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BASE PROSPECTUS

ČEZ, a. s.

(*incorporated with limited liability in the Czech Republic*)

€8,000,000,000
Euro Medium Term Note Programme

Under this €8,000,000,000 Euro Medium Term Note Programme (the "*Programme*"), ČEZ, a. s. (the "*Issuer*" or "*ČEZ*") may from time to time issue notes (the "*Notes*") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme is specified under "*Overview of the Programme – Programme Size*" and will not exceed €8,000,000,000 (or its equivalent in other currencies calculated as described in the Amended and Restated Programme Agreement described herein), subject to any increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "*Dealer*" and together the "*Dealers*"), which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the "*Base Prospectus*") to the "*relevant Dealer*" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the "*CSSF*"), as competent authority under Regulation (EU) 2017/1129, as amended (the "*Prospectus Regulation*"). This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes. By approving this Base Prospectus, neither the CSSF nor the Luxembourg Stock Exchange assume responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities.

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange (the "*Official List*"). Application has also been made to the Luxembourg Stock Exchange for the Exempt Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and to be listed on the Official List.

References in this Base Prospectus to Notes being "*listed*" (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended ("*MiFID II*").

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

This Base Prospectus (as supplemented as of the relevant time, if applicable) is valid until 16 April 2026 in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the "*EEA*") and/or offered to the public in the EEA, other than in circumstances where an exemption is available, respectively, under the Prospectus Regulation. References in this Base Prospectus to "*Exempt Notes*" are to Notes which are neither (i) to be admitted to trading on a regulated market for the purposes of MiFID II, in the EEA, nor (ii) offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation. **The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.** Application has been made to the Luxembourg Stock Exchange in its capacity as competent authority to approve this Base Prospectus as a base prospectus in respect of Exempt Notes only.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the "*Final Terms*") which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.luxse.com). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of such Exempt Notes, the issue price of such Exempt Notes and certain other information which is applicable to each Tranche of such Exempt Notes will be set out in a pricing supplement document (the "*Pricing Supplement*").

The Issuer has been rated A- (stable outlook) by S&P Global Ratings Europe Limited ("*Standard & Poor's*") and Baa1 (negative outlook) by Moody's France SAS ("*Moody's*"). The Programme has been rated A- by Standard & Poor's and Baa1 by Moody's. Each of Moody's and Standard & Poor's is established in the European Union (the "*EU*") and each of Moody's and Standard and Poor's is registered under the Regulation (EC) No. 1060/2009, as amended (the "*CRA Regulation*"). As such, each of Moody's and Standard & Poor's is included on the latest update of the list of credit rating agencies published by the European Securities and Markets Authority ("*ESMA*") on its website (https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by either of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes)

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and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Base Prospectus will be valid as a base prospectus under the Prospectus Regulation for 12 months from 16 April 2025. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

Amounts payable on Floating Rate Notes will be calculated by reference to one of EURIBOR, PRIBOR, SOFR or TONA, as specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). As of the date of this Base Prospectus, the European Money Markets Institute (as administrator of EURIBOR) and the Czech Financial Benchmark Facility s.r.o. (as administrator of PRIBOR) are included in the register of administrators and benchmarks (the "*EU Benchmarks Register*") established and maintained by ESMA under Article 36 of Regulation (EU) 2016/1011 (the "*Benchmark Regulation*"). As of the date of this Base Prospectus, the administrators of SOFR and TONA, the New York Federal Reserve and the Bank of Japan, respectively, are not included in the EU Benchmarks Register. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

Pursuant to Czech law, the Issuer is required to withhold tax in respect of payments of principal and interest to any Czech Tax Resident (as defined below) individual or a Czech Tax Non-Resident Person Related Through Capital (as defined below) with the Issuer. Beneficial ownership information will be required in respect of all beneficial owners of the Notes to grant any tax relief, and withholding will be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer. For more information, see the sections on "*Risk Factors – Withholding tax on interest in the Czech Republic*", "*Risk Factors – Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes*" and "*Taxation*".

Arrangers and Dealers

CITIGROUP **DEUTSCHE BANK**

The date of this Base Prospectus is 16 April 2025.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes, other than Exempt Notes, issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. Application has been made to the *Commission de Surveillance du Secteur Financier* for this document to be approved as such a base prospectus. Application has been made to the Luxembourg Stock Exchange in its capacity as competent authority to approve this document as a base prospectus in respect of Exempt Notes only.

The Issuer, having made all reasonable enquiries, confirms that this Base Prospectus contains all information regarding the Issuer and its subsidiaries taken as a whole (the "*CEZ Group*"), the electricity industry in the Czech Republic and the Notes which is (in the context of the issue of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, estimates, or intentions expressed in this Base Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, estimates or intentions (in such context) not misleading in any material respect; and that all proper enquiries have been made to ascertain and to verify the foregoing.

Without prejudice to the foregoing, the Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme and declares that, having taken all reasonable care to ensure that such is the case, the information contained therein is, to the best of its knowledge, in accordance with the facts and makes no omission likely to affect its import. Certain information contained and identified as such in this Base Prospectus, in particular in sections "*Risk Factors*", "*Historical and Current Market and Industry Data*" and "*Description of ČEZ*" was derived from third parties. The Issuer does not accept any responsibility for the accuracy of such third-party information, nor has the Issuer independently verified any such third-party information. The Issuer confirms that such third-party information has been accurately reproduced.

This Base Prospectus is to be read in conjunction with any supplements thereto and with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*") and, in relation to any Tranche of Notes which is the subject of the Final Terms or any Tranche of Exempt Notes which is the subject of the Pricing Supplement, must be read and construed together with the relevant Final Terms or the Pricing Supplement, as applicable. This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus.

Neither the Arrangers nor the Dealers have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers or the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Arranger or Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

Nothing contained in this Base Prospectus is or should be relied upon as a promise or representation of future results or events. No person is or has been authorized by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of the Arrangers or Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Arrangers or Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an

offer or invitation by or on behalf of the Issuer or any of the Arrangers or Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. None of the Arrangers or the Dealers expressly undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA Retail Investors" the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "*Insurance Distribution Directive*"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to UK Retail Investors" the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom (the "*UK*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2(1) of Regulation (EU) No 2017/565, as it forms part of the current domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "*EUWA*"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "*FSMA*") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014, as it forms part of the current domestic law of the UK by virtue of the EUWA ("*UK MiFIR*"); or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of the current domestic law of the UK by virtue of the EUWA (the "*UK Prospectus Regulation*"). Consequently, no key information document required by Regulation (EU) No 1286/2014, as it forms part of current domestic law of the UK by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "*distributor*") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "*MiFID Product Governance Rules*"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) may include a legend entitled "UK MiFIR product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the

Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "*U.S. Securities Act*") or any state securities laws in the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

PROHIBITION OF SALES TO CZECH TAX RESIDENT NATURAL PERSONS AND CZECH TAX NON-RESIDENT PERSONS RELATED THROUGH CAPITAL (AS DEFINED BELOW) WITH THE ISSUER – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any Czech Tax Resident (as defined below) individual or a Czech Tax Non-Resident Person Related Through Capital (as defined below) with the Issuer.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arrangers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arrangers or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer, sale and transfer of Notes in the United States, the EEA (including the Czech Republic), the United Kingdom and Japan, see "*Subscription and Sale*" and "*Transfer Restrictions*".

If a jurisdiction requires that an offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction and so agrees, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- **(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**
- **(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;**

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets;

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the Notes.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency), only in circumstances where there is an exemption from the obligation under the (i) Prospectus Regulation to publish a prospectus in connection with such an offer in the EEA, or (ii) UK Prospectus Regulation to publish a prospectus in connection with such an offer in the UK. As a result, any offer of Notes in the EEA and/or the United Kingdom must be made pursuant to an applicable exemption under the Prospectus Regulation and/or the UK Prospectus Regulation, as the case may be, from the requirement to publish a prospectus for such an offer of Notes. Accordingly, any person making or intending to make an offer of Notes in the EEA and/or the United Kingdom may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus, or supplement a prospectus, pursuant to the applicable provisions of the Prospectus Regulation and/or the UK Prospectus Regulation, as the case may be, in each case, in relation to such an offer. Neither the Issuer nor any Arranger or Dealer have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

This Programme is not a bond programme under the Czech Act No. 190/2004 Coll., on Bonds, as amended (the "*Bonds Act*") (Section 11). The issue of Notes will be notified to the Czech National Bank under Section 8a of the Czech Act No. 15/1998 Coll., on Capital Markets Supervision, as amended.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

In connection with the issue of Notes as Sustainability-Linked Notes (as defined in the Terms and Conditions) or Notes which are designated in the applicable Final Terms as Green Notes ("*Green Notes*") under the Programme:

(i) none of the Dealers nor the Arrangers have undertaken, or are responsible for, (a) any assessment of the CEZ Group Sustainable Financing Framework published on the website of the Issuer (the "*Sustainable Financing Framework*"), the selection, suitability or assessment of key performance indicators or the selection, suitability or assessment of sustainability performance targets that may be included in any issue of Sustainability-Linked Notes, or (b) any verification or monitoring of any key performance indicator or whether any sustainability performance target in relation to any issue of Sustainability-Linked Notes has been met;

(ii) none of the Dealers nor the Arrangers have undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Projects (as defined herein), any verification of whether the Eligible Projects meet such criteria, the monitoring of the use of proceeds of any Green Notes (or amounts equal thereto) or the allocation of the proceeds by the Issuer to particular Eligible Projects;

(iii) none of the Dealers nor the Arrangers makes any representation as to the suitability of any issue of Sustainability-Linked Notes or Green Notes to fulfil any environmental or sustainability criteria required by any prospective investor nor makes any representation or provides any assurance as to the suitability of any Sustainability-Linked Notes or Green Notes, including the listing or admission to trading thereof on any dedicated "green", "environmental", "sustainable", "social" or other equivalently-labelled segment of any stock exchange or securities market;

(iv) each of the Dealers and the Arrangers disclaim any liability for the services provided by any independent expert, sustainability consultant, auditor or provider of a second-party opinion, Assurance Report or certification in respect of any Sustainability-Linked Notes or Green Notes; and

(v) an opinion, report or certification of a third party (whether or not solicited by the Issuer), including any second-party opinions or Assurance Reports (as defined herein), which may be provided in respect of any Sustainability-Linked Notes or Green Notes, may or may not be made available, as the case may be. Any information in such second-party opinions or Assurance Reports or any past or future second-party opinions or Assurance Reports are not part of this Base Prospectus and should not be relied upon in connection with making any investment decision with respect to any Notes to be issued under the Programme. Any such opinion, Assurance Reports or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers, the Arrangers, or any other person to buy, sell or hold any such Sustainability-Linked Notes or Green Notes. Any such opinion, Assurance Reports or certification is only current as of the date that opinion, report or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, Assurance Report or certification and/or the information contained therein and/or the provider of such opinion, Assurance Report or certification for the purpose of any investment in such Sustainability-Linked Notes or Green Notes. Currently, the providers of such opinions, Assurance Reports and certifications are not subject to any specific regulatory or other regime or oversight. In addition, no assurance or representation is given by the Issuer, any other member of the Group, the Arrangers or the Dealers or any other member of their respective groups, any second-party opinion providers, the independent auditors or the Assurance Provider (as defined in the Terms and Conditions) as to the suitability or reliability for any purpose whatsoever of any second-party opinion or Assurance Report in connection with the offering of any Sustainability-Linked Notes or Green Notes under the Programme. Any second-party opinion, any Assurance Report, and any other document related thereto is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus.

No assurance or representation is or can be given by the Issuer, the Arrangers, the Dealers or any other person that Eligible Projects will meet investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so-called "*EU Taxonomy*") and any related technical screening criteria, Regulation (EU) 2023/2631 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "*European Green Bond Regulation*"), Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("*SFDR*"), Regulation (EU) 2020/852 as it forms part of domestic law of the United Kingdom by virtue of the EUWA, and any implementing legislation and guidelines or any requirements of such labels as they may evolve from time to time), as regards any investment criteria or guidelines with which such investor or its investments are required to comply or that any adverse environmental and/or other impacts will not occur during the implementation of any projects funded by or related to any Eligible Projects. Each prospective investor should have regard to the factors described in the Sustainable Financing Framework and the relevant information contained in this Base Prospectus and the applicable Final Terms and seek advice from their independent financial adviser or other professional adviser regarding its purchase of any Green Notes before deciding to invest.

No Arranger or Dealer makes any representation as to: (i) the suitability of any Green Notes to fulfil any environmental, social and/or sustainability criteria required by prospective investors; (ii) whether the net proceeds of the issuance of any such Notes will be used to finance and/or refinance relevant Eligible Projects, including their green, social and/or sustainability criteria, as applicable; or (iii) the characteristics of relevant Eligible Projects or businesses to whom the proceeds of such Notes are to be allocated, including their green, social and/or sustainability characteristics, as applicable. No Dealer involved in the issue of a specific Tranche of such Notes has undertaken, nor is responsible for, any assessment of or due diligence in respect of the Sustainable Financing Framework, the Eligible Projects or the eligibility criteria, any verification of whether the Eligible Projects meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's website, annual report and Second Party Opinion (as defined below) for information and should determine for themselves the relevance of the information contained in this Base Prospectus regarding the use of proceeds and its investment in any Green Notes should be based upon such investigation as it deems necessary.

All references in this document to "*U.S. dollars*" and "*U.S.$*" refer to United States dollars and to "*Czech crowns*", "*CZK*" and "*Kč*" refer to the lawful currency for the time being of the Czech Republic. In addition, all references to "*euro*", "*EUR*" and "*€*" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, all references to "*PLN*" and "*Polish zloty*" are to the lawful currency of Poland and all references to "*TRY*" and "*Turkish Lira*" refer to the lawful currency of Türkiye.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetical aggregate of the figures preceding such totals.

ČEZ, a. s., was incorporated as a joint stock company under the laws of the Czech Republic on May 6, 1992 with unlimited duration and was registered in the Commercial Register administered by the Municipal Court in Prague, File B, Section 1581, with identification number 45274649. Its registered office is at Duhová 2/1444, 140 53 Prague 4, Czech Republic and its telephone number at that address is +420 211 041 111.

In this Base Prospectus, references to "*ČEZ*" and "*the Issuer*" are to ČEZ, a. s. and references to the "*CEZ Group*", the "*Group*", "*we*", "*us*" and "*our*" are to ČEZ, a. s. and its consolidated subsidiaries.

The obligations of the Issuer are not in any way guaranteed by, or otherwise backed by the credit of, the Czech Republic or any agency, ministry or political subdivision thereof.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes, other than Exempt Notes, and if appropriate, a supplement to the Base Prospectus or a new Base Prospectus will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25.1 of Commission Delegated Regulation (EU) No. 2019/980.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	ČEZ, a. s.
Issuer Legal Entity Identifier:	529900S5R9YHJHYKKG94
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arrangers and Dealers:	Citigroup Global Markets Europe AG and Deutsche Bank Aktiengesellschaft
Dealers:	Citigroup Global Markets Europe AG, Deutsche Bank Aktiengesellschaft; and any other Dealers appointed in accordance with the Amended and Restated Programme Agreement and excluding any entity whose appointment has been terminated.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable as of the date of this Base Prospectus. **Notes having a maturity of less than one year** Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*". Under the Prospectus Regulation, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and

complying also with the definition of securities are not subject to the approval provisions stated therein.

Agent: Deutsche Bank AG, London Branch

Programme Size: Up to €8,000,000,000 (or its equivalent in other currencies calculated as described in the Amended and Restated Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Amended and Restated Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Notes may be denominated in euro, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued on a fully-paid or, in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in bearer form as described in "*Form of the Notes.*"

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2021 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as of the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Benchmark Discontinuation

In respect of Floating Rate Notes, if a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate, failing which, an Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments (each term as defined in the Terms and Conditions of the Notes), as further described in Condition 4.4(a).

Sustainability-Linked Notes:

Fixed Rate Notes, Floating Rate Notes and Fixed/Floating Rate Notes issued by the Issuer may be subject to a Step-Up if the applicable Final Terms indicates that the Step-Up is applicable. If the Step-Up is applicable and a Trigger Event occurs, the Rate of Interest (in case of Fixed Rate Notes) or the Margin (in case of Floating Rate Notes) shall be increased by the Step-Up Margin as specified in the applicable Final Terms in relation to the relevant SPT. For the avoidance of doubt, an increase in the Rate of Interest may occur no more than once in respect of any Series of Sustainability-Linked Notes, and will not subsequently decrease thereafter.

Fixed Rate Notes, Floating Rate Notes and Fixed/Floating Rate Notes issued by the Issuer may be subject to a Redemption Premium if the applicable Final Terms indicate that a Redemption Premium is applicable. If a Trigger Event occurs, the Issuer shall pay, in respect of each Note of a Series, an amount equal to the Redemption Premium together with either the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount, the Make-Whole Redemption Amount or the Issuer Residual Call Redemption Amount, as applicable.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer may issue Exempt Notes which are Index Linked Notes, Dual Currency Notes, Partly Paid Notes or Notes redeemable in one or more instalments.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Partly Paid Notes: The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

Notes redeemable in instalments: The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

Subject as described in "*Certain Restrictions—Notes having a maturity of less than one year*" above, Notes may either be redeemed at 100 per cent. of their nominal amount or at such other amount, expressed as a percentage of their nominal amount, as may be agreed between the Issuer and the relevant Dealer. Such amounts will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default or, in the case of Exempt Notes, in specified instalments, if applicable), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

In the case of Sustainability-Linked Notes, upon the occurrence of a Trigger Event, a Redemption Premium may apply to the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Make-Whole Redemption Amount or Issuer Residual Call Redemption Amount.

If specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date, at the Make-Whole Redemption Amount.

If specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer will have the option to redeem the Notes, in whole but not in part, on the Residual Maturity Call Option Redemption Date in accordance with Condition 6.5, at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.

In addition, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) may provide that Notes may be redeemable at the option of the Noteholders upon the occurrence of a Change of Control and a consequential rating downgrade or withdrawal (or refusal to provide a rating) in the circumstances described in Condition 6.6(b).

In addition, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) may provide that the Issuer will have the option to redeem the Notes, in whole but not in part, prior to their

	Maturity Date, at the Issuer Residual Call Early Redemption Amount in the circumstances described in Condition 6.13. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions—Notes having a maturity of less than one year*" above.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note, other than an Exempt Note, will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Tax Jurisdiction, unless required by law. In the event that any such deduction or withholding is made, the Issuer will, save in the circumstances provided in Condition 7 and save in respect of Zero Coupon Notes, be required to pay additional amounts to cover the amounts so deducted or withheld. Beneficial Ownership Information (as defined in Condition 7) will be required in respect of all Beneficial Owners of the Notes to grant any Tax Relief, and withholding will be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer. For more information, see the sections on *"Risk Factors – Withholding tax on interest in the Czech Republic*", " *Risk Factors – Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes*" and "*Taxation*".
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Acceleration:	The terms of the Notes will contain a cross acceleration provision as further described in Condition 9.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 2) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Substitution of Issuer	As further described in Condition 14, the Issuer, or any previous substituted company, may at any time, without the consent of the holders of the Notes of any Series, Receipts or Coupons, substitute for itself as principal debtor under the Notes, Receipts or, Coupons any company that is a Subsidiary of the Issuer, provided that no payment in respect of the Notes, Receipts or the Coupons is at the relevant time overdue.
Ratings:	The Issuer has been rated A- (stable outlook) by Standard & Poor's and Baa1 (negative outlook) by Moody's. The Programme has been rated A- by Standard & Poor's and Baa1 by Moody's. Series of Notes issued under the

	Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing, Approval and admission to trading:	The CSSF has approved this document as a base prospectus. The Luxembourg Stock Exchange has approved this document as a base prospectus in respect of Exempt Notes. Application has been made for Notes issued under the Programme to be listed on the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the Czech Republic), the United Kingdom, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".
Use of Proceeds	The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including the refinancing of its existing indebtedness or a provision of loans to members of the CEZ Group, unless otherwise specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

RISK FACTORS

ČEZ believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and ČEZ is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

ČEZ believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of ČEZ to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by ČEZ based on information that is currently available to it or which ČEZ may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

In this Base Prospectus, the most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Base Prospectus is not intended to be an indication of the probability of their occurrence or of their potential effect on ČEZ's ability to fulfil its obligations under the Notes or an indication of their materiality compared to the risk factors in other categories.

This Base Prospectus also contains forward-looking statements that involve risks and uncertainties. The actual results of the CEZ Group may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Base Prospectus. Please see "Forward-Looking Statements".

RISKS RELATED TO OUR BUSINESS AND INDUSTRIES GENERALLY

Risks Related to Our Business and Operations

Risks associated with any decreases in the prices obtained for our electricity.

In the ordinary course of our business, we are exposed to the risk of decreases in the prices obtained for our electricity. We sell the majority of our electricity at prices derived from European market prices, which are mainly driven by the prices of EU emission allowances and the cost of raw materials, as well as by the European aggregate supply and demand balance; available cross-border capacities; global oil, coal and gas prices and EU and national regulation of the wholesale energy market. Furthermore, there is a strong correlation between the price of electricity in the Czech Republic and the price of electricity in Germany, which is one of our export markets and the primary price-setting market in the region. Changes in global commodity prices, available cross-border capacities (caused, for example, by renewable energy sources or flow-based allocation) or a decline in electricity demand in Europe (for example, as a result of an economic slowdown or downturn or increased energy efficiency), could decrease the price of electricity and could have a material adverse effect on our business, results of operations and financial condition.

