings, industrial decarbonization, development of renewable and decentralized energy sources, transformation of the heating industry, and provision of commodity products and related comprehensive services on the B2B and B2G markets. After years of dynamic growth with a large number of acquisitions, it is shifting to a phase of consolidation and transformation. In the next phase, it will focus more on synergies and efficiency of its business.

#### Energy efficiency and comprehensive solutions for customers:

Businesses and public administration face increasing demands for reducing energy consumption and optimizing operating expenses. ČEZ ESCO is a leader in the installation and operation of comprehensive energy solutions in buildings. Its flagship product EPC (Energy Performance Contracting) guarantees achieved savings, while integrating modern technologies for managing energy consumption and generation. In this way it helps customers minimize their carbon footprint and increase energy self-sufficiency. In the area of buildings energy, the new acquisition of EL-ENG complements its heavy and light-current installation competencies within the scope of projects aimed at technical security of buildings. This acquisition fits into ČEZ ESCO's long-term development strategy in the field of complex electrical installations.

#### Decarbonization and development of renewable energy sources:

ČEZ ESCO has long supported the reduction of emissions and the development of emission-free or low-emission energy sources. Since 2020, it has enabled companies and institutions to use onsite PPA in the form of the Photovoltaics for CZK 1 product, which ensures the supply of clean energy directly at the point of consumption. Since 2024, the company has expanded its offer to include offsite PPA, allowing companies to obtain energy from renewable energy sources

even outside their own premises. Furthermore, even before the introduction of legislative sharing, ČEZ ESCO launched its own electricity sharing product, which, in addition to electricity sharing, helps customers address the issue of cost and revenue allocation between the parties involved in the sharing project. The supply of energy from renewable energy sources does not only concern electricity; ČEZ ESCO also offers low-emission gas (biomethane) and heat to its customers. In the coming years, it will continue to expand these models and strengthen the portfolio of services in the field of renewable energy sources and other sustainable solutions.

#### Battery storage, flexibility management, and optimization of energy facilities:

With the growing share of renewable energy sources, the need to effectively maintain a balance between generation and consumption in the grid increases. Therefore, ČEZ ESCO connects various energy solutions and services to ensure stable and flexible operation of the entire system. Its ability to manage flexibility plays a key role in this process. As far as battery storage is concerned, ČEZ ESCO implements large-capacity system projects, the most significant of which is the Vítkovice battery – one of the largest battery systems in Czechia with a power capacity of 10 MW, which has been providing power balance services for ČEPS since 2024. Battery energy storage constitutes a key technology for the future of energy, especially in the context of modular and container-based solutions (with a capacity of over 1 MWh). Since 2022, the company has also provided power balancing services at its own cogeneration units and in 2025, it will expand this activity to include the aggregation of customers' flexible resources, enabling more effective integration of decentralized energy into the flexibility market. A key part of this strategy is the optimization of energy facilities through energy management systems (EMS). These solutions enable intelligent management of energy consumption, generation, and storage with the aim of maximizing operating efficiency, reducing emissions, and strengthening grid stability. For this purpose, ČEZ ESCO uses pilot projects at innovative sites, such as the Smart Energy Center in Ivančice and the EP Rožnov site, where it tests advanced solutions for modern heating and intelligent management of energy flows. These model sites serve as the basis for broader implementation in urban and industrial energy systems, with a view to reducing emissions and improving energy self-sufficiency.

**Transformation of the heating industry:**

ČEZ ESCO is among the leaders in modern heating. Its subsidiary ČEZ Energo is the biggest provider of small cogeneration units in Czechia. In the future, ČEZ ESCO intends to focus more on the construction of low-emission heating plants and the modernization of existing sources. At the same time, it strives to improve the entire heating system – from heat distribution to optimization of consumption by customers, including the construction of decentralized sources. The goal is to effectively connect central heat supply with other ESCO products and offer a comprehensive solution to energy needs through integrated heat services. This approach is already applied, for example, in the transformation of heating plants in the Moravian-Silesian and Ústí nad Labem Regions, specifically in Dětmarovice and Pruněřov, where the transition to gas engines, biomass, and gas boilers is underway. These changes contribute to more sustainable heat generation with a lower carbon footprint and higher efficiency. Another strategic step is the integration of ČEZ Teplárenská into ČEZ ESCO Group, which will support further development of modern heating.

**Long-term development and strategic direction:**

In view of the expected market development, ČEZ ESCO will continue expanding its key activities in the areas of decarbonization, renewable energy sources, flexibility, and modern heating. The decarbonization of industry remains a priority, and cooperation has been established with a number of customers. The company will focus on the development of technological innovations, process digitalization, and expansion of the offer of comprehensive solutions for customers. The goal is not only to maintain, but also to further strengthen the leading position in the market and actively contribute to the transformation of the Czech energy sector towards a sustainable future.

# 2. Corporate Governance

## Corporate Bodies ČEZ ESCO, a.s. and its Management

### Ownership Structure

ČEZ ESCO, a.s. is owned by the sole shareholder ČEZ, a. s., registered office at Duhová 1444/2, 140 53 Prague 4 – Michle, Company Reg. No. 452 74 649. Incorporated in the Commercial Register maintained by the Municipal Court in Prague, reference number B1581.

### Ownership Interests

As at December 31, 2024, ČEZ ESCO, a.s. held ownership interests in the following companies:

- AZ KLIMA a.s. (with effect from September 30, 2016), share in stated capital: 100 %;
- Solární servis, s.r.o. (with effect from February 10, 2016), share in stated capital: 100 %;
- ENESA a.s. (with effect from January 2, 2018), share in stated capital: 100 %;
- ČEZ Energo, s.r.o. (with effect from June 30, 2020), share in stated capital: 100 %;
- ČEZ ESL, s.r.o. (with effect from July 3, 2015), share in stated capital: 100 %;
- ŠKO-ENERGO, s.r.o. (with effect from March 13, 2017), share in stated capital: 12 %;
- KART, spol. s r.o. (with effect from September 4, 2017), share in stated capital: 100 %;
- AirPlus, spol. s r.o. (with effect from November 1, 2017), share in stated capital: 100 %;
- HORMEN CE a.s. (with effect from June 1, 2022), share in stated capital: 100 %;
- Bytkomfort, s.r.o. (with effect from September 18, 2018), share in stated capital: 49 %;
- Domat Control System s.r.o. (with effect from October 1, 2019), share in stated capital: 100 %;
- EL-ENG s.r.o. (with effect from December 4, 2024), share in stated capital: 100 %;
- ENVEZ, a. s. (with effect from June 22, 2020), share in stated capital: 51 %;
- EP Rožnov, a.s. (with effect from July 15, 2021), share in stated capital: 100 %;
- Green Energy Capital, a.s. (with effect from December 7, 2021), share in stated capital: 100 %;
- CAPEXUS s.r.o. (with effect from December 13, 2021), share in stated capital: 100 %.

## Corporate Management

Corporate bodies as at December 31, 2024

### Supervisory Board

Position	Name
Chairman	Pavel Cyrani
Vice-Chairman	Martin Novák
Member	Vojtěch Kopp
Member	Ondřej Soukup
Member	Tomáš Jungwirth Březovský

### Board of Directors

Position	Name
Chairman	Kamil Čermák
Vice-Chairman	Radek Doubek
Member	Vlastimil Vyskočáni
Member	Ondřej Šišpela
Member	Martin Kročil

### Top Management

Position	Name
Chief Executive Officer	Kamil Čermák
Head of Finance and Administration	Radek Doubek
Head of Innovation and Decarbonization	Lenka Vaněk
Head of Building Energy	Vlastimil Vyskočáni
Head of Industrial Energy	Ondřej Šišpela
Head of Commodity Products and Services	Martin Kročil
Head of Green Energy	David Veselý
Head of Investment Management	Peter Talian

# 3. ČEZ ESCO Group's Business – Financial Performance

## ČEZ ESCO Group Operations

ČEZ ESCO (Energy Service Company), a member of CEZ Group, is a strategic partner for public administration, local governments and the corporate sector, industrial enterprises, and large companies. ČEZ ESCO Group provides a comprehensive range of energy products and services, including energy optimization and energy supply.

It ensures the supply of electricity, gas, and heat, the purchase of electricity, and the trading of emission allowances, guarantees of origin from renewable energy sources, and guarantees of origin from nuclear facilities.

It also offers a comprehensive range of energy products and services related to decarbonization strategies, energy management, electrical equipment, the field of thermal energy, cogeneration units, clean spaces, air conditioning, lighting, and rooftop and ground photovoltaic power plants for the client's property and as a service. It is also a supplier of services related to public and corporate electromobility, battery storage, and power balancing services.

ČEZ ESCO Group excels in offering comprehensive solutions, such as all technical equipment for buildings, including the proposal, design, and implementation of modern and energy-saving interior spaces, services in the form of technical facility management, or projects of guaranteed energy savings (EPC), which do not require an initial investment by the client.

ČEZ ESCO Group is one of the largest suppliers of zero-emission and low-energy projects and services, helps reduce the impact of human activity on the climate, and is the ideal partner for customers trying to reduce emissions and meet the climate goals of the EU and the Czech Republic.

# Financial Management of ČEZ ESCO Group

## Revenues, Expenses, and Income

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in ČEZ ESCO Group reached CZK 2,658 million in 2024. The reported profit was CZK 1,606 million. Total expenses reached CZK 53,007 million, with the purchase of electricity, gas, and other energies in the amount of CZK 42,269 million constituting a major portion, while services amounted to CZK 3,835 million. In contrast, sales and other revenues amounted to CZK 54,613 million, consisting mainly of revenues from the sales of electricity, gas, and heat in the amount of CZK 46,950 million.

### Profit Generation (CZK thousands)

	2024
Total revenues	54,612,719
Total expenses	53,006,853
EBITDA	2,658,243
Net income	1,605,866

## Total Assets

The value of assets in the total amount of CZK 26,970 million mainly comprises current assets in the total volume of CZK 19,822 million, as well as Property, plant and equipment and Intangible assets amounting to CZK 6,528 million.

### Structure of Assets (CZK thousands)

	2024
Property, plant and equipment and Intangible assets	6,528,245
Non-current financial assets	460,061
Current assets	19,821,687
Total assets	26,969,993

## Equity and Liabilities

The equity of ČEZ ESCO Group was reported in the amount of CZK 12,448 million as at December 31, 2024. A significant component of the equity in the amount of CZK 9,634 million is the retained earnings and other reserves, as well as stated capital of CZK 2,803 million, which increase the total liabilities.

In 2024, the share of equity in total liabilities was 46 %, compared to 31 % in 2023.

Other significant components of liabilities include current liabilities in the amount of CZK 12,300 million, which mainly consist of trade payables of CZK 7,472 million.

### Structure of Equity and Liabilities (CZK thousands)

	2024
Stated capital	2,803,000
Equity	12,447,638
Noncurrent liabilities	2,222,026
Current liabilities	12,300,329
Total equity and liabilities	26,969,993



## Decarbonization and Modernization of Operations and Buildings

More and more companies, cities, and regions choose to decarbonize and modernize their operations and buildings. A large part of the industry already perceives investments in decarbonization as an essential part of their competitiveness. ČEZ ESCO knows how to help. One of our customers and important partner is therefore also onsemi, for whose chip production hall in Rožnov pod Radhoštěm we built clean rooms, essential for the production of semiconductors. We cooperate intensively with Třinecké železářny, helping them with their ambitious decarbonization plan. We supply clean electricity from nuclear and renewable energy sources to the largest steel manufacturer in Czechia, now also in the form of an off-site PPA contract, from the Vrskmaň photovoltaic power plant



# Economic and Financial Outlook for 2025

Further calming of the situation and stabilization of prices on the commodity market can be expected in 2025. We plan to continue maintaining strong organic growth, also with the contribution of synergies among ČEZ ESCO Group companies. Emphasis will also be placed on internal process efficiency.

ČEZ ESCO Group focuses on services related to modern energy, decarbonization, energy savings, and reducing the climate footprint for industrial customers, municipalities, and institutions. The Group only offers solutions that fully meet the individual needs of each customer. The Group delivers products and services comprehensively, including consultancy, financing, construction, operation, subsequent maintenance, and service.

ČEZ ESCO Group is a leader in the field of efficient, economical, and environmentally friendly solutions. It develops new approaches, products, and services in the field of energy, digitization, and smartification. It predicts future trends and prepares effective solutions for them. It is one of the largest suppliers of zero-emission and low-energy projects and services, helps reduce the impact of human activity on the climate, and is the ideal partner for customers trying to reduce emissions and meet the climate goals of the EU and the Czech Republic.

# 4. Company Business Activities – Other Areas

## Human Resources

### Employment Changes

In the area of labor relations and social policy, obligations arising from the Labor Code, internal guidelines, and related legislation, as well as obligations arising from collective agreements, were observed.

ČEZ ESCO Group physically employed 1,863 people as at December 31, 2024. FTE reached 1,783 employees as at December 31, 2024.

### Training Program

ČEZ ESCO Group places high demands on specific professional knowledge and skills, sales business competencies, development of managerial competencies, and other mandatory and non-mandatory employee qualifications. In general, this includes development activities in the areas of hard and soft skills, coaching, training, seminars, and external and CEZ Group conferences. In 2024, the company implemented development and training both online and face-to-face. The company offers internal open courses and allows employees to use a whole range of courses offered by external providers. Employees also had the opportunity to attend lectures with inspirational personalities. A whole series of lectures were free for employees, and the employees also took advantage of the optional e-courses.

The succession program continued in 2024, focusing on the implementation of employee development plans. As part of the succession program, the company has launched the Leadership Academy pilot program. The company's employees also participated in internal development activities, particularly regarding the product portfolio of ČEZ ESCO.

In the last two years, the Group has focused more intensively on university and high school students. For university students, a one-year trainee program has been launched, and for high school students, the ESCO Maturita program has been launched in several regions.

## Welfare Policy

Welfare policy in ČEZ ESCO Group consists of a wide range of activities and benefits, both monetary and non-monetary, provided to employees. Non-monetary benefits are provided, for example, in the form of reduced working hours, leave extended by one week beyond the legal obligation, and work leave with wage compensation beyond the scope given by law.

The employer contributes to employees, in particular, for old-age savings (i.e., supplementary pension insurance, life insurance, and long-term investment products), meals, and healthcare. All employees have a personal account set up, which is primarily intended for their relaxation – recreation and leisure activities provided by Pluxee Česká republika a.s., with many possibilities of using the personal account.

We offer employees healthcare benefits. They can also draw sick days and get influenza vaccination.

As part of supporting the health of our employees, they can use the uLékaře.cz benefit program with unlimited access to healthcare through an online medical consultation service and doctor appointments.

In the area of benefits, we constantly map the market and try to reflect the needs of our employees.

Electronic meal vouchers are another benefit; they are faster than paper vouchers, are easier to “charge” to employees’ accounts, and have unlimited validity.

## Relations with Labor Unions

There were a total of 7 labor unions operating at ČEZ ESCO, a.s. in 2024. A total of 4 local trade unions operated in selected major subsidiaries of ČEZ ESCO Group in Czechia.

Regular meetings were held between the employer and labor union representatives in the course of 2024, at which information was presented to the labor organizations and topics set down by the Labor Code and the collective agreement were discussed.

The company has a collective agreement. At the end of 2024, an amendment was concluded to the collective agreement of ČEZ ESCO, a.s., primarily concerning pay increases for 2025 and adjustments in the area of benefits, and it also extended the validity of the collective agreement until the end of 2026.

# Environment

ČEZ ESCO Group fulfills the Safety and Environmental Protection Policy by consistently accepting legislative requirements in the area of waste management. Waste disposal is ensured through contractually agreed authorized agents – professionally qualified companies for the handling, sorting, and disposal of waste. The Group also contributes to environmental protection by sorting municipal waste, and the sorted waste is used as input materials for further processing. This entire area is audited annually as part of the company's inspection system with a positive result.

# Research, Development, and Innovation

The Group carries out no research and development activities.

## Biggest Hydrogen Project in Czechia

Last year, ČEZ ESCO launched the biggest hydrogen project in Czechia, focused on the use of hydrogen in public transport in the Central Bohemian Region. On selected bus routes serving the surroundings of Mníšek pod Brdy, ten vehicles will run on green hydrogen generated by the Vrané nad Vltavou hydroelectric power plant in Central Bohemia. ČEZ ESCO will supply a 540 kW electrolyzer for hydrogen generation, a hydrogen filling station, and storage tanks. The project marks a major step towards emission-free transport and will help gain valuable operational experience from a fully commercial hydrogen plant.



**HYDROGEN**

**H<sub>2</sub>**



**HYDROGEN**

**H<sub>2</sub>**



**HYDR**

# 5. Related Parties Report

## Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the Accounting Period of January 1, 2024 to December 31, 2024

The Board of Directors of ČEZ ESCO, a.s., Company Reg. No.: 03592880, with its registered office at Duhová 1444/2, Michle, 140 00 Praha 4, registered in the Commercial Register maintained by the Municipal Court in Prague, file No. B 20240, has drawn up, in accordance with Section 82 of Act No. 90/2012 Coll., on business corporations, as amended, the following Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (hereinafter referred to as the "Related Parties Report") for the Accounting Period of January 1, 2024 to December 31, 2024 (hereinafter referred to as the "Relevant Period")

### 1. Structure of Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity

#### Controlled/Managed Entity and Author of the Related Parties Report:

##### ČEZ ESCO, a.s.

Company Reg. No.: 03592880  
Registered office: Duhová 1444/2, Michle, 140 00 Praha 4  
Registered in the Commercial Register maintained by the Municipal Court in Prague, file No. B 20240

#### Controlling/Managing Entity:

##### ČEZ, a. s.

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

As at December 31, 2024, the Managing Entity owned shares of stock corresponding to a 100% share in the stated capital of ČEZ ESCO, a.s. As at December 31, 2024, Czech Republic – Ministry of Finance owned shares of stock corresponding to a 69.78% share in the stated capital of the Managing Entity, ČEZ, a. s.

### Entities Controlled by ČEZ ESCO, a.s.:

As at December 31, 2024, ČEZ ESCO, a.s., was the controlling entity of the following companies:

- AZ KLIMA a.s. (with effect from September 30, 2016), share in stated capital: 100%;
- Solární servis, s.r.o. (with effect from February 10, 2016), share in stated capital: 100%;
- ENESA a.s. (with effect from January 2, 2018), share in stated capital: 100%;
- ČEZ Energo, s.r.o. (with effect from June 30, 2020), share in stated capital: 100%;
- ČEZ ESL, s.r.o. (with effect from July 3, 2015), share in stated capital: 100%;
- KART, spol. s r.o. (with effect from September 4, 2017), share in stated capital: 100%;
- AirPlus, spol. s r.o. (with effect from November 1, 2017), share in stated capital: 100%;
- HORMEN CE a.s. (with effect from June 1, 2022), share in stated capital: 100%;
- ŠKO-ENERGO s.r.o. (with effect from March 13, 2017), share in stated capital: 12%;
- Domat Control System s.r.o. (with effect from October 1, 2019), share in stated capital: 100%;
- EL-ENG s.r.o. (with effect from December 4, 2024), share in stated capital: 100%;
- ENVEZ, a. s. (with effect from June 22, 2020), share in stated capital: 51%;
- EP Rožnov, a.s. (with effect from July 15, 2021), share in stated capital: 100%;
- Green Energy Capital, a.s. (with effect from December 7, 2021), share in stated capital: 100%;
- CAPEXUS s.r.o. (with effect from December 13, 2021), share in stated capital: 100%.