The operation of our power plants, in particular our nuclear power plants ("*NPPs*"), is characterized by high fixed costs. Some of our costs are not faced by our non-nuclear competitors because they are unique to the nuclear power generation industry. Our ability to generate sufficient turnover at a margin sufficient to cover our fixed costs is dependent, in part, on favourable electricity prices and our overall sales and trading strategy. Because our costs are relatively fixed in nature, they cannot be reduced in periods of low electricity prices. Therefore, in these circumstances, it is possible that we may not produce sufficient cash flows from our electricity sales or trading activities, which could have a material adverse effect on our business, results of operations and financial condition.

To mitigate such exposure, we have developed a hedging strategy of stabilizing margins by contracting for deliveries of electricity to the wholesale market and to end-consumers up to six years ahead through the use of derivative instruments and by concluding long-term contracts. We have also implemented a formal procedure that measures our commodity risk, specifying a ceiling for the maximum acceptable risk. However, the hedging strategies we pursue may create new risks and exposures, such as liquidity risk in connection with higher margin deposits (see "*Our trading on exchanges and with certain counterparties is subject to margining*") and we cannot give any assurance that they will function as intended. We cannot completely eliminate our exposure to potential decreases in electricity prices. Any

significant decreases in electricity prices, or indeed any economic downturn, could reduce our revenues and have a material adverse effect on our business, results of operations and financial condition.

Risks resulting from any reduction in demand for our electricity, heat, coal and gas as a result of poor economic performance in Europe or otherwise.

In the ordinary course of our business, we are exposed to the risk of a reduction in demand for our electricity, heat, coal and gas, which may occur as a result of any global financial and economic uncertainty. The deterioration of macroeconomic conditions in Europe and globally may decrease consumption and industrial production. For instance, in 2023, domestic electricity consumption in the Czech Republic fell by 4.0% year-on-year, representing the largest drop in household consumption in twenty years, and in 2024, consumption stagnated. Electricity consumption is strongly affected by the level of economic activity in Europe, which, in turn, depends on the macroeconomic situation in Europe and worldwide. Additionally, concern over geopolitical issues (including the rise of economic protectionism) or other extraordinary events (such as large-scale natural disasters or global pandemics, such as the COVID-19 pandemic and related restrictions) may also contribute to prolonged market volatility and instability. For instance, escalation of the Russia-Ukraine conflict or escalation of other geopolitical tensions could further adversely impact, among other things, global and local macroeconomic conditions (see also "*–Risks connected with the Russia-Ukraine conflict and other geopolitical tensions*" below).

Any further reduction in demand for our electricity, heat, coal or gas as well as the materialization of any of the above risks could have a material adverse effect on our business, results of operations and financial condition.

The risks and costs associated with increasing our nuclear generation capacity.

New nuclear projects in the Czech Republic

In 2019, following analyses and discussions regarding available options for developing new nuclear projects in the Czech Republic the government of the Czech Republic (the "*Czech Government*") decided that the construction of a new unit at the Dukovany site was the preferable option (the "*Dukovany Project*"), with the construction of a new unit at the Temelín site as a back-up or additional option which could be ready for acceleration in the short-term if necessary. The Czech Government also legislated for a new law that sets out the conditions for the transition to low carbon energy in the Czech Republic, which was approved and entered into force in October 2021 (act No. 367/2021 Coll.). Such law is essential for the provision of state aid to the development of new nuclear units in the Czech Republic. The Czech Government postponed the discussion of the USEP and cancelled the deadline for its adoption until the end of 2024. The Czech Government requires more time to incorporate changes due to expected developments in the energy sector in the coming months. The USEP from 2015 therefore remains valid. Any new Czech regulations or policies affecting the development of new nuclear capacity and/or projects or changes to the USEP may affect our generation capacity and ultimately our business and results of operations.

EU Regulation

In 2021, the European Commission has, based on the Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, prepared delegated acts on reporting and climate mitigation and adaptation. The role of nuclear energy and natural gas has been defined in the Complementary Climate Delegated Act, published on July 15, 2022, where the European Commission sets out the specific conditions and standards which must be met by nuclear and gas activities. It is important that a motion to remove gas and nuclear investment products from the EU's sustainable investment taxonomy has been rejected. The inclusion of certain gas and nuclear activities in the EU Taxonomy is time-limited and dependent on specific conditions and transparency requirements and a potential future exclusion of gas and nuclear activities would have a significant negative impact on the current Czech projects.

Elektrárna Dukovany II, a. s.

In July 2020, the first two agreements (the Framework Agreement and Implementation Agreement for the first phase of the Dukovany Project) were concluded between the Czech Republic, ČEZ and Elektrárna Dukovany II, a. s. ("*EDU II*"). They established the rules for cooperation between the parties, a framework for state support and the

obligations of the parties in the first phase of the Dukovany Project. In 2021, the Czech Republic, ČEZ, a. s., and EDU II negotiated the term sheet for a power purchase agreement, an investment agreement and a financing agreement for the second phase of the Dukovany Project. However, the final set up for the second phase of the Dukovany Project and the contractual relationships between the parties remain subject to negotiation which is expected to be closed towards the end of the second quarter of 2025.

EDU II selected, and the Czech Government confirmed in July 2024, Korea Hydro & Nuclear Power Co., Ltd. ("*KHNP*") (South Korea) as the preferred contractor for the supply of nuclear units for the Dukovany Project. The Czech Government also decided to start negotiations on the construction of two units at the Dukovany site and on the possibility of contracting binding options for additional new units at the Temelín site. However, the contractors that were rejected in the tender for the Dukovany Project have appealed against the selection of KHNP and so the EPC contract cannot be concluded until the appeal proceedings are resolved. Please see "*Description of ČEZ—Our Business—Generation Business—Nuclear power generation—New Nuclear Sources—EDU II*" below for more information. The contract with the selected EPC contractor is expected to be signed in the first half of 2025. According to the current schedule, construction of the Dukovany Project should start in 2029, with the first and second units commissioned in 2036 and 2037, respectively. All further preparatory works are being carried out in line with an approved schedule and budget. However, if the construction and commissioning of the Dukovany Project is delayed, the CEZ Group may be exposed to additional unforeseen expenses.

Elektrárna Temelín II, a.s.

As of the date of this Base Prospectus, the project for two new large reactors in Temelín (the "*Temelín Project*") is temporarily suspended pending the decision of the Czech Government regarding its need for new capacity and its intention to provide financial support for this project. Notwithstanding the fact the Temelín Project's activities were suspended, the development works can be promptly resumed and the discussions with the Czech Government about the future activation of the Temelín Project are ongoing. A non-binding option for the construction of two new large reactors in Temelín is part of a tender for the construction of a new NPP at the Dukovany site. Subject to the decision of the Czech Government this option shall be converted into a binding one. It is expected that the Czech Government will decide about further steps in June 2026. This decision, if one is made, will impact the CEZ Group's operations and its future generation capacity and may result in a significant capital expenditure by ČEZ and may expose ČEZ to significant risks associated with building a NPP.

Small modular reactors ("SMR")

Since 2018, ČEZ has been analysing the opportunity to develop and potentially build SMRs with power output up to 500 MW based on light water reactor ("*LWR*") technology and to establish a SMR program (the "*SMR Program*"). The SMR Program should result in the construction of SMRs with a total output of 3 GWe by 2050. Potential SMR designs have been analyzed in detail, and seven technologies were selected for further detailed assessment, which led to the final selection of the SMR technological partner. On October 29, 2024, the CEZ Group and Rolls-Royce SMR LTD ("*Rolls-Royce SMR*") entered into an agreement whereby ČEZ agreed to progressively acquire a stake of approximately 20% in Rolls-Royce SMR. On March 4, 2025, the transaction was formally completed and ČEZ became a shareholder of Rolls-Royce SMR. The two companies plan to collaborate in the deployment of Rolls-Royce SMR's technology in the UK, the Czech Republic, and potentially other countries as well. However, there is no guarantee that the project will be successful or that it will bring the anticipated benefits (see "*We may not successfully manage the risks associated with expanding our operations and integrating newly acquired subsidiaries and we may face significant risks and liabilities or rating downgrades as a result of such acquisitions.*" below).

Further development of the SMR Program is conditional upon a decision of the Czech Government regarding its intention to provide financial support for SMR deployment in the Czech Republic.

The significant participation of the Czech Republic in the financing and guarantee mechanism is essential for a positive decision to build new SMRs in the Czech Republic. Without the involvement of the Czech Republic or other investors, the decision to build new SMRs may result in a significant capital expenditure investment on the part of ČEZ and may expose ČEZ to significant risks associated with building a SMR.

Risks connected with the Russia-Ukraine conflict and other geopolitical tensions.

The military incursion by Russia into Ukraine, economic sanctions against Russia and Russian interests imposed subsequently by the EU, the United States and governments in several other countries and enhanced export controls on certain products and industries as well as any measures taken by the governments of Russia or other countries in response (such as restrictions in the supply of crude oil and gas to countries in the region and the EU), had a substantial impact on the wholesale markets for electricity and gas, on the related supply relationships, macroeconomic conditions and resulted in new regulatory actions taken by governments of the countries in which we operate.

While the future impact of the Russia-Ukraine conflict, along with related sanctions and countermeasures, remains uncertain, they may contribute to continued volatility in electricity and gas market prices. Any material increase in electricity or gas market prices could result in a need to procure substantial amounts of cash required to be deposited as margins with the energy exchanges or trade counterparties (see "*Our trading on exchanges and with certain counterparties is subject to margining.*" below), and such increases in the market prices may result in new taxes or mandatory caps on energy prices being imposed on us (see "*Risks associated with any decreases in the prices obtained for our electricity.*" above and "*We could incur unforeseen taxes, tax penalties and sanctions.*" below).

The Russia-Ukraine conflict, together with related sanctions, could also result in disruptions of our supplies, particularly supplies of gas (see "*Risks associated with the disruptions in the supply of coal, nuclear fuel, gas or other raw materials, or an unexpected increase in their cost*" below).

Further, on October 7, 2023, Hamas launched an attack on Israel. In response, Israel declared war against Hamas, targeting the Gaza Strip. This war has caused a humanitarian crisis and may lead to further escalation of the conflict in the region, a rise in oil and gas prices, more inflationary pressures and market volatility, among others. Further, political tension between China and Taiwan, combined with potential spillover effects on the worldwide economic and political situation can further elevate geopolitical risks. In addition, the current conflict in the Red Sea, in the wake of Houthi attacks on international shipping, has the potential to disrupt global supply chains and unfold into a larger-scale conflict involving other countries.

In addition, political tensions between the United States and China and the tensions between China and Taiwan, combined with potential spillover effects on the worldwide economic and political situation, can further elevate geopolitical risks. The United States government has imposed trade tariffs on certain imports to the United States and/or trade counterparties. Over recent months, the United States government has implemented changes to its tariff structures, including introducing baseline tariffs on a wide range of goods, as well as higher rates targeting specific countries and product categories. These tariff changes have fluctuated, with certain measures being modified or temporarily suspended. The United States government has also signalled the possibility of imposing tariffs on key sectors, including semiconductors, pharmaceuticals, oil, steel, aluminium, and copper. As of the date of this Base Prospectus, the future direction of the United States government's tariff policies, and retaliatory tariffs from affected countries, cannot be anticipated but the imposition and continuation of tariffs—along with the risk of further increases in tariffs, additional protectionist measures, or retaliatory tariffs from affected countries—could lead to increased prices of goods and services, supply chain disruption, and heightened market volatility. Trade barriers may also adversely impact global trade flows, affecting companies reliant on international supply chains or exports. Furthermore, escalating trade tensions, the implementation of certain anticipated policies of the Trump administration in the United States, and the growing influence of EU-sceptic parties across the EU, could contribute to broader economic and political uncertainty in the region where the Group operates.

The ongoing conflicts (including trade conflicts) could adversely impact macroeconomic conditions, give rise to regional instability, increase inflation, interest rates or our and our customers' costs, which could, as a result increase the risk of default of our counterparties (see "*Risk of default of or delay by any of our counterparties (which include our partners, contractors, customers, subcontractors and suppliers as well as by financial and insurance institutions).*" below).

The materialization of these risks could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to operate our coal power plants over a period at least equal to the current expected life.

In 2019, the Czech Government set up the Coal Commission, which advises on the termination of coal usage in the Czech Republic. The Coal Commission proposed to terminate the usage of coal by 2038, but 2033 is also being considered as a potential earlier target date. The Czech Government appointed in December 2021 stated in its policy statement that it will create the conditions for the energy transformation and development of coal regions to allow for a shift away from coal by 2033. While we are planning to gradually reduce the operations of our coal power plants, we are currently planning to operate our last coal power plants and our mining business by 2033. However, given the evolving energy market conditions, ČEZ expects this to likely occur sooner, around 2030. We cannot give any assurance that the proposal to terminate the use of coal will align with our plans, and the termination of coal usage in the Czech Republic earlier than 2033 may have a material adverse effect on our business, results of operations and financial condition. In addition, our coal power plants will need to comply with more strict emission limits which may limit their operations. We cannot give assurances that, if the relevant coal power plants are not modernized on time to comply with the applicable emission limits, the relevant administrative authorities would grant the operator the necessary temporary exemption from exceeding the applicable emission limits. The materialization of these risks could have a material adverse effect on our business, results of operations and financial condition.

Future privatization, reorganization or nationalization of ČEZ may result in a credit downgrade or may affect our ability to repay debt.

The Czech Republic, through the Ministry of Finance, holds approximately 69.8% of all shares in ČEZ as of the date of this Base Prospectus. We cannot give any assurance that the Czech Government or any future government of the Czech Republic will not ultimately seek to undertake a partial or full privatization of ČEZ resulting in the sale of the Czech Republic's entire shareholding in ČEZ or a part thereof. We cannot give any assurance that the Czech Government or any future government of the Czech Republic (as ČEZ's controlling shareholder) will not ultimately seek to undertake any reorganization of ČEZ, by way of a de-merger, spin-off, or otherwise. It is not possible to rule out that following such a reorganization of ČEZ, ČEZ will cease to be controlled by the Czech Government. We also cannot give any assurance that the Czech Government will not seek to undertake a nationalization of ČEZ or a part thereof.

The credit rating currently assigned to ČEZ by the rating agencies is based in part on the opinion of the rating agencies that the Czech Republic may potentially provide support to ČEZ in the event of financial distress. This rating could come under pressure, potentially leading to a downgrade, if the Czech Republic is no longer a controlling shareholder or if the Czech Republic seeks a split of ČEZ and the credit risk of ČEZ increases as a result of such reorganization. In addition, in the event that the Czech Republic ceases to be the controlling shareholder, it cannot be predicted who would become the new controlling shareholder, or if there would be one at all, and this, too, may negatively affect our credit rating. If ČEZ or a part thereof is nationalized, its credit rating could come under pressure. The materialization of any of the above risks could affect our ability to make repayments on our debt or otherwise have a material adverse effect on our business, results of operations and financial condition.

Risk of impairment losses in connection with our existing or acquired operations and our investments.

We may incur impairment losses in connection with our assets or investments mainly due to adverse regulatory actions and adverse market conditions. In 2024 and 2023, we performed impairment tests of goodwill and tests of other non-current assets where there was an indication that the carrying amounts could be impaired. Recognized impairments or reversals mainly resulted from the increase in the price of the emission allowances on the market, the increase in the price and demand for coal, the increase in the applied discount rates, or lower than expected profitability of the selected assets. In 2024, we recognized total impairment losses (excluding impairments of assets held for sale) of CZK (2,558) million, which consisted of CZK (1,879) million in relation to our mining company, Severočeské doly, a.s., CZK (602) million in relation to ČEZ Distribuce, a.s., CZK (75) million in relation to our on-shore wind projects in France and CZK (38) million in relation to ČEZ Prodej, a.s. Furthermore, we have recognized an impairment reversal in the amount of CZK 14 million in relation to Energetické centrum s.r.o., and CZK 22 million in relation to other companies of the CEZ Group. In 2023, we recognized total impairment losses (excluding impairments of assets held for sale) of CZK (5,300) million, which consisted of CZK (4,985) million in relation to our mining company, Severočeské doly, a. s., and CZK (23) million incurred in relation to Energetické centrum s.r.o., and CZK (292) million in relation to our wind farms in Germany. For more information on the impairment of property, plant and equipment and intangible assets including goodwill in 2024 and 2023, please refer to Note 7 to the 2024 Financial Statements. Any future adverse changes in the

economic and regulatory environment or market conditions of our reporting segments could result in further impairment charges, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to operate our NPPs over a period at least equal to the current expected life.

In the Czech Republic, certain authorizations are required to operate NPPs. The operation of NPPs is subject to numerous EU and national regulatory requirements and political policies, which are in turn sensitive to public opinion and EU development risks. We cannot give any assurance that we will successfully obtain the necessary authorizations at the appropriate time, or at all, that the duration of such authorizations will not change, or that we will not be subject to conditions that require us to make significant capital expenditures. Moreover, we cannot give any assurance, particularly in the event of an incident affecting the safety or operation of our facilities, that our NPPs will actually be operated for such period of time, or at all.

If we are unable to operate any of our nuclear plants, or if any of our NPPs are decommissioned before the end of their currently expected operating lives, we may be required to make additional investments to replace the loss of generation capacity or purchase electricity on the wholesale market and the payment of decommissioning costs would be accelerated. The inability to operate our NPPs as expected would have a significant material adverse effect on our profit margin and cash flow from operations. Furthermore, should we be unable to operate our NPPs over a period at least equal to the currently expected period (please see "*Description of ČEZ – Our Business –Generation Business – Nuclear power generation – Czech Republic – Dukovany NPP and Temelín NPP*"), we might not accumulate appropriate cash surpluses for decommissioning of such power plants. As a result, the materialization of any of the above risks could have a material adverse effect on our business, results of operations and financial condition.

Risk of default of or delay by any of our counterparties (which include our partners, contractors, customers, subcontractors and suppliers as well as by financial and insurance institutions).

We face the risk of potential default of or delay by our counterparties (which include our partners, contractors, subcontractors, customers and suppliers), especially in cases of financial hardship or bankruptcy. Such risk may increase during adverse economic conditions caused by, among other things, increases in the electricity, gas and/or other commodities' market prices or increased interest rates. Any default by our counterparties may affect the cost and completion of our projects, the quality of our work, the supply of certain critical products or services, the recovery of our capital expenditures or expose us to reputational risk, business continuity risk and the loss of important contracts, as well as to substantial additional costs, particularly in cases where we would have to pay contractual penalties, find alternative counterparties or complete work ourselves, which could have a material adverse effect on our business, results of operations and financial condition.

Our revenues are primarily generated by sales to end-consumers or wholesale partners and state-owned customers across European markets. There is a risk that some of our key counterparties, end-consumers or suppliers could default on or dispute their contractual obligations towards us, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, the majority of our forward sales are executed on the OTC market. The credit quality of our counterparties may deteriorate during adverse economic conditions, which may threaten the results of our hedging strategy and proprietary trading, which in turn could have a material adverse effect on our business, results of operations and financial condition.

We conduct treasury operations with major European banks and with local regional banks in all countries in which we operate. Given the potential economic recession in Europe and its potential impact on Europe's financial services industry, there is a risk that some of our financial counterparties might default, which could have a material adverse effect on our business, results of operations and financial condition.

Our ability to supply electricity is dependent upon the transmission system and our reliance on third parties.

The transmission of electricity from our power plants and to our distribution networks is dependent on the infrastructure of the transmission systems in the countries in which we operate. We have no control over the operation of these transmission systems and we must rely on independent third-party transmission system operators in the countries in which we operate, including ČEPS, a.s., the state-owned transmission system operator in the Czech Republic. Any failure of the transmission systems in the countries in which we operate, including as a result of natural disasters, insufficient maintenance or inadequate development, could prevent us from distributing electricity from our power plants

to end-consumers, which in turn could have a material adverse effect on our reputation, business, results of operations and financial condition.

Risks associated with the disruptions in the supply of coal, nuclear fuel, gas or other raw materials, or an unexpected increase in their cost.

In the ordinary course of our business, we are exposed to the risk of disruptions in the supply of coal, nuclear fuel, gas or other raw materials, and to increases in their cost. Our generation operations depend on obtaining deliveries of adequate supplies of raw materials on a timely basis and are therefore vulnerable to changes in the supply of the raw materials, including lignite, coal, nuclear fuel and gas. Any significant shortages or interruption in the supply of raw materials or increases in their costs could disrupt our generation operations and increase our cost of raw materials, which could have a material adverse effect on our business, results of operations and financial condition.

Nuclear fuel for our Dukovany NPP is supplied by the Russian company TVEL under a contract valid until 2028 while the nuclear fuel for our Temelín NPP is supplied by Westinghouse Electric Sweden AB and Framatome GmbH. For more information, please see "*Description of ČEZ – Nuclear Fuel*". The current political situation in Ukraine and Russia (see "*– Risks connected with the Russia-Ukraine conflict and other geopolitical tensions" above*) may lead to shortages or an interruption in the supply of nuclear fuel to Dukovany NPP. Economic sanctions and other regulations imposed by the EU and other countries as a result of the conflict involving Russia and Ukraine may disrupt supplies or affect the prices of nuclear fuel for our power plants. Should the conflict in Ukraine or other international locations further escalate, it is difficult to anticipate the extent to which current or future sanctions could increase our costs, disrupt our supplies or otherwise affect our operations. Even though we have constructed a strategic inventory of fabricated fuel at our Dukovany NPP, we cannot give any assurance that any shortages or interruptions in the supply of nuclear fuel will not have a material adverse effect on our business, results of operations and financial condition.

Even though, as of the date of this Base Prospectus, ČEZ does not have any contracts for gas deliveries with Russian entities, it procures gas for its customers and its gas power plants in the wholesale European market, which is still partially dependent on supplies of gas from Russia. For more information, please see "*Description of ČEZ – Gas*". Although the direct procurement of gas by ČEZ from Gazprom Export LLC ("*Gazprom*") is nil, the current political situation in Ukraine and Russia (see "*Risks connected with the Russia-Ukraine conflict and other geopolitical tensions*" above) may lead to shortages or an interruption in the supply of gas in the European market. Economic sanctions and other regulations imposed by the EU and other countries as a result of the conflict involving Russia and Ukraine may disrupt supplies or affect the prices of gas for our power plants and customers and may further lead to different sorts of governmental intervention in the related markets.

Risk of failures, breakdowns, planned or unplanned outages as well as natural disasters or sabotage at our power plants (including our nuclear reactors and hydropower facilities) or in our distribution infrastructure.

Our power plants (including our coal-fired heat and power plants, nuclear reactors, wind power plants and hydropower facilities), distribution infrastructure, mining facilities and information systems controlling these facilities could be subject to failure, breakdowns, unplanned outages, capacity limitations, system loss, breaches of security or physical damage due to natural disasters (such as storms, floods or earthquakes), sabotage, terrorism, war and armed conflicts, computer viruses, cyber blackmailing, fuel interruptions, shortage of workforce due to pandemics and other causes. With respect to our nuclear reactors, any nuclear accident or failure at our NPPs could result in us incurring significant losses due to, among other things, a potential shut-down of the nuclear facility and the resulting loss of generation capacity, remedial and replacement expenses and negative publicity from such an accident. The main risk associated with our hydropower facilities is the risk of damage during floods. We cannot give any assurance that accidents will not occur or that the preventative measures taken by us will be fully effective in all cases, particularly in relation to external events that are not within our control, such as floods and other natural disasters.

Any physical damage to our facilities may be costly to repair and we may not have insurance coverage for all potential losses or our insurance claims may be subject to challenge or delay. In particular, due to our contractual obligations to deliver electricity at pre-established prices and quantities, if we suffer a reduction in electricity generation, we may be required to purchase electricity in the open market that may be at unfavourable prices. As a result, any failure, breakdown or unplanned outages at our power plants or any failure or interruption of our distribution infrastructure could have a material adverse effect on our reputation, business, results of operations and financial condition.

In addition, we may need to temporarily shut down some of our power plants and incur expenses in connection with inspections, maintenance or repair activities in addition to those that we currently conduct, including such additional activities that the governmental authorities in the countries in which we operate may require us to conduct.

Due to the complexity of operating nuclear and other power stations, we are not able to eliminate the risk of unplanned outages and we cannot predict the timing or impact of these outages with certainty. Our emergency response, disaster recovery and crisis management measures may not effectively protect us from these events. Any service disruption may cause loss in electricity generation, customer dissatisfaction and may lead to liability for damages, the imposition of penalties and other unforeseen costs and expenses, which could have a material adverse effect on our reputation, business, results of operations and financial condition.

Risk of malfunction, security breach or disruption of the CEZ Group's IT systems, cyber security issues.

Information and communication technology plays an important role in the CEZ Group's business operations. The CEZ Group operates highly complex and sophisticated information systems (such as servers, networks, applications and databases) which are essential for the everyday operations of its business. The CEZ Group is routinely exposed to IT risks in connection with the development, implementation and application of its IT systems. In addition, there is a risk that there might be unauthorized access to the CEZ Group's sensitive data by third parties and improper use of such data, which may lead to the loss of company sensitive and confidential information and may result in a breach of applicable data protection regulations. As a result, any malfunction, breach or unauthorized use of the CEZ Group's IT systems could have a material adverse effect on our Group's reputation, business, results of operations and financial condition.

We could incur significant losses in the event of a nuclear accident.

In accordance with the Vienna Convention, the Czech Nuclear Act 1997 provides that the operator of a nuclear facility is liable for any damage caused by a nuclear accident up to CZK 8 billion per accident and is obliged to maintain insurance coverage for potential liabilities for nuclear damage in an amount not less than CZK 2 billion. We have insurance policies in place for both the Dukovany and Temelín NPPs, which provide coverage at these amounts. However, notwithstanding any limitation of liability under the Czech Nuclear Act 1997 and any additional coverage under our insurance policies, any nuclear accident or failure at our NPPs could result in us incurring significant losses in excess of such amounts due to, among other things, a potential shut-down of the nuclear facility and the resulting loss of generation capacity, remedial and replacement expenses and negative publicity from such an accident. As a result, any nuclear accident suffered by our NPPs could have a material adverse effect on our reputation, business, results of operations and financial condition.

We may not successfully implement our key strategies.

The energy markets continue their transition from the conventional energy sources to renewables and decentralized energy. Our key strategies include the efficient operation, optimal utilization of our conventional generation portfolio, modern distribution and a care for customers' energy needs, the development of new energy in the Czech Republic and the development of energy services in Europe. Moreover, as part of our 2019 strategy, an accelerated VISION 2030 "Clean Energy for Tomorrow" was introduced in May 2021. As part of VISION 2030 strategy, the CEZ Group defined strategic objectives for 2025 and 2030 reflecting the EU's decarbonization vision and set specific ambitions in the areas of social responsibility and sustainable development (see "*Description of ČEZ—Our Strategy*").

We face many risks that could adversely affect our ability to implement our key strategies, such as changes in legal and regulatory frameworks, increases in generation and distribution costs, future developments affecting the electricity infrastructure in Europe, technological changes, customer needs, competition in the markets in which we operate, political and economic developments affecting Europe, and the reliability and creditworthiness of our partners and customers. Any failure to implement our key strategies successfully could have a material adverse effect on our business, results of operations and financial condition.

We may not successfully manage the risks associated with expanding our operations and integrating newly acquired subsidiaries and we may face significant risks and liabilities or rating downgrades as a result of such acquisitions.

Since our foundation, we have expanded our operations through mergers and acquisitions (please see "*Description of ČEZ—History and Development of the CEZ Group*"). We continue to evaluate potential investment opportunities and we may decide to expand our operations both domestically and in other countries or in new markets (please see "*Description of ČEZ—Our Strategy*"). We face many risks inherent in expanding our operations and doing business on an international level, such as unexpected changes in regulatory requirements; default by our joint venture partners; trade barriers, including import and export controls, tariffs, customs and duties; difficulties in staffing and managing foreign operations; longer payment cycles and problems in collecting accounts receivable; political instability, expropriation, nationalization, war and other political risks; fluctuations in currency exchange rates; foreign exchange controls which restrict or prohibit repatriation of funds; technology export and import restrictions or prohibitions; and potentially adverse tax consequences. Any failure to manage the risks associated with expanding our operations could have a material adverse effect on our business, results of operations and financial condition.

In March 2024, ČEZ concluded an agreement for the acquisition of a 55.21% stake in Czech Gas Networks S.à r.l. for the purchase price of EUR 846.5 million. Czech Gas Networks S.à r.l. is the indirect 100% owner of GasNet, s.r.o. ("*GasNet*"), the leading gas distribution infrastructure operator based in the Czech Republic, and GasNet Služby, s.r.o. (together with GasNet the "*GasNet Group*") The Czech Ministry of Industry and Trade granted approval for the transaction on May 9, 2024, and the European Commission granted its approval for the transaction on August 8, 2024. The transaction was formally completed on August 28, 2024.

Furthermore, on March 4, 2025, ČEZ became a shareholder of Rolls-Royce SMR. Subject to terms and conditions of the transaction documentation, ČEZ will progressively acquire approximately a 20% interest in the Rolls-Royce SMR. The two companies plan to collaborate in deploying the Rolls-Royce SMR's technology (see "*Risk Factors—The risks and costs associated with increasing our nuclear generation capacity—Small modular reactors*" above).

Any failure to integrate Czech Gas Networks S.à r.l. or GasNet, or failure to successfully deploy Rolls-Royce SMR's technology, could have a material adverse effect on our business, results of operations and financial condition.

In addition, although due diligence reviews are undertaken in relation to our acquisitions, such reviews may not reveal all existing or potential risks and liabilities and we cannot give any assurance that our acquisitions are not or will not become subject to liabilities of which we are unaware. While warranties and indemnities are generally obtained where practical and appropriate, we cannot give any assurance that we would be able to enforce our contractual or other rights against the relevant sellers or that any warranties and indemnities would be adequate to cover potential liabilities. The acquisition of businesses or assets with risks or liabilities of which we are or may be unaware, or do not correctly assess or assume, or against which we do not obtain full legal protection, could have a material adverse effect on our business, results of operations and financial condition.

We cannot give any assurance that we will successfully integrate our previous acquisitions in an efficient and effective manner or that we will be able to identify, consummate and integrate future acquisitions. Our failure to integrate our acquisitions and to manage any of the risks and costs associated with such integration, could have a material adverse effect on our business, results of operations and financial condition.

In addition, any future acquisition of highly leveraged companies might result in worsening of our financial condition and therefore, lead to rating downgrades in the future.

Competition risk in the markets in which we operate.

The energy markets in the majority of countries in which we operate are fully liberalized or in the final stages of liberalization. As a result of this liberalization, new competitors may enter many of the markets in which we operate. In relation to electricity, we compete in both the retail electricity market and the wholesale electricity market. In a liberalized market, all suppliers have the right to offer their electricity and all customers have the right to choose their electricity supplier at their own discretion and we cannot give any assurance that customers will select us or that our customers will not change their suppliers. The situation in the gas retail market is comparable.

Since January 1, 2006, the Czech electricity market has been fully liberalized and all end-consumers are considered to be eligible customers who may freely choose their supplier of electricity based on the current market conditions. If our existing customers or potential new customers purchase electricity from other suppliers, our revenues and our market share will decrease. Our ability to develop our business and improve our financial results may be constrained by new competition and we may be unable to offset the financial effects of decreases in production and sales of electricity through efficiency improvements, or expansion into new business areas or markets. As a result, any increase in competition in the markets in which we operate could have a material adverse effect on our business, results of operations and financial condition.

Due to our position in the Czech market, we are subject to the risk of having our future expansion limited more than our competitors.

According to the Czech Energy Regulatory Office ("*ERO*"), in the year ended December 31, 2024, we accounted for approximately 66% of electricity generated and 49% of installed electricity generation capacity in the Czech Republic, we distributed approximately 64% of the total electricity consumed in the regional distribution areas in the Czech Republic and sold 34% of the total net electricity consumed in the Czech Republic. In addition, we are the largest producer of brown coal in the Czech Republic, accounting for approximately 59% of the total volume of brown coal produced in the Czech Republic for the year ended December 31, 2024 and after the acquisition of the GasNet Group in August 2024, we became the largest distributor of gas in the Czech Republic, accounting for approximately 80% of the total volume of gas distributed in the Czech Republic for the year ended December 31, 2024.

Due to our market position, we may be particularly exposed to the risk of lawsuits or proceedings on the grounds of alleged non-compliance with competition, anti-trust and non-discrimination rules, and such lawsuits and proceedings could be decided against our interest, which could have a material adverse effect on our business, results of operations and financial condition. In order to enhance competition, the competent authorities or certain governments could also take decisions contrary to our interests. Such decisions could limit our expansion and growth and, thus, have a material adverse effect on our business, results of operations and financial condition.

Risks resulting from our failure to expand and diversify our non-nuclear generation capacity.

Our current generation capacity predominantly consists of coal and nuclear generation. We aim to expand our existing non-nuclear power generation as well as diversify our generation capacity in order to reduce CO_2 emissions, increase the flexibility of our generation facilities and increase our generation potential to meet future demand. We hope to achieve this by investing in the replacement of coal-fired power plants, building new wind and PV power plants and increasing our renewable power generation capacity in general. All of these investments require significant capital expenditures and substantial managerial attention. Furthermore, we may incur additional costs and face a loss of revenues if we fail to complete such expansion and diversification projects within budget and on schedule. Our failure to properly control these capital expenditures may result in a higher utilization of our debt capacity and our inability to contract the relevant supplies on terms substantially comparable to those of our competitors, which could lower the competitiveness of our generation fleet. Any failure to expand and diversify our non-nuclear generation capacity could have a material adverse effect on our business, results of operations and financial condition.

Our revenues and results of operations are subject to climatic conditions and seasonal variations that are not within our control.

Electricity and heat consumption is seasonal and is mainly affected by climatic conditions. In Central and South East Europe electricity consumption is generally higher during the cold winter months. However, when winters are warmer than expected, as was the case in 2014 and between 2018 - 2024, demand for gas, heat and power is typically lower than forecasted. Electricity generation may also depend on climatic conditions, such as droughts or heat waves, which may limit generation due to the requirements to observe certain temperature limits for rivers, requirements in connection with the cooling of power plants, or speed and direction of winds or sunshine for the generation of renewable energy. Consequently, our income reflects the seasonal character of the demand for electricity and may be adversely affected by significant variations in climatic conditions. We may need to compensate for a reduction in the availability of electricity generated by economical means by using other means with a higher generation cost or by being required to access the wholesale markets at higher prices, which could have a material adverse effect on our business, results of operations and financial condition.

Some of our generation operations depend on the use of brown coal as a primary fuel source, which produces significantly more emissions than other fuel sources, and exposes us to the risk that our operations will become politically unpopular or the subject of restrictive regulations or private legal action.

We operate power plants that depend on the use of brown coal as a primary fuel source. Brown coal produces significantly more emissions, most notably CO_2, than other primary fuel sources, such as natural gas or nuclear fuel. If brown coal-fired heat and power generating activities continue to be subject to increasing public and political opposition, our business could be negatively affected. In 2019, the Czech Government initiated the establishment of the Coal Commission, which has been tasked with preparing an assessment of different scenarios that should lead to the decrease in the use of coal as a fuel source (see "*We may not be able to operate our coal power plants over a period at least equal to the current expected life*." above). For instance, we could face increased costs of burning brown coal as a primary fuel source, in selling the power produced from brown coal, or as a result of potentially adverse environmental regulations, increased taxes, fees or fines, hindered access to financing, or private lawsuits against the CEZ Group. We may be adversely affected not only by measures that directly impede the use of brown coal in heat or power production, but also by measures that promote other fuel sources or alternative technologies for heat and power production (such as renewable energy).

We are exposed to financial risks and market volatility.

During the normal course of our business, we are exposed to the risk of energy price volatility, as well as interest rate, commodity price, currency and counterparty risks. While we partially hedge these risks, we may incur losses if any of the variety of instruments and strategies we use to hedge exposures is not effective (see also "*We conduct our business in several different currencies and are exposed to foreign currency risks.*", "*Our trading on exchanges and with certain counterparties is subject to margining.*" and "*External financing may increase our interest expense.*" below).

We face risks from our energy trading operations. In general, we seek to hedge risks associated with volatile energy-related prices (including the price of CO_2 emission certificates) by entering into fixed price bilateral contracts and futures contracts on commodity exchanges and swaps and options traded in over the counter financial markets. To the extent we are unable to hedge these risks, enter into hedging contracts that fail to address our exposure or incorrectly anticipate market movements, we may suffer significant losses which could have a material adverse effect on our business, results of operations and financial condition.

We are also exposed to other financial risks. Financial markets experienced volatility as a result of the outbreak of COVID-19, the Russia-Ukraine conflict, and more recently as a result of new trade tariffs and retaliatory tariffs (see also "*– Risks connected with the Russia-Ukraine conflict and other geopolitical tensions.*" above) as well as other regional conflicts and markets may become even more volatile in the future. The value of our assets and financial investments, including joint ventures, is sensitive to the performance of the European and global economies. During 2022, as a result of extraordinary inflation rates, central banks started to increase interest rates. As inflation levels gradually decreased during 2023 and 2024 in most countries in which the CEZ Group operates and are nearing central bank targets in most markets, the market has witnessed interest rate cuts. However, as inflation rates remain the same in some areas, the pace of interest rate decreases may be slower than currently expected. Any increase in interest rates may result in increased costs of our funding and we may face liquidity problems. For example, we hold substantial amounts in certain government bonds, particularly Czech Government bonds. As of December 31, 2024, we held government bonds with an aggregate fair value of approximately CZK 26.8 billion. Any future volatility in the capital markets could negatively influence the value of those assets, which could have a material adverse effect on our business, results of operations and financial condition. We are dependent on debt capital markets to fund the majority of our working capital and capital expenditures. Any volatility in the debt capital markets could negatively affect this source of funding, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, any future adverse changes in the economic and regulatory environment of our reporting segments could adversely affect our estimated future cash flows and discount rates and could result in impairment charges to goodwill, which could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to changes in the way emission allowances are allocated, including the conditions related to free allocations, as well as volatility in the market prices of emission allowances that we need to acquire.

In 2005, the EU introduced the EU Emission Trading Scheme (the "*EU ETS*"). Within the EU ETS, each greenhouse gas emitter was allocated a certain cap by the national government, which was in turn allocated a national cap by the European Commission, within which it was allowed to emit greenhouse gases (such as CO_2, methane and nitrogen monoxide). Any emissions in excess of this cap had to be counterbalanced by emission allowances acquired in the open market at a market price, otherwise the emitter was penalized. Allocations were fixed for a specific trading period.

Since 2020, we have to buy all of the emission allowances on the market. Therefore, our costs related to CO_2 emission allowances purchases are exposed to market fluctuations, which may increase significantly due to factors such as regulatory changes, rising demand, or reduced supply of allowances. Such increase could have a material adverse effect on our business, results of operations and financial conditions. Different principles apply to the EU ETS regarding heat. In compliance with Article 10a of the revised EU ETS Directive, district heating combined heat and power plants will receive free allowances for heat supply from 2013 to 2030. However, in 2020 changes were made in the regulation, the result of which is free allocation in the heating sector (excluding district heating) covering at maximum 30% of emissions produced by the respective entity for the period 2021 - 2026 and then a gradual decrease to 0% over the period 2026 - 2030.

As such, we are vulnerable to risks relating to volatility in the price of CO_2 emission allowances. To mitigate this volatility risk, we have in place a hedging strategy of acquiring a certain volume of emission allowances along with electricity sale. Nevertheless, in the event of potential decreases in the price of emission allowances, this hedging strategy itself could have a material adverse effect on our business, results of operations and financial condition.

Within Phase IV of the EU ETS (2021 - 2030), the overall number of emission allowances was initially set to decline at an annual rate of 2.2% from 2021 onwards. However, the linear reduction factor has then been increased to 4.3% for the period 2024 – 2027 and to 4.4% for the period 2028 - 2030. However, energy intensive sectors with a high risk of relocation outside of the EU (e.g. the mining of hard coal, extraction of crude petroleum, manufacturing of cement) are to be allocated free allowances until 2030 at 100%. A continual decrease in the allocation of emission allowances across the EU and a greater decrease in the allocation of emission allowances within the Phase III and Phase IV of the EU ETS (please see "*Regulation – Czech Republic – Carbon Compliance (Emission Allowances)*") as well as any increase in the price of CO_2 emission allowances, may result in a substantial increase in our variable generation costs making the price of electricity offered by us uncompetitive, which could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to risks on the wholesale energy, CO_2 emission allowances, green and other certificates markets.

We operate in the deregulated energy markets in Europe through our trading activities. As a result, we are exposed to price fluctuations in the wholesale energy markets (electricity, gas, coal, crude oil) as well as in the CO_2 emission allowances market and green certificates markets. These fluctuations are particularly significant in the current context of major tensions and volatility on the energy markets. Any shortage of products or lack of liquidity could limit our ability to close our exposure to risk in the energy market quickly. In addition, these markets are still largely not integrated, mostly as a result of the lack of cross-border interconnections, and may experience significant increases or decreases in price movements and liquidity crises that are difficult to predict. Any such fluctuations in the wholesale energy markets could have a material adverse effect on our business, results of operations and financial condition.

The growth of an integrated European electricity market may be slowed by a lack of cross-border transmission system interconnections.

The growth of an integrated European electricity market is inhibited by a lack of cross-border interconnections. This situation limits exchange capacity between operators in different countries, notably the capacity to rapidly adapt supply to demand (so called "blackout risk"), and allows for persistent price differences between the different countries, which would be significantly reduced in a more efficient and integrated European market. It also impedes the emergence of efficient operators with a European dimension as it limits the options for synergies between companies within the same group, but located on different sides of a border. Although there are currently several projects to develop interconnections,

their construction has nonetheless been slowed down, mainly by environmental, regulatory and local acceptability considerations. The absence of adequate interconnections between countries where we are based or the failure of such interconnections to develop at a sufficient pace, may limit industrial synergies which we intend to achieve or cause network interruptions in countries in which we operate, which could have a material adverse effect on our business, results of operations and financial condition.

Our equipment and components of our power plants are subject to gradual deterioration over time.