With effect from December 4, 2017, ČEZ ESCO, a.s., became the controlling entity of HORMEN SK s.r.o., specifically through the controlled entity HORMEN CE a.s. (share in the company's stated capital: 100%).

With effect from December 3, 2018, ČEZ ESCO, a.s., became the controlling entity of Domat Control System s.r.o. (Slovak entity), specifically through the controlled entity Domat Control System s.r.o. (share in the company's stated capital: 100%).

With effect from June 28, 2019, ČEZ ESCO, a.s., became the controlling entity of HA.EM OSTRAVA, s.r.o., specifically through the controlled entity ČEZ ESL, s.r.o. (share in the company's stated capital: 100%).

With effect from July 15, 2021, ČEZ ESCO, a.s., became the controlling entity of EPIGON spol. s r.o., specifically through the controlled entity EP Rožnov, a.s. (share in the company's stated capital: 100%).

With effect from July 15, 2021, ČEZ ESCO, a.s., became the controlling entity of PIPE SYSTEMS s.r.o., specifically through the controlled entity EP Rožnov, a.s. (share in the company's stated capital with effect from June 30, 2023: 100%).

With effect from December 4, 2024, ČEZ ESCO, a.s., became the controlling entity of EL-ENG RO SRL, specifically through the controlled entity EL-ENG s.r.o. (share in the company's stated capital with effect from June 30, 2023: 100%).

With effect from April 19, 2024, ČEZ ESCO, a.s., became the controlling entity of ČEZ Energo Polska Sp. z o.o., specifically through the controlled entity ČEZ Energo, s.r.o. (share in the company's stated capital with effect from June 30, 2023: 100%).

With effect from July 15, 2021, ČEZ ESCO, a.s., became the controlling entity of ELEKTROPROJEKTA SLOVAKIA, s.r.o., specifically through the controlled entity EP Rožnov, a.s. (share in the company's stated capital: 100%).

With effect from June 1, 2023, ČEZ ESCO, a.s., became the controlling entity of IVITAS, a.s., specifically through the controlled entity ČEZ Energetické služby, s.r.o. (share in the company's stated capital: 100%).

ČEZ, a. s., as the controlling entity, is in charge of the concern, which includes the following controlled entities:

AirPlus, spol. s r.o., Areál Třeboradice, a.s., AZ KLIMA a.s., ČEZ Distribuce, a. s., ČEZ Energetické produkty, s.r.o., ČEZ ESL, s.r.o., ČEZ Energo, s.r.o., ČEZ ENERGOSERVIS spol. s r.o., ČEZ ESCO, a.s., ČEZ ICT Services, a. s., ČEZ Invest Slovensko, a.s., ČEZ Obnovitelné zdroje, s.r.o., ČEZ Prodej, a.s., ČEZ Teplárenská, a.s., Domat Control System s.r.o., Elektrárna Dukovany II, a. s., Elektrárna Temelín II, a. s., Energetické centrum s.r.o., Energotrans, a.s., ENESA a.s., EP Rožnov, a.s., HA.EM OSTRAVA, s.r.o., in PROJEKT LOUNY ENGINEERING s.r.o., KART, spol. s r.o., MARTIA a.s., OSC, a.s., PRODECO, a.s., Revitrans, a.s., Severočeské doly a.s., SD - Kolejová doprava, a.s., Telco Infrastructure, s.r.o., Telco Pro Services, a. s., TENAUR, s.r.o., Ústav aplikované mechaniky Brno, s.r.o.

In the case of ČEZ Distribuce, a. s., and ČEZ ESL, s.r.o., concern management is applied while fully respecting all requirements of the unbundling rules resulting from the Energy Act and Directive (EU) 2019/944 of the European Parliament and of the Council of June 5, 2019 concerning common rules for the internal market in electricity and amending Directive 2012/27/EU, as amended.

The Relation Structure Diagram forms Annex 1 to the Related Parties Report.

**Other Entities Controlled by the Same Controlling Entity:**

According to the information provided by ČEZ, a. s., the Board of Directors of ČEZ ESCO, a.s., developed a diagram of the structure of relations among entities controlled by the same controlling entity or managed by ČEZ, a. s.

ČEZ ESCO, a.s., and the companies controlled by it are part of CEZ Group.

## 2. Role of the Controlled/Managed Entity

ČEZ ESCO, a.s., brings together the professional and commercial capacity of CEZ Group in the field of energy savings, decentralized sources, lighting, and other energy products. ČEZ ESCO, a.s., focuses on creating individual offers for business customers, SMEs, and the public sector. It offers solutions to its customers' energy needs, especially at the decentralized level, with an emphasis on new technologies, efficient energy use, and integrated product offerings. Individual products are implemented by the subsidiaries of ČEZ ESCO, a.s.

ČEZ ESCO, a.s., also acts as the managing entity's go-between for the control of other companies.

## 3. Manner and Means of Control/Management

ČEZ, a. s., controls ČEZ ESCO, a.s., so that it is its sole shareholder, and therefore also holds 100% of the voting rights in it. Because of this share in its voting rights, ČEZ, a. s., can appoint or dismiss all members of the controlled entity's statutory governing body.

As part of concern management, ČEZ, a. s., may give binding instructions to the managed entities. It may issue general and operating Concern instruments to that end. General Concern instruments are common documents of CEZ Group and the managing entity's internal documents which are also intended for managed entities. Operating Concern instruments are Concern instructions given on an ad hoc basis.

Fundamental documents having Concern-wide application are Concern Management Policies governing primarily areas and activities that should be subjected to concern management and follow concern interests. In addition to the common general part, Concern Management Policies are broken down and always announced for the relevant areas assigned into the competence of individual members of the Board of Directors of ČEZ, a. s.

## 4. List of Actions Pursuant to Section 82(2) (d) of Act No. 90/2012 Coll., on Business Corporations, As Amended

In the relevant period, ČEZ ESCO, a. s., did not perform any acts that would have been performed at the instigation or in the interest of the controlling entity or entities controlled by it and concerned assets exceeding 10% of the equity of ČEZ ESCO, a.s., as identified by its financial statements for the accounting period immediately preceding the accounting period for which the Related Parties Report is prepared.

## 5. List of Mutual Contracts

The Board of Directors of ČEZ ESCO, a.s., has prepared a list of mutual contracts effective in 2024 and made between ČEZ ESCO, a.s., and the controlling entity and other entities controlled by the same controlling entity, which constitutes Annex 2 to the Related Parties Report. The list does not include further details on contractual relations in order to keep trade secrets and meet the contractual obligation of confidentiality of information.

## 6. Assessment of Potential Damage by the Controlled Entity and Assessment of its Compensation Pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on Business Corporations, As Amended

All the described contractual relationships were concluded under usual contractual conditions, and the agreed and provided performance or consideration complied with the conditions of common business practice and of ČEZ ESCO, a.s., and did not result in any damage that should be the subject of compensation pursuant to Sections 71 and 72 of Act No. 90/2012 Coll., on business corporations, as amended.

## 7. Conclusion

The Board of Directors of ČEZ ESCO, a.s., evaluated, on the basis of the available information, the advantages and disadvantages arising from the above-described position of ČEZ ESCO, a.s., and concluded that ČEZ ESCO, a.s., mostly benefits from it (the company enjoys financial stability, goodwill and brand of CEZ Group, and ancillary services in CEZ Group), and there were no special disadvantages or risks. After careful consideration, the Board of Directors of ČEZ ESCO, a.s., declares that it is not aware of any risks resulting from relations between the above entities against which standard safeguards would not be in place.

## 8. Annexes

Annex 1 Relation Structure Diagram for the Period of January 1, 2024 to December 31, 2024 Annex 2 List of Contractual Relations

The Related Parties Report has been prepared to the best knowledge, conscience, and awareness of the Board of Directors of ČEZ ESCO, a.s., taken with maximum effort from available documents and materials.

The Related Parties Report is subject to verification by the auditor and will be submitted for discussion to the Supervisory Board of ČEZ ESCO, a.s., pursuant to Section 83(3) of Act No. 90/2012 Coll., on business corporations, as amended.

Prague, July 10, 2025



**Kamil Čermák**

Chairman of the Board of Directors  
and Chief Executive Officer, ČEZ ESCO, a.s.



**Radek Doubek**

Vice-chairman of the Board of Directors  
of ČEZ ESCO, a.s.

## Příloha 2 Přehled smluvních vztahů

Party	Agreement registration number	Agreement title
AirPlus, spol. s.r.o.	1550010502	Service Agreement
	4400049335	Framework Agreement
	1550040244	Joint Administrators' Agreement
	1550060569	Agreement on Cooperation
	4520000120	Regular Servicing and Support for PVPP
	4520000134	Preparation and Delivery of Design Documentation
	4520000135/779	Service Level Agreement No. 03/2024
	4520000318	Purchase Order – Replacement of PV Inverter
	4520000361	Agreement on Purchase of Photovoltaic Panels
	4520000362	Purchase Order – Delivery and Installation of Trays under Inverters
	4520000447	Purchase Order – PVPP Revision
	4520001011	Service Level Agreement
	7300029067	Purchase Agreement – Optimizers
	7300030784	Purchase Agreement – PV Panels
	7200024537	Purchase Agreement – Inverter and SESUKY
	7200021925	Purchase Agreement – Two IOT Meters
7300035317	Purchase Agreement – Inverters and SESUKY	
1550060702	Storage Agreement dated October 31, 2023	
AZ Klima a.s.	1550010501	Service Agreement
	1550040244	Joint Administrators' Agreement
	1550010352	Data Provisions Consent
	1550050372	Nondisclosure Agreement
	4520000643	Preparation of a Heat Pump Deployment Study
CAPEXUS s.r.o.	4520000569	Lease Agreement
	1550010566	Service Agreement
ČEZ Distribuce, a. s.	4520000621	Purchase Order – Round Table Event Organization E15
	4520000010 (110285_2020)	Lease Agreement
	4520000003 (4400043306)	Agreement on Customer Disconnection and Reconnection Services
	1550040066, P3A18000014207	Personal Data Processing Agreement to the Distribution System Service Agreement
	1550040066, (14740354_RSD_2017_D_00)	Framework Distribution System Service Agreement Including Distribution Portal (DIP, personal data, OPM) Operation Rules
	14740354_PND_2022_D_00	Hourly Readings Service Agreement
	1550040181	Cooperation Agreement – Maintenance of SAP Licenses, of July 3, 2018
	1550010169	Framework Agreement on Cession of Receivables
	4520000824	Agreement on Securing (Short-Circuiting + Removing Short Circuit) of a Site at the 22kV MV Level – Project GRANITOL a.s.
	4520000666	Agreement on Measurement Using a Measurement Vehicle, for Project GRANITOL a.s.
	4520000645	Agreement on Securing Shutdown of Line Břilovec to Vault No. 9 and Ostrava to Vault No. 8 (Substation OS 9034) Due to Sealing of Measuring Transformers of August 8, 2024
	4520000364	Agreement on Securing Shutdown of Line Břilovec in Vault No. 9 of MV Substation OS9034 (US OS 3296, MV 216) of April 23, 2024
	22_960_1010474224	Framework Service Agreement for Power Balance Services
ČEZ Energo, s.r.o.	4400020344	Service Agreement
	P3A20000000079	Personal Data Processing Agreement
	1550040244	Joint Administrators' Agreement
	1550010503	Service Agreement
	1550010630	Agreement on the Transfer of Part of an Employer's Activities
	1550010633	Commodity Swap Transaction 2024
	4520000369	Service Agreement for Power Balance Services
ČEZ ICT Services, a. s.	4520000456	Purchase Order – CRIBIS Data Extracts
	4102865368	Purchase Order – Smart Invoices 2024
	4102903008	ICT Service Agreement for ČEZ ESCO, a.s.
	4520000015	Framework ICT Service Agreement
ČEZ Obnovitelné zdroje, s.r.o.	4570023919/7200020429	Design Documentation for the Building Permit for Lipno PVPP
	4570036062/7200024779	Design Documentation for the Building Permit for Duchcov PVPP, Tachov PVPP, and Osek PVPP
ČEZ Prodej, a.s.	1550070793/2024043	Agreement to Ensure the Safety Standard of Supply in 2024–2025
	1550070648	Electricity Trading License Holders' Agreement
	1550020497/2021220	Service Agreement
	1550080263/2019041	Service Agreement – DPI
	4520000006/2020144	Service Agreement – Call Centers, Customer Centers, Contractual Partners
	4520000007/2020165	Service Agreement – Process Automation, Provision of SW Platform
	4520000004/2019119	SLA for the Purchase of Electricity and Natural Gas
	4520000005/2019120	SLA for the Prediction of Electricity and Natural Gas Consumption
	1550060357/2019107	Service Agreement – Invoicing, Balance, Methodical Support
	4400039785/2018007	Agency Agreement
ČEZ Recyklace, s.r.o.	4102553674	Agreement on Compliance with the Obligations of the Electrical Equipment Manufacturer

Party	Agreement registration number	Agreement title
ČEZ Teplárenská, a.s.	000491_2020	Framework Agreement on Cession of Receivables
	140078_2024/4570021291	Mandate Contract – ICT
	140042_2024/4570012218	Mandate Contract – Security
		Personal Data Processing Agreement (4570021291) of September 3, 2024 Personal Data Processing Agreement (4570012218) of August 19, 2024
ČEZ ESL, s.r.o.	4400039310/16610120	Framework Agreement on Inspection Activities
	4520000013/24410044	Storage Agreement
	4520000119	Agreement on the Supply of PV Panels
	4520000123/23VA2199	Agreement on Replacement of Metering Transformers
	4520000630/23410184	Service Agreement
	4520000631/23410185	Service Agreement
	4520000832/24410198	Agreement on Replacement of PV Panel in Ferona
	4102687661	Agreement on Preparation and Delivery of Design Documentation
	4102817972/23410230	Installation Work and Delivery of Installation Materials, Senior Flexonics
	4102837887/23410158	Contract for Work – Construction of PVPP CTP Hall Q23
	4102839265/23410160	Agreement on Supply of PVPP Battery
	4102851674/23410304	Agreement on PV Installation in Alliance Laundry CE
	4102856839/23410210	Agreement on the Implementation of 2 Battery Storage Facilities
	4102910350/23410295	Agreement on Power Evacuation for PVPP
	23410068/1202001580	Contract for Work
	23410294/1202121662	Agreement on the Supply of PVPP System
	23410219/1202035113	Agreement on the Supply and Connection of Battery Storage
	1550010504	Service Agreement of January 1, 2021
	1550040244	Joint Administrators' Agreement
	4400037271/1550010062	Mandate Contract
	4400037271	Personal Data Processing Agreement for Mandate Contract
	4520000011/15410106	Document Provision Agreement
	4570003426	Agreement on the Supply of PV Panel
	4570001960	Agreement on the Installation and Mounting of Charging Station
	4570000024	Agency Agreement
	22410167/1550040603	Agreement on the Granting of Consent to Data Provision
	4102359128	Healthcare Agreement
	1202011220/23410136	Agreement on the Supply and Connection of Battery Storage
	4570021824	Agreement on the Preparation of Design Documentation
ČEZ, a. s.	5600012650/4400051054	License Agreement on the Provision of the Right to Use Trademarks
		Agreement on Coordinated Action in the Award and Performance of a Public Contract of June 18, 2019 (Supply of End-point Computer Equipment)
		Agreement on Cooperation in the Performance of a Public Contract of June 19, 2019 (CEZ Group Corporate Mobile Telephony 2019–2024)
		Agreement on Cooperation in the Performance of a Public Contract of December 20, 2019 (Framework Agreement for Xenergie System Development)
		Agreement on Cooperation in the Performance of a Public Contract of August 6, 2019 (Xenergie System Service)
	P3A18000001357	Personal Data Processing Agreement
	P3A19000034179	Personal Data Processing Agreement
		Agreement on Coordinated Action in the Award and Performance of the Public Contract "Fuel Purchase Using Fuel Cards at Pump Stations" of December 21, 2023
	4102896139	Supply of AC Cable Charging Stations
		Agreement on Coordinated Action in the Award and Performance of the Public Contract "Fuel Supply for CEZ Group 2018–2024" of June 20, 2017
		Agreement on Coordinated Action in the Award and Performance of the Public Contract "Deliveries of Passenger Vehicles for CEZ Group and Related Servicing and Maintenance Services" of August 26, 2019
	4102880827	Leasing Agreement – Charging Stations for Electromobility
	4102325134	Agreement on Sublease for Further Business and on Business Sublease of Movable Property
	4102709937	Lease Agreement
		Agreement on Coordinated Action in the Award of a Public Contract of the "Operational Leasing of Passenger Vehicles for CEZ Group" of August 7, 2020
		Agreement on Contracting Entities' Coordinated Action of October 17, 2022 "Introduction of a Dynamic Purchasing System for the Acquisition of Electric Passenger and Commercial Vehicles"
	6600000222/4400036992	Service Agreement
	4570048376	Agreement on the Transfer of Guarantees of Origin
	4520000008	Collective Bargaining
	4570042066	Purchase Agreement – Materials
	4570038440	Purchase Agreement – Materials
4520000012	License Agreement on the Provision of the Right to Use Trademarks	
4520000959	Sublease Agreement	
4570020839	Cable Supply Agreement	
4570048388	Cable Supply Agreement	
4570000404	Cable Supply Agreement	
4570012042	Cable Supply Agreement	

Party	Agreement registration number	Agreement title
	4570036485	Agreement on Installation of a Charging Station
	4570035179	Agreement on Installation of a Charging Station
	4570036047	Agreement on Installation of a Charging Station
	4570036051	Agreement on Installation of a Charging Station
	4570036336	Agreement on Installation of a Charging Station
		Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract – Consultancy Services
		Agreement on the Installation and Mounting of Charging Station
	4570026999	Agency Agreement
	4570000103	Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract – Advertising Agency Services and Creation of Audiovisual Works
	4570026362	Agreement on the Connection of Service Point
	4520000714	Agreement on Advertising Cooperation
	4520000420	Service Agreement
	4520000509	Opinions of Suppliers
	4570007845	Scanning of Vulnerabilities of ČEZ ESCO Infrastructure in Subsidiaries
	4570043394	Tax Inefficiency Calculation
	4700002523	Contract for 50 Smart Cables for Electric Cars
	4700003032	Contract for 1 CHIMERO 180 Charging Station
	4570000053	Service Agreement
	4570002829	Inspection of the Fire Safety Design of the Lipno Photovoltaic Power Plant
	4570024435	Pilot Project for the Integration of an Ultrafast Charging Station with Storage
	4570040407	Purchase Agreement – Spare Parts and Materials for Generation
	1550020787	Mníšek pod Brdy Hydrogen Unit
	1550010694	Purchase Agreement – Spare Parts and Materials for Generation
	1550050747	Agreement on a Non-Monetary Contribution
	1550010188	Agreement on Cooperation
		Assignment Agreement on the Provision of Power Balance Services or Its Part
		Agreement on the Issuance of Guarantees
		Contract on Mutual Loan Arrangements in ČSOB CZK Cash Pooling
		Contract on Mutual Loan Arrangements in ČS CZK Cash Pooling
		Contract on Mutual Loan Arrangements in KB EUR Cash Pooling
		Contract on Mutual Loan Arrangements in KB CZK Cash Pooling
Domat Control System s.r.o.	4520000187	Framework Agreement on Cession of Receivables of June 11, 2020
	4520000255	Agreement on Granting Consent to the Provision of Data Relating to Mutual Cooperation for the Purpose of Marketing Communication
	4520000354	Agreement on the Adjustment of the DOMAT Control System
	4520000639	Purchase Order – SET for 100A Indirect Consumption Metering
	4520000790	Agreement on Monitoring and Invoicing Metering for PVPP
	4520000839	Agreement on Monitoring Expansion
	4520000933	Purchase Order – Set for Monitoring Extension for PVPP
	4520000956	Agreement on PVPP Control Dispatch System
	4520001035	Agreement on Monitoring LITE
	4520001049	Agreement on SW and HW Modification
	4102746890	Agreement on the Operation of Application Software "ESCO IoT – PVPP Portal"
	1550010506	Agreement to Supplement Monitoring in FULL Version for PVPP
Elektrárna Dukovany II, a. s.		Agreement on Monitoring for PVPP
		Service Agreement
Energotrans, a.s.	790002_2022	Framework Agreement on Cession of Receivables of June 11, 2020
	1550040273	Agreement on Contracting Entities' Coordinated Action in the Award of a Public Contract – Consultancy Services of December 19, 2024
ENESA a.s.	7300012375/23S0075-2002-0	Lease Agreement
	1550060824/24S0161-20113-0	Framework Agreement on Cession of Receivables
	7200021796/24S0019-20113-0	Contract for Work
	1550010507	Agreement on the Use of Storage Areas
	1550040244	Joint Administrators' Agreement
	2016_083_01	Agreement on the Issuance of Guarantees
ENVEZ, a. s.	1550010721	Agreement on Additional Payment
		Company Agreement of January 31, 2024
		Company Agreement of September 23, 2024
		Company Agreement of May 27, 2024
		Agreement on the Rights and Obligations of Company Members of September 23, 2024
		Agreement on the Rights and Obligations of Company Members of October 4, 2024
		Agreement on the Rights and Obligations of Company Members of October 7, 2024
EP Rožnov, a.s.	1550010564	Service Agreement
	7200021795	Contract for Work – Designing
Green Energy Capital, a.s.	7300023874	Contract for Work (PVPP Brodek u Prostějova Elementary School)
	7300021655	Contract for Work (PVPP Webasto)
	7300010498	Contract for Work (PVPP MOSS T2)
	7300012373	Contract for Work (PVPP MOSS T1)

Party	Agreement registration number	Agreement title
	7200016375	Contract for Work (PVPP Bernartice Elementary School)
	7200016802	Contract for Work (PVPP Bernartice Drills)
	7200016805	Contract for Work (PVPP Bernartice Municipal Office)
	7200016806	Contract for Work (PVPP Bernartice Fire Brigade)
	7200016804	Contract for Work (PVPP Bernartice Leisure Activity Center)
	7200016982	Contract for Work (PVPP Bernartice Wastewater Treatment Plant)
	7200013979	Contract for Work (PVPP DENSO)
	7200011106	Contract for Work (PVPP Litultovice)
	1806150032	Contract for Work (PVPP Zedom)
	7300009838	Contract for Work (PVPP Warehouse Plus)
	7200010734	Contract for Work (PVPP RETEX)
	7300015037	Contract for Work – Designing (PVPP Barrandov)
	7300009838	Contract for Work (Warehouse Plus)
	7300030886	Contract for Work (Havířov Swimming Pool)
	7200023040	Contract for Work – Designing (PVPP Kimberly Clark)
	1550010565	Service Agreement
	1550060734	Letter of Intent
		Agreement on Additional Payment of December 21, 2023
HORMEN CE a.s.	1550010567	Service Agreement
	1550040244	Joint Administrators' Agreement
	1550050083	Nondisclosure Agreement
	1550050365	Nondisclosure Agreement
	4102780530	Lamp Lease Agreement
KART, spol. s r.o.	1550010508	Service Agreement
	1550040244	Joint Administrators' Agreement
	1710310010	Framework Agreement on the Provision of Inspection, Service and Related Services
	4520000436	Purchase Order – Inspection of Small Appliances
	4520000977	Purchase Order – Preparation of Decarbonization Study
Kongresové centrum Praha, a.s.	4520000496	Lease Agreement ČEZ ESCO VIP Business Breakfast in KCP
	4520000419	Lease Agreement No. S24-00175 for ČEZ ESCO Event
	4520000333	Tickets for the Karel Vlach Orchestra Gala Concert
	4520000052	Price Agreement SML2024-00025
	1550040593	Agreement on the Granting of Consent to Data Provision
	4102527182	Price Agreement SML2023-09501
OSC, a.s.	7300012409	Contract for Work – Designing
	7200014590/08500198	Contract for Work
PV Design and Build s.r.o.	4520000874	Panel Testing Agreement
Solární servis, s.r.o.	4400047502	Agreement on the Assignment of the Framework Agreement on the Implementation of Charging Station Sites
	1550010773	Service Agreement
	1550040244	Joint Administrators' Agreement
ŠKODA PRAHA a.s.	4400038957/20170426-108.	Framework Agreement on the Provision of Specialized Engineering, Implementing, and Related Services
ŠKO-ENERGO, s.r.o.	7200018112	Contract for Work
	7200018112	Service Level Agreement
		Agreement on the Supply of Electricity from Photovoltaic Power Plant M12L
		Agreement on the Supply of Electricity from Photovoltaic Power Plant U51
		Agreement on the Supply of Electricity from Photovoltaic Power Plant U6C
Telco Pro Services, a. s.	4520000115	Purchase Order for Unit Parametrization
		Framework Agreement on Cession of Receivables of June 11, 2020
ÚJV Řež, a. s.	1550040602/22SML180	Agreement on the Granting of Consent to Data Provision
	7200025277/24SMN304	Contract for Work

#### Other Contractual Relations with ČEZ Group Companies

In addition to the aforementioned contractual relations, ČEZ ESCO, a.s., had effective contractual relationships with CEZ Group companies in 2024. These are services agreements on bundled gas supply and on bundled electricity supply. In these companies, ČEZ ESCO, a.s., acts as a supplier of electricity/gas, and the companies concerned act as customers receiving electricity/gas at their own supply points or supply points operated by them. Due to the large number of contracting parties and the number of agreements, the individual agreements and parties are not listed individually.

All the described contractual relationships were concluded under usual contractual conditions, and the agreed and provided performance or consideration complied with the conditions of common business practice and of ČEZ ESCO, a.s., and did not result in any damage or advantage.

Each agreement is defined by its title, date and/or number and the subject matter of the agreement, unless it is obvious from the agreement title.





## Energy Performance Contracting

ČEZ ESCO has significantly increased the number of implemented Energy Performance Contracting (EPC) projects. The customer repays the investment into efficiency measures through the saved funds, with the amount of savings guaranteed contractually. In 2024, our EPC projects reduced energy costs for cities, hospitals, cultural institutions, and industrial enterprises by more than CZK 400 million. The largest ongoing projects include EPC projects in the Na Homolce Hospital, the Prague Congress Center, and the Thomayer University Hospital. We have launched other new projects or are working on them as the tender winner, for example in the Central Bohemian Region or in the Public Transport Company of Prague.

# 6. Financial Section

## Consolidated Financial Statements Prepared in Accordance with IFRS Accounting Standards as Adopted by European Union as of December 31, 2024

# CEZ ESCO Group

## Consolidated Balance Sheet

### as of December 31, 2024

In CZK Thousands

ASSETS:	Note	2024	2023
Property, plant and equipment	3	5,050,279	4,938,221
Non-current financial assets	4	460,061	397,072
Intangible assets	5	1,477,966	1,279,651
Deferred tax assets	34	160,000	228,395
<b>Total non-current assets</b>		<b>7,148,306</b>	<b>6,843,339</b>
Cash and cash equivalents	9	274,319	138,315
Trade and other receivables	10	10,069,958	11,950,021
Income tax receivable		18,365	13,325
Materials and supplies	11	323,624	434,186
Emission rights and guarantees of origin	12	15,068	97,199
Derivatives and other current financial assets	4	5,158,174	2,392,289
Other current assets	13	3,703,933	5,426,142
Assets classified as held for distribution to owners	14	258,246	3,182,703
<b>Total current assets</b>		<b>19,821,687</b>	<b>23,634,180</b>
<b>TOTAL ASSETS</b>		<b>26,969,993</b>	<b>30,477,519</b>

EQUITY AND LIABILITIES:	Note	2024	2023
Stated capital		2,803,000	2,803,000
Retained earnings and other reserves		9,634,451	5,613,870
<b>Total equity attributable to equity holders of the parent</b>	15	<b>12,437,451</b>	<b>8,416,870</b>
Non-controlling interests	8	10,187	888,396
<b>Total equity</b>		<b>12,447,638</b>	<b>9,305,266</b>
Long-term debt, net of current portion	16	1,532,537	1,895,865
Provisions	19	174,408	355,542
Other long-term financial liabilities	20	179,118	173,475
Deferred tax liability	34	335,963	244,547
<b>Total non-current liabilities</b>		<b>2,222,026</b>	<b>2,669,429</b>
Current portion of long-term debt	16	525,116	82,080
Trade payables	21	7,471,875	9,846,212
Income tax payable		142,788	381,431
Provisions	19	596,512	963,236
Derivatives and other short-term financial liabilities	20	1,092,938	3,123,767
Other short-term liabilities	22	2,471,100	2,795,918
Liabilities associated with assets classified as held for distribution to owners	14	-	1,310,180
<b>Total current liabilities</b>		<b>12,300,329</b>	<b>18,502,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,969,993</b>	<b>30,477,519</b>

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

# CEZ ESCO Group

## Consolidated Statement of Income

### for the Year Ended December 31, 2024

In CZK Thousands

	Note	2024	2023
Sales of electricity, gas and heat		46,949,901	87,044,610
Sales of services and other revenues		7,056,841	9,356,629
Other operating income		153,731	150,426
<b>Total revenues and other operating income</b>	<b>24</b>	<b>54,160,473</b>	<b>96,551,665</b>
Gains and losses from commodity derivative trading	25	(62,653)	102,904
Purchase of electricity, gas and other energies	26	(42,268,868)	(80,223,741)
Fuel and emission rights	27	(2,211,903)	(2,591,931)
Services	28	(3,835,080)	(5,529,213)
Salaries and wages	29	(2,055,639)	(2,182,528)
Material and supplies		(1,243,321)	(2,031,218)
Capitalization of expenses to the cost of assets and change in own inventories		124,955	231,031
Depreciation and amortization	3, 5	(597,525)	(662,699)
Impairment of property, plant and equipment and intangible assets	6	2,273	9,436
Impairment of trade and other receivables		(38,303)	(61,918)
Other operating expenses	30	94,259	(1,490,786)
<b>Income before other income (expenses) and income taxes</b>		<b>2,068,668</b>	<b>2,121,002</b>
Interest expense		(137,267)	(206,015)
Interest income	31	158,387	103,374
Share of profit (loss) from joint-ventures	8	12,333	3,615
Other financial expenses	32	(70,546)	(94,293)
Other financial income	33	60,039	119,263
<b>Total other income (expenses)</b>		<b>22,946</b>	<b>(74,056)</b>
<b>Income before income taxes</b>		<b>2,091,614</b>	<b>2,046,946</b>
Income taxes	34	(485,748)	(437,601)
<b>Net income</b>		<b>1,605,866</b>	<b>1,609,345</b>
Net income (loss) attributable to:			
Equity holders of the parent		1,605,927	1,598,037
Non-controlling interests		(61)	11,308
Net income per share attributable to equity holders of the parent (thousand CZK per share):	37		
Basic		572.9	570.1
Diluted		572.9	570.1

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

# CEZ ESCO Group

## Consolidated Statement of Comprehensive Income

### for the Year Ended December 31, 2024

In CZK Thousands

	Note	2024	2023
Net income		1,605,866	1,609,345
Change in fair value of cash flow hedges	18.3	(149,646)	178,239
Cash flow hedges reclassified to statement of income	18.3	125,982	(1,541,556)
Translation differences – subsidiaries		56	39,246
Translation differences – joint-ventures		4,703	6,267
Share on other equity movements of joint ventures		(92)	(784)
Deferred tax related to other comprehensive income	34	3,393	255,635
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(15,604)	(1,062,953)
Re-measurement gains (losses) on defined benefit plans		3,592	-
Change in fair value of equity instruments		-	1,127
Deferred tax related to other comprehensive income	34	(754)	-
Net other comprehensive income not to be reclassified from equity in subsequent periods		2,838	1,127
Total other comprehensive income, net of tax		(12,766)	(1,061,826)
Total comprehensive income, net of tax		1,593,100	547,519
Total comprehensive income attributable to:			
Equity holders of the parent		1,593,162	514,493
Non-controlling interests		(62)	33,026

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

# CEZ ESCO Group

## Consolidated Statement of Changes in Equity

### for the Year Ended December 31, 2024

In CZK Thousands

	Note	Attributable to equity holders of the parent					Total	Noncontrolling interests	Total equity	
		Stated capital	Share premium	Translation difference	Cash flow hedge reserve	Equity instruments and other reserves				Retained earnings
Balance as at January 1, 2023		2,803,000	722	(73,044)	1,204,923	862,168	3,114,909	7,912,678	872,204	8,784,882
Net income		-	-	-	-	-	1,598,037	1,598,037	11,308	1,609,345
Other comprehensive income		-	-	23,795	(1,107,683)	1,128	(784)	(1,083,544)	21,718	(1,061,826)
Total comprehensive income		-	-	23,795	(1,107,683)	1,128	1,597,253	514,493	33,026	547,519
Changes in non-controlling interests without loss of control	7	-	-	-	-	-	(9,919)	(9,919)	(18,372)	(28,291)
Put options held by non-controlling interests		-	-	1,391	-	-	(1,773)	(382)	1,538	1,156
Balance as at December 31, 2023		2,803,000	722	(47,858)	97,240	863,296	4,700,470	8,416,870	888,396	9,305,266
Net income		-	-	-	-	-	1,605,927	1,605,927	(61)	1,605,866
Other comprehensive income		-	-	4,760	(18,694)	-	1,169	(12,765)	(1)	(12,766)
Total comprehensive income		-	-	4,760	(18,694)	-	1,607,096	1,593,162	(62)	1,593,100
Equity contribution by owners	7.3	-	-	-	-	-	3,167,350	3,167,350	6,878	3,174,228
Distribution to owners	14	-	-	37,805	-	-	(777,736)	(739,931)	(885,025)	(1,624,956)
Balance as at December 31, 2024		2,803,000	722	(5,293)	78,546	863,296	8,697,180	12,437,451	10,187	12,447,638

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

# CEZ ESCO Group

## Consolidated Statement of Cash Flows

### for the Year Ended December 31, 2024

In CZK Thousands

	Note	2024	2023
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes		2,091,614	2,046,946
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	3, 5	597,525	662,699
(Gains) and losses on non-current asset retirements		(16,777)	(18,841)
Foreign exchange rate loss (gain)		(53,231)	(113,600)
Interest expense, interest income and dividend income		(31,268)	94,084
Provisions		(553,921)	1,041,970
Impairment of property, plant and equipment and intangible assets	6	(2,273)	(9,436)
Other non-cash expenses and income		246,933	(1,412,076)
Share of (profit) loss from joint-ventures	8	(12,333)	(3,615)
Changes in assets and liabilities:			
Receivables and contract assets		4,077,896	(4,894,537)
Materials, supplies and fossil fuel stocks		89,235	(16,106)
Receivables and payables from derivatives		(6,995)	1,519,047
Other assets		(434,872)	(56,563)
Trade payables		(2,484,920)	2,103,940
Other liabilities		(326,048)	1,461,180
<b>Cash from operations</b>		<b>3,180,565</b>	<b>2,405,092</b>
Income taxes paid		(579,572)	(98,110)
Interest paid, net of capitalized interest		(131,830)	(199,075)
Interest received		153,640	106,908
Dividends received		8,846	23,461
<b>Net cash flow from operating activities</b>		<b>2,631,649</b>	<b>2,238,276</b>
<b>INVESTING ACTIVITIES:</b>			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	7	(293,470)	(97,112)
Additions to non-current assets before deducting grants, including capitalized interest		(597,729)	(1,014,434)
Proceeds from grants to non-current assets		6,350	-
Proceeds from sale of non-current assets		48,742	3,934
Loans made		-	(5,760)
Repayment of loans		9,526	6,747
Change in restricted financial assets		-	5,697
<b>Net cash flow from investing activities</b>		<b>(826,581)</b>	<b>(1,100,928)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from borrowings		62,162	263,783
Payments of borrowings		(4,250)	(80,565)
Payments of lease liabilities	23	(128,236)	(135,627)
Proceeds from other long-term liabilities		8,630	1,010
Payments of other long-term liabilities		(3,104)	(94,078)
Change in payables/receivables from group cash pooling		(1,602,009)	(986,468)
Distribution to Company's shareholders	14	(677,674)	-
Contributions received – owners of non-controlling interests		6,878	-
Acquisition of non-controlling interests		-	(28,291)
<b>Net cash flow from financing activities</b>		<b>(2,337,603)</b>	<b>(1,060,236)</b>
Net effect of currency translation and allowances in cash		(9,135)	12,293
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(541,670)</b>	<b>89,405</b>
Cash and cash equivalents at beginning of period		815,989	726,584
Cash and cash equivalents at end of period	9	274,319	815,989
Supplementary cash flow information:			
Total cash paid for interest		140,377	213,329

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

# CEZ ESCO Group

## Notes To Consolidated Financial Statements

### as of December 31, 2024

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## 1. The Description of the Company

ČEZ ESCO, a.s. (or the Company), is a joint-stock company, reg. No. 035 92 880, which was established on November 25, 2014. The address of the Company's registered office is Duhová 1444/2, 140 00, Praha 4, Czech Republic. Company information is entered in the public register maintained by the Municipal court in Prague, file number B 20240.

The sole shareholder of the Company is ČEZ, a. s., with its registered office at Duhová 2/1444, 140 53, Praha 4, reg. No. 452 74 649. The Company is a part of the CEZ Group and a part of the consolidation unit of the parent company ČEZ, a. s. The consolidated financial statements of the CEZ Group as of December 31, 2024, are available at the website [www.cez.cz](http://www.cez.cz).