The continual operations of our power plants, as well as natural processes, such as erosion and corrosion, have an impact on the condition of some of our equipment and components of our power plants. The impact of such operation and processes tends to increase as our plants, equipment and components grow older. As part of our strategy, we have recently finalized a significant portfolio renewal program aimed at modernizing our coal power plant portfolio. Although we seek to implement new inspections and maintenance practices, including proactively repairing or replacing equipment and components before they fail, as well as our portfolio renewal program, we cannot give any assurance that we will be successful in our efforts, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to a variety of litigation and regulatory proceedings and we cannot give any assurances as to their outcome or the sufficiency of our provisions.

In the ordinary course of our business, we are subject to numerous civil, administrative and arbitration proceedings (see "*Description of ČEZ – Legal Proceedings*" below). We create provisions for contingent liabilities relating to selected proceedings, calculated based on the advice of our internal and external legal counsel. Our separate audited financial statements show accrued provisions for legal and commercial disputes in the amount of CZK 627 million as of December 31, 2024 and CZK 617 million as of December 31, 2023. However, we have not recorded provisions in respect of all legal, regulatory and administrative proceedings to which we are a party or in which we may become a party. In particular, we have not recorded provisions in cases in which the outcome is unquantifiable or which we currently expect to be ruled in our favour. As a result, we cannot give any assurance that our provisions will be adequate to cover all amounts payable by us in connection with such proceedings. Our failure to quantify sufficient provisions or to assess the likely outcome of any proceedings against us could have a material adverse effect on our business, results of operations and financial condition.

We may become liable for increased decommissioning costs or be required to keep additional amounts as restricted funds for the decommissioning of our NPPs and for the decommissioning and reclamation of our mines and the remediation of mining damage.

As an owner and operator of electricity and heat facilities, we may in the future incur significant costs and expenses in connection with the decommissioning of such facilities. Under Czech law, we are required to reserve restricted funds to meet the expected future costs of decommissioning our NPPs. We pay these funds into nuclear escrow accounts that can be used only to meet decommissioning costs with the permission of the Czech Repository Authority. In 2024 and 2023, the payments to the nuclear escrow account for our NPPs amounted to CZK 1,633 million and CZK 1,673 million, respectively. We cannot give any assurance that amounts held by us as restricted funds will not increase as a result of increased projected costs of decommissioning or as a result of other factors determining the amount of our annual contributions. In addition, if such amounts are not sufficient to meet future decommissioning costs, we may be required to pay additional amounts, which could have a material adverse effect on our business, results of operations and financial condition.

In addition, we are involved in open pit mining in the Czech Republic and are required to keep funds to decommission mines at the end of their operating lives. In addition, Czech law relating to open pit mining also requires us to remediate land affected by our mining operations. The cost of remediation depends on the type of remediation and is subject to periodical review. In addition to the creation of remediation reserves, the Czech authorities may also require other payments relating to mining licenses. The methodology for determining the remediation costs and such other payments may change as might the requirements relating to the collateralization of obligations. The materialization of any of the above risks could have a material adverse effect on our business, results of operations and financial condition.

Risk of an increase in the cost of disposing of radioactive waste.

Under Czech law, we are required to contribute funds to a nuclear account administered by the Ministry of Finance (the "*Czech Nuclear Account*") based on the amount of electricity produced by our NPPs. The Czech Nuclear Account is used by the Czech Radioactive Waste Repository Authority (the "*Czech Repository Authority*") to centrally organize, supervise and take responsibility for the disposal of nuclear waste, as well as all final disposal facilities. We cannot give any assurance that the Czech Government will not increase the contributions that we are required to pay into the Czech Nuclear Account or that cash amounts accrued in the Czech Nuclear Account will be sufficient to fund the disposal of radioactive waste. Any requirement to pay additional amounts into the Czech Nuclear Account could have a material adverse effect on our business, results of operations and financial condition.

Our insurance coverage may not be adequate.

We have limited property and machinery insurance for our significant assets, including the Dukovany and Temelín NPPs. We cannot give any assurance that our business will not be adversely affected by the costs of accidents or other unexpected occurrences at our facilities for which insurance coverage is not available, has not been obtained by us or is not sufficient, which could have a material adverse effect on our business, results of operations and financial condition.

Risk of a strike or other labour disruption at our facilities.

A substantial number of our employees are represented by labour unions and all ČEZ employees were covered by our collective bargaining agreement valid until December 31, 2027 (please see "*Description of ČEZ—Employees*"). This agreement includes provisions that limit our ability to realize cost savings from restructuring initiatives such as plant closures and reductions in workforce. Since our foundation we have not experienced any strikes or work stoppages, however, any strikes, threats of strikes, or other resistance or work stoppages in the future, particularly those affecting our facilities in the Czech Republic, could impair our ability to implement further measures to reduce costs and improve production efficiencies in furtherance of our strategy, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to hire, train or retain a sufficient number of qualified staff.

Experienced and capable personnel in the energy industry are in high demand and we face significant competition in our principal markets to recruit such personnel. Consequently, when our experienced employees leave our business or retire, we may have difficulty, and incur additional costs, replacing them. In addition, the loss of any member of our senior management team may result in a loss of organizational focus, poor execution of our operations and corporate strategy and our inability to identify and execute potential strategic initiatives in the future, including strategies relating to the growth of our business. Further, with effect from January 1, 2017, the Czech Nuclear Act 2016 significantly extended the number of our employees that must be subject to security clearance from the Czech National Security Authority. The extended security clearance requirement could significantly restrict our hiring policy and further limit an already limited number of candidates qualified for the respective positions. Our failure to hire, train or retain a sufficient number of experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or to recruit skilled professional and technical staff in pace with our growth, could have a material adverse effect on our business, results of operations and financial condition.

We have no control over the security and operational processes of the national registries for emission allowances and green and other certificates within Europe.

We own a significant amount of emission allowances and emission credits, as well as green and other certificates which are registered as intangible assets by national registries in individual EU countries. National registries are operated by independent governmental bodies and are governed by EU law. We have no control or influence over the security and operational processes of these national registries. The financial value of our assets registered in such registries is significant and any unauthorized transactions could have a material adverse effect on our business, results of operations and financial condition.

Electromagnetic fields may have an adverse impact on public health.

Power lines, including those we operate, generate electromagnetic fields ("*EMFs*"). Questions with respect to the risks to human health as a result of exposure to EMFs have been raised both within the EU and internationally. Over the past 20 years, several international health organizations (such as the World Health Organization (the "*WHO*"), the International Agency for Research on Cancer (the "*IARC*"), the American Academy of Sciences, the American National Institute of Environmental Health Sciences, and the English National Radiological Protection Board) have completed numerous studies on the existence of health risks as a result of exposure to EMFs. Since 2002, the IARC has classified the low-frequency EMFs at level 2B (possible carcinogen) on its scale of scientific evidence. However, in a report published in June 2007, the WHO considered the associated health risks, if any, low. Medical knowledge about health risks related to exposure to EMFs may evolve or public sensitivity about such risks could increase, or the principle of precaution could be applied very broadly. At the EU and national level, new regulations aimed at understanding the risks associated with EMFs are being developed. This could expose us to litigation and significant costs, including costs incurred in connection with the adoption of more stringent security measures for the operation or construction of our generation facilities and distribution networks, which could have a material adverse effect on our business, results of operations and financial condition.

Our facilities produce polychlorobiphenyls which could have an adverse impact on the environment or public health.

We operate or have operated certain facilities which, as currently operated, could be or have been the source of industrial accidents or environmental and public health impacts (such as inadequately controlled emissions, leakages in electricity supply lines insulated with oil under pressure, a failure of decontamination facilities, pathogenic microorganisms, asbestos, and polychlorobiphenyls ("*PCBs*")). In particular, large quantities of hazardous materials (mainly explosive or flammable, such as gas and fuel oil) are stored in some of our facilities. These facilities may be located in industrial areas where other activities facing similar risks are carried out, such that our own facilities may be impacted by accidents occurring at neighbouring facilities that are not within our control. This could expose us to litigation and significant costs, including costs incurred in connection with adopting more stringent security measures for the operation or construction of our generation facilities and transmission or distribution networks, which could have a material adverse effect on our business, results of operations and financial condition.

Risks relating to political, social and economic conditions

Risks associated with changes in the EU's energy policy and an accelerated market shift towards renewable energy sources.

The electricity generation industry in Europe is strongly influenced by the EU's policy to increase the share of electricity generated by renewable energy sources, which was implemented in 2008 by the EU Climate and Energy Package and amended in 2019 by a package of provisions called Clean Energy for all Europeans, also known as the Winter Package (the "*Winter Package*"). The Winter Package is a set of several directives, regulations and decisions whose application may significantly influence the energy sector and also the CEZ Group. The Winter Package aims to achieve three goals: to make energy efficiency a priority, to achieve a world leading position of EU countries in the sphere of energy from renewable sources, and to provide fair conditions for consumers. We are strongly influenced, due to economic incentives, to reflect the Winter Package within our own strategy. The Winter Package increases the required share of renewable sources from 20% in 2020 to 32% in 2030 and sets the energy efficiency target to at least 32.5% in 2030. The energy efficiency target, renewable share target and the Winter Package in general aim to achieve low-carbon economy and to decrease emissions in accordance with EU emissions targets by 20% in 2020 and by 80% in 2050. In late 2019, the European Commission presented a strategy called the European Green Deal, which, among other things, aims to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50% and to 55% compared to 1990 levels. In July 2021, the European Commission published a package of legislative measures known as "Fit for 55", the aim of which is to set the legislative conditions for achieving the 2030 enhanced mitigation ambition set by the European Green Deal. The implementation of the Winter Package and targets of the European Council for the period from 2020 to 2030, or any amendments to such targets, such as the Fit for 55 package, could have a material adverse effect on our business, results of operations and financial condition. Support for renewable sources may decrease energy prices, limit the production time, the stability of transmission and distribution grid, the profitability of distribution services provided by us and production quantity of conventional power plants that we operate and may decrease our market share. In addition, the CEZ Group may be required to incur additional expenditure in order to meet the other related targets

envisaged in the Winter Package or Fit for 55 package. Continued or increased support for renewable energy sources in the EU, particularly in the Czech Republic (please see "*Regulation – Czech Republic – Renewable Energy Sources – Current Legislation – The Czech Promoted Energy Sources Act*") and Germany, may adversely affect our profit from nuclear, coal-fired and gas power plants, which could have a material adverse effect on our business, results of operations and financial condition.

Further measures which might have a negative impact on our electricity generation and trade are amending Directive EU/2024/1711 and amending Regulation EU/2024/1747. Devised in the wake of the surge in energy prices and agreed by the EU member states and the European Parliament in 2024, these new measures are aimed at making energy prices for consumers more stable and less dependent on the price of fossil fuels. Additionally, these new measures aim to further strengthen the rights of consumers, especially with regard to electricity sharing, as well as provide a framework for long-term contracts for low-carbon and renewable electricity generation to achieve more predictable energy costs from renewables for energy producers and energy consumers.

Risks resulting from political developments in the EU and in other countries where we have or plan to have a business presence.

Any political developments in the EU, including any future integration or withdrawal of European countries in the EU or changes in the economic policy, executive authority or composition of the EU and its institutions, may have an adverse effect on the overall economic stability of the EU and the European countries in which our assets and operations are located. Any changes in the political or economic stability of any of the countries in which we operate, as well as any political, economic, regulatory or administrative developments in these countries, over which we have no control, could have a material adverse effect on our business, results of operations and financial condition. In particular, due to cross-border integration and fully liberalized power prices, the primary price-setting market in our region is Germany and its exchange in Leipzig and historically there has been a strong correlation between power prices in the Czech and German markets. Any political developments affecting the integration, integrity or stability of EU or other energy markets, could have a material adverse effect on our business, results of operations and financial condition.

Risks associated with poor economic performance in the Czech Republic.

Our revenues are sensitive to the performance of the Czech economy. As of December 31, 2024, 97.6% of our property, plant and equipment was located in the Czech Republic and 84.1% of our operational revenues and other operating income for the year ended December 31, 2024 was derived from the Czech Republic. Changes in economic, regulatory, administrative or other policies of the Czech Government, as well as political or economic developments in the Czech Republic (including potential changes in the Czech Republic's credit ratings) over which we have no control, could have a significant effect on the Czech economy, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Risks associated with political developments in the Czech Republic.

The composition of the Czech Government and any political developments or changes in the economic policy of the Czech Republic may have an adverse effect on the overall economic stability of the Czech Republic. We cannot give any assurance that any change in the Czech Government would not affect the energy, economic, fiscal, and regulatory policies of the Czech Republic, nor can we give any assurance that any potential change in the Czech Government would not affect the structure of the presidium of the Ministry of Finance and, as a result, the structure of our Supervisory Board and our Board of Directors. Such unfavourable political developments could have a material adverse effect on our business, results of operations and financial condition.

Our majority shareholder may pursue decisions that reflect the Czech Government's policy (including the Czech Government's desire for us to build a new NPP in the Czech Republic).

As of the date of this Base Prospectus, the Czech Republic, through the Ministry of Finance, owns approximately 69.8% of the share capital of ČEZ, the parent company of the CEZ Group. As our controlling shareholder, the Czech Republic, through the Ministry of Finance, has the power to elect and remove two thirds of the members of our Supervisory Board. Our Supervisory Board elects members to our Board of Directors. Consequently, the Czech Republic, through its shareholdings or its positions on our Supervisory Board or our Board of Directors, has and will continue to

have, directly or indirectly, the power to affect our operations. As a result, certain of our decisions may reflect the Czech Government's policies, for example the dividend policy for state-owned companies and the Czech energy policy, which includes the Czech Government's desire for us to build a new NPP in the Czech Republic. Complying with such decisions could lead to a reorganization of ČEZ, by way of a de-merger, spin-off, or otherwise, including a nationalization of ČEZ or a part thereof. Such decisions could also lead to significant capital expenditures as well as the risks inherent in building a NPP, including debt capacity risks, which could in turn have a material adverse effect on our ratings, share price, business, results of operations and financial condition. See also, "*–The risks and costs associated with increasing our nuclear generation capacity*" and "- *Future privatization, reorganization or nationalization of ČEZ may result in a credit downgrade or may affect our ability to repay debt*".

Risk associated with state support for certain power generation sources.

The Czech Promoted Energy Sources Act requires distribution companies to purchase certain amounts of electricity from environmentally friendly "co-generation," "small hydro", "decentralized" or "renewable" facilities. This results in significantly higher state support for small generation sources and for those that are connected directly to the distribution grid. This support may be in the form of regulated subsidized prices or preferential access of these generation sources to the distribution grid (please see "*Regulation – Czech Republic - Renewable Energy Sources*").

However, in the Czech Republic we operate mainly large plants and transmit a major portion of our electricity to the transmission grid. Consequently, we cannot take full advantage of state support for otherwise comparable power generation sources in the Czech Republic under the Czech Energy Act. Similar state support schemes for selected alternative power generation sources also exist in other countries in which we operate. While we believe that these purchases of electricity from renewable sources and the preferential treatment of renewable sources will not substantially adversely affect the generation volumes of our conventional generation facilities, we cannot provide any assurance that this will in fact be the case or that our electricity sales to supply companies will not decrease, which could in turn have a material adverse effect on our business, results of operations and financial condition.

Risks related to governmental regulations and laws

Our activities require various administrative authorizations and licenses that may be difficult to obtain, maintain or renew or whose grant may be subject to conditions that may become significantly more stringent.

Our core activities of generation, distribution and supply of electricity require various administrative authorizations, at local and national levels, in the Czech Republic (see "*Regulation—Czech Republic—Electric Energy Sector—Licensing Regime*") and in the other countries in which we operate. The procedures for obtaining and renewing these authorizations can be protracted and complex. Obtaining these authorizations is not routine and the conditions attached to obtaining them are subject to change and may not be predictable. As a result, we may incur significant expenses in order to comply with the requirements associated with obtaining or renewing these authorizations (for example, the cost of preparing applications for authorizations or investments associated with installing equipment that are required before the authorization can be issued). Delays, extremely high costs or the suspension of our industrial activities due to our inability to obtain, maintain, or renew authorizations, may also have a negative impact on our business activities and profitability.

In addition, we often invest resources prior to obtaining the necessary permits and authorizations, particularly in connection with feasibility studies and environmental studies, but may have to cancel or withdraw from a project even after incurring such costs if we are unable to obtain the necessary permits or authorizations. Certain other material licenses for the operation of our power plants are due to expire within the next four years, such as the license for generation of electricity of ČEZ which expires on September 6, 2026. Any failure to obtain, maintain, renew or extend all the necessary administrative authorizations and licenses necessary for the operation of our business and execution of our strategy, could have a material adverse effect on our business, results of operations and financial condition.

We are subject to different regulatory regimes in all of the countries in which we operate, and these regimes are complex and subject to change.

We are subject to the laws of various countries and jurisdictions, including the Czech Republic, Türkiye, France, Germany, Italy and the EU, as well as the regulations of the regulatory agencies of the countries in which we operate,

including the ERO and the SONS in the Czech Republic (see "*Regulation*"), the Federal Network Agency for Electricity, Gas, Telecommunications, Posts and Railway (Bundesnetzagentur) in Germany and the Regulatory Commission of Energy (Commission de Régulation de l'Energie) in France. These laws and regulations and their interpretation by the regulatory agencies affect many aspects of our business and, in many respects, determine the manner in which we conduct our business and the fees we charge or obtain for our products and services, including in respect of electricity generation (both traditional and from renewable sources). In particular, as an owner and operator of nuclear, coal-fired and gas power plants (including combined heat and electricity power plants), renewable energy facilities and electricity distribution, heat distribution and mining businesses, we are subject to extensive governmental and other regulations in the markets in which we operate, including in relation to nuclear safety. Any new regulation or any changes in the existing regulations or requirements of or the interpretation by the governments or regulatory authorities of the countries in which we operate, may require significant changes in our business in ways that we cannot predict, in particular the way in which we operate our nuclear assets. Any new regulations or requirements that cause us to restructure or otherwise change our business in any way, or that affect electricity generation, transmission, distribution or supply prices or related financial conditions, could have a material adverse effect on our business, results of operations and financial condition. In addition, we may fail to respond swiftly and appropriately to changes in applicable laws and regulations or to changes in the energy industry generally, which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to environmental, health and safety laws and regulations and must maintain environmental, health and safety regulatory approvals and we may be exposed to significant liabilities if we fail to comply with such laws or maintain such approvals.

We are subject to various environmental, health and safety laws and regulations governing, among other things: the generation, storage, handling, release, use, disposal and transportation of waste or hazardous and radioactive materials; the emission and discharge of hazardous materials into the ground, air or water; the decommissioning and decontamination of our facilities; and the health and safety of the public and our employees. EU regulators and regulators in the countries in which we operate administer these laws and regulations. We are also required to obtain environmental and safety permits from various governmental authorities for our operations. Certain permits require periodic renewal or review of their conditions as well as continuous monitoring and reporting of compliance with their conditions and we cannot give any assurance that we will be able to renew such permits or that material changes to our permits requiring significant expenditures, will not be imposed. Violations of these laws, regulations or permits could result in plant shut-downs, fines or legal proceedings being commenced against us or other sanctions, in addition to negative publicity and significant damage to our reputation. Other liabilities under environmental laws, including the clean-up of radioactive or hazardous substances, can also be extremely costly to discharge. Environmental and health and safety laws are complex, change frequently and have tended to become more stringent over time. As a result, we may not at all times be in full compliance with all such laws and regulations. While we have budgeted for future capital and operating expenditures to comply with current environmental and health and safety laws, it is possible that any of these laws may change or become more stringent in the future or that new laws may be adopted (for example EU legislation may be adopted that imposes additional capital expenditure on our brown coal-fired power plants). Therefore, our costs of complying with current and future environmental and health and safety laws and our liabilities arising from past or future releases of, or exposure to, radioactive or hazardous substances, could have a material adverse effect on our business, results of operations and financial condition.

Following the nuclear disaster at Fukushima in 2011, we have been required by the European Council to carry out "stress tests" in order to assess the safety of our NPPs and how resistant these power plants are to natural disasters such as floods and earthquakes. We have successfully passed all such tests and our NPPs are compliant with recommendations of the European Council. If we would be required to comply with any additional requirements of the European Council in the future, we could incur significant costs, which in turn could have a material adverse effect on our business, results of operations and financial condition.

Risk of changes in regulated tariffs.

In the Czech Republic, a significant part of our revenue depends on regulated tariffs (including electricity and gas distribution prices and heat prices). Such tariffs are set by the ERO. As of the date of this Base Prospectus, we are in the 5th regulatory period (2021 – 2025) (please see "*Regulation - Transmission and Distribution of Electric Energy - Price of Electricity*"). The regulated tariffs may change in the next regulatory periods and, as a result, any changes in regulated tariffs could have a material adverse effect on our business, results of operations and financial condition.

Public authorities and regulatory authorities in the countries in which we operate may decide to limit or block tariff increases, or even order tariff decreases, with no change to the quality of service, or may change the conditions of access to such regulated tariffs, including changes to the price setting mechanisms or imposing special focused taxes as a result of political interference. However, we cannot give any assurance that new tariff mechanisms would be put in place or that regulated tariffs would be set at a level which would allow us to preserve our short-, medium- or long-term investment capacity or our property interests, while ensuring a fair return on the capital invested in our electricity generation, distribution and supply assets. As a result, any changes in regulated tariffs, particularly those that may affect our revenues from electricity distribution, could have a material adverse effect on our business, results of operations and financial condition.