ČEZ, a. s., is a Czech Republic joint-stock company, owned 69.8% (69.9% of voting rights) at December 31, 2024 by the Czech Republic represented by the Ministry of Finance. The remaining shares are held by legal persons and individuals, and they are traded on stock exchange markets in Prague and Warsaw.

The Company's main activity is the sale of electricity and other energy products to wholesale customers and municipalities. The Company provides comprehensive solutions for energy needs, including energy optimization and energy supply. At the same time, it is a partner for state administration, local governments and the corporate sector, industrial enterprises, and large companies.

The Company is a parent company of the ESCO Group (the Group, see Note 8) operating in the "small energy" market. The Group, through its subsidiaries, provides comprehensive service in the field of construction and reconstruction of facilities for thermal energy, electric power, public lighting and related technical infrastructure. The Group is the market leader in building photovoltaic power plants and is an operator of cogeneration units. It operates energy management, distribution systems and heat supply. It also provides solutions in the field of air conditioning and ventilation and provides solutions that consume less energy. In the field of real estate services, the Group provides facility management services and interior renovation of office buildings.

The average number of employees of the Company and its subsidiaries included in the consolidation was 1,783 and 2,036 in 2024 and 2023, respectively.

## 2. Summary of Significant Accounting Policies

### 2.1. Financial Statements

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

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

#### Explanation Added for Translation into English

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

### 2.2. Consolidation Method

#### 2.2.1. Group Structure

The consolidated financial statements of the CEZ ESCO Group include data of ČEZ ESCO, a.s., and its subsidiaries and joint-ventures included in the consolidation unit (see Note 8).

#### 2.2.2. Subsidiaries

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

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

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

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

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

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

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

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

Put options held by non-controlling interests are recorded as a derecognition of non-controlling interest and recognition of a liability at the end of the reporting period. The liability is recognized at the present value of the amount payable on exercise of the option. Any difference between the amount of non-controlling interest 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 ESCO Group.

### 2.2.3. 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. Under this method the Group's share of the post-acquisition profits or losses of joint-ventures is recognized in the income statement. The Group's share of other post-acquisition movements in equity of joint-ventures 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 Group's investment in associates includes goodwill (net of accumulated impairment losses) on acquisition.

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

#### 2.2.4. Transactions Involving Entities under Common Control of Majority Owner

Acquisitions of subsidiaries under common control are recognized using a method similar to the pooling of interests method.

The assets and liabilities of the acquired subsidiary are recognized in the Group's financial statements at their carrying amounts. The difference between the purchase price on acquisition of a subsidiary from a company under common control and the acquired equity interest in the subsidiary at book value is reflected directly in equity.

### 2.3. Changes in Accounting Policies

#### 2.3.1. Adoption of New IFRS Standards in 2024

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

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

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

#### 2.3.2. New and Revised IFRS Standards either not yet Effective or not yet Adopted by EU

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

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

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

### 2.4. Estimates and Accounting Judgements

The Group makes significant estimates when accounting for unbilled electricity and gas (see Note 2.6), determining the expected credit losses model (see Note 2.11.4), accounting for the provisions (see Note 19), determining the recoverable amounts of property, plant and equipment and intangible assets (see Note 6), fair value of commodity contracts (see Notes 2.13 and 17), financial derivatives (see Notes 2.12 and 17), incremental borrowing rate and lease terms to measure lease liability (see Notes 2.20 and 23) and deferred tax calculation (see Notes 2.18 and 34). The actual results may differ from these estimates.

### 2.5. Revenues

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

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

#### Revenues from the sales of gas

The Group sells and trades gas. Revenues from gas sales are made up of sales to traders and end customers. Sales to end customers are often a form of combined gas supply and distribution services. To fulfil the obligation arising from the contract, i.e., revenue from the sale of gas is reported through physical delivery. Revenue from uninvoiced gas supplies is charged as an estimate using conjectural items (see Note 2.6). Invoicing to customers takes place according to the agreed contractual terms and volumes taken on a monthly, quarterly, or annual basis, with the reconciliation of paid advances for the given period.

#### Revenues from the sale of heat

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

#### Revenues from distribution services

Revenues from distribution services in the supply of electricity mainly consist of revenues for the price of the distribution system service. 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. Advances are paid by customers during the settlement period. 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 from sales of services

The Group provides several types of services in the field of engineering, designing complex energy and construction solutions, including their implementation. Obligations to fulfil from these types of services are fulfilled on an ongoing basis and contractual assets and liabilities are recognized. The Group uses the percentage of completion method for these types of services.

The Group assesses the criteria of whether the customer has gained control over the product or service under the selected method of satisfaction of performance obligation over time. 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 proportion of the costs already incurred in the satisfaction of performance obligations and the total estimated costs of the project. The revenue is subsequently reported in the given period in such an amount that it cumulatively corresponds to the percentage of completion related to the total estimated revenue. If an ongoing project or contract is onerous, the loss is reported immediately in full. Most contracts are concluded for a period of up to one year.

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

## 2.6. Unbilled Electricity and Gas

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

## 2.7. Property, Plant and Equipment

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

Self-constructed property, plant and equipment are measured at the cost of constructing them. Expenditures on the repair, maintenance, and replacement of minor asset items are recognized as repair and maintenance expenses in the period when such repair is carried out. Improvements are capitalized. When an item of property, plant and equipment or a part thereof is sold or disposed of, its cost, relevant accumulated depreciation, and any impairments are derecognized in the balance sheet. Any gains or losses arising from the sale or disposal of property, plant and equipment are included in profit or loss.

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

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

The Group depreciates the cost of property, plant and equipment less their residual value using the straight-line method over their estimated useful life. Each part of an item of property, plant and equipment that is significant in relation to the total amount of the asset is recognized and depreciated separately.

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

	Useful lives (years)
Buildings and structures	4–45
Machinery and equipment	2–44
Vehicles	2–20
Furniture and fixtures	4–25

## 2.8. Intangible assets

Intangible assets are measured at costs, including the purchase price and related expenses. Non-current intangible assets are amortized using the straight-line method over their estimated useful life, which ranges 3–25 years.

At each reporting date, the Group assesses whether there are any indicators that a non-current intangible asset may have been impaired (for goodwill see Note 2.9). Non-current intangible assets under development are tested for possible impairment annually regardless of whether there are indicators of possible impairment. Any impairment of non-current intangible assets is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

## 2.9. Goodwill

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

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

## 2.10. 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). The Group makes a provision for covering released emissions corresponding to the difference between the actually released amount of emissions and its inventory of allocated emission rights. The provision is measured primarily at the cost of emission rights that were purchased with the intention of covering greenhouse gas emissions in the reporting period. The provision for released emissions exceeding such rights is measured at the market price effective at the end of the reporting period. Emission rights purchased for use in the next year are recognized as current assets in the line item Emission rights and guarantees of origin. Emission rights with a later planned time of use are recognized as part of non-current intangible assets.

At each reporting date, the Group assesses whether there are any indicators that emission 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 and guarantees of origin.

Certificates of origin are initially recognized at fair value and subsequently treated similarly to purchased emission rights.

## 2.11. Classification of Financial Instruments

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

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

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

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

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

#### 2.11.1. Financial Assets

Financial assets are classified into the categories of at (a) amortized cost, at (b) 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, and at cost.

The Group classifies assets into the following categories:

##### a) Financial asset measurement at amortized cost

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

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

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

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

###### – Without future transfer to profit or loss – used for equity financial assets

Impairments are neither calculated nor recognized. Changes in fair value are recognized in other comprehensive income. When a financial asset is sold, no gain or loss is recognized in profit or loss, so it never affects profit or loss. If an equity financial asset is sold, the accumulated revaluation amount is transferred to retained earnings. Exchange differences are recognized in other comprehensive income as part of the revaluation amount. Dividends on such financial assets are recognized in profit or loss provided that the payment of such dividends does not reduce the value of the investment.

###### – With future transfer to profit or loss – used for debt financial assets

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

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

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

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

#### 2.11.2. Financial Liabilities

Financial liabilities are classified into two main categories: at amortized cost and at fair value through profit or loss. If a financial liability is not in the category of fair value through profit or loss and it is not a financial guarantee contract or a commitment to provide a loan at below-market interest rate, then the financial liability is classified in the category at amortized cost.

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

### 2.11.3. Derivatives

Derivatives are a special category of financial assets and liabilities. The manner of recognizing gains or losses from the revaluation of derivatives to fair value depends on whether a derivative is classified as a hedging instrument and on the nature of the item being hedged. More information on the reporting of derivatives can be found in Note 2.12.

### 2.11.4. Impairment of Financial Assets

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

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

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

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

## 2.12. Non-commodity Derivatives

The Group uses financial derivatives, such as interest rate swaps and foreign exchange contracts, to hedge risks associated with interest rate and exchange rate fluctuations in accordance with IFRS 9. Derivatives are measured at fair value. They are recognized as part of non-current and current other financial assets and liabilities in the balance sheet.

The manner of recognizing gains or losses from the revaluation of derivatives to fair value depends on whether a derivative is classified as a hedging instrument and on the nature of the item being hedged.

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

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

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

### 2.12.1. Fair Value Hedging Derivatives

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

### 2.12.2. Cash Flow Hedging Derivatives

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

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

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

### 2.12.3. Other Derivatives

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

### 2.13. Commodity Contracts

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

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,
- The contract is not settled 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 time of entering into the contract 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.

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

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

Subsequently, in accordance with the description in Note 2.12.2, amounts accumulated in equity are recognized in profit or loss in the period when the expenses or income associated with the hedged items are accounted for.

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

### 2.14. Cash and Cash Equivalents

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

### 2.15. Restricted Financial Assets

Cash and other financial assets that are recognized as restricted funds are classified as non current assets due to the time at which they are expected to be released for the Group's purposes.

### 2.16. Contract Assets and Liabilities

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

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

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

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

## 2.17. Materials and Supplies

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

## 2.18. Income Taxes

The amount of income taxes is determined in compliance with the tax regulations of the states of residence of the Group companies and is based on the profit or loss determined in accordance with local accounting regulations and adjusted for permanently or temporarily nondeductible expenses and untaxed income. Income taxes are calculated on an individual company basis as the Czech tax laws do not permit consolidated tax returns. For companies located in the Czech Republic, the current income tax at December 31, 2024 and 2023, respectively was calculated from income before tax in accordance with Czech accounting regulations, adjusted for some items that are nondeductible or nontaxable for tax purposes, using a rate of 21% and 19% respectively. Expected base rate is 21% since the year 2025. Pursuant to Act No. 366/2022 Coll. the company will be burdened by an increased tax rate of 60%, so called windfall tax, in the period of 2023–2025. 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 Company plans to use the legal ability to move tax bases within the group of companies with windfall profits.

The Group, in the jurisdictions in which the Group operates, obligatorily applies the international tax reform – model rules of BEPS Pillar Two for the period from January 1, 2024. The impact from this tax reform on the Group is not significant for the year 2024, especially with regard to the so-called safe harbors. In the same time the Group expects, that potential tax liability will be overtaken by the parent company ČEZ, a. s.

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

### 2.19. Long-term Debt

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

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

### 2.20. Leases

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

The Group does not apply IFRS 16 standard for the leasing of intangible assets.

#### 2.20.1. Group as a Lessee

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

##### a) Lease Liability

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

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

The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the incremental interest rate using observable inputs, such as market interest rates.

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

##### b) Right-of-use Assets

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

Right-of-use assets are amortized using the straight-line method over the lease term or the estimated life of the assets as follows:

	Depreciation period (years)
Lands	6–20
Buildings	1–20
Vehicles, machinery, and equipment	1–15
Inventory and other tangible assets	10–15

### 2.20.2. Group as a Lessor

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

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

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

### 2.21. Employee Benefits

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

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

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

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

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

### 2.22. Translation of Foreign Currencies

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

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

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

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

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

	2024	2023
CZK per 1 EUR	25.185	24.725
CZK per 1 PLN	5.890	5.694

### 2.23. Assets Held for Sale or Held for Distribution to Owners

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

## 3. Property, Plant and Equipment

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

	Buildings	Plant and equipment	Land and other	Total plant in service	Construction work in progress	Dlouhodobý hmotný majetek celkem
Cost at January 1, 2024	2,928,095	4,404,826	314,695	7,647,616	680,325	8,327,941
Additions	144,441	100,705	9,983	255,129	537,729	792,858
Disposals	(70,687)	(59,034)	(594)	(130,315)	(90,303)	(220,618)
Put into use	163,829	447,758	–	611,587	(611,587)	–
Acquisition of subsidiaries	–	2,427	278	2,705	–	2,705
Change in capitalized part of provisions	3,187	–	2,497	5,684	–	5,684
Reclassification and other	3,218	786	–	4,004	5,810	9,814
Cost at December 31, 2024	3,172,083	4,897,468	326,859	8,396,410	521,974	8,918,384
Accumulated depreciation and impairment at January 1, 2024	(1,125,070)	(2,203,290)	(61,354)	(3,389,714)	(6)	(3,389,720)
Depreciation	(201,385)	(338,654)	(13,618)	(553,657)	–	(553,657)
Net book value of assets disposed	(35,706)	(27,511)	(554)	(63,771)	–	(63,771)
Disposals	70,687	59,034	554	130,275	–	130,275
Reclassification and other	555	2,327	–	2,882	–	2,882
Impairment losses recognized	(856)	(197)	–	(1,053)	(1,203)	(2,256)
Impairment losses reversed	7,790	–	–	7,790	352	8,142
Accumulated depreciation and impairment at December 31, 2024	(1,283,985)	(2,508,291)	(74,972)	(3,867,248)	(857)	(3,868,105)
Total property, plant and equipment at December 31, 2024	1,888,098	2,389,177	251,887	4,529,162	521,117	5,050,279

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

	Buildings	Plant and equipment	Land and other	Total plant in service	Construction work in progress	Total
Cost at January 1, 2023	3,151,346	4,357,908	341,321	7,850,575	510,737	8,361,312
Additions	238,370	125,228	7,777	371,375	889,456	1,260,831
Disposals	(87,067)	(139,489)	(3,941)	(230,497)	(108,657)	(339,154)
Put into use	103,870	453,166	1,440	558,476	(558,476)	-
Transfer to assets classified as held for distribution to owners	(499,520)	(416,053)	(32,181)	(947,754)	(52,782)	(1,000,536)
Change in capitalized part of provisions	6,931	-	203	7,134	-	7,134
Reclassification and other	1,699	13,554	(717)	14,536	(1,437)	13,099
Currency translation differences	12,466	10,512	793	23,771	1,484	25,255
Cost at December 31, 2023	2,928,095	4,404,826	314,695	7,647,616	680,325	8,327,941
Accumulated depreciation and impairment at January 1, 2023	(1,058,796)	(2,088,291)	(49,786)	(3,196,873)	(6)	(3,196,879)
Depreciation	(222,018)	(369,199)	(14,040)	(605,257)	-	(605,257)
Net book value of assets disposed	(62,354)	(35,550)	(1,979)	(99,883)	-	(99,883)
Disposals	87,067	139,489	3,941	230,497	-	230,497
Transfer to assets classified as held for distribution to owners	125,815	147,537	505	273,857	-	273,857
Reclassification and other	(807)	6,292	-	5,485	-	5,485
Impairment losses recognized	(2,289)	(550)	-	(2,839)	-	(2,839)
Impairment losses reversed	11,589	804	-	12,393	-	12,393
Currency translation differences	(3,277)	(3,822)	5	(7,094)	-	(7,094)
Accumulated depreciation and impairment at December 31, 2023	(1,125,070)	(2,203,290)	(61,354)	(3,389,714)	(6)	(3,389,720)
Total property, plant and equipment at December 31, 2023	1,803,025	2,201,536	253,341	4,257,902	680,319	4,938,221

In 2024 and 2023, a composite depreciation rate of plant in service was 7% and 8%, respectively.

As at December 31, 2024 and 2023, capitalized interest costs amounted to CZK 8,547 thousand and CZK 14,253 thousand, respectively, and the interest capitalization rate was 3.7% and 3.7%, respectively.

Group's plant in service pledged as security for liabilities at December 31, 2024 and 2023, is CZK 1,586,347 thousand and CZK 1,712,212 thousand, respectively.

Construction work in progress comprises, in particular, investments in local electricity distribution networks and cogeneration units.

The Group drew in 2024 grants related to the property, plant and equipment in the amount of CZK 17,353 thousand. The Group didn't draw in 2023 grants related to the property, plant and equipment.

#### Group as a Lessee

Set out below are the carrying amounts and other information 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 thousands):

	2024			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	139,257	30,412	9,983	179,652
Depreciation charge for right-of-use assets	(102,827)	(23,185)	(13,598)	(139,610)
Carrying amount as at December 31	625,292	75,891	72,593	773,776

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

	2023			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	150,481	67,071	4,403	221,955
Depreciation charge for right-of-use assets	(89,811)	(47,105)	(13,233)	(150,149)
Carrying amount as at December 31	627,957	78,592	73,361	779,910

## Group as a Lessor

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

	Buildings	Plant and equipment	Land and other	Total plant in service
Carrying amount as at December 31, 2024	3,171	14,781	2,596	20,548
Carrying amount as at December 31, 2023	3,335	15,886	2,596	21,817

## 4. Derivatives and Other Financial Assets

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

	2024			2023		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Other financial receivables <sup>1)</sup>	275,389	3,167,738	3,443,127	102,558	26,189	128,747
Receivables from group cash pooling	-	1,487,025	1,487,025	-	1,368,999	1,368,999
Restricted financial assets	209	-	209	209	-	209
Investment in finance lease	89,871	11,096	100,967	70,619	8,488	79,107
Total financial assets at amortized cost	365,469	4,665,859	5,031,328	173,386	1,403,676	1,577,062
Commodity and other derivatives	-	321,970	321,970	-	519,912	519,912
Total financial assets at fair value through profit or loss	-	321,970	321,970	-	519,912	519,912
Equity financial assets	36,781	-	36,781	36,189	-	36,189
Cash flow hedge derivatives	57,811	170,345	228,156	187,497	468,701	656,198
Total financial assets at fair value through other comprehensive income	94,592	170,345	264,937	223,686	468,701	692,387
Total	460,061	5,158,174	5,618,235	397,072	2,392,289	2,789,361

<sup>1)</sup> The item Other financial receivables includes a receivable of CZK 3,167,350 thousand as of December 31, 2024 for a subscribed contribution to equity other than the stated capital. The subject of the contribution to equity is a 100% interest in the company ČEZ Teplárenská, a.s. The contribution was realized on January 2, 2025 (see also Notes 7.3 and 39).

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

	2024	2023
Emission rights, guarantees of origin	296,863	452,471
Financial derivatives	25,107	56,755
Electricity	-	6,658
Gas	-	4,028
Total commodity and other derivatives	321,970	519,912

The decrease of receivables from commodity and other derivatives in 2024 is caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year decrease is also influenced by volatility of the market prices of electricity, gas, emission rights and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 20.

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

	2024	2023
Balance as at January 1	(6,126)	(4,293)
Additions	(42)	(5,860)
Reversals	1	4,182
Decreases on derecognition of asset	6,060	-
Currency translation differences	(38)	(155)
Balance as at December 31	(145)	(6,126)

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Due in 2025	1,487,025	11,096	3,167,738	-
Due in 2026	-	9,953	43,757	209
Due in 2027	-	9,765	10,473	-
Due in 2028	-	10,618	40,240	-
Thereafter	-	59,535	180,919	-
<b>Total</b>	<b>1,487,025</b>	<b>100,967</b>	<b>3,443,127</b>	<b>209</b>

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Due in 2024	1,368,999	8,488	26,189	-
Due in 2025	-	8,940	27,244	-
Due in 2026	-	7,602	8,106	209
Due in 2027	-	7,201	8,598	-
Thereafter	-	46,876	58,610	-
<b>Total</b>	<b>1,368,999</b>	<b>79,107</b>	<b>128,747</b>	<b>209</b>

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Less than 2.00% p. a.	451,363	-	3,330,007	209
2.00% to 2.99% p. a.	473,923	-	1	-
3.00% to 3.99% p. a.	557,962	3,804	109,630	-
4.00% to 4.99% p. a.	-	-	3,489	-
5.00% to 5.99% p. a.	3,777	-	-	-
6.00% to 6.99% p. a.	-	24,030	-	-
7% p. a. and more	-	73,133	-	-
<b>Total</b>	<b>1,487,025</b>	<b>100,967</b>	<b>3,443,127</b>	<b>209</b>

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Less than 2.00% p. a.	1,368,999	-	128,524	209
2.00% to 2.99% p. a.	-	-	1	-
3.00% to 3.99% p. a.	-	6,664	-	-
4.00% to 4.99% p. a.	-	-	222	-
6.00% to 6.99% p. a.	-	26,491	-	-
7% p. a. and more	-	45,952	-	-
<b>Total</b>	<b>1,368,999</b>	<b>79,107</b>	<b>128,747</b>	<b>209</b>

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
CZK	1,031,885	100,967	3,440,817	209
PLN	451,363	-	2,310	-
EUR	3,777	-	-	-
<b>Total</b>	<b>1,487,025</b>	<b>100,967</b>	<b>3,443,127</b>	<b>209</b>

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

	Receivables from group cash pooling	Investment in finance lease	Other financial receivables	Restricted financial assets
CZK	1,368,999	79,107	123,660	209
EUR	-	-	5,087	-
Total	1,368,999	79,107	128,747	209

## 5. Intangible Assets

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

	Software	Rights and other	Goodwill	Intangibles in progress	Total
Cost at January 1, 2024	95,504	235,108	1,071,197	7,504	1,409,313
Additions	3,089	-	-	32,741	35,830
Disposals	(37)	-	-	(1,553)	(1,590)
Put into use	15,692	4,079	-	(19,771)	-
Acquisition of subsidiaries	-	97,500	110,321	-	207,821
Reclassification and other	398	-	-	13	411
Cost at December 31, 2024	114,646	336,687	1,181,518	18,934	1,651,785
Accumulated amortization and impairment at January 1, 2024	(62,990)	(66,672)	-	-	(129,662)
Amortization	(15,096)	(28,772)	-	-	(43,868)
Disposals	37	-	-	-	37
Reclassification and other	(326)	-	-	-	(326)
Accumulated amortization and impairment at December 31, 2024	(78,375)	(95,444)	-	-	(173,819)
Intangible assets at December 31, 2024	36,271	241,243	1,181,518	18,934	1,477,966

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

	Software	Rights and other	Goodwill	Intangibles in progress	Total
Cost at January 1, 2023	108,696	333,362	1,626,140	14,106	2,082,304
Additions	10,231	1,787	-	20,003	32,021
Disposals	(6,707)	(16)	-	(1,701)	(8,424)
Put into use	20,502	3,562	-	(24,064)	-
Transfer to assets classified as held for distribution to owners	(3,117)	(122,289)	(568,979)	(1,159)	(695,544)
Reclassification and other	(34,178)	15,677	-	285	(18,216)
Currency translation differences	77	3,025	14,036	34	17,172
Cost at December 31, 2023	95,504	235,108	1,071,197	7,504	1,409,313
Accumulated amortization and impairment at January 1, 2023	(57,916)	(57,775)	-	-	(115,691)
Amortization	(16,886)	(40,556)	-	-	(57,442)
Net book value of assets disposed	(413)	(884)	-	-	(1,297)
Disposals	6,707	16	-	-	6,723
Transfer to assets classified as held for distribution to owners	5,685	27,814	-	-	33,499
Reclassification and other	(17)	5,428	-	-	5,411
Currency translation differences	(150)	(715)	-	-	(865)
Accumulated amortization and impairment at December 31, 2023	(62,990)	(66,672)	-	-	(129,662)
Intangible assets at December 31, 2023	32,514	168,436	1,071,197	7,504	1,279,651

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

	2024	2023
CAPEXUS	417,773	417,773
AZ KLIMA	245,455	245,455
EL-ENG	110,321	-
Domat Control System	87,691	87,691
KART	75,535	75,535
HA.EM OSTRAVA	57,726	57,726
Other	187,017	187,017
<b>Total</b>	<b>1,181,518</b>	<b>1,071,197</b>

## 6. Impairment of Property, Plant and Equipment and Intangible Assets

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

No impairment of goodwill or other tested property, plant and equipment or intangible assets was recognized in 2024 or 2023 as a result of impairment testing of assets at the cash-generating unit level.

### 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 5 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 derived from the projection of cash flows based on financial budget for a period of 5 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 8.9% was used for cash-generating unit CAPEXUS. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 9.1% was used for cash-generating unit AZ KLIMA. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 8.9% was used for cash-generating unit Domat Control System. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

The discount rate of 9.1% was used for cash-generating unit KART. Cash flows after the sixth year were derived from the assumption of a five-year convergence to a long-term sustainable level with a constant long-term growth rate of 2.0%.

- b. 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 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.

## 7. Changes in the Group Structure

### 7.1. Changes in the Group Structure in 2024

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

Cash outflow on acquisitions of the subsidiaries	310,325
Payments of payables from acquisitions in previous periods	104,480
Less:	
Cash and cash equivalents acquired	(121,335)
<b>Total cash outflows on acquisitions</b>	<b>293,470</b>

#### 7.1.1. Acquisitions of Companies in 2024, in Which ČEZ ESCO Group Gained Control

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 current best estimate of fair values of acquired identifiable assets and liabilities as of the date of acquisition (in CZK thousands):

	EL-ENG
Share being acquired	100%
Property, plant and equipment	2,705
Intangible assets	97,500
Other non-current financial assets	79
Cash and cash equivalents	121,335
Trade and other receivables	115,520
Another current assets	15,802
Long-term debt, net of current portion	(282)
Deferred tax liability	(20,475)
Trade payables	(39,002)
Another current liabilities	(1,196)
<b>Total net assets</b>	<b>291,986</b>
Share of net assets acquired	291,986
Goodwill	110,321
<b>Total purchase consideration</b>	<b>402,307</b>
Liabilities from acquisition of the subsidiary	(91,982)
Cash outflow on acquisition in 2024	310,325
Less: Cash and cash equivalents in the subsidiary acquired	(121,335)
<b>Cash outflow in 2024, net</b>	<b>188,990</b>

If the acquisition had taken place at the beginning of the year 2024, net income for ESCO Group as at December 31, 2024, would have been CZK 1,663,684 thousand and the revenues and other operating income from continuing operations would have been CZK 54,391,933 thousand. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

From the acquisition date, the newly acquired subsidiary has contributed the following balances to the Group's statement of income (in CZK thousands):

	EL-ENG
Revenues and other operating income	30,936
Income before other income (expense) and income taxes	14,458
Net income	(1,160)
Net income attributable:	
Equity holders of the parent	(1,160)
Non-controlling interests	-

## 7.2. Changes in the Group Structure in 2023

In 2023, the cash flows relate to additional payments for acquisitions from previous years.

### 7.2.1. Changes in Non-controlling Interests in 2023

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

On June 30, 2023, the Group acquired non-controlling interest corresponding to 10% of the share of company PIPE SYSTEMS s.r.o., which resulted in increase in its equity to 100%.

On September 14, 2023, the Group acquired non-controlling interest corresponding to 5.20% of the share of company BIOPEL, a. s. which resulted in increase in its equity to 55.43%.

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

	e-Dome	BIOPEL	PIPE SYSTEMS	Total
Share acquired in 2023	+49%	+5.20%	+10%	
Liability from option derecognized from balance sheet	1,156			
Direct impact on equity from recognition of non-controlling interest after termination of put option	13,241			
Acquired share of net assets derecognized from non-controlling interests	14,397	3,128	848	18,372
Amount directly recognized in equity caused by acquisition of non-controlling interest	10,520	(353)	(249)	9,919
Total purchase consideration	24,917	2,775	599	28,291

### 7.3. Contribution of 100% Interest in the Company ČEZ Teplárenská

On December 12, 2024, an agreement on a contribution in-kind was concluded between the sole shareholder (ČEZ, a. s.) and the Company. The subject of the contribution to equity other than the stated capital is a non-cash contribution of a 100% interest in the company ČEZ Teplárenská, a.s. The carrying amount of the contributed interest was CZK 3,167,350 thousand and as of December 31, 2024, it is reported as a receivable for subscribed equity in the line Derivatives and other current financial assets (Note 4). The contribution was realized on January 2, 2025 (Note 39).

## 8. Investments in Subsidiaries and Joint-ventures

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

Dceřiné podniky	Country	Operating segment	% equity interest <sup>1)</sup>		% voting rights
			Change 2024	Balance 2024	Balance 2024
Loss of control					
AZ KLIMA SK, s.r.o.	SK	NON-COM	(50.00)	-	-
BIOPEL, a. s.	SK	NON-COM	(27.72)	-	-
CAPEXUS SK s. r. o.	SK	NON-COM	(50.00)	-	-
e-Dome a. s.	SK	NON-COM	(50.00)	-	-
ELIMER, a.s.	SK	NON-COM	(50.00)	-	-
ESCO Distribuční systémy a.s.	SK	NON-COM	(50.00)	-	-
ESCO Servis, s. r. o.	SK	NON-COM	(50.00)	-	-
ESCO Slovensko, a. s.	SK	NON-COM	(50.00)	-	-
SPRAVBYTKOMFORT, a.s. Prešov	SK	NON-COM	(27.50)	-	-
New acquisitions and newly established companies					
CEZ Energo Polska Sp. z o.o.	PL	NON-COM	100.00	100.00	100.00
EL-ENG s.r.o.	CZ	NON-COM	100.00	100.00	100.00

Dceřiné podniky	Country	Operating segment	% equity interest <sup>1)</sup>		% voting rights
			Change 2024	Balance 2024	Balance 2024
Other subsidiaries without change of equity or voting rights in 2024					
AirPlus, spol. s r.o.	CZ	NON-COM	-	100.00	100.00
AZ KLIMA a.s.	CZ	NON-COM	-	100.00	100.00
CAPEXUS s.r.o.	CZ	NON-COM	-	100.00	100.00
ČEZ Energo, s.r.o.	CZ	NON-COM	-	100.00	100.00
ČEZ ESL, s.r.o. <sup>2)</sup>	CZ	NON-COM	-	100.00	100.00
Domat Control System s.r.o.	CZ	NON-COM	-	100.00	100.00
ENESA a.s.	CZ	NON-COM	-	100.00	100.00
ENVEZ, a. s.	CZ	NON-COM	-	51.00	51.00
EP Rožnov, a.s.	CZ	NON-COM	-	100.00	100.00
EPIGON spol. s r.o.	CZ	NON-COM	-	100.00	100.00
Green Energy Capital, a.s.	CZ	NON-COM	-	100.00	100.00
HA.EM OSTRAVA, s.r.o.	CZ	NON-COM	-	100.00	100.00
HORMEN CE a.s.	CZ	NON-COM	-	100.00	100.00
KART, spol. s r.o.	CZ	NON-COM	-	100.00	100.00
PIPE SYSTEMS s.r.o. <sup>3)</sup>	CZ	NON-COM	-	100.00	100.00
Solární servis, s.r.o.	CZ	NON-COM	-	100.00	100.00

<sup>1)</sup> The equity interest represents effective ownership interest of the Group.

<sup>2)</sup> The company name ČEZ Energetické služby, s.r.o., was changed to ČEZ ESL, s.r.o., in 2024.

<sup>3)</sup> The company ceased to exist through a merge with the company EPIGON spol. s r.o. as of January 1, 2025.

Společné podniky	Country	Operating segment	% equity interest		% voting rights
			Change 2024	2024	2024
Loss of control					
KLF-Distribúcia, s.r.o.	SK	NON-COM	(25.00)	-	-
Companies with no change in ownership interest or voting rights in 2024					
Bytkomfort, s.r.o.	SK	NON-COM	-	49.00	49.00

Used abbreviations:

Country ISO code	Country	Segment	Operating segment
CZ	Czech Republic	COM	Commodity and commodity products
PL	Poland	NON-COM	Non-commodity
SK	Slovakia		

### 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 thousands):

	2024		2023	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
ESCO Slovensko, a. s.	-	-	670,832	-
SPRAVBYTKOMFORT, a.s. Prešov	-	-	119,594	-
Other	10,187	-	97,970	-
Total	10,187	-	888,396	-

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

	ESCO Slovensko	SPRAVBYKOMFORT, Prešov
Ownership share of non-controlling interests	50.00%	72.50%
Current assets	412,514	237,837
Non-current assets	1,129,393	469,716
Current liabilities	(69,021)	(311,364)
Non-current liabilities	(126,757)	(139,869)
Equity	1,346,129	256,320
Attributable to:		
Equity holders of the parent	675,297	136,726
Non-controlling interests	670,832	119,594
Revenues and other operating income	87,297	672,274
Income (loss) before other income (expenses) and income taxes	(60,459)	33,672
Income (loss) before income taxes	(21,930)	28,287
Income taxes	(24)	(6,110)
Net income (loss)	(21,954)	22,177
Attributable to:		
Equity holders of the parent	(10,977)	6,099
Non-controlling interests	(10,977)	16,078
Total comprehensive income	(74,585)	35,917
Attributable to:		
Equity holders of the parent	(40,518)	11,497
Non-controlling interests	(34,067)	24,420
Operating cash flow	(59,457)	171,121
Investing cash flow	(88,143)	(93,748)
Financing cash flow	127,813	(10,967)
Net effect of currency translation and allowances in cash	6,918	3,352
Net increase (decrease) in cash and cash equivalents	(12,869)	69,758

#### Interests in Joint-ventures

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 thousands):

	Investment in joint-ventures	Dividends received	Group's share of joint-venture's:		
			Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o. <sup>1)</sup>	258,246	8,666	12,333	4,611	16,944

<sup>1)</sup> The investment in joint-venture Bytkomfort, s.r.o., is classified as asset held for distribution to owners since December 31, 2023 (Note 14).

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

	Investment in joint-ventures	Dividends received	Group's share of joint-venture's:		
			Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o. <sup>1)</sup>	250,621	23,556	(2,374)	5,745	3,371
KLF-Distribúcia, s.r.o. <sup>1)</sup>	19,039	-	2,994	957	3,951
<b>Total</b>	<b>269,660</b>	<b>23,556</b>	<b>620</b>	<b>6,702</b>	<b>7,322</b>

<sup>1)</sup> The reported values are part of the assets held for distribution to owners (Note 14).

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

	Current assets	Thereof: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Goodwill	Total investment in joint-ventures
Bytkomfort, s.r.o. <sup>1)</sup>	72,375	7,000	343,784	149,847	11,586	254,726	124,816	133,430	258,246

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o. <sup>1)</sup>	467,697	(24,916)	2,299	(788)	(8,977)	25,170	4,310	29,481

<sup>1)</sup> The investment in joint-venture Bytkomfort, s.r.o., is classified as asset held for distribution to owners since December 31, 2023 (Note 14).

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

	Current assets	Thereof: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Goodwill	Total investment in joint-ventures
Bytkomfort, s.r.o. <sup>1)</sup>	154,594	99,772	242,506	131,524	22,747	242,829	118,986	131,635	250,621
KLF-Distribúcia, s.r.o. <sup>1)</sup>	38,909	18,364	55,086	15,075	42,299	36,622	18,411	628	19,039

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o. <sup>1)</sup>	796,056	(24,604)	1,242	(1,067)	(27,251)	(4,843)	5,745	902
KLF-Distribúcia, s.r.o. <sup>1)</sup>	47,741	(4,757)	-	(743)	-	11,977	957	12,934

<sup>1)</sup> The reported values are part of the assets held for distribution to owners (Note 14).

## 9. Cash and Cash Equivalents

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

	2024	2023
Cash on hand and current accounts with banks	274,324	138,331
Allowance to cash and cash equivalents	(5)	(16)
Total	274,319	138,315

Cash and cash equivalents as at December 31, 2024 and 2023, included foreign currency balances in the amount of CZK 130 thousand and CZK 130 thousand, respectively.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents as at December 31, 2024 and 2023, consist of the following (in CZK thousands):

	2024	2023
Cash and cash equivalents as a separate balance sheet item	274,319	138,315
Cash and cash equivalents attributable to assets classified as held for distribution to owners (Note 14)	-	677,674
Total	274,319	815,989

## 10. Trade and Other Receivables

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

	2024	2023
Trade receivables	10,415,976	12,256,973
Other receivables	41,919	39,564
Allowances	(387,937)	(346,516)
<b>Total</b>	<b>10,069,958</b>	<b>11,950,021</b>

The information about receivables from related parties is included in Note 35.

Carrying amount of receivables pledged as security for liabilities at December 31, 2024 and 2023, are CZK 94,138 thousand and CZK 62,814 thousand, respectively.

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

	2024	2023
Not past due	9,465,094	11,401,677
Past due:		
Less than 3 months	498,182	358,868
3–6 months	79,246	135,931
6–12 months	18,876	42,404
More than 12 months	8,560	11,141
<b>Total</b>	<b>10,069,958</b>	<b>11,950,021</b>

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

Movements in allowance (in CZK thousands):

	2024	2023
Balance as at January 1	(346,516)	(300,019)
Additions	(140,306)	(142,672)
Reversals	99,614	88,262
Allowances related to receivables classified as held for distribution to owners	–	8,803
Derecognition of impaired assets	–	651
Currency translation differences	(730)	(1,541)
<b>Balance as at December 31</b>	<b>(387,938)</b>	<b>(346,516)</b>

## 11. Materials and Supplies

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

	2024	2023
Material	209,671	260,170
Work in progress	173,851	212,366
Other supplies	27,727	26,287
Allowance for obsolescence	(87,625)	(64,637)
<b>Total</b>	<b>323,624</b>	<b>434,186</b>

## 12. Emission Rights and Guarantees of Origin

The composition of emission rights and guarantees of origin at December 31, 2024 and 2023 (in CZK thousands):

	2024	2023
Emission rights allocated and purchased for use	13,781	10,421
Guarantees of origin for trading	1,287	86,778
<b>Total</b>	<b>15,068</b>	<b>97,199</b>

During 2024 and 2023, total emissions of greenhouse gases made by the Group amounted to an equivalent of 8,755 tons and 7,048 tons of CO<sub>2</sub>, respectively. At December 31, 2024 and 2023, the Group recognized a provision for CO<sub>2</sub> emissions in total amount of CZK 14,318 thousand and CZK 7,570 thousand, respectively (see Notes 2.10 and 19).