Risk of uncertain, unexpected or unlawful decisions of key regulatory or national administration executive authorities.

Our business as well as our capital investment program and financial investment strategy are subject to decisions of numerous national and international institutions, as well as regulatory and administrative authorities. We face the risk that decision makers in these institutions may not act within the scope of existing laws and regulations, which could have uncertain and unexpected consequences on our business and operations in the Czech Republic, Germany, France, Italy and Türkiye, which in turn could have a material adverse effect on our business, results of operations and financial condition. Although we are not aware of any misconduct, we cannot exclude a politically motivated revocation of the license(s) which would have a material adverse effect on our business, results of operations and financial condition.

Risks associated with EU regulation of energy market mechanisms, including the credit and cash settlement requirements for trading of commodities and financial instruments.

We trade on the financial and wholesale energy markets. Over the past years, EU regulations, particularly Regulation on Energy Market Integrity and Transparency ("*REMIT*"), MIFID II, Market Abuse Directive and Regulation ("*MAD/MAR*") and European Market Infrastructure Regulation ("*EMIR*"), have put in place a regulatory framework to increase transparency, avoid manipulation and abusive trading practices as well as to address potential cash margining requirements for over-the-counter ("OTC") transactions. Due to the amount of our hedged production volume and the volatility of power prices, such requirements could result in liquidity needs that may be difficult to cover. In addition, our foreign exchange and interest rate hedging transactions could also be affected.

We face the risk of non-compliance risk with the above regulation, which imposes strict penalties and sanctions. Although we strive to manage our commodity trading portfolio within the limits to remain a non-financial counterparty below the clearing threshold ("*NFC*"), so that no additional requirements for margining or mandatory clearing of OTC deals must be fulfilled, there is no guarantee that we will be able to do so in the future, or that our trading activities will continue to qualify as exempted from MiFID II license regime with no need on capital or funds to cover regulatory requirements. As a result, EU financial market mechanisms, including any changes to credit and cash settlement requirements for trading of financial instruments, could have a material adverse effect on our business, results of operations and financial condition.

Risks associated with changes in EU or national requirements affecting liability for nuclear damage, insurance requirements or decommissioning of NPPs.

Each Member State sets its own limits and rules relating to the liability for nuclear damage, insurance requirements and the decommissioning of NPPs, which are affected by the political policies of each Member State. Any changes or developments in such legal or regulatory requirements or policies could affect the legal and regulatory requirements and political policies of the Czech Republic. Any changes to the limits and rules set by the Czech Republic affecting the operation of our NPPs, including the liability for nuclear disasters, insurance coverage and premiums or decommissioning costs, could have a material adverse effect on our business, results of operations and financial condition.

The transparency regime in the Czech Republic may decrease our competitiveness.

Under the Czech Registry of Contracts Act, certain business contracts with a consideration above CZK 50,000 entered into by a legal entity in which the Czech Republic, directly or indirectly, holds a majority ownership interest must be disclosed in a publicly accessible electronic registry, unless one of the exemptions provided for in the Czech Registry

of Contracts Act applies. Otherwise, the respective business contract would be, after a certain period of time, automatically terminated by operation of Czech law.

There is a risk that know-how and other sensitive business-related information of ČEZ and its counterparties may be required to be disclosed in the Czech Registry of Contracts. Further, there could be disputes as to whether or not certain contracts and/or information is exempted from disclosure under the Czech Registry of Contracts Act and, as a result of such disputes, ČEZ could be forced to disclose in the Czech Registry of Contracts information which ČEZ considers to be a trade secret.

There is a significant risk that ČEZ, unlike its competitors, will be subject to a stringent transparency regime and, thus, put into a competitive disadvantage which could have a material adverse effect on our business, results of operations and financial condition.

Recent case law of the Court of Justice of the EU may have a significant adverse impact on our ability to recover the value of our investments in other EU Member States.

The legal framework for investment protection within the EU has undergone significant changes in recent years, creating uncertainty regarding the enforcement of investor rights. A key example of this shifting landscape is the Achmea Judgment of March 2018, in which the Court of Justice of the EU ruled that investor-State arbitration clauses in intra-EU bilateral investment treaties ("*BITs*") are incompatible with EU law.

This decision led to the termination of most intra-EU BITs and the Agreement on the Termination of Bilateral Investment Treaties between EU member states, to which the Czech Republic is a party. It has also heightened concerns about the enforceability of arbitration awards within the EU.

While some arbitral tribunals have rejected intra-EU jurisdictional objections, asserting their authority despite the Achmea Judgment, these objections are consistently raised before EU national courts during recognition and enforcement proceedings. Since national courts are bound by the Achmea Judgment, there is a significant risk that any favourable arbitral award may be annulled or denied enforcement.

Furthermore, we continue to carry out our business activities in various other EU Member States where we may be subject to adverse regulatory actions. For example, we are party to international investment arbitration proceedings against the Republic of Bulgaria at the ICSID based on the Energy Charter Treaty (please see "*Description of ČEZ — Other Proceedings —Bulgaria*").

There is no guarantee that the ongoing legal developments in international investment arbitration will not further impact our ability to protect and/or recover the full value of our investments. The increasing legal uncertainty surrounding the recognition and enforcement of arbitral awards, combined with the potential for future case law and regulatory changes, could materially affect our business, financial condition, and overall results of operations.

Risks relating to our financial profile

Our ability to access credit and bond markets and our ability to raise additional financing is in part dependent on our credit ratings.

As of the date of this Base Prospectus, ČEZ has a credit rating of A- with a stable outlook by Standard & Poor's and Baa1 with a negative outlook by Moody's. These ratings reflect each agency's opinion of our financial strength, operating performance and ability to meet our debt obligations as they become due. These ratings are near the low-end of the respective rating agency's scale of investment-grade ratings. Credit rating agencies monitor companies more closely and have made liquidity, and the key ratios associated with it, such as gross leverage ratio, a particular priority when determining a company's rating. Our ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend in part on our credit ratings. We currently expect to operate with sufficient liquidity to maintain our current ratings. However, this is dependent on a number of factors, some of which may be beyond our control, including the credit ratings assigned to the Czech Republic, our majority shareholder. If we fail to maintain adequate levels of liquidity, our ratings may be downgraded. In the event our credit or debt ratings are further lowered by the rating agencies, we may not be able to raise additional indebtedness on terms similar to our existing

indebtedness or at all, and our ability to access credit and bond markets and other forms of financing (or refinancing) could be limited, which could have a material adverse effect on our business, results of operations and financial condition. Further lowering of our credit rating may also trigger our obligation to redeem certain debt securities prior to their scheduled redemption date which could also have a material adverse effect on our business, results of operations and financial condition.

We have substantial debt and our financial obligations could impair our ability to service our debt, carry out new financings and fund our capital expenditures.

We have substantial debt and other financial obligations, amounting to CZK 246,248 million as of December 31, 2024, compared to CZK 168,910 million as of December 31, 2023. We cannot give any assurances that our cash flow from operations will be sufficient to service our debt and to meet other payment obligations or to fund our planned capital expenditures without the need for additional external financing. Our substantial debt and other financial obligations could limit our flexibility in planning for, or reacting to, changes in our business or our industry, which could have a material adverse effect on our business, results of operations and financial condition. Similarly, any future failure to successfully implement our ESG strategies may result in higher costs for servicing our debt or securing new financing. Furthermore, a potential privatization or reorganization of ČEZ may adversely affect our ability to service our debt, carry out new financings and fund our capital expenditures (see "*Future privatization or reorganization of ČEZ may result in a credit downgrade or may affect our ability to repay debt.*" above).

Our trading on exchanges and with certain counterparties is subject to margining.

Our trading on exchanges and with certain counterparties is subject to margining, which may, as a result of electricity and gas price fluctuations (for example gas and electricity prices rose significantly at the end of 2021 and during 2022 and decreased in 2023 and 2024), require substantial cash flow on a short notice, especially in euros. Were we not to be able to procure this cash from our relationship banks, the debt capital markets or from other sources, we would be forced to close our trading positions on exchanges and with certain counterparties, which would have a material adverse effect on our business, reputation, results of operations and financial condition.

We could incur unforeseen taxes, tax penalties and sanctions.

A number of Member States face significant budget deficits and, as a result, new taxes have been, and may in the future be, imposed on the utilities sector, such as the nuclear tax in Germany, the power sales tax in Hungary and the windfall tax in the Czech Republic as further mentioned below. The imposition of any new taxes (including a carbon tax or sector tax) in the countries in which we operate, or changing interpretations or application of tax regulations by the tax authorities, harmonization of Czech and EU tax law and regulation, extensive time periods relating to overdue liabilities and the possible imposition of penalties and other sanctions due to unpaid tax liabilities may result in additional amounts being payable by us, which could have a material adverse effect on our business, results of operations and financial condition.

For example, with effect from January 1, 2014, operators of certain solar electricity producing facilities in the Czech Republic which were put into operation between January 1, 2010 and December 31, 2010 are subject to a withholding tax in the amount of (i) 10% of the income corresponding to the feed-in tariff, or (ii) 11% of the income corresponding to a "green bonus". As of December 31, 2024, we owned and operated 26 solar power plants in the Czech Republic, with installed capacity of 165.1 MW. The majority of these solar power plants were put into operation between January 1, 2010 and December 31, 2010 and are subject to the withholding tax. Extension or amendment to such tax legislation or introduction of any similar tax in the future could have a material adverse effect on our business, results of operations and financial condition.

From January 1, 2023 for a duration of three years (i.e., from 2023 to 2025), we are subject to a temporary tax on exceptionally profitable businesses, mainly from the energy and banking sectors, introduced by Act No. 366/2022 Coll. (the "*Czech Windfall Tax*"). The Czech Windfall Tax is calculated as a 60% tax surcharge applied to the company's excess profits, determined as a difference between (i) the tax base in the particular year and (ii) the average of the tax bases for the last four years, increased by 20%. The legislation further introduced an obligation to pay tax advances on the Czech Windfall Tax, starting from 2023. The Czech Windfall Tax has resulted in additional amounts of taxes being payable by us. The effective income tax rate for the calculation of deferred tax in 2024 was 75% and the estimated

effective income tax rates for the calculation of deferred tax in future years are 72% for 2025 and 21% for 2026. We believe that we have adequately provided for tax liabilities in the accounting 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 our reported income. Additional tax obligations, including the prolongation of the Czech Windfall Tax regime beyond 2025, could have a material adverse effect on our business, results of operations and financial condition.

The agreements that govern our long-term debt contain restrictive covenants.

The agreements that govern our long-term debt contain certain restrictive covenants, including among others "negative-pledge" clauses, "no disposal of assets" clauses and "material change" clauses, which may restrict our ability to acquire or dispose of assets or incur new debt. Our failure to comply with any of these covenants could constitute an event of default, which could result in the immediate or accelerated repayment of our debt, lead to cross-default under our other credit agreements or limit or reduce our ability to implement and execute our key strategies, which could in turn have a material adverse effect on our business, results of operations and financial condition.

We conduct our business in several different currencies and are exposed to foreign currency risks.

We sell the electricity we generate in the Czech Republic on markets such as the PXE and the EEX, which trade electricity contracts denominated in Euro. As a result, the revenues we receive from these sales are either denominated in Euro or denominated in Czech crowns but derived from Euro denominated electricity prices and the EUR/CZK exchange rate at the time the contract is concluded. However, a significant portion of our operating expenses and capital expenditure needs related to power generation in the Czech Republic are denominated in Czech crowns, which exposes us to substantial foreign exchange risk. We also generate revenues and incur costs in currencies other than Euro and Czech crown, such as Polish zloty and Turkish lira. We believe that our Euro denominated indebtedness acts as a natural foreign exchange hedge for our exposure to Euro denominated revenues and we also engage in transaction currency hedging. In general, we hedge our CZK/EUR position for the expected electricity supply from generation. As of December 31, 2024, we had our CZK/EUR position for 2025 hedged at an average rate of 23.825 CZK/EUR, for 2026 at an average rate of 23.520 CZK/EUR while for the period of 2027 - 2028 at a rate of 23.928 CZK/EUR. Any increase in our exposure to foreign exchange risks or our failure to manage or make use of financial or natural hedging in order to manage our exposure to foreign exchange risk could have a material adverse effect on our business, results of operations and financial condition.

The Czech crown volatility is affected by, among others, public finance deficits, the overall development of the global economy and the relative perception of risks associated with new Member States and other central and eastern European countries. The volatility of the Czech crown is also affected by the anticipated date that the Czech Republic joins the Eurozone, which has been delayed due to political developments. As of the date of this Base Prospectus, there is no official target date for the Czech Republic to join the Eurozone.

We cannot give any assurance that any governmental or monetary authorities will not impose exchange controls or interventions that could adversely affect the applicable exchange rate, as was the case between November 2013 and April 2017, when the Czech National Bank intervened in the foreign exchange markets to weaken the Czech crown against the Euro. Any significant change or fluctuation in the Czech crown's exchange rate or inflation in the Czech Republic could have a material adverse effect on our business, results of operations and financial condition.

External financing may increase our interest expense.

Due to potential investments, acquisitions and our need to service existing debt and other financial obligations, we may need additional external financing to cover our payment obligations. Any increase in interest rates could therefore lead to a material increase in our interest expense, which could have a material adverse effect on our business, results of operations and financial condition. We use interest rate swaps and other types of derivatives to reduce the amount of debt exposed to interest rate fluctuations and to reduce borrowing costs. However, we may incur losses if any of the variety of instruments and strategies used to hedge exposures are not effective or cannot be implemented. Our actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. Also, the risk management procedures we have in place may not always be followed or may not work as planned. In addition, we perform stress testing using a standardized interest rate shock, whereby an immediate increase

or decrease in interest rates by one per cent. along the whole yield curve is applied to the interest rate positions of the portfolio. The occurrence of any of the aforesaid risks could have a material adverse effect on our business, results of operations and financial condition.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks applicable to all Notes

If the Issuer has a right to redeem any Notes at its option, this may limit the market value of the Notes concerned, and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Moreover, the applicable Final Terms or Pricing Supplement (as relevant) of a particular issue of Notes may provide for an early redemption at the option of the Issuer (including a Make-Whole Redemption by the Issuer as described in Condition 6.4, a Residual Maturity Call Option by the Issuer as described in Condition 6.5 or an Issuer Residual Call Option by the Issuer as described in Condition 6.13). As a consequence, the proceeds received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a result, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested.

Furthermore, the Issuer may, in accordance with Condition 6.2, redeem the Notes in whole but not in part in the event that the Issuer is obliged to increase the amounts payable in respect of any Notes as a result of any change in, or amendment to, the laws or regulations of the Czech Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations.

A partial redemption at the option of the Issuer or redemption at the option of the Noteholders may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

An early redemption at the option of the Issuer (including a Make-Whole Redemption by the Issuer as described in Condition 6.4) or an early redemption at the option of the Noteholders in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which a partial redemption of the Notes at the option of the Issuer or at the option of the Noteholders is made, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

If the Notes include a feature to convert the interest basis from a fixed to a floating rate or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

There are particular risks associated with an investment in certain types of Floating Rate Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes.

The Issuer may issue Floating Rate Notes with interest determined by reference to a reference rate (such as EURIBOR, PRIBOR, SOFR or TONA).

Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) a reference rate (such as EURIBOR, PRIBOR, SOFR or TONA) may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and

(iv) the timing of changes in a reference rate may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the reference rate, the greater the effect on yield.

The historical experience of a reference rate should not be viewed as an indication of the future performance of such reference rate during the term of any Floating Rate Notes. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Floating Rate Note linked to a reference rate and the suitability of such Notes in light of its particular circumstances.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Risks applicable to certain types of Exempt Notes.

There are particular risks associated with an investment in certain types of Exempt Notes, such as Index Linked Notes and Dual Currency Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "*Relevant Factor*"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated.

Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or a Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of the relevant Notes. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of the Notes could result in such investor losing all of his investment.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Notes which are issued with an inverse floating interest rate will have more volatile market values than conventional floating rate notes.

Notes with an inverse floating rate have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR, PRIBOR, SOFR or TONA. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Notes with an inverse floating rate are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

The regulation and reform of "benchmarks" may adversely affect the value of any Notes linked to such "benchmarks".

Interest rates and indices which are deemed to be "benchmarks", and which may be used to determine the amounts payable under financial instruments or the value of such financial instruments including EURIBOR and PRIBOR, are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark".

The EU Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. The EU Benchmark Regulation could have a material impact on any Notes linked to or refinancing EURIBOR or PRIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the EU Benchmark Regulation. Such changes could (amongst other things) have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

There are on-going workstreams to determine a euro risk free-rate as an alternative to EURIBOR. On 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("*€STR*") as the new risk free rate. €STR has been published by the ECB since October 2019. Meanwhile, EURIBOR underwent a methodological

reform in 2019 to make it compliant with the regulatory requirements outlined in the EU Benchmark Regulation. It is now determined using a hybrid methodology rather than a purely quote-based method. Following a testing phase and public consultations, the hybrid methodology became applicable at the end of 2019, and the European Money Markets Institute has received authorization from the competent authority, meaning that the benchmark can continue to be used for new and legacy contracts after 3 January 2022. Nevertheless, the long-term sustainability of EURIBOR depends on factors such as the continued willingness of the panel of contributing banks to support it, the support of the regulator and the administrator and/or whether or not there is sufficient activity in its underlying market.

Such factors may have (without limitation) the following effects on certain benchmarks (including EURIBOR and PRIBOR): (i) discouraging market participants from continuing to administer or contribute to certain "benchmarks", (ii) triggering changes in the rules or methodologies used in certain "benchmarks" or (iii) lead to the disappearance of certain "benchmarks". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

It is not possible to predict with certainty whether, and to what extent, EURIBOR and/or PRIBOR will continue to be supported going forwards. This may cause EURIBOR and/or PRIBOR to perform differently than they have done in the past and may have other consequences which cannot be predicted. The elimination of EURIBOR, PRIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes referencing such benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as EURIBOR, PRIBOR or other relevant reference rates such as SOFR or TONA (including, without limitation, mid-swap rates and any page on which such benchmark may be published) becomes unavailable. Where the Rate of Interest (as defined in "*Terms and Conditions of the Notes*") is to be determined by reference to the Relevant Screen Page (as defined in "*Terms and Conditions of the Notes*") and the Relevant Screen Page is not available or the relevant rate does not appear on the Relevant Screen Page, the Terms and Conditions of the Notes provide for the Rate of Interest to be determined by the Agent by reference to quotations from Reference Banks communicated to the Agent at the request of the Issuer.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate (as defined in "*Terms and Conditions of the Notes*")), the ultimate fallback for the purposes of calculation of interest for a particular Interest Period (as defined in "*Terms and Conditions of the Notes*") may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from Reference Banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Notes.

If a Benchmark Event (as defined in "*Terms and Conditions of the Notes*") (which, amongst other events, includes the permanent discontinuation of an Original Reference Rate) occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in "*Terms and Conditions of the Notes*"). After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or Alternative Rate (each as defined in "*Terms and Conditions of the Notes*") to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest will result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Terms and Conditions of the Notes also provide that an Adjustment Spread (as defined in "*Terms and Conditions of the Notes*") may be determined by the Issuer and applied to such Successor Rate or Alternative Rate. The aim of the Adjustment Spread is to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as the case may be) to Noteholders and

Couponholders (each as defined in "*Terms and Conditions of the Notes*") as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate. However, it may not be possible to determine or apply an Adjustment Spread and even if an Adjustment Spread is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to Noteholders and Couponholders. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of any Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in Notes linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmark Regulation reforms in making any investment decision with respect to any Notes linked to or referencing EURIBOR or PRIBOR.

The market continues to develop in relation to SOFR and TONA as reference rates for Floating Rate Notes.

Investors should be aware that the market continues to develop in relation to SOFR and TONA as reference rates. In addition, market participants and relevant working groups are exploring alternative reference rates based on SOFR and TONA, including term SOFR and TONA reference rates (which seek to measure the market's forward expectation of an average SOFR or TONA rate over a designated term). The development of SOFR and TONA as interest reference rates for the Eurobond markets, as well as continued development of SOFR and TONA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of SOFR and TONA as reference rates for Eurobonds continues to develop, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing SOFR and TONA. In particular, investors should be aware that several different SOFR and TONA methodologies have been used to date and no assurance can be given that any particular methodology, including the Compounded Daily SOFR Index and Compounded Daily TONA Index approach in the Terms and Conditions, will gain widespread market acceptance.

With respect to SOFR and TONA, the market or a significant part thereof may adopt an application of SOFR and TONA that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may, in the future, issue Notes referencing SOFR and TONA that differs materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of SOFR and TONA in the Eurobond markets may differ materially compared with the application and adoption of SOFR and TONA in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SOFR and TONA across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SOFR and TONA.

SOFR and TONA differ from EURIBOR and PRIBOR (and other frequently referenced term rates based on interbank lending) in a number of material respects and have a limited history.