## 13. Other Current Assets

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

	2024	2023
Unbilled electricity and gas supplied to the retail customers	2,360,664	2,120,181
Received advances from electricity and gas retail customers	(2,171,128)	(2,005,223)
Unbilled supplies to retail customers, net	189,536	114,958
Gross contract assets based on percentage of completion	354,316	364,935
Received billings and advances	(40,602)	(38,660)
Net contract assets	313,714	326,275
Advances paid	1,447,011	965,504
Prepayments	55,593	52,176
Accruals	1,650,609	3,936,258
Grants, taxes and fees, excluding income tax	47,470	30,971
<b>Total</b>	<b>3,703,933</b>	<b>5,426,142</b>

Unbilled revenue includes mainly unbilled electricity and gas supplies. In 2023, unbilled electricity and gas compensations (price caps and loss compensation) totalling CZK 1,048,633 thousand are also part of unbilled revenue.

## 14. Assets Held for Distribution to Owners and Related Liabilities

On October 10, 2023, the transformation project was approved of a demerger (division) of ČEZ ESCO, a.s., through a spin-off by acquisition, where the shares of ESCO Slovensko, a. s., were spun-off and merged with ČEZ Invest Slovensko, a.s. (a wholly owned subsidiary of ČEZ, a. s.). This Group reorganization plan also included the intention to transfer a 49% share in the Slovak company Bytkomfort, s.r.o., which is owned directly by ČEZ ESCO, a.s. The assets and related liabilities of all consolidated companies with registered office in Slovakia (see Note 8) that are subject to the spin-off are classified as assets and related liabilities held for distribution to owners in the consolidated balance sheet as at December 31, 2023.

The record date and the effective date of the spin-off was January 1, 2024. The interests in the subsidiaries AZ KLIMA SK, s.r.o., BIOPEL, a. s., CAPEXUS SK s. r. o., e Dome a. s., ELIMER, a.s., ESCO Distribučné sústavy a.s., ESCO Servis, s. r. o., ESCO Slovensko, a. s., SPRAVBYTKOMFORT, a.s. Prešov and in the joint-venture KLF-Distribúcia, s.r.o., were disposed of.

The transfer of the 49% share in Bytkomfort, s.r.o. has not yet taken place. The transfer is subject to approval by the general meeting of Bytkomfort. The Company's management is taking active steps to implement the transfer and believes that it is highly probable that the transfer will occur in the following year. The 49% interest in joint-venture Bytkomfort is still classified as an asset held for distribution to owners as of December 31, 2024.

An overview as at December 31, 2024 and 2023, is included in the table below (in CZK thousands):

	2024	2023
Property, plant and equipment	-	726,679
Investments in joint-ventures	258,246	270,019
Non-current financial assets	-	91,967
Intangible assets	-	662,045
Deferred tax asset	-	4,414
Cash and cash equivalents	-	677,674
Trade and other receivables	-	537,666
Materials and supplies	-	75,088
Other current assets	-	137,151
Assets classified as held for distribution to owners	258,246	3,182,703
Long-term debt, net of current portion	-	494,188
Long-term provisions	-	22,653
Other long-term financial liabilities	-	27,522
Deferred tax liability	-	23,090
Short-term loans	-	34,881
Current portion of long-term debt	-	25,664
Trade payables	-	393,195
Short-term provisions	-	56,948
Other short-term liabilities	-	232,039
Liabilities associated with assets classified as held for distribution to owners	-	1,310,180
Related non-controlling interests	-	885,025
Related exchange rate differences (accumulated gain)	-	47,858

The decrease in cash and cash equivalents in the amount of CZK 677,674 thousand, which was related to the loss of control over the spun-off companies, was reported in the cash flow statement on the line Distribution to Company's shareholders.

The assets and net income associated with the named assets classified as held for distribution to owners are reported in the operating segment Non-commodity.

## 15. Equity

As at December 31, 2024 and 2023, the share capital of the Company registered in the Commercial Register totaled CZK 2,803,000,000 and consisted of 2,803 shares with a nominal value of CZK 1,000,000 per share. All shares are bearer common shares that are fully paid and listed. The rights and obligations attached to the Company's shares are governed by applicable law as set down in Section 210 et seq. of Act No. 89/2012 Coll., Civil Code, as amended, and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act, as amended. The transferability of the Company's shares has been restricted; the shares are only transferable with the consent of the Company's board of directors subject to the opinion of the Company's supervisory board. Pursuant to Section 256(1) of the Business Corporations Act, shareholder rights attached to the shares are to participate, in compliance with the Act and the Company's Articles of Association, in Company management and receive a portion of its profits or its liquidation surplus when wound up with liquidation.

### Capital Structure Management

The primary objective of the Group's capital structure management is 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 2.5 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. Receivables arising from the Group's cash pool arrangement are treated as cash equivalents and payables arising from the cash pool arrangement reduce highly liquid assets. Total capital is equity attributable to parent company shareholders plus total debt. These calculations always (if relevant) include items relating to assets held for sale or held for distribution to owners, which are reported separately in the balance sheet.

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

	2024	2023
Long-term debt	2,057,653	1,977,945
Long-term debt held for distribution to owners (Note 14)	–	519,852
Short-term loans held for distribution to owners (Note 14)	–	34,881
Total debt	2,057,653	2,532,678
Less:		
Cash and cash equivalents	(274,319)	(138,315)
Cash and cash equivalents held for distribution to owners (Note 14)	–	(677,674)
Highly liquid financial assets and cash pooling:		
Group cash pool receivables (Note 4)	(1,487,025)	(1,368,999)
Group cash pool payables (Note 20)	723,463	2,252,797
Group cash pool receivables for distribution to owners	–	(1,057)
Group cash pool payables for distribution to owners	–	1,233
Total net debt	1,019,772	2,600,663
Income before income taxes and other income (expenses)	2,068,668	2,121,002
Depreciation and amortization	597,525	662,699
Impairment of property, plant and equipment and intangible assets	(2,273)	(9,436)
Gains and losses on sale of property, plant and equipment (Note 24 and 30)	(5,677)	(10,160)
EBITDA	2,658,243	2,764,105
Net debt to EBITDA ratio	0.38	0.94

## 16. Long-term Debt

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

	2024	2023
Bank loans	1,200,000	1,200,000
Lease liabilities	795,505	777,945
Other loans	62,148	–
Total long-term debts	2,057,653	1,977,945
Less: Current portion of bank loans and lease liabilities	(525,116)	(82,080)
Long-term debt, net of current portion	1,532,537	1,895,865

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

	2024	2023
Long-term bank and other loans and lease liabilities:		
Less than 2.00% p. a.	131,590	1,295,784
2.00% to 2.99% p. a.	1,015,414	17,551
3.00% to 3.99% p. a.	79,640	384,469
4.00% to 4.99% p. a.	358,485	162,083
5.00% to 5.99% p. a.	126,339	48,547
6.00% to 6.99% p. a.	292,111	67,779
7.00% p. a. and more	54,074	1,732
Total long-term bank and other loans and lease liabilities	2,057,653	1,977,945

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

All long-term debt is recognized in original currencies while the related hedging derivatives are recognized using the method described in Note 2.12.

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

	2024	2023
Within 1 year	525,116	82,080
Between 1 year and 2 years	580,863	543,793
Between 2 and 3 years	514,933	513,811
Between 3 and 4 years	95,135	491,963
Between 4 and 5 years	73,258	77,982
Thereafter	268,348	268,316
<b>Total long-term debt</b>	<b>2,057,653</b>	<b>1,977,945</b>

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

	2024		2023	
	Foreign currency	CZK	Foreign currency	CZK
EUR	5,383	133,935	3,441	85,067
CZK		1,923,718		1,892,878
<b>Total long-term debt</b>		<b>2,057,653</b>		<b>1,977,945</b>

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

	2024	2023
Floating rate long-term debt		
with interest rate fixed to 1 month	62,148	-
with interest rate fixed from 1 to 3 months	1,200,000	1,200,000
<b>Total floating rate long-term debt</b>	<b>1,262,148</b>	<b>1,200,000</b>
Fixed rate long-term debt	795,505	777,945
<b>Total long-term debt</b>	<b>2,057,653</b>	<b>1,977,945</b>

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 Notes 17 and 18.

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

	Debt	Derivatives and other financial liabilities	Derivatives and other current financial assets	Total liabilities / assets from financing activities
Liabilities / assets from financing at January 1, 2023	2,325,525	2,542,173	(582,562)	4,285,136
Cash flows	47,591	(246,036)	(833,500)	(1,031,945)
Additions and modifications of leases	151,697	-	-	151,697
Foreign exchange movement	17,821	3,980	42,470	64,271
Changes in fair values	-	(392)	-	(392)
Liabilities associated to assets classified as held for distribution to owners	(554,733)	(8,748)	1,107	(562,374)
Other <sup>1)</sup>	(9,956)	24,124	3,661	17,829
Liabilities / assets arising from financing activities at December 31, 2023	1,977,945	2,315,101	(1,368,824)	2,924,222
Liabilities / assets arising from other than financing activities	-	982,141	(1,023,465)	
<b>Total amount on balance sheet at December 31, 2023</b>	<b>1,977,945</b>	<b>3,297,242</b>	<b>(2,392,289)</b>	
Less: Liabilities / assets from other than financing activities	-	(982,141)	1,023,465	
Liabilities / assets from financing at January 1, 2024	1,977,945	2,315,100	(1,368,824)	2,924,221
Cash flows	(70,324)	(2,190,444)	(76,835)	(2,337,603)
Additions and modifications of leases	143,747	-	-	143,747
Foreign exchange movement	2,924	(334)	(37,083)	(34,493)
Spin-off by merger of Slovak companies (see Note 14)	-	677,674	-	677,674
Other <sup>1)</sup>	3,361	(19,666)	(4,108)	(20,413)
Liabilities / assets arising from financing activities at December 31, 2024	2,057,653	782,330	(1,486,850)	1,353,133
Liabilities / assets arising from other than financing activities	-	489,727	(3,671,324)	
<b>Total amount on balance sheet at December 31, 2024</b>	<b>2,057,653</b>	<b>1,272,057</b>	<b>(5,158,174)</b>	

<sup>1)</sup> The item Other includes accrued interest, transfer of interest paid on leasing to operating activities and non-cash additions and decreases of liabilities.

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item Derivatives and other financial liabilities consists of dividend payables and other financial liabilities (short-term and long-term including short-term portion), item Derivatives and other current financial assets consists of receivables from cash pooling.

## 17. Fair Value of Financial Instruments

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

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

### Cash, Cash Equivalents and Short-term Investments

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

### Securities Held for Trading

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

### Non-current Debt and Equity Financial Assets

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

### Short-term Receivables and Payables

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

### Short-term Borrowings

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

### Long-term Debt

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

### Derivatives

The fair value of derivatives corresponds to their market value.

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-current assets at amortized cost:</b>				
Other financial receivables	275,389	275,512	102,558	103,708
Investment in finance lease	89,871	89,871	70,619	70,619
Restricted financial assets	209	209	209	209
<b>Non-current assets at fair value through other comprehensive income:</b>				
Equity financial assets <sup>1)</sup>	36,781	36,781	36,189	36,189
<b>Current assets at amortized cost:</b>				
Cash and cash equivalents	274,319	274,319	138,315	138,315
Other financial receivables	3,167,738	3,167,738	26,189	26,189
Investment in finance lease	11,096	11,096	8,488	8,488

<sup>1)</sup> The value as at December 31, 2024 and 2023, mainly comprises the Group's investments in IVITAS, a.s., in the amount of CZK 32,085 thousand.

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt <sup>1)</sup>	(1,262,148)	(1,262,148)	(1,200,000)	(1,256,508)
Other long-term financial liabilities	(36,352)	(36,352)	(30,554)	(30,554)
Other short-term financial liabilities	(777,492)	(777,492)	(2,301,624)	(2,301,624)

<sup>1)</sup> The value of long-term debt is stated without lease liabilities of which the fair value is not disclosed (the carrying amount as at December 31, 2024 and 2023, is CZK (795,505) thousand and CZK (777,945) thousand, respectively).

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Cash flow hedges:</b>				
Short-term receivables	170,345	170,345	468,701	468,701
Long-term receivables	57,811	57,811	187,497	187,497
Short-term liabilities	(71,866)	(71,866)	(408,862)	(408,862)
Long-term liabilities	(50,338)	(50,338)	(60,342)	(60,342)
<b>Commodity derivatives:</b>				
Short-term receivables	296,863	296,863	463,158	463,158
Short-term liabilities	(243,580)	(243,580)	(381,556)	(381,556)
<b>Other derivatives:</b>				
Short-term receivables	25,107	25,107	56,754	56,754

### 171. Fair Value Hierarchy

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.

There were no transfers between levels of financial instruments measured at fair value in 2024 and 2023.

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

	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>				
Commodity derivatives	296,863	-	296,863	-
Cash flow hedges	170,345	-	170,345	-
Other derivatives	25,107	-	25,107	-
Equity financial assets at fair value through other comprehensive income	36,781	-	-	36,781
<b>Liabilities measured at fair value:</b>				
Commodity derivatives	(243,580)	-	(243,580)	-
Cash flow hedges	(71,866)	-	(71,866)	-
<b>Assets and liabilities for which fair values are disclosed:</b>				
Other financial receivables	3,443,127	-	3,443,127	-
Investment in finance lease	100,967	-	100,967	-
Long-term debt	(1,262,148)	-	(1,262,148)	-
Other financial liabilities	(813,844)	-	(813,844)	-

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

	Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>				
Commodity derivatives	463,158	-	459,130	4,028
Cash flow hedges	656,198	-	656,198	-
Other derivatives	56,754	-	56,754	-
Equity financial assets at fair value through other comprehensive income	36,189	-	-	36,189
<b>Liabilities measured at fair value:</b>				
Commodity derivatives	(381,556)	-	(340,494)	(41,062)
Cash flow hedges	(469,204)	-	(469,204)	-
Other derivatives	-	-	-	-
<b>Assets and liabilities for which fair values are disclosed:</b>				
Other financial receivables	128,747	-	128,747	-
Investment in finance lease	79,107	-	79,107	-
Long-term debt	(1,200,000)	-	(1,200,000)	-
Other financial liabilities	(2,332,178)	-	(2,332,178)	-

The Group negotiates derivative financial instruments especially with ČEZ, a. s. Derivatives that are measured by means of techniques using market inputs include, in particular, commodity forward contracts, foreign exchange forward contracts and interest rate swaps. The most frequently applied valuation methods use commodity price curves, swap models and present value calculations. The models use various inputs including the forward curves of underlying commodities, foreign exchange spot and forward rates, and interest rate curves.

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

	Equity financial assets at fair value through other comprehensive income	Commodity derivatives
Balance at January 1, 2023	2,877	-
Additions	32,085	-
Disposals	-	130,642
Revaluation	1,227	(167,676)
<b>Balance at December 31, 2023</b>	<b>36,189</b>	<b>(37,034)</b>
Additions	592	-
Disposals	-	37,034
<b>Balance at December 31, 2024</b>	<b>36,781</b>	<b>-</b>

The commodity derivatives measured at fair value – Level 3 include gas contracts with supply in regions where the market is not sufficiently active over the entire duration of the contract. The fair value of gas purchase and sale contracts in insufficiently active markets is derived from the nearest active market and a location spread is determined using a pricing model that makes maximum use of available market data.

## 17.2. Offsetting of Financial Instruments

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

	2024		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	550,126	(365,784)	1,176,110	(850,760)
Other financial instruments <sup>1)</sup>	930,160	(532,564)	4,336,416	(8,741,902)
Gross financial assets / liabilities	1,480,286	(898,348)	5,512,526	(9,592,662)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	1,480,286	(898,348)	5,512,526	(9,592,662)
Effect of master netting agreements	(532,100)	532,100	(5,031,485)	5,031,485
<b>Net amount after master netting agreements</b>	<b>948,186</b>	<b>(366,248)</b>	<b>481,041</b>	<b>(4,561,177)</b>

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

CEZ ESCO Group trades in derivatives under EFET master agreements. This agreement allows 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.

The information about offset of unbilled electricity supplied to retail customers with advances received is included in Note 13 and 22. The information about offset of construction contracts and related billings and advances received is included in Note 13.

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

## 18. Financial Risk Management

### Risk Management Approach

A risk management system has continually been developed to protect the Group's value while taking risks that are acceptable for the shareholders. CEZ ESCO Group's risk management system is subject to and integrated into the CEZ Group's risk management system. In the Group, risk is defined as a potential difference between the actual development and the expected (planned) development and is measured by the extent of such difference in CZK and the level of probability that the deviation will occur. CEZ Group's risk management system is stipulated by the Group's management documentation and a risk frame definition that is assigned a specific owner/department responsible for its management. All these Group instruments are binding on CEZ ESCO.

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

The "bottom-up" method is used for setting and updating the risk frames. The risk frames include the definition of risk and departments/companies 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 Group's aggregate annual limit.

CEZ Group has a risk management system in place to manage group-level significant risks using a centrally managed software tool, which is guaranteed by the risk management department of ČEZ, a. s. ČEZ ESCO assesses its significant risks on a regular quarterly basis using the methodology established for group-level significant risks and validates their market analysis. The inputs to individual group risks are consolidated and professionally validated by ČEZ risk management.

### Risk Management Organization

The supreme authority responsible for risk management is the CFO of ČEZ, a. s.; except for approval of the aggregate annual budget risk limit (Profit@Risk) that is within the competence of the Board of Directors of ČEZ, a. s., the CFO decides, based on the recommendation of the Risk Management Committee (CEZ Group risk management advisory committee), on the development of a risk management system and overall allocation of risk capital to the individual risks and organizational units, approves obligatory rules, responsibilities and limit structure for the management of partial risks. CEZ ESCO Group operates within the risk limits that are relevant for the group within the CEZ Group. The credit exposure of ČEZ ESCO customers is managed on a decentralized basis – partly by the ČEZ ESCO Credit Risk Management department (up to the established limits) and partly by the ČEZ, a. s., Risk Management department.

### 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.

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

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

- Activities with the unified quantification of the share of respective activity in the aggregate risk limit 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 actually expected deviation of expected annual profit from the 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: operational and investment risks.

### 18.1. Qualitative Description of Risks Associated with Financial Instruments

#### Commodity Risks

The development of electricity, emission rights, guarantees of origin and gas prices is a key risk factor of the Group value. The current system of commodity risk management focuses on the margin from electricity and gas sales, i.e. transactions resulting in optimizing the margin from the proprietary trading in commodities.