SOFR and TONA differ from EURIBOR and PRIBOR (and other frequently referenced term rates based on interbank lending) in a number of material respects, including that SOFR and TONA are backwards-looking, risk-free overnight rates, whereas EURIBOR and PRIBOR and similar rates are expressed on the basis of a forward- looking term and include a risk-element based on inter-bank lending. As such, investors should be aware that SOFR and TONA may behave materially differently as interest reference rates for the Notes. Furthermore, SOFR is a secured rate that represents overnight secured funding transactions, and therefore will perform differently over time to EURIBOR and/or PRIBOR which are unsecured rates. For example, since publication of SOFR began on 3 April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

SOFR and TONA have a limited history. The future performance of SOFR and TONA may therefore be difficult to predict based on the limited historical performance. The level of SOFR and TONA during the term of the Notes may bear little or no relation to the historical level of SOFR and TONA. Prior observed patterns, if any, in the behaviour of market variables and their relation to SOFR and TONA such as correlations, may change in the future. Investors should

not rely on historical performance data as an indicator of future performance of SOFR and TONA nor should they rely on any hypothetical data.

Furthermore, as regards a regular Interest Period, the Rate of Interest for such period is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes. Further, in contrast to EURIBOR or PRIBOR or other similar term rate-based Notes, if the Notes become due and payable under Condition 6 or 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of the Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable.

With respect to SOFR and TONA, the administrator of SOFR and the administrator of TONA may make changes that could change the value of SOFR or TONA or discontinue SOFR or TONA.

The New York Federal Reserve or the Bank of Japan (or a successor), as administrators of SOFR and TONA respectively, may make methodological or other changes that could change the value of SOFR and TONA respectively, including changes related to the method by which SOFR or TONA is calculated, eligibility criteria applicable to the transactions used to calculate SOFR or TONA, or timing related to the publication of SOFR or TONA. In addition, the relevant administrator may alter, discontinue or suspend calculation or dissemination of SOFR or TONA (in which case a fallback method of determining the interest rate on the Notes will apply). The relevant administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SOFR or TONA.

Notes issued as Sustainability-Linked Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics.

The Issuer may issue Sustainability-Linked Notes under the Programme with either (i) the interest rate relating to such Notes being subject to an upward adjustment, or (ii) a Redemption Premium being payable, if the Issuer does not achieve the relevant SPT (as defined in Condition 4.5). Any Sustainability-Linked Notes issued under the Programme may not satisfy an investor's requirements or any future legal, quasi-legal or other standards for investment in assets with sustainability characteristics. In particular, any Sustainability-Linked Notes issued under the Programme may not be marketed as "social bonds" or "sustainability bonds" as the net proceeds of the issue of such Notes may be used for the Issuer's general corporate purposes, including acquisitions, unless specified otherwise in the applicable Final Terms. In addition, any Sustainability-Linked Notes issued under the Programme may not be marketed as "green bonds". The Issuer does not commit to (i) allocate the net proceeds of any Sustainability-Linked Notes issued under the Programme specifically to projects or business activities meeting sustainability criteria or (ii) be subject to any other limitations or requirements that may be associated with green bonds, social bonds or sustainability bonds in any particular market in connection with the issuance of any Sustainability-Linked Notes under the Programme.

In addition, any interest rate adjustment or Redemption Premium payable in respect of any Sustainability-Linked Notes as contemplated by the terms and conditions of any Sustainability-Linked Notes will depend on the Issuer achieving, or not achieving, the relevant SPT, which may be inconsistent with or insufficient to satisfy investor requirements or expectations. Prospective investors in any Sustainability-Linked Notes issued under the Programme should have regard to the information set out herein and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary.

The Issuer's SPT relating to any Sustainability-Linked Notes issued under the Programme will be aimed at reducing the Group's direct greenhouse gas emissions intensity measured in tCO2e/MWh. The SPT would therefore be uniquely tailored to the Group's business, operations and capabilities, and it does not easily lend itself to benchmarking against similar sustainability performance targets, and the related performance, of other issuers. No assurance is or can be given to investors by the Issuer, the Arrangers, the Dealers, any second-party opinion providers or any Assurance Providers (as defined in Condition 4.5) that any Sustainability-Linked Notes issued under the Programme will meet any or all investor expectations regarding such Notes or any SPT of the Group qualifying as "sustainable" or "sustainability-linked" or that any adverse environmental, social and/or other impacts will not occur in connection with the Issuer striving

to achieve any SPT or the use of the net proceeds from the offering of any Sustainability-Linked Notes issued under the Programme.

The CEZ Group has signed a commitment letter to the business ambition for 1.5 degrees centigrade C3 and has defined interim and long-term targets to reach net-zero by no later than 2040. Currently, the Issuer has set net-zero science-based interim emission reduction targets in line with well below 2 degrees centigrade.

Investors should refer to the Issuer's website and the Sustainable Financing Framework for further information.

Any opinion, report, certification or validation of any third party in connection with the offering of any Sustainability-Linked Notes or any SPT may not be suitable to fulfil any sustainable, sustainability-linked and/or other criteria.

The Issuer will, in connection with an issuance of Sustainability-Linked Notes under the Programme, obtain a second-party opinion or other similar opinion, certification and validation, and undergo external third-party verification. Second-party opinion providers and providers of similar opinions, certifications and validations are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification would not be, nor should it be deemed to be, a recommendation by the Issuer, the Arrangers and Dealers, any second-party opinion providers, any Assurance Provider or any other person to buy, sell or hold any Sustainability-Linked Notes. Further, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. Noteholders would have no recourse against the Issuer, the Arrangers and Dealers or any provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as of the date it is initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in any Sustainability-Linked Notes issued under the Programme. Any withdrawal of any such opinion or certification, or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters on which such opinion, certification or validation is opining or certifying, may have a material adverse effect on the value of any Sustainability-Linked Notes issued under the Programme and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Although in connection with the issuance of any Sustainability-Linked Notes under the Programme the Issuer may intend to reduce the Group's direct greenhouse gas emissions intensity, there can be no assurance of the extent to which it will be successful in doing so, that it will not decide to discontinue the relevant SPT or that any future investments it makes in pursuit of such SPT will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Notwithstanding the fact that any failure to meet the relevant SPT will give rise to either an upward adjustment of the rate of interest, or the payment of a Redemption Premium, as specified in the applicable Final Terms relating to the relevant Sustainability-Linked Notes, as described in Condition 4.5, such failure will not be an Event of Default under such Notes nor will the Issuer be required to repurchase or redeem any such Notes in such circumstances. Furthermore, any breach or default by the Issuer in the performance of any of its ancillary obligations in connection with the issue of any Sustainability-Linked Notes, howsoever arising, shall not constitute an Event of Default under such Notes nor will the Issuer be required to repurchase or redeem any such Notes in such circumstances. The Issuer's efforts in achieving any SPT may further become controversial or be criticised by activist groups or other stakeholders, which may have a material adverse effect on the value of any Sustainability-Linked Notes issued under the Programme and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Achieving any SPT or any similar sustainability performance targets will require the Issuer to expend significant resources, while not meeting any such targets would result either in increased interest payments or additional Redemption Premium payable on any Sustainability-Linked Notes and could expose the Issuer to reputational risks.

Achieving the relevant SPT in relation to any Sustainability-Linked Notes issued under the Programme would require the Group to reduce its direct greenhouse gas emissions intensity to at or below a specified amount (in tCO2e/MWh) by a specified date. As a result, achieving the relevant SPT or any similar sustainability performance targets

the Issuer may choose to include in future financings or other arrangements will require the Group to expend significant resources.

In addition, the Issuer not achieving its relevant SPT or any such similar sustainability performance targets that the Issuer may choose to include in any future financings would not only result in increased interest payments or payment of a Redemption Premium under the relevant Sustainability-Linked Notes or other relevant financing arrangements, but could also harm the Issuer's reputation, the consequences of which could, in each case, have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's ability and autonomy to calculate its CII means that a SPT in relation to any Sustainability-Linked Notes may change during the life of any Sustainability-Linked Notes.

The Sustainability-Linked Notes include certain triggers linked to the Group's CII, which is calculated and not a measured number. The CII calculations are carried out internally (i.e., by the Group itself, based on broadly accepted standards) and may be adjusted in accordance with the Group's Recalculation Option (as defined in the Terms and Conditions) and, in respect of any Sustainability-Linked Notes, will be verified externally by an Assurance Provider. However, the standards and guidelines may change over time and investors should be aware that the way in which the Group calculates its CII may also change over time.

For example, under the Terms and Conditions, the SPT may be adjusted in good faith by the Issuer in line with the Recalculation Option. According to the Recalculation Option, the Group may adjust the CII calculation as a result of acquisition, merger, divestment, changes in calculation method of the CII or as a result of updating the SPT to align the ambition of the SPT with a science-based climate change target of limiting global temperature increase versus pre-industrial levels to below 1.5 degrees centigrade. Any recalculation of such SPT may increase the amount of carbon dioxide emissions and, therefore, increase the total volume of carbon dioxide emissions that may be produced by the Issuer. Any recalculation of the SPT may impact, positively or negatively, the ability of the Issuer to satisfy the SPT, which could in turn adversely affect the market price of any Sustainability-Linked Notes.

Risks relating to Green Notes

The use of proceeds of the Notes of any Tranche identified as Green Notes in the applicable Final Terms or the applicable Pricing Supplement may not meet investor expectations or requirements or be suitable for an investor's investment criteria

The Issuer has stated that it intends to use either the net proceeds of the issue of Notes of each Tranche identified as "Green Notes" in the applicable Final Terms or the applicable Pricing Supplement (the "*Green Notes*"), or an amount at least equal to the net proceeds therefrom (the "*equivalent amount*") to fund or refinance, in whole or in parts, certain Eligible Projects set out in the Green Financing Framework section of the Sustainable Financing Framework (the "*Green Financing Framework*") (see "*Use of proceeds*").

The Issuer will exercise its judgement and sole discretion in determining the businesses and projects that will be financed or refinanced from an amount equal to the net proceeds of the Green Notes. If the use of the proceeds of Green Notes is a factor in any potential investor's decision to invest in Green Notes, that investor should carefully consider the disclosure in "Use of proceeds" and in the Sustainable Financing Framework published on the Issuer's website and consult with its legal or other advisers and make any other investigation such investor deems necessary before making an investment in Green Notes. In particular, no assurance is given by the Issuer, the Arrangers, the Dealers or any other person that the use of an amount equal to the net proceeds of the Green Notes for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. In addition, the Sustainable Financing Framework is subject to change at any time without notice and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Base Prospectus.

There can be no assurance that any Eligible Projects will be available or capable of being implemented in, or substantially in, the manner and timeframe anticipated and, accordingly, that the Issuer will be able to use the net proceeds or an amount equal to the net proceeds of the issue of such Green Notes for such Eligible Projects as intended. The Issuer does not undertake to ensure that there are at any time sufficient Eligible Projects to allow for allocation of the net proceeds or an amount equal to the net proceeds of the issue of such Green Notes in full. In addition, there can be no

assurance that Eligible Projects will be completed as expected or achieve the impacts or outcomes (environmental, social or otherwise) originally expected or anticipated. Furthermore, notwithstanding the Issuer's intention stated above, potential investors should be aware that the Issuer has no contractual obligation to use the equivalent amount as stated in, or to provide the reports described in "*Sustainable Financing Framework*". Any failure by the Issuer to use an amount equal to the net proceeds of the Green Notes as stated or to provide the relevant reports will not constitute an event of default under Condition 9 (*Events of Default*) of the Notes with respect to Green Notes but may affect the value and/or the trading price of Green Notes and/or have adverse consequences for certain investors with portfolio mandates to invest in green assets. Also, a mismatch between the maturity of an Eligible Project (as applicable) and the minimum duration of any Green Notes will not constitute an event of default under Condition 9 (*Events of Default*) of the Notes nor give the holder the right to terminate the Notes early.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "social", "sustainable" or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as "green" or such other equivalent label and no assurance can be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not change significantly.

Accordingly, no assurance or representation is or can be given (whether by the Issuer, the Arrangers, Dealers or any other person) that the use of an amount equal to the net proceeds of the Green Notes to finance or refinance Eligible Projects will satisfy or meet, whether in whole or in part, investor expectations or requirements regarding such "green", "social", "sustainable" or other similar labels (including in relation to the EU Taxonomy and any related technical screening criteria, the European Green Bond Regulation, the SFDR, Regulation (EU) 2020/852 as it forms part of UK domestic law by virtue of the EUWA, and any implementing legislation and any market standards or guidelines, including green, sustainable or social bond principles or other similar principles or guidance published by the International Capital Markets Association ("*ICMA*"), or any requirements of such labels as they may evolve from time to time), as regards any investment criteria or guidelines with which such investor or its investments are required to comply or that any adverse environmental, social and/or other impacts will not occur during the implementation of any Eligible Projects. Each prospective investor should have regard to the factors described in the Sustainable Financing Framework and the relevant information contained in this Base Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest.

The EU Taxonomy, which is subject to a phased implementation, may provide some definition for such "green", "social", "sustainable" or other similar topics in the EU or the UK. However, the full scope and applicability of the EU Taxonomy, as well as exactly when it will take effect, remains uncertain. Accordingly, no assurance is or can be given (whether by the Issuer, the Arrangers, the Dealers or any other person) to investors that: (a) any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such "green", "social", "sustainable" or other equivalently labelled performance objectives; (b) any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects; or (c) the Sustainable Financing Framework will be aligned with the EU Taxonomy or any other present or future sustainability framework or guidelines.

The European Green Bond Regulation entered into force on 20 December 2023 and has applied since 21 December 2024. This regulation includes a set of requirements that securities shall be required to comply with in order to be labelled as "*European Green Bonds*" or "*EuGB*", in particular the full allocation (before the maturity of any European Green Bond) of the proceeds of such bonds to economic activities aligned with the EU Taxonomy Regulation in accordance with the categories set forth in article 4 of the European Green Bond Regulation. Additionally, the European Green Bond Regulation establishes specific transparency requirements, with which issuers will be required to comply prior to and post an issuance of bonds labelled as "*European Green Bonds*" or "*EuGB*". However, as of the date of this Base Prospectus further guidelines are yet to be developed by the European Commission in relation to the European Green Bond Regulation. Therefore, the requirements of any such label may evolve from time to time and no assurance is or can be given by the Issuer to investors that any loan, investment or project the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental and/or other impacts will not occur during the implementation of any loan, investment or project or uses the subject of, or related to, any Eligible Projects. It is not clear if the establishment of the "EuGB" label and the optional disclosures regime for bonds issued as "environmentally sustainable" under the European Green Bond Regulation could have an impact on investor demand for, and pricing of, green use of proceeds bonds that

do not comply with the requirements of the "EuGB" label or the optional disclosures regime. It could result in reduced liquidity or lower demand or could otherwise affect the market price of any notes issued that do not comply with those standards proposed under the European Green Bond Regulation. No Green Notes or Sustainability-Linked Notes issued under the Programme from time to time are intended to be labelled as "*European Green Bonds*" or "*EuGB*" and comply with the European Green Bond Regulation.

The Sustainability-Linked Financing Framework section of the Sustainable Financing Framework (the "*Sustainability-Linked Financing Framework*") is aligned with the Sustainability-Linked Bond Principles (June 2023), as administered by ICMA, as well as the Sustainability-Linked Loan Principles (February 2023), as administered by the Loan Market Association ("*LMA*") and structured in accordance with the ICMA Climate Transition Finance Handbook 2023. The Green Financing Framework is aligned with the Green Bond Principles (June 2021, with June 2022 Appendix I), as administered by ICMA, the Green Loan Principles (February 2023), as administered by the Loan Syndication and Trading Association (the "*LSTA*"), the LMA and the Asia Pacific Loan Market Association ("*APLMA*"), and the EU Taxonomy. None of the Issuer, the Arrangers, the Dealers or any other person makes any representation or gives any assurance as to the Sustainable Financing Framework's compliance or alignment with the ICMA Principles and the LMA Principles. These principles may be subject to change at any time without notice. Furthermore, none of the Sustainable Financing Framework, the ICMA Principles or the LMA Principles or any associated reports, verification assessments or the contents of the above websites are incorporated in or form part of this Base Prospectus.

While it is the Issuer's intention to apply an amount equal to the net proceeds of the Green Notes and to obtain and publish the relevant reports, assessments, opinions and certifications in, or substantially in, the manner described in the Sustainable Financing Framework, "*Sustainable Financing Framework*" and "*Use of proceeds*", there can be no assurance (whether by the Issuer, the Arrangers, the Dealers or any other person) that the Issuer will be able to do this. Nor can there be any assurance that any Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event as described in the last sentence of the preceding paragraph or failure by the Issuer to apply an amount equal to the net proceeds of the Green Notes for any Eligible Projects or to obtain and publish any such reports and opinions, will not give rise to any claim in contract of a holder of Green Notes against the Issuer, any Dealer or any other person. The withdrawal of any such report or opinion, or any report, assessment, opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which that report, assessment, opinion or certification is reporting, assessing, opining or certifying, and/or Green Notes no longer being listed or admitted to trading on any stock exchange or securities market, as aforesaid, may have a material adverse effect on the value of Green Notes concerned and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

An Eligible Project may no longer satisfy the eligibility criteria set out in the Sustainable Financing Framework during the life of the project, due to changes of the Sustainable Financing Framework and/or circumstances of the project or any other reasons. The reallocation of such proceeds to new Eligible Project may not be possible or may be delayed. No representation or assurance is given or made by the Issuer, the Arrangers, the Dealers or any other person that the equivalent amount used for financing or refinancing of Eligible Projects will always satisfy the eligibility criteria.

The amount equal to the net proceeds of the issue of Green Notes which, from time to time, is not allocated as funding for Eligible Projects is intended by the Issuer to be invested, in accordance with the Issuer's cash management policies. In particular, the Issuer intends to use any proceeds that will remain unallocated for short-term financing needs or temporarily invest such proceeds in accordance with the Issuer's liquidity policy in cash or cash equivalents. While the Issuer intends to track the net proceeds of the issue of any Green Notes in an appropriate manner, there can be no assurance that the Green Notes or the proceeds therefrom will not be used to absorb any and all losses of the Issuer, regardless of whether or not such losses stem from green, sustainable or other assets, in the same way as the Issuer's other instruments not classified as Green Notes which may be called upon to cover all losses on the balance sheet.

No assurance of suitability or reliability of any second party opinion or any other opinion or certification of any third party relating to any Green Notes

The Issuer has appointed ISS Corporate Solutions, Inc. ("*ISS*") to assess its Sustainable Financing Framework and the alignment of the Green Financing Framework thereunder with the Green Bond Principles (June 2021, with June 2022 Appendix I), as administered by ICMA, the Green Loan Principles (February 2023), as administered by the LSTA,

the LMA and the APLMA, and its compliance with the recommendations of the EU Taxonomy in a second party opinion dated 10 May 2024 (the "*Second Party Opinion*"). The Second Party Opinion is published on the Issuer's website.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any report, assessment, opinion or certification of any third party (whether or not solicited by the Issuer and including the Second Party Opinion) which may or may not be made available in connection with the issue of Green Notes and in particular with any of the businesses and projects funded with the proceeds of the Green Notes in the applicable Final Terms or the equivalent amount to fulfil any green, environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such report, assessment, opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuer, the Arrangers, the Dealers or any other person to buy, sell or hold Green Notes. Any such report, assessment, opinion or certification is only current as of the date that opinion was initially issued, may be subsequently withdrawn and may not address risks that relate to any Eligible Project or may affect the value of the Green Notes. Prospective investors must determine for themselves the relevance of any such report, assessment, opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in Green Notes. The providers of such reports, assessments, opinions and certifications are not subject to any specific oversight or regulatory or other regime or oversight.

The criteria and/or considerations that formed the basis of the Second Party Opinion and any other such opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn at any time. Any withdrawal of the Second Party Opinion or any other opinion or certification may have a material adverse effect on the value of any Green Notes in respect of which such opinion or certification is given and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. As of the date of this Base Prospectus, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference, in this Base Prospectus.

In addition, the failure to provide, or the withdrawal of, a third-party report, assessment, opinion or certification, may have a material adverse effect on the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets (which consequences may include the need to sell the Notes as a result of the Notes not falling within the investor's investment criteria or mandate).

There is no assurance that Green Notes will be admitted to trading on any dedicated "green", "sustainable", "social" (or similar) segment of any stock exchange or market, or that any admission obtained will be maintained

If Green Notes are at any time listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Arrangers, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own bylaws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any Green Notes. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Arrangers, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any Green Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green Notes concerned.

Green Notes are not linked to the performance of the Eligible Projects, do not benefit from any arrangements to enhance the performance of the Notes or any contractual rights derived solely from the intended use of proceeds of such Notes

The performance of the Green Notes is not linked to the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any environmental or similar targets. There will be no segregation of assets and liabilities in respect of the Green Notes and the Eligible Projects. Consequently, neither payments of principal and/or

interest on the Green Notes nor any rights of Noteholders shall depend on the performance of the relevant Eligible Projects or the performance of the Issuer in respect of any such environmental or similar targets. Holders of any Green Notes shall have no preferential rights or priority against the assets of any Eligible Project nor benefit from any arrangements to enhance the performance of the Notes.