#### Market Financial Risks (currency and interest risks)

The development of foreign exchange rates and interest rates is a significant risk factor of CEZ ESCO Group value and has been identified as one of group-level significant risks. The current system of financial risk management is focused mainly on future cash flows and on financial transactions aimed at overall risk position management in accordance with the risk limits. Risk management is fully ensured by instruments provided by ČEZ, a. s., financing.

#### Credit Risks

For centrally managed Group activities, 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).

In the area of electricity sales to end customers in the Czech Republic, the current creditworthiness of each business partner is continuously monitored, as derived from the customer's historical payment record (for selected partners, the financial situation is also taken into account). This creditworthiness determines the partners' payment terms (i.e. indirectly the amount of credit exposure allowed) and also serves to quantify expected and potential losses.

Group's maximum exposure to credit risk concerning receivables and other financial instruments as at December 31, 2024 and 2023, is the carrying value of the financial asset in each class of financial assets except for financial guarantees.

#### Liquidity Risks

CEZ ESCO Group's liquidity is ensured by the cash pooling instrument provided by ČEZ, a. s., which also manages the related liquidity risk.

### 18.2. Quantitative Description of Risks Associated with Financial Instruments

#### Commodity Risks

The Group trades electricity and gas mainly on a back-to-back basis and is therefore not exposed to a significant commodity risk.

#### Currency Risks

CEZ ESCO Group sells electricity and gas in EUR to a significant portion of its end customers, in advance for the next few years.

If future revenue in EUR is fixed by selling electricity or gas to end customer, an FX forward contract is always concluded for the sale of the euro denominating the fixed income within a short period of time on a back-to-back basis, at the volume and with the maturity corresponding to the realization of the fixed revenue. Purchases of electricity and gas by CEZ ESCO Group are always denominated in CZK. For the purposes of currency forwards described above, the hedged EUR income may be aggregated into larger volumes over a limited period of time. All currency forwards referred to above are subject to hedge accounting as described in Note 18.3.

Consequently, the exposure to currency risk in CEZ ESCO Group is minimal. CEZ ESCO Group has no other significant currency exposures.

#### Interest Risks

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

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

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

	2024	2023
IR sensitivity* to parallel yield curve shift (+10bp)	(206)	(220)

\* 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. The Group does not provide guarantees and is therefore not exposed to guarantee-related risk.

#### Liquidity Risk

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

	Loans	Trade payables and other financial liabilities
Due in 2025	573,606	58,202
Due in 2026	611,058	60,754
Due in 2027	538,614	22,095
Due in 2028	113,526	60,701
Due in 2029	92,822	-
Thereafter	778,408	-
<b>Total</b>	<b>2,708,034</b>	<b>201,752</b>

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

	Loans	Trade payables and other financial liabilities
Due in 2024	145,607	31,725
Due in 2025	601,304	64,021
Due in 2026	538,897	34,185
Due in 2027	466,866	-
Due in 2028	103,521	-
Thereafter	297,018	-
<b>Total</b>	<b>2,153,213</b>	<b>129,931</b>

### 18.3. Hedge Accounting

The Group hedges cash flows arising from highly probable future revenue in EUR for the purposes of currency risk hedging. The hedged cash flows are expected to occur in 2025–2028. The relevant hedging instruments as at December 31, 2024 and 2023, are currency forward contracts. The fair value of these hedging derivatives was CZK 70,653 thousand and CZK 327,579 thousand as at December 31, 2024 and 2023, respectively.

The Group also hedges purchases of gas for consumption in cogeneration units in combined heat and power generation to hedge the associated cash flows and resulting gas consumption with respect to the applicable regulatory framework for the period being hedged. The hedging instruments as at December 31, 2024 and 2023, are gas commodity forwards and swaps.

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

2024				
	Unit of measure	Quantity / nominal value <sup>1)</sup>	Carrying amount <sup>2)</sup> (in CZK thousands)	Effective hedge amount before tax (in CZK thousands)
Commodity risk – gas consumption	GWh	211	35,299	45,192
Currency risk – EUR revenue in 2025–2028	EUR ths.	(628,582)	70,653	59,220
<b>Total derivative cash flow hedge</b>			<b>105,952</b>	<b>104,412</b>

2023				
	Unit of measure	Quantity / nominal value <sup>1)</sup>	Carrying amount <sup>2)</sup> (in CZK thousands)	Effective hedge amount before tax (in CZK thousands)
Commodity risk – gas consumption	GWh	194	(140,585)	(133,010)
Currency risk – EUR revenue in 2024–2026	EUR ths.	(1,128,788)	327,579	327,579
<b>Total derivative cash flow hedge</b>			<b>186,994</b>	<b>194,569</b>

<sup>1)</sup> Positive values represent purchase; negative values represent sale.

<sup>2)</sup> Positive values represent receivables, negative values represent payables.

In 2024 and 2023, cash flow hedging amounts transferred from equity were reported in the statement of income in Sales of electricity, gas and heat, Fuel and emission rights, Gains and losses from derivative commodity trading, Other financial expenses and Other financial income.

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

2024		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss
Commodity risk – gas consumption	46,531	131,670
Currency risk – EUR revenue	(196,177)	(5,688)
<b>Total cash flow hedge</b>	<b>(149,646)</b>	<b>125,982</b>

2023		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss
Commodity risk – gas consumption	(91,161)	1,642
Currency risk – EUR revenue	269,400	(1,543,198)
<b>Total cash flow hedge</b>	<b>178,239</b>	<b>(1,541,556)</b>

## 19. Provisions

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

	2024			2023		
	Non-current	Current	Total	Non-current	Current	Total
Provision for employee benefits	47,503	4,757	52,260	64,163	5,481	69,644
Provision for restoring of leased assets to original state	115,902	8,550	124,452	117,211	–	117,211
Provision for commercial litigations	–	73,402	73,402	–	60,530	60,530
Provision for CO <sub>2</sub> emissions (Note 12)	–	14,318	14,318	–	7,570	7,570
Provision for onerous contracts	–	170,346	170,346	163,287	669,122	832,409
Other provisions	11,003	325,139	336,142	10,881	220,533	231,414
<b>Total</b>	<b>174,408</b>	<b>596,512</b>	<b>770,920</b>	<b>355,542</b>	<b>963,236</b>	<b>1,318,778</b>

The use of provision for employee benefits is expected in 2025–2027 in amount of CZK 13,681 thousand and in 2030–2066 in amount of CZK 38,579 thousand.

The use of provision for restoring of leased assets to original state is expected in 2025–2041.

## 20. Derivatives and Other Financial Liabilities

Other financial liabilities at December 31, 2024 and 2023 (in CZK thousands):

	2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from group cash pooling	–	723,463	723,463
Payables from non-current assets purchase	5,019	–	5,019
Other	31,333	54,029	85,362
Financial liabilities at amortized cost	36,352	777,492	813,844
Cash flow hedge derivatives	50,338	71,866	122,204
Commodity and other derivatives	–	243,580	243,580
Contingent consideration from the acquisition of subsidiaries	92,428	–	92,428
Financial liabilities at fair value	142,766	315,446	458,212
<b>Total</b>	<b>179,118</b>	<b>1,092,938</b>	<b>1,272,056</b>

	2023		
	Long-term liabilities	Short-term liabilities	Total
Payables from group cash pooling	–	2,252,797	2,252,797
Payables from non-current assets purchase	15,651	–	15,651
Other	14,927	48,827	63,754
Financial liabilities at amortized cost	30,578	2,301,624	2,332,202
Cash flow hedge derivatives	60,342	408,862	469,204
Commodity and other derivatives	–	381,556	381,556
Contingent consideration from the acquisition of subsidiaries	82,555	31,725	114,280
Financial liabilities at fair value	142,897	822,143	965,040
<b>Total</b>	<b>173,475</b>	<b>3,123,767</b>	<b>3,297,242</b>

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

	2024	2023
Emission rights, guarantees of origin	242,874	282,150
Electricity	706	58,344
Gas	–	41,062
<b>Total commodity and other derivatives</b>	<b>243,580</b>	<b>381,556</b>

The decrease of liabilities from commodity and other derivatives in 2024 was caused mainly by physical delivery of the commodity or by financial settlement. Year-on-year decrease is also influenced by volatility of the market prices of electricity, gas, emission rights and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 4.

## 21. Trade Payables

An overview of trade payables as at December 31, 2024 and 2023, is as follows (in CZK thousands):

	2024	2023
ČEZ Prodej, a.s.	4,272,316	6,032,215
ČEZ Distribuce, a. s.	703,576	458,979
Other	2,495,983	3,355,018
<b>Total</b>	<b>7,471,875</b>	<b>9,846,212</b>

## 22. Other Short-term Liabilities

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

	2024	2023
Advances received from electricity and gas retail customers	2,423,582	2,779,374
Unbilled electricity and gas supplied to retail customers	(2,134,914)	(1,929,785)
Received advances from retail customers, net	288,668	849,589
Taxes and fees, except income tax	1,373,531	879,547
Other advances received	699,662	958,560
Deferred income	36,842	25,857
Other contract liabilities	72,397	82,365
<b>Total</b>	<b>2,471,100</b>	<b>2,795,918</b>

## 23. Leases

### 23.1. Group as a Lessee

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

The Group has entered into lease contracts with fixed and variable payments. The variable payments are regularly adjusted according to the inflation index or are based on use of the underlying assets. For some lease contracts, the amount of the lease liability is determined on the basis of expected realistic payments, where there is more than one set of payment options described in the lease but only one set of those payments is considered to be realistic.

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 16).

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

	2024	2023
Payments of principal	128,236	135,627
Payments of interests	37,639	14,780
Lease payments not included in valuation of lease liability	35,478	16,181
<b>Total cash outflow for leases</b>	<b>201,353</b>	<b>166,588</b>

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

	2024	2023
Expense relating to short-term leases	37	344
Expense relating to low-value assets	32,064	12,496
Variable lease payments not included in valuation of lease liability	3,377	3,341
Depreciation charge for right-of-use assets	139,610	150,149
Interest expenses	39,322	31,644
Modifications	(185)	(3)

In the subsequent year, the Group expects lease payments that are not included in the measurement of the lease liability to be similar to those in 2024.

## 23.2. Group as a Lessor

### Finance Lease

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

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

	2024	2023
Up to 1 year	19,148	14,575
Between 1 year and 2 years	17,229	14,451
Between 2 and 3 years	16,243	12,522
Between 3 and 4 years	16,243	11,535
Between 4 and 5 years	16,243	11,535
Thereafter	56,191	46,629
Total undiscounted investment in finance lease	141,297	111,247
Unearned finance income	(40,330)	(32,140)
Net investment in the lease	100,967	79,107

As at December 31, 2024 and 2023, the Group recognised interest income on net investment in leases in the amount of CZK 7,480 thousand and CZK 4,451 thousand, respectively.

### Operating Lease

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

Revenues from leased out property in 2024 and 2023 amounted to CZK 12,708 thousand and CZK 10,892 thousand, respectively. In subsequent years, the Group expects rental income to be similar to 2024.

## 24. Revenues and Other Operating Income

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

	2024	2023
<b>Sales of electricity:</b>		
Sales of electricity to end customers	33,449,121	48,364,831
Sales to distribution and transmission companies	–	35,686
Other sales of electricity	3,623,335	12,746,069
Effect of hedging – currency risk hedging (Note 18.3)	5,688	1,543,198
Total sales of electricity	37,078,144	62,689,784
<b>Sales of gas and heat:</b>		
Sales of gas	8,425,858	22,168,291
Sales of heat	1,445,899	2,186,535
Total sales of gas and heat	9,871,757	24,354,826
Total sales of electricity, gas and heat	46,949,901	87,044,610
<b>Sales of services and other revenues:</b>		
Services (except distribution services)	6,046,362	6,152,055
Distribution services	540,974	433,122
Rental income	12,708	10,892
Revenues from goods sold	228,544	452,852
Revenues from finished products	228,253	2,307,708
Total sales of services and other revenues	7,056,841	9,356,629
<b>Other operating income:</b>		
Contractual fines and interest fees for delays	23,236	15,485
Gain on sale of property, plant and equipment	5,677	10,261
Gain on sale of material	5,663	5,296
Recovery or receivables previously written off	10,196	19,341
Other	108,959	100,043
Total other operating income	153,731	150,426
<b>Total revenues and other operating income</b>	<b>54,160,473</b>	<b>96,551,665</b>

The Group drew in 2024 and 2023 grants related to income in the amount of CZK 124 thousand and CZK 138 thousand, respectively. Grants related to income are included in Other operating income in item Other.

Revenues from contracts with customers for the years ended December 31, 2024 and 2023, were CZK 53,988,346 thousand and CZK 94,847,149 thousand, respectively, and can be linked to the above figures as follows (in CZK thousands):

	2024	2023
Sales of electricity, heat and gas	46,949,901	87,044,610
Sales of services and other revenues	7,056,841	9,356,629
Total revenues	54,006,742	96,401,239
Adjustments:		
Effect of hedging – currency risk hedging	(5,688)	(1,543,198)
Rental income	(12,708)	(10,892)
Revenues from contracts with customers	53,988,346	94,847,149

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

	2024	2023
Within 1 year	2,997,039	3,579,436
More than 1 year	157,457	201,477
Total	3,154,496	3,780,913

## 25. Gains and Losses from Commodity Derivative Trading

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

	2024	2023
Loss from electricity derivative trading	(706)	–
Loss from gas derivative trading	–	(52,648)
Gain (loss) from emission rights and guarantees of origin derivative trading	(61,947)	155,552
Total gains and losses from commodity derivative trading	(62,653)	102,904

## 26. Purchase of Electricity, Gas and Other Energies

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

	2024	2023
Purchase of electricity for resale	(33,771,059)	(56,777,071)
Purchase of gas for resale	(7,831,230)	(22,252,760)
Purchase of other energies	(666,579)	(1,193,910)
Total purchase of electricity, gas and other energies	(42,268,868)	(80,223,741)

## 27. Fuel and Emission Rights

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

	2024	2023
Consumption of gas	(2,189,160)	(2,561,621)
Emission rights for power generation	(14,318)	(7,570)
Consumption of fossil energy fuel and biomass except gas	(8,425)	(22,740)
Total fuel and emission rights	(2,211,903)	(2,591,931)

## 28. Services

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

	2024	2023
Services for manufacturing orders and products for sale	(2,860,980)	(4,558,087)
Distribution services	(239,186)	(274,235)
Repairs and maintenance	(1,34,332)	(1,42,293)
Other services	(600,582)	(554,598)
<b>Total services</b>	<b>(3,835,080)</b>	<b>(5,529,213)</b>

## 29. Salaries and Wages

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

	2024		2023	
	Total	Key management <sup>1)</sup>	Total	Key management <sup>1)</sup>
Salaries and wages including remuneration of the board members	(1,500,910)	(27,984)	(1,572,928)	(31,590)
Social and health security	(493,242)	(2,499)	(521,325)	(7,636)
Other personal expenses	(61,487)	(1,946)	(88,275)	(2,280)
<b>Total</b>	<b>(2,055,639)</b>	<b>(32,429)</b>	<b>(2,182,528)</b>	<b>(41,506)</b>

<sup>1)</sup> Members of the Supervisory Board and the Board of Directors of the parent company. The remuneration of former members of key management is also included in personal expenses.

## 30. Other Operating Expenses

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

	2024	2023
Change in provisions	506,491	(1,049,400)
Cost of goods sold	(1,50,849)	(214,375)
Insurance	(43,854)	(49,524)
Bad debt expense	(38,944)	(32,255)
Other taxes and fees	(12,812)	(16,272)
Consumption of guarantees of origin and green and similar certificates	(4,703)	(733)
Gifts	(4,094)	(4,239)
Costs related to trading of commodities	(454)	(1,322)
Loss on sale of property, plant and equipment and intangible assets	-	(101)
Other	(156,522)	(122,565)
<b>Total</b>	<b>94,259</b>	<b>(1,490,786)</b>

## 31. Interest Income

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

	2024	2023
Bank accounts	149,828	97,317
Finance lease	7,480	4,451
Financial assets and liabilities at fair value through profit or loss	1,079	1,606
<b>Total</b>	<b>158,387</b>	<b>103,374</b>

### 32. Other Financial Expenses

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

	2024	2023
Derivative losses	(33,059)	(63,747)
Other	(37,487)	(30,546)
Total	(70,546)	(94,293)

### 33. Other Financial Income

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

	2024	2023
Foreign exchange rate gain	53,231	113,600
Derivative gains	3,496	5,117
Dividend income	180	174
Other	3,132	372
Total	60,039	119,263

### 34. Income Taxes

Companies resident in the Czech Republic calculated corporate income tax in accordance with the Czech tax regulations at the rate of 21% and 19% in 2024 and 2023, respectively. The expected corporate income tax rate from 2025 is 21%.

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

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

	2024	2023
Current income tax charge	(359,887)	(474,217)
Adjustments in respect of current income tax of previous periods	18,209	(11,966)
Deferred income taxes	(144,070)	48,582
Total	(485,748)	(437,601)

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

	2024	2023
Income before income taxes	2,091,614	2,046,946
Statutory income tax rate in the Czech Republic	21%	19%
"Expected" income tax expense	(439,239)	(388,920)
Tax effect of:		
Adjustments in respect of current income tax of previous periods	18,209	(11,966)
Impact of different tax rate for calculation of deferred tax	-	(17,469)
Use of tax loss	-	(20,186)
Expiration of tax losses with recorded deferred tax assets	-	(14,658)
Income (expenses) taxed in previous period	(19,404)	(6,384)
Other already tax exempt or non-deductible items, net	(45,314)	21,982
Income taxes	(485,748)	(437,601)
Effective tax rate	23%	21%

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

	2024	2023
Difference between financial statement value and tax value of net book value of fixed assets	18,559	13,026
Revaluation of financial instruments	–	27,932
Allowances	54,339	41,746
Provisions	183,686	291,258
Lease liabilities	122,903	112,746
Tax loss carry forwards	11,359	49,687
Other temporary differences	70,953	61,871
Unrecorded deferred tax asset	(369)	(26,789)
Total deferred tax assets	461,430	571,477
Difference between financial statement value and tax value of net book value of fixed assets	(401,553)	(367,576)
Revaluation of financial instruments	(21,927)	(54,828)
Right-of-use assets	(128,179)	(116,862)
Investment in finance lease	(21,224)	(16,629)
Other temporary differences	(64,510)	(31,734)
Total deferred tax liability	(637,393)	(587,629)
Total deferred tax assets (liability)	(175,963)	(16,152)
Reflected in the balance sheet as follows:		
Deferred tax assets	160,000	228,395
Deferred tax liability	(335,963)	(244,547)
Total deferred tax assets (liability)	(175,963)	(16,152)

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

	2024	2023
Balance at January 1	(16,152)	(339,310)
Deferred tax recognized in profit or loss	(144,070)	48,582
Deferred tax recognized in other comprehensive income	2,639	255,635
Acquisition of subsidiaries	(20,475)	–
Currency translation differences	2,095	265
Deferred tax classified as held for distribution to owners as of January 31	–	18,676
Balance at December 31	(175,963)	(16,152)

At December 31, 2024 and 2023, the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK (179,987) thousand and CZK 294,306 thousand, respectively.