Risks related to the Notes generally

Set out below is a description of material risks relating to the Notes generally:

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English law in effect as of the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Withholding tax on interest in the Czech Republic

The Issuer is entitled to grant an exemption from Withholding Tax or Tax Security (as defined in Condition 7) (to grant tax relief at source) only when it duly identifies the beneficial owner of the income. If a holder of the Notes fails to provide the identification documents necessary for such Withholding Tax exemption, 35 per cent. Withholding Tax will be applied on interest (coupon) payments. Interest income on the Notes paid to any Czech Tax Resident individual is generally subject to a Withholding Tax at 15 per cent. Interest income on the Notes paid to Czech Tax Non-Resident Persons Related Through Capital with the Issuer is generally subject to a Withholding Tax at 15 per cent. or 35 per cent. Furthermore, where the Notes are issued at a price lower than their principal amount (i.e. below par), failure to provide the identification documents would trigger a Tax Security of 1 per cent. from any payment of principal on such Notes. As described in the sections "*Subscription and Sale*" and "*Transfer Restrictions*", the Notes are not to be offered to such individuals and Persons Related Through Capital with the Issuer. The Issuer is relying on the restrictions set out in the sections "*Subscription and Sale*" and "*Transfer Restrictions*".

If the Notes are acquired by an individual who is a Czech Tax Resident individual in breach of such restrictions, the interest income will be subject to a withholding tax as required by law and no gross up will be made by the Issuer in accordance with the Terms and Conditions. If the Notes are acquired by a Czech Tax Non-Resident Person Related Through Capital with the Issuer in breach of such restrictions, subject to compliance with the Certification Procedures defined below, the interest income may be subject to a withholding tax as required by law and no gross up will be made by the Issuer in accordance with the Terms and Conditions. Holders should consult their own tax advisers regarding the tax implications of their potential purchase, holding, or sale of the Notes. For additional information on the Czech taxation regime, please see the section entitled "*Taxation*".

Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes

Under Czech tax law, the Issuer is personally liable for (i) any Withholding Tax and Tax Security (as the case may be) payments which are required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction (as defined in Condition 7) from any payment of interest and principal in respect of the Notes as well as (ii) the granting of any tax relief. The Issuer bears the related burden of proof, which necessitates, before any tax relief can be granted, collection of the Beneficial Ownership Information (as defined in Condition 7). Accordingly, for so long as this requirement is stipulated by Czech tax law, unless the Issuer receives information on the beneficial owner of principal and interest payments in respect of a Note (whether this is because the relevant beneficial owner fails to provide such information or because the relevant procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents), the Issuer will withhold (i) a Withholding Tax amount of up to 35 per cent. of any interest payment under the Note and (ii) if such Note was issued at a price lower than its principal amount (i.e. below par), 1 per cent. tax security from any payment of principal under the Note unless the Issuer has the necessary information (by virtue of other means) to not apply the Withholding Tax (or to apply it at a lower rate) or to not apply the tax security (as the case may be) and the Issuer will not gross up payments in respect of any such withholding.

As a result, the beneficial owner will be required to provide, in order to be entitled to any tax relief, the Beneficial Ownership Information. If the Beneficial Ownership Information is not delivered to the Issuer (by or on behalf of the beneficial owner) in respect of each interest payment or if it is incorrect, incomplete or inaccurate, payments of interest to such beneficial owner will be subject to withholding tax of up to 35 per cent. If the Note was issued at a price lower than its principal amount (i.e. below par), the tax security of 1 per cent. from any payment of principal on such Note will also apply.

However, if the beneficial owner is otherwise entitled to any tax relief, it may then make use certain procedures to recover any such tax withheld. In particular, Euroclear and Clearstream, Luxembourg have implemented tax relief at source and refund procedures for the Czech Republic to facilitate collection of the relevant Beneficial Ownership Information in respect of Notes represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg ("*Certification Procedures*"). Under these Certification Procedures, if a beneficial owner of the Notes is otherwise entitled to any tax relief, it may then make use of the quick refund procedures to recover any such tax withheld. There is a risk, however, that such beneficial owner may not, in spite of duly providing the Beneficial Ownership Information, obtain a refund of any amounts withheld.

Should the beneficial owner, who would otherwise be entitled to any tax relief, fail for any reason to make use of the quick refund procedure, the beneficial owner may make use – with respect to Withholding Tax only – of the standard refund procedure. There is a risk, however, that such beneficial owner may not, in spite of duly providing the Beneficial Ownership Information, obtain a refund of any amounts withheld, as under the standard refund procedure, it is conditional on the ability of the Issuer to firstly successfully obtain a corresponding refund of the amounts originally withheld and paid to the Czech tax authorities. The use of the standard refund procedure is also subject to a fee in respect of the Issuer's administrative costs in following this procedure.

In addition, a concept of the Entitlement Date (as defined below) is reflected in "*Terms and Conditions of the Notes*" and this concept will also be taken into account for the purposes of the Certification Procedures and may adversely affect the Beneficial Owner's eligibility for any tax relief to be granted under these procedures (see risk factor "*Entitlement Date applicable in respect of the Notes*" below).

The Certification Procedures have only been subject to limited testing in practice and, as such, there is a risk that the procedures may be burdensome on the beneficial owners or result in additional costs being incurred by the beneficial owners. Further, the Issuer accepts no responsibility and will not be liable for any damage or loss suffered by any beneficial owner to whom payments under the Notes are paid net of any Withholding Tax or Tax Security (as the case may be) withheld by the Issuer either because the Certification Procedures have proven ineffective or because the Certification Procedures have not been duly followed or for any other reason even though they would otherwise be entitled to a tax relief, except where this is caused by actions or omissions of the Issuer or its agents. Furthermore, the Notes or the Amended and Restated Agency Agreement may be amended without the consent of the holders of the Notes to reflect any modification of the Conditions which is necessary to reflect any changes, amendments or updates to the Certification Procedures that are reasonably necessary, including but not limited to any amendment to the Entitlement Date required by the Certification Procedures.

Where the beneficial owner does not hold Notes directly on an account in the books of an International Central Securities Depository ("*ICSD*"), it may not be able to benefit from the Certification Procedures if the intermediary through which it holds the Notes in the ICSD has not implemented the Certification Procedures. Further, if Notes in definitive form are issued, holders should be aware that there may be different certification procedures put in place which may adversely affect the value of the Notes.

In addition, in accordance with the terms and conditions between the ICSDs and the participants to the ICSDs, the ICSDs are not obliged to provide tax assistance and may unilaterally decide to discontinue the application of tax services, for which no liability for any consequences of such discontinuation is accepted. Consequently, there is a risk that the Certification Procedures may be discontinued at any time.

See the "*Taxation*" section for a fuller description of certain tax considerations relating to the Notes and the formalities which beneficial owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable), as well as the procedures and formalities for claiming a refund for amounts that have been withheld, where applicable.

Entitlement Date applicable in respect of the Notes

In order for Euroclear and Clearstream, Luxembourg to be able to implement the tax compliance procedures referred to above, the Terms and Conditions introduce this concept as the Certification Procedures (see "*Risks associated with evidencing the entitlement to tax relief of the beneficial owner of income from the Notes*" above) while Notes are represented by one or more Global Notes cleared through the clearing systems to ensure that the Certification Procedures work as intended. The Entitlement Date serves as a cut-off date for determining whether payments of principal, interest or any other amount to Noteholders will require a deduction to be made or whether such payments can be paid gross. The concept applies to Notes while represented by a Global Note only and where the rules and procedures of the clearing systems govern payments of interests in the Global Notes(s) held in the clearing systems. The Notes may be exchanged for definitive Notes in the limited circumstances set out in the relevant Global Note(s) and to the extent an equivalent procedure is required at the time of exchange into definitive Notes in order to operate such tax compliance procedures, this would be set out in the relevant definitive Note(s). A concept of an Entitlement Date is unusual for bearer notes and has only been the subject of limited testing in practice.

Accordingly, and for long as the Notes are represented by one or more Global Note(s) and the rules and regulations of Euroclear and / or Clearstream, Luxembourg require it in order to give effect to the Czech tax compliance procedures, any payments of principal, interest or any other amounts in respect of Notes will only be made to a holder of such Notes that was a holder of such Notes at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date (the "Entitlement Date"). Noteholders and / or prospective holders who may sell or acquire an interest in a Note between the Entitlement Date and the relevant payment date should be aware that payment will only be made to the relevant holder appearing in the records of either Euroclear and / or Clearstream, Luxembourg on the Entitlement Date and not to a holder to which the Notes had been transferred after the Entitlement Date.

Risks related to the market generally

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. In addition, the ability of the Dealers to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "*Investor's Currency*") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

The Issuer's credit ratings are A- (stable outlook) by Standard & Poor's and Baa1 (negative outlook) by Moody's. Standard & Poor's (domiciled in Ireland) and Moody's (domiciled in France) are both are included in the list of credit rating agencies registered in accordance with the CRA Regulation, which is available on the ESMA website (*https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation*). The list of registered and certified rating agencies published by ESMA on its website is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. In addition, Standard & Poor's, Moody's and/or other independent credit rating agencies may assign credit ratings to the Notes. Any rating is not a recommendation to purchase, sell or hold any particular security, including the Notes. These ratings are limited in scope and do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. Actual or anticipated changes or downgrades in the Issuer's credit ratings, including any announcement that the Issuer's ratings are under further review for a downgrade, could affect the market value of the Notes and increase the Issuer's borrowing costs.

European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out in this Base Prospectus.

Investors regulated in the UK are subject to similar restrictions under the CRA Regulation as it forms part of the current domestic law of the UK by virtue of the EUWA (the "*UK CRA Regulation*"). UK regulated investors are restricted under the UK CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-UK credit rating agencies, unless the relevant credit ratings are endorsed by a UK-registered credit rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Certain information with respect to the credit rating agencies and ratings is set out in this Base Prospectus.

STABILIZATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilization Manager(s) (or persons acting on behalf of any Stabilization Manager(s)) in the applicable Final Terms or (in the case of Exempt Notes) the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilization Manager(s) (or persons acting on behalf of any Stabilization Manager(s)) in accordance with all applicable laws and rules.

PRESENTATION OF FINANCIAL INFORMATION

With the exception of certain alternative performance measures (please see "*—Alternative Performance Measures*"), the financial information as of and for the years ended December 31, 2024 and 2023 included in this Base Prospectus has been derived from the audited consolidated financial statements of the CEZ Group as of and for the year ended December 31, 2024 (the "*2024 Financial Statements*") and the audited consolidated financial statements of the CEZ Group as of and for the year ended December 31, 2023 (the "*2023 Financial Statements*" and together with the 2024 Financial Statements, the "*Financial Statements*").

The 2024 Financial Statements and the audited separate financial statements of ČEZ as of and for the year ended December 31, 2024 (together with an English translation of the audit reports thereon) are reproduced in full in this Base Prospectus (see page F-1 et seq.). The 2023 Financial Statements and the audited separate financial statements of ČEZ as of and for the year ended December 31, 2023 are incorporated by reference into this Base Prospectus (see "*Documents Incorporated by Reference*").

Certain amounts and percentages which appear in this Base Prospectus have been subject to rounding adjustments, and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Alternative Performance Measures

In this Base Prospectus, we present the following metrics calculated on the basis of the Financial Statements which are not calculated in accordance with International Financial Reporting Standards ("*IFRS*") as adopted in the EU and which are therefore non-IFRS measures. ČEZ considers each metric set out below to constitute an alternative performance measures (an "*APM*") described in, and to comply with, the European Securities and Markets Authority Guidelines on Alternative Performance Measures (the "*ESMA Guidelines*") published on October 5, 2015 by the European Securities and Markets Authority and which came into force on July 3, 2016. ČEZ considers that these metrics provide useful information for investors and other interested parties in order to better understand the underlying business, the financial position, cash flows and results of operations of ČEZ. An APM should not be considered in isolation from, or as substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the Financial Statements included in, or incorporated by reference into, this Base Prospectus. Please see "*Selected Financial Information – Other Financial Information*" for reconciliation of the APMs to our Financial Statements.

APM	Definition of APM	Purpose of APM
EBIT	Income before other income (expenses) and income taxes.	Measure of operating performance.
EBITDA	Income before other income (expenses) and income taxes plus depreciation and amortization plus impairment of property, plant and equipment and intangible assets and less gains and losses on sale of property, plant and equipment.	Measure of operating performance.
EBITDA Margin	Percentage corresponding to the ratio of EBITDA to total revenues and other operating income.	Measure of operating profitability.
Net Debt	Total Debt less cash and cash equivalents and highly liquid financial assets. Highly liquid financial assets consist for capital management purposes of short-term and long-term debt financial assets and short-term and long-term bank deposits.	Measure of indebtedness.
Net Debt/EBITDA Ratio	Ratio of Net Debt to EBITDA.	Measure of indebtedness and borrowing capacity.

The APMs are supplemental measures of our performance and liquidity that are not required by or presented in accordance with IFRS. Furthermore, the APMs should not be considered as an alternative to income after taxes, income before taxes or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from

operating activities, as a measure of our liquidity or as a measure of cash available to us to invest in the growth of our business.

The APMs are included in this Base Prospectus to extend the financial disclosure to metrics which are used, along with IFRS measures, by our management in monitoring and valuating the CEZ Group's economic and financial performance, and provide investors with further basis, along with IFRS measures, for measuring the CEZ Group's performance.

The APMs presented in this Base Prospectus may not be comparable to other similarly titled measures of other companies. The APMs are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities.

The APMs have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of our results as reported under IFRS as set out in our audited consolidated financial statements and you should not place any undue reliance on our APMs. Some of these limitations related to the APMs are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect gains or losses in hedging or foreign exchange contracts;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, the APMs should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these APMs only as supplemental means for evaluating our performance. Please see "*Selected Financial Information*" and our audited consolidated financial statements and the notes thereto, which are included in, or incorporated by reference into, this Base Prospectus.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "forecast", "foresee", "aim", "intend", "may", "plan", "project", "seek", "should", "will", "would" or, in each case, similar expressions or the negative thereof, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized. They appear in a number of places throughout this Base Prospectus and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. The Issuer cautions you that forward-looking statements are not guarantees of future performance and that the actual results of the Group's operations, including its financial condition and liquidity, and the development of the Group's industry may differ materially from those made in or suggested by the forward-looking statements contained in this Base Prospectus. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the Group's industry are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Factors that could cause these differences include, but are not limited to:

- a decrease in demand for electricity and gas, including as a result of a potential return of global economic crisis;
- our strategy, outlook and growth prospects;
- our ability to expand our business and our generation capacity;
- fluctuations in electricity generated by our power plants;
- changes in government regulation and expectations as to future governmental policies and actions;
- unanticipated increases in fuel and other costs;
- fluctuations in interest rates and other market conditions, including foreign currency exchange rates;
- our ability to generate cash flow and to finance our capital expenditure needs;
- any decision by the Czech Government to undertake a partial or full privatization or nationalization of ČEZ;
- diverse political, economic, legal, tax and other conditions affecting the markets in which we operate, including armed conflicts, such as the current conflict between Russia and Ukraine;
- competition in the markets in which we operate and our ability to compete in such markets;
- costs, liabilities and penalties we may incur in connection with litigation;
- other risks and factors discussed in this Base Prospectus including under the heading "*Risk Factors*"; and
- other factors that are unforeseen or beyond our control.

Although the Issuer believes the expectations reflected in any forward-looking statement are reasonable, it cannot give any assurance that they will materialize or prove to be correct.

The Issuer urges you to read "*Risk Factors*", "*Regulation*" and "*Description of ČEZ*" for a more complete discussion of the factors that could affect the Issuer's future performance, its industry and related regulation thereof. In

light of these risks, uncertainties and assumptions, the events described or suggested by the forward-looking statements in this Base Prospectus may not occur.

These forward-looking statements speak only as of the date on which the statements were made. Except as required by law or applicable stock exchange rules or regulations, the Issuer undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on the Issuer's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

Certain information contained in this Base Prospectus was derived from various public sources, including information published by Bloomberg, the Czech National Bank, the Czech Statistical Office, the ERO, Federal Network Agency for Electricity, Gas, Telecommunications, Posts and Railway (*Bundesnetzagentur*) in Germany and Regulatory Commission of Energy (*Commission de Régulation de l'Energie*) in France. Where information has been sourced from a third party the source has been identified, the information has been accurately reproduced and (as far as the Issuer is aware and is able to ascertain from information published by that third party) no facts have been omitted which could render the reproduced information inaccurate or misleading.

ČEZ believes that the market and industry information contained in this Base Prospectus provides fair and adequate estimates of the size of the Group's market and fairly reflects the Group's competitive position within that market. However, the Group's internal company surveys and management estimates have not been verified by any independent expert, and ČEZ cannot give any assurance that a third party using different methods to assemble, analyse or calculate market data would obtain or generate the same results.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Issuer believes that these industry publications, surveys and forecasts are reliable but the Issuer has not independently verified them and cannot guarantee their accuracy or completeness. Further, the information presented in this Base Prospectus has been derived from several sources, as there is no single industry report or other source that covers all of the areas in which the Group conducts its operations.

In addition, ČEZ has provided the data contained in this Base Prospectus as to installed capacity, generation and other market share information with respect to the electricity and heating industries in the Czech Republic (unless explicitly stated otherwise). The Group compiles and publishes certain of this data on a regular basis, and also supplies certain of this data to the Czech Statistical Office and the ERO for use in compiling national data on the energy sector.

SELECTED FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of the CEZ Group as of and for the periods indicated.

With the exception of certain APMs discussed in "*Presentation of Financial Information*" the financial information as of and for the years ended December 31, 2023 and 2024 included in this Base Prospectus has been derived from our Financial Statements prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, including interpretations of the International Financial Reporting Interpretations Committee ("*IFRIC*"), previously referred to as the "Standing Interpretations Committee" ("*SIC*"), and, also including, International Accounting Standards, where the context requires, as endorsed by the European Commission for use in the EU ("*IFRS*"), which are included in, or incorporated by reference into, this Base Prospectus.

The summary financial data in the tables below should be read together with the Financial Statements, including the notes thereto and the audit report on the Financial Statements, which are included in, or incorporated by reference into, this Base Prospectus. Please also see "*Presentation of Financial Information*" *and* "*Risk Factors*" herein.

Income Statement Data

The following table sets forth summary consolidated income statement data of the CEZ Group for the years ended December 31, 2023 and 2024.

	For the year ended December 31,	
	2023	**2024**
	(CZK millions)	
Sales of electricity, heat, gas and coal	251,799	233,220
Sales of services and other revenues	84,585	107,103
Other operating income	4,201	4,386
Total Revenues and other operating income	**340,585**	**344,709**
Operating expenses:		
Gains and losses from commodity derivative trading	15,504	6,249
Purchase of electricity, gas and other energies	(83,181)	(61,498)
Fuel and emission rights	(40,243)	(43,261)
Services	(39,722)	(46,921)
Salaries and wages	(37,783)	(42,538)
Materials and supplies	(17,514)	(19,710)
Capitalization of expenses to the cost of assets and change in own inventories	4,590	4,685
Depreciation and amortization	(35,336)	(41,709)
Impairment of property, plant and equipment and intangible assets	(5,300)	(2,558)
Impairment of trade and other receivables	(443)	(685)
Other operating expenses	(16,645)	(3,320)
Income before other income (expenses) and income taxes	**84,512**	**93,443**
Total other income (expenses)	(5,496)	(10,003)
Income before income taxes	**79,016**	**83,440**
Income taxes	(49,442)	(52,926)
Net income	**29,574**	**30,514**

Balance Sheet Data

The following table sets forth summary consolidated balance sheet data of the CEZ Group as of December 31, 2023 and 2024.

	As of December 31,	
	2023	**2024**
	(CZK millions)	
Assets:		
Total property, plant and equipment	452,132	580,704
Total other non-current assets	88,526	82,433
Total non-current assets	*540,658*	*663,137*
Total current assets	285,107	238,837
Total assets	**825,765**	**901,974**
Equity and Liabilities:		
Total equity attributable to equity holders of the parent	244,052	239,274
Total equity	*245,601*	*250,914*
Total non-current liabilities	346,505	464,068
Total current liabilities	233,659	186,992
Total equity and liabilities	**825,765**	**901,974**

Statement of Cash flow Data

The following table sets forth summary consolidated statement of cash flow data of the CEZ Group for the years ended December 31, 2023 and 2024.

	For the year ended December 31,	
	2023*	**2024**
	(CZK millions)	
Net cash provided by operating activities	138,203	124,435
Net cash flow from investing activities	(46,691)	(76,653)
Net cash flow from financing activities	(116,951)	(18,184)
Net effect of currency translation and allowances in cash	(278)	(71)
Net increase (decrease) in cash and cash equivalents	**(25,717)**	**29,527**
Cash and cash equivalents at the beginning of the period	36,609	10,892
Cash and cash equivalents at the end of the period	10,892	40,419

*** The presentation method of this statement was changed in 2024. The amounts of previous period were adjusted to be comparable with current period disclosure, so they do not fully correspond to the state presented in separate financial statement as of December 31, 2023.**

Other Financial Information

The following table sets forth certain APMs (non-IFRS financial information) used by our management to monitor and evaluate our economic and financial performance. These indicators, "EBIT", "EBITDA", "EBITDA Margin", and "Net Debt" are not recognized as accounting standards within the IFRS adopted by the EU, and therefore must not be considered as alternatives to any measures of performance under IFRS.

	For the year ended December 31,	
	2023	**2024**
	(CZK millions, except percentages)	
EBIT	84,512	93,443
EBITDA	124,839	137,462
EBITDA Margin	36.7%	39.9%

The APMs presented above may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. These APMs are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in

accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities.

Our APMs have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under IFRS as set out in our audited consolidated financial statements and you should not place any undue reliance on our APMs.