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

	2024			2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(149,646)	29,849	(119,797)	178,239	(41,274)	136,965
Cash flow hedges reclassified to statement of income	125,982	(26,456)	99,526	(1,541,557)	296,909	(1,244,648)
Translation differences – subsidiaries	56	–	56	39,246	–	39,246
Translation differences – joint-ventures	4,703	–	4,703	6,268	–	6,268
Share on other equity movements of joint-ventures	(92)	–	(92)	(784)	–	(784)
Change in fair value of equity instruments	–	–	–	1,127	–	1,127
Re-measurement gains (losses) on defined benefit plans	3,592	(754)	2,838	–	–	–
Total	(15,405)	2,639	(12,766)	(1,317,461)	255,635	(1,061,826)

### 35. Related Parties

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

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

	Receivables		Payables	
	2024	2023	2024	2023
ČEZ, a. s.	5,046,643	2,192,544	1,173,186	3,218,272
ČEZ Distribuce, a. s.	665,402	437,562	703,576	458,979
ČEZ ICT Services, a. s.	-	-	15,956	8,389
ČEZ Prodej, a.s.	904,266	3,773,225	4,272,316	6,032,215
ČEZ Teplárenská, a.s.	155,976	74,332	105,533	155
GasNet, s.r.o.	176,956	-	235,475	-
ŠKODA PRAHA a.s.	35,573	-	25,629	33,750
ÚJV Řež, a. s.	12,240	16,680	5,110	9,051
Other	48,004	32,446	27,120	27,118
<b>Total</b>	<b>7,045,060</b>	<b>6,526,789</b>	<b>6,563,901</b>	<b>9,787,929</b>

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

	Sales to related parties		Purchases from related parties	
	2024	2023	2024	2023
AZ KLIMA SK, s.r.o. <sup>1)</sup>	53,355	-	5,480	-
ČEZ, a. s.	5,449,836	22,515,714	41,064,518	65,771,183
ČEZ Distribuce, a. s.	22,465	3,780	279,389	120,495
ČEZ ICT Services, a. s.	666	576	77,641	62,074
ČEZ Prodej, a.s.	83,402	141,079	1,288,765	746,827
ČEZ Teplárenská, a.s.	392,255	228,082	343	356
Energetické centrum s.r.o.	377	385	92,644	176,346
GasNet, s.r.o.	47,107	-	4,591	-
IVITAS, a.s.	50	4	17,507	2,581
Severočeské doly a.s.	67,901	3,276	7	-
ŠKODA JS a.s.	47,001	45,538	-	-
ŠKODA PRAHA a.s.	46,883	8,500	386	-
ÚJV Řež, a. s.	53,671	72,201	15,074	13,602
Other	72,159	143,209	13,981	7,621
<b>Celkem</b>	<b>6 337 128</b>	<b>23 162 344</b>	<b>42 860 326</b>	<b>66 901 085</b>

<sup>1)</sup> Company has been subsidiary till December 31, 2023.

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

	Interest and other financial income		Dividend income	
	2024	2023	2024	2023
ČEZ, a. s.	590	652	-	-

Information about compensation of key management is included in Note 29.

## 36. Segment Information

The Group reports its results using two primary reportable operating segments:

- Commodity and commodity products – supply of electricity and gas to public administration, medium-sized companies and large enterprises and commodity services (emission rights, guarantees of origin, PPA contracts, etc.). The Commodity and commodity products segment includes part of the activities of ČEZ ESCO, a.s.
- Non-commodity (non-commodity services) – supply of services, in particular energy consultancy, operation and construction of lighting, manufacture and supply of HVAC equipment, direct construction of cogeneration units, installation of photovoltaic power plants, energy saving projects in the form of EPC, technical facility management services, measurement and control system services, design and implementation of clean rooms. The Non-commodity segment includes part of the activities of ČEZ ESCO, a.s., and all consolidated subsidiaries and joint ventures.

The segments are defined across the countries in which CEZ ESCO Group operates. A segment is a product-determined part of CEZ ESCO Group that is significantly differentiated in terms of its characteristics and output specifics.

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

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

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

	2024	2023
Revenues and other operating income	54,160,473	96,551,665
Gains and losses from commodity derivative trading	(62,653)	102,904
Purchase of electricity, gas and other energies	(42,268,868)	(80,223,741)
Fuel and emission rights	(2,211,903)	(2,591,931)
Services	(3,835,080)	(5,529,213)
Material and supplies	(1,243,321)	(2,031,218)
Capitalization of expenses to the cost of assets and change in own inventories	124,955	231,031
Other <sup>1)</sup>	474,591	494,631
Gross margin	5,138,194	7,004,128

<sup>1)</sup> Other includes relevant part of the material costs (part of the statement of income line-item Material and supplies) and excludes part of the statement of income line item Services, which refers to repair and maintenance services and other services that have rather overhead nature.

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

Year 2024	Commodity and commodity products	Non-commodity	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	43,857,759	10,302,714	54,160,473	–	54,160,473
Revenues and other operating income – intersegment	2,919,630	–	2,919,630	(2,919,630)	–
Total revenues and other operating income	46,777,389	10,302,714	57,080,103	(2,919,630)	54,160,473
Thereof:					
Sales of electricity, gas and heat	46,390,994	3,255,827	49,646,821	(2,696,920)	46,949,901
Sales of services and other revenues	304,282	6,975,210	7,279,492	(222,651)	7,056,841
Other operating income	82,113	71,677	153,790	(59)	153,731
Revenues and other operating income, including result from commodity derivative trading	46,710,588	10,306,862	57,017,450	(2,919,630)	54,097,820
Total sales of electricity, including the result of electricity trading <sup>1)</sup>	37,030,534	1,726,083	38,756,617	(1,679,179)	37,077,438
Gross margin	1,837,098	3,377,496	5,214,594	(76,400)	5,138,194
EBITDA	1,752,708	906,787	2,659,495	(1,252)	2,658,243
Depreciation and amortization	(23,527)	(573,998)	(597,525)	–	(597,525)
Impairment of property, plant and equipment and intangible assets	–	2,273	2,273	–	2,273
Income (loss) before other income (expenses) and income taxes	1,729,180	340,740	2,069,920	(1,252)	2,068,668
Interest expense	(20,771)	(116,496)	(137,267)	–	(137,267)
Interest income	54,694	103,693	158,387	–	158,387
Share of profit (loss) from joint-ventures	–	12,333	12,333	–	12,333
Income taxes	(384,477)	(101,271)	(485,748)	–	(485,748)
Net income	1,431,191	205,824	1,637,015	(31,149)	1,605,866
Identifiable assets	70,684	6,917,621	6,988,305	–	6,988,305
Unallocated assets					19,981,688
Total assets					26,969,993
Capital expenditure	1,412	754,899	756,311	(25,771)	730,540
Average number of employees	176	1,607	1,783	–	1,783

<sup>1)</sup> The item contains the line Total sales of electricity (Note 24) and the line Loss from electricity derivative trading (Note 25).

Year 2023:	Commodity and commodity products	Non-commodity	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	82,674,587	13,877,078	96,551,665	–	96,551,665
Revenues and other operating income – intersegment	3,217,391	–	3,217,391	(3,217,391)	–
Total revenues and other operating income	85,891,978	13,877,078	99,769,056	(3,217,391)	96,551,665
Thereof:					
Sales of electricity, gas and heat	85,616,037	4,495,142	90,111,179	(3,066,569)	87,044,610
Sales of services and other revenues	219,836	9,287,540	9,507,376	(150,747)	9,356,629
Other operating income	56,105	94,396	150,501	(75)	150,426
Revenues and other operating income, including result from commodity derivative trading	86,042,244	13,878,424	99,920,668	(3,266,099)	96,654,569
Total sales of electricity, including the result of electricity trading <sup>1)</sup>	62,552,890	2,088,082	64,640,972	(1,951,188)	62,689,784
Gross margin	3,140,098	3,958,087	7,098,185	(94,057)	7,004,128
EBITDA	1,667,700	1,127,324	2,795,024	(30,919)	2,764,105
Depreciation and amortization	(22,634)	(640,065)	(662,699)	–	(662,699)
Impairment of property, plant and equipment and intangible assets	–	9,436	9,436	–	9,436
Income (loss) before other income (expenses) and income taxes	1,645,065	506,856	2,151,921	(30,919)	2,121,002
Interest expense	(45,573)	(160,442)	(206,015)	–	(206,015)
Interest income	23,813	79,561	103,374	–	103,374
Share of profit (loss) from joint-ventures	–	3,615	3,615	–	3,615
Income taxes	(307,472)	(130,129)	(437,601)	–	(437,601)
Net income	1,482,219	244,544	1,726,763	(117,418)	1,609,345
Identifiable assets	195,431	6,419,513	6,614,944	–	6,614,944
Unallocated assets					23,862,575
Total assets					30,477,519
Capital expenditure	615	1,177,868	1,178,483	(87,225)	1,091,258
Average number of employees	168	1,868	2,036	–	2,036

<sup>1)</sup> The item contains the line Total sales of electricity (Note 24).

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 thousands):

	2024	2023
Czech Republic	54,160,473	94,052,477
Slovakia	–	2,499,188
Total revenues and other operating income	54,160,473	96,551,665

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

	2024	2023
Czech Republic	5,050,279	4,938,221

### 37. Net Income per Share

	2024	2023
Numerator (CZK thousands)		
Basic and diluted:		
Net income attributable to equity holders of the parent	1,605,927	1,598,037
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	2,803	2,803
Dilutive effects	-	-
Diluted:		
Adjusted weighted average shares	2,803	2,803
Net income per share (ths. CZK per share)		
Basic	572.9	570.1
Diluted	572.9	570.1

### 38. Commitment and Contingencies

#### Investment Plans

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

2025	3,720
2026	4,450
2027	4,326
2028	4,082
2029	3,239
2030	1,417
Total	21,234

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.

### 39. Events after the Balance Sheet Date

On January 2, 2025, in accordance with the agreement on a contribution in-kind concluded on December 12, 2024, between the shareholder and the Company, a non-cash contribution of 100% interest in the company ČEZ Teplárenská, a.s., was made in the form of an additional contribution to equity other than the stated capital. The book value of the contributed interest was CZK 3,167,350 thousand.

These consolidated financial statements have been authorized for issue on July 10, 2025.



**Kamil Čermák**

Chairman of the Board of Directors of ČEZ ESCO, a.s.



**Radek Dousek**

Vice-chairman of the Board of Directors of ČEZ ESCO, a.s.

# 7. Other Information

## Glossary of Terms and Abbreviations

Indicator	Calculation
Revenues	Revenues from goods and services sold
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EBIT	Earnings before interest and taxes (profit or loss from operations)
Net Income	After-tax income (profit or loss of the current period)
Capital expenditure	Acquisition of property, plant and equipment and intangible assets
Current ratio	Current assets excluding long-term receivables including accruals / current liabilities including short-term bank loans and advances, short-term provisions, and accruals.

Název ukazatele	Popis
Indicator	Description
ČEZ ESCO, a.s.	In the Annual Report, "ČEZ ESCO, a.s." refers to a separate legal entity, the company ČEZ ESCO, a.s., with its registered office at Duhová 1444/2, Michle, 140 00 Prague 4, incorporated in the Commercial Register kept by the Municipal Court in Prague, File No: B 20240
ČEZ ESCO	In the Annual Report, "ČEZ ESCO" refers to ČEZ ESCO, a.s., and its subsidiaries and companies under common control

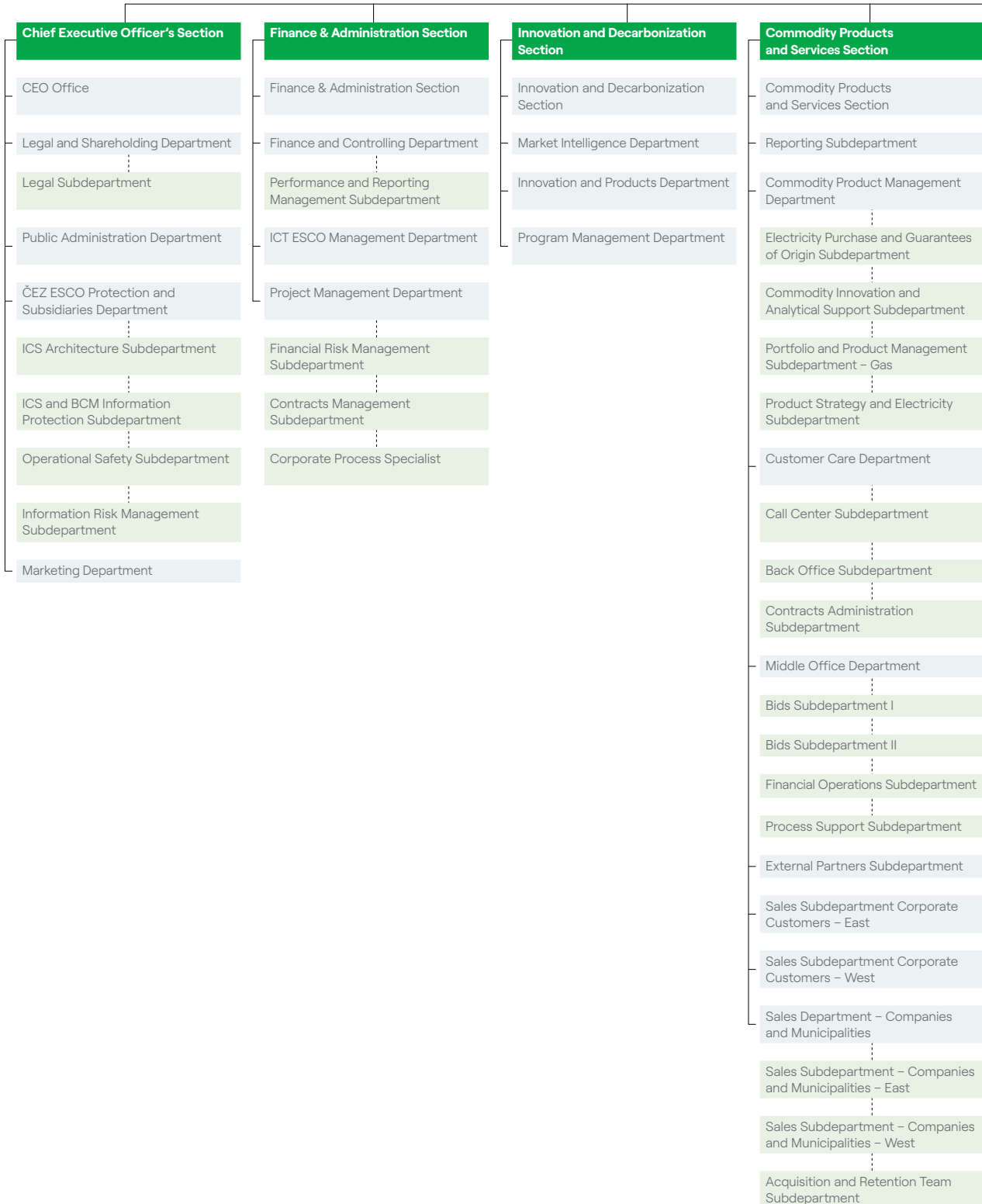
Data for ČEZ ESCO include unaudited data obtained from management reporting, which does not take into account eliminations or other consolidation adjustments, nor the amount of the stake owned by ČEZ ESCO, a.s., and they are included in full.

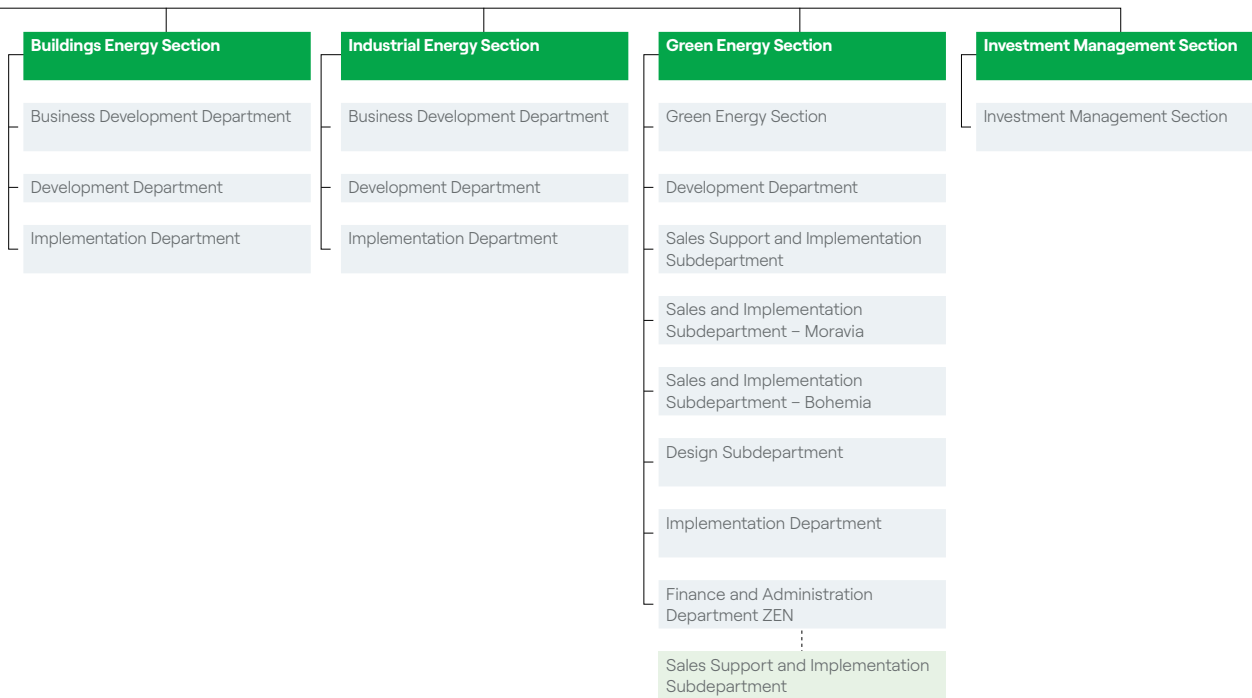
# Additional Data on the Annual Report

The company does not have an organizational unit abroad.

# Basic Organizational Chart of ČEZ ESCO, a.s., as at December 31, 2024

ČEZ ESCO, a.s.





# Identification of ČEZ ESCO, a.s.

## ČEZ ESCO, a.s.

Duhová 1444/2  
140 00 Prague 4  
Czech Republic

Registered in the Commercial Register maintained  
by the Municipal Court in Prague, Section B, File 1 20240

Established: 2014  
Legal form: Joint-stock company  
Company Reg. No.: 035 92 880  
LEI: 315700XUEW39P8AD7274  
Banking details: KB Prague 1, acc. No. 107-4645430217/0100  
Phone: 221 043 320  
Web: <http://www.cezesco.cz/> E-mail: [esco@cez.cz](mailto:esco@cez.cz)

Closing date of the 2024 Annual Report: July 10, 2025

Annex 1  
Relation Structure Diagram for the Period  
of January 1, 2023, to December 31, 2024