The following table is a reconciliation of the CEZ Group's Net Debt as of December 31, 2023 and 2024 to the Financial Statements. Net Debt is an APM. Please see "*Presentation of Financial Information — Alternative Performance Measures.*"

	For the year ended December 31,	
	2023	**2024**
	(CZK millions)	
Long-term debt, net of current portion	131,042	216,908
Current portion of long-term debt	30,554	26,689
Short-term loans	7,314	2,552
Long-term debt associated with assets classified as held for sale	-	99
Cash and cash equivalents	(10,892)	(40,324)
Cash and cash equivalents classified as held for sale	-	(95)
Highly liquid financial assets, of which:	(6,723)	(3,077)
Current debt financial assets	(6,657)	(3,077)
Long-term deposits	(66)	(-)
Net Debt	**151,295**	**202,752**

The following table is a reconciliation of EBIT, EBITDA and Net Debt/EBITDA Ratio for the years ended December 31, 2023 and 2024 to our Financial Statements are APMs. Please see "*Presentation of Financial Information—Alternative Performance Measures*".

	For the year ended December 31,	
	2023	**2024**
	(CZK millions, except percentages)	
Income before other income (expenses) and income taxes	84,512	93,443
EBIT	**84,512**	**93,443**
Depreciation and amortization	35,336	41,709
Impairment of property, plant and equipment and intangible assets including goodwill	5,300	2,558
Gain/loss from sale of property, plant and equipment and intangibles	(309)	(248)
EBITDA	**124,839**	**137,462**
Total revenues and other operating income	340,585	344,709
EBITDA Margin	**36.7%**	**39.9%**
Net Debt/EBITDA Ratio	**1.21**	**1.47**

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CSSF and the Luxembourg Stock Exchange shall be incorporated by reference in, and form part of, this Base Prospectus:

(a) The following documents comprising the audited consolidated annual financial statements of the CEZ Group as well as the audited separate financial statements of ČEZ, in each case for the financial year ended December 31, 2023 and including the auditor's report thereon:

Annual Report of the CEZ Group for the Year Ended December 31, 2023 (available at https://www.cez.cz/webpublic/file/edee/ospol/fileexport/investori/vz-2023/cez-group-annual-financial-report-2023-pdf.pdf)	**Page**
Independent Auditor's Report for the Consolidated Financial Statements	295-300
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Report on Relations Between the Controlling and the Controlled Entity and Between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the Accounting Period of January 1, 2023 to December 31, 2023	164-216

In addition to the above, the following documents published by ČEZ from time to time on or after the date of this Base Prospectus (at https://www.cez.cz/en/investors/financial-reports), shall, when published, be incorporated by reference in, and form part of, this Base Prospectus:

(b) the information set out in the following sections of any future audited consolidated annual financial statements of the CEZ Group and audited separate financial statements of ČEZ, including the auditor's report thereon:

Independent Auditor's Report for the Consolidated Financial Statements

Consolidated Balance Sheet

Consolidated Statement of Income

Consolidated Statement of Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Independent Auditor's Report for the separate Financial Statements

Separate Balance Sheet

Separate Statement of Income

Separate Statement of Comprehensive Income

Separate Statement of Changes in Equity

Separate Statement of Cash Flows

Notes to the separate Financial Statements

Report on Relations Between the Controlling and the Controlled Entity and Between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the relevant Accounting Period

(c) the information set out in the following sections of any future consolidated interim financial statements of the CEZ Group:

Consolidated Interim Balance Sheet

Consolidated Interim Statement of Income

Consolidated Interim Statement of Comprehensive Income

Consolidated Interim Statement of Changes in Equity

Consolidated Interim Statement of Cash Flows

Notes to the Consolidated Interim Financial Statements

(d) the information set out in the following sections of any future separate interim financial statements of ČEZ:

Separate Interim Balance Sheet

Separate Interim Statement of Income

Separate Interim Statement of Comprehensive Income

Separate Interim Statement of Changes in Equity

Separate Interim Statement of Cash Flows

Notes to the separate Interim Financial Statements

Information incorporated by reference pursuant to (b) to (d) above shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus.

The information incorporated by reference that is not included in the above cross-reference lists is considered as additional information to be disclosed to investors rather than information required by the relevant schedules of Commission Delegated Regulation (EC) 2019/980 supplementing the Prospectus Regulation.

The section "*Terms and Conditions of the Notes*" from the following base prospectuses relating to the Programme shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

(a) Base Prospectus dated September 24, 2007 (pages 40-64 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-24-09-2007.pdf);

(b) Base Prospectus dated March 19, 2009 (pages 40-64 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-19-03-2009.pdf);

(c) Base Prospectus dated March 31, 2010 (pages 41-66 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-31-03-2010.pdf);

(d) Base Prospectus dated April 23, 2012 (pages 62-87 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-23-04-2012.pdf);

(e) Base Prospectus dated April 19, 2013 (pages 71-95 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-19-04-2013.pdf);

(f) Base Prospectus dated April 23, 2019 (pages 91-120 inclusive)
(available at https://www.cez.cz/webpublic/file/edee/2020/04/base-prospectus-23-04-2019.pdf);

(g) Base Prospectus dated March 24, 2022 (pages 98-136 inclusive) (available at https://www.cez.cz/webpublic/file/edee/2022/03/cez-emtn-base-prospectus_24-march-2022.pdf); and

(h) Base Prospectus dated May 28, 2024 (pages 103-144 inclusive) (available at https://www.cez.cz/webpublic/file/edee/2024/05/cez-emtn-base-prospectus-28-may-2024.pdf)

(together, the "*Previous Terms and Conditions*").

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus, ČEZ will, in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which may affect the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The documents incorporated by reference as at the date of this Base Prospectus are, and the documents published by ČEZ from time to time after the date of this Base Prospectus and which are to be incorporated by reference in this Base Prospectus will be, available free of charge on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

GLOSSARY OF TERMS AND DEFINITIONS

Terms and definitions used in this Base Prospectus have the meanings set forth below.

"*Achmea Judgment*"	the decision of the European Court of Justice in case C-284/16 Slowakische Republik *v* Achmea BV
"*Articles of Association*"	the articles of association of ČEZ
"*Audit Committee*"	the audit committee of ČEZ
"*BAT*"	the best available techniques
"*BIT*"	a bilateral investment treaty
"*BIT Termination Agreement*"	the Agreement for the Termination of Bilateral Investment Treaties between the Member States of the EU
"*Board of Directors*"	the board of directors of ČEZ
"*Bonds Act*"	Czech Act No. 190/2004 Coll., on Bonds, as amended
"*Capital Market Act*"	Czech Act No. 256/2004 Coll., on Conducting Business in the Capital Market, as amended
"*CCGT*"	a combined cycle gas turbine
"*CER*"	Certified Emission Reduction credits
"*CEZ Group,*" the "*Group*", "*we*", "*us*" or "*our*"	ČEZ and its consolidated subsidiaries
"*ČEZ*"	ČEZ, a. s.
"*CHP*"	Combinate Heat and Power
"CO_2"	carbon dioxide
"*Corporate Governance Codex (2018)*"	the Czech 2018 Corporate Governance Codex compiled by the Czech Institute of Directors in cooperation with Deloitte.
"*CRA Regulation*"	Regulation (EC) No. 1060/2009, as amended
"*CSD*"	the Czech Central Securities Depository, a wholly owned subsidiary of the Prague Stock Exchange that records book-entry securities issued in the Czech Republic
"*CSSF*"	the *Commission de Surveillance du Secteur Financier,* the competent authority under the Prospectus Act 2019
"*Czech Air Protection Act*"	Czech Act No. 201/2012 Coll., on protection of the air, as amended
"Czech Banks Act"	Czech Act No. 21/1992 Coll., on Banks, as amended
"Czech Code of Criminal Procedure"	Czech Act No. 141/1961 Coll., on Criminal Procedure (Code of Criminal Procedure), as amended
"*Czech Companies Act*"	Czech Act No. 90/2012 Coll., on Companies and Cooperatives, as amended

"*Czech crowns*" and "*CZK*"	the lawful currency of the Czech Republic
"*Czech Cybersecurity Act*"	Czech Act No. 181/2014 Coll., on Cybersecurity, as amended
"*Czech Ecological Losses Prevention Act*"	Czech Act No. 167/2008 Coll., prevention of ecological losses, as amended
"*Czech Emission Allowances Act*"	Czech Act No. 383/2012 Coll., on conditions for trading with emission allowances, as amended
"*Czech Energy Act*"	Czech Act No. 458/2000 Coll., on conducting business and governmental oversight in the energy sectors, as amended
"Czech Energy Inspection"	the State Energy Inspection established by the Czech Energy Management Act
"*Czech Energy Management Act*"	Act No. 406/2000 Coll., on energy management, as amended
"*Czech Environment Act*"	Czech Act No. 17/1992 Coll., the environment act, as amended
"*Czech Free Access to Information Act*"	Czech Act No. 106/1999 Coll. on freedom of information, as amended
"Czech Integrated National Energy and Climate Plan"	the integrated national energy and climate plan prepared by the Czech Ministry of Industry based on the EU Governance Regulation
"*Czech IPPC Act*"	Czech Act No. 76/2002 Coll., on integrated pollution and control, as amended
"*Czech Legal Entity Criminal Act*"	Czech Act No. 418/2011 Coll., on criminal liability of legal entities and proceedings against them, as amended
"*Czech Mining Act*"	Czech Act No. 44/1988 Coll., on Protection and Exploitation of Minerals, as amended
"*Czech Ministry of Environment*"	the Ministry of Environment of the Czech Republic
"*Czech Ministry of Industry*"	the Ministry of Industry and Trade of the Czech Republic
"*Czech Nuclear Account*"	the nuclear account administered by the Czech Ministry of Finance
"*Czech Nuclear Act 1997*"	Czech Act No. 18/1997 Coll., on peaceful exploitation of nuclear energy and ionising radiation, as amended
"*Czech Nuclear Act 2016*"	Czech Act No. 263/2016 Coll., the nuclear act
"*Czech Promoted Energy Sources Act*"	Czech Act No. 165/2012 Coll., on promoted energy sources, as amended
"*Czech Registry of Contracts Act*"	Czech Act No. 340/2015 Coll., on specific conditions for certain contracts to become effective, on disclosure of such contracts and on the registry of contracts (Registry of Contracts Act)
"*Czech Renewable Energy Act*"	Czech Act No. 180/2005 Coll., on the promotion of production of electricity from renewable energy sources, as amended (no longer in force)

"*Czech Repository Authority*"	the regulatory authority Czech Radioactive Waste Repository Authority
"*Czech Waste Act*"	Czech Act No. 185/2001 Coll., on waste, as amended
"*Czech Water Act*"	Czech Act No. 254/2001 Coll., as amended
"*Division Heads*"	the chief officers of ČEZ
"*EBIT*"	income before income taxes and other income (expenses)
"*EBITDA*"	income before income taxes and other income (expenses) plus depreciation and amortization, plus impairment of property, plant and equipment and intangible assets including goodwill less gain (or loss) on sale of property, plant and equipment
"*EBITDA Margin*"	EBITDA divided by total revenues, expressed as a percentage
"*EDF*"	Electricite de France S.A.
"*EDU II*"	Elektrárna Dukovany II, a. s.
"*EEA*"	European Economic Area
"*EEX*"	the European Energy Exchange
"*EIA*"	an environmental impact assessment
"*ELINI*"	the European Liability Insurance for the Nuclear Industry
"*EMANI*"	the European Mutual Association for Nuclear Insurance
"*EMFs*"	electromagnetic fields
"*EMU*"	the European Monetary Union
"*Energy Charter Treaty*"	the Energy Charter Treaty of December 17, 1994, as amended
"*Energy Efficiency Directive*"	Directive 2012/27/EU on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC
"*ENTSO for Electricity*"	the European Network of Transmission System Operators
"*ENTSO for Gas*"	the European Network of Transmission System Operators for Gas
"*EPC*"	Engineering, Procurement and Construction
"*EPEX SPOT*"	the European Power Exchange (Spot Markets) in Paris
"*ERO*"	the Czech Energy Regulatory Office
"*ERU*"	Emission Reduction Units
"*ESA*"	the European Supply Agency
"*ESCO*"	energy services and solutions

"*ESG*"	environmental, social and governance-related
"*ESO*"	the electricity system operator
"*ETE II*"	Elektrárna Temelín II, a. s.
"*EU ACER Regulation*"	Regulation (EC) No. 713/2009 Establishing an Agency for the Cooperation of Energy Regulators
"*EU CEF Regulation*"	Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility
"*EU Climate and Energy Package*"	the climate and energy package adopted by the EU in 2009
"*EU Directive on Administrative Cooperation*"	Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU)
"*EU DSO Entity*"	the Entity for Distribution System Operators established under the recast Regulation on the Internal Market for Electricity
"*EU Electricity Security of Supply Directive*"	Directive 2005/89/EC Concerning Measures to Safeguard Security of Electricity Supply and Infrastructure Investment
"*EU Energy Performance of Buildings Directive*"	Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings
"*EU ETS*"	the EU Emission Trading Scheme for CO_2 emission allowances
"*EU ETS Directive*"	Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community
"*EU First Electricity Directive*"	Directive 96/92/EC Concerning Common Rules for the Internal Market in Electricity
"*EU First Gas Directive*"	Directive 98/30/EC Concerning Common Rules for the Internal Market in Natural Gas
"*EU First Gas Supply Regulation*"	Regulation (EU) 994/2010 Concerning Measures to Safeguard Security of Gas Supply
"*EU Governance Regulation*"	Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action
"*EU Labelling Directive*"	Directive 2010/30/EU of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products
"*EU Regulation on Cross-Border Exchanges*"	Regulation (EC) No. 714/2009 on Conditions for Access to the Network for Cross-Border Exchanges in Electricity
"*EU Third Electricity Directive*"	Directive 2009/72/EC Concerning Common Rules for the Internal Market in Electricity
"*EU Third Gas Directive*"	Directive 2009/73/EC Concerning Common Rules for the Internal Market in Natural Gas

"*EU Trans-European Energy Infrastructure Regulation*"	Regulation (EU) No 347/2013 on Guidelines for Trans-European Energy Infrastructure
"*EUA*"	EU Emission Allowances
"*Euratom Treaty*"	the Treaty Establishing the European Atomic Energy Community
"*EURIBOR*"	the Euro Interbank Offered Rate
"*Euro*" "*EUR*" and "*€*"	the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the EU, as amended
"*Financial Stability Board*"	an international body that monitors and makes recommendations about the global financial system established in April 2009
"*French Energy Transition for Green Growth Act*"	the French Law no. 2015-992 of 17 August 2015 on the Energy Transition for Green Growth
"*FSMA*"	the Financial Services and Markets Act 2000
"GasNet"	GasNet, s.r.o.
"GasNet Group"	GasNet and GasNet Služby, s.r.o.
"*General Meeting*"	the general meeting of ČEZ
"GHG"	Greenhouse gases; the gases listed in Annex II of the EU ETS Directive and other gaseous constituents of the atmosphere, both natural and anthropogenic that absorb and re-emit infrared radiation. This includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.
"*GW*"	gigawatt, which is equal to 1,000 MW
"*GWh*"	gigawatt-hour, representing one hour of electricity consumption at a constant rate of 1 GW
"*HUPX*"	the Hungarian Power Exchange
"*IAEA*"	the International Atomic Energy Agency
"*IARC*"	the International Agency for Research on Cancer
"*ICE*"	the London Intercontinental Exchange
"*ICSID*"	the International Centre for Settlement of Investment Disputes established by the 1965 Convention on the settlement of investment disputes between States and nationals of other States
"*IDD*"	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution
"*IFRS*"	the International Financial Reporting Standards issued by the International Accounting Standards Board, including interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the "Standing Interpretations Committee" (SIC), and, also including, International Accounting

	Standards, where the context requires, as endorsed by the European Commission for use in the EU
"*Industrial Emissions Directive*"	Directive 2010/75/EC on industrial emissions (on integrated pollution prevention and control)
"*installed capacity*"	the highest constant level of generation of electricity which a power plant is designed to be capable of maintaining
"*ISFSF*"	an interim spent nuclear fuel storage facility
"*ISIN*"	International Security Identification Number
"*ISO*"	Independent System Operator
"*Issuer*"	ČEZ, a. s.
"*ITO*"	Independent Transmission Operator
"*KEVR*"	the Bulgarian Energy and Water Regulatory Commission
"*kW*"	kilowatt, representing the rate at which energy is produced
"*KYOTO Protocol*"	the Kyoto protocol for reducing greenhouse gas emissions
"*LTA*"	lead test assemblies
"*LTO*"	long-term-operation
"*Madrid Agreement*"	the Madrid Agreement Concerning the International Registration of Marks and its Protocol
"*MAR*"	Regulation (EC) No. 596/2014 on Market Abuse
"*MCIFA*"	The Czech Act No. 240/2013 Coll., on Management Companies and Investment Funds, as amended, which implements the Directive 2011/61/EU
"*Member State*"	a member state of the EU
"*MIBRAG*"	Mitteldeutsche Braunkohlengesellschaft GmbH
"*MiFID II*"	Directive (EU) No 65/2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU
"*MiFIR*"	Regulation (EU) No 600/2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
"*MSR*"	the Market Stability Reserve established under EU ETS
"*MW*"	megawatt, which is equal to 1,000 kW
"*MWh*"	megawatt-hour, representing one hour of electricity consumption at a constant rate of 1 MW
"MW_e"	megawatt electric, which is equal to one million watts of electric capacity

"*NAPNE*"	the National Action Plan for Development of Nuclear Energy in the Czech Republic as approved by the Government of the Czech Republic on June 3, 2015
"*National Plan of Investment*"	the National Plan of Investments in retrofitting and upgrading the infrastructure and clean technologies in the energy sector approved by the European Commission on July 6, 2012
"*Natural Gas Transmission Regulation"*	Regulation 715/2009 on conditions for Access to Natural Gas Transmission Networks
"*Net Debt*"	long-term debt, net of current portion plus short-term loans plus current portion of long-term debt minus cash and cash equivalents plus highly liquid financial assets
"NO_x"	mono-nitrogen oxides
"*NPP*"	nuclear power plant
"*NYMEX*"	the New York Mercantile Exchange, a commodity futures exchange located in New York City
"*OKTE*"	OKTE, a.s., a short-term electricity market operator in the Slovak Republic
"*OPCOM*"	the Romanian Electricity Market Operator Opcom SA
"*OSART*"	the Operational Safety Review Team of the IAEA
"*OTC*"	over-the-counter
"*OTE*"	the Czech Electricity and Gas Market in Prague
"*PCBs*"	Polychlorobiphenyls
"*Polish Act on Investments in Wind Turbines*"	the Polish Act of 20 May 2016 on investments in wind power plants
"*POLPX*"	the Polish Power Exchange
"*PRIBOR*"	the Prague Interbank Offer Rate
"*Prospectus Act 2019*"	the Luxembourg Act dated 16 July 2019 on prospectuses for securities
"*Prospectus Regulation*"	Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71
"PV"	Photovoltaics
"*PXE*"	the Power Exchange Central Europe
"*R&D*"	research and development
"*REAS*"	the original, state-owned, regional distribution companies in the Czech Republic
"*Regulation S*"	Regulation S under the U.S. Securities Act
"*REMIT*"	Regulation (EC) No. 1227/2011 on Wholesale Energy Market Integrity and Transparency

"*Renewable Energy Directive*"	Directive 2009/28/EC on the promotion of the use of energy from renewable sources
"*ROC*"	the Regional Coordination Centre established under the recast Regulation on the Internal Market for Electricity
"*Second Electricity Directive*"	Directive 2003/54/EC Concerning Common Rules for the Internal Market in Electricity
"*Second Gas Directive*"	Directive 2003/55/EC Concerning Common Rules for the Internal Market in Natural Gas
"*Second Security of Gas Supply Regulation*"	Regulation (EU) 2017/1938 Concerning Measures to Safeguard the Security of Gas Supply and Repealing Regulation (EU) No 994/2010
"*SEI*"	the Czech State Energy Inspectorate
"*SOFR*"	the Secured Overnight Financing Rate
"*SONS*"	the Czech State Office for Nuclear Safety
"SO_x"	sulphur oxides
"*Standard & Poor´s*"	S&P Global Ratings Europe Limited
"*Supervisory Board*"	the supervisory board of ČEZ
"*SZSO*"	the Czech state organization Railway Administration (Správa železnic, státní organizace)
"*TGE*"	the Towarowa Gielda Energii in Poland
"*Ton*"	metric ton
"*TONA*"	the Tokyo Overnight Average
"*Turkish Lira*" or "*TRY*"	the lawful currency of the Republic of Türkiye
"*TVEL*"	the Russian company JSC TVEL
"*TW*"	terawatt, which is equal to 1,000 GW
"*TWh*"	terawatt-hour, representing one hour of electricity consumption at a constant rate of 1 TW
"*U.S. dollars,*" "*USD*" and "*U.S.$*"	the lawful currency of the United States
"*U.S. Securities Act*"	the U.S. Securities Act of 1933, as amended
"*USEP*"	the updated Energy Policy of the Czech Republic as approved by the Government of the Czech Republic on May 18, 2015
"*Vienna Convention*"	the Vienna Convention on Civil Liability for Nuclear Damage
"*VOC*"	volatile organic compounds
"*WANO*"	the World Association of Nuclear Operators

"*WHO*"	the World Health Organization
"*Yen*"	Japanese Yen, the lawful currency of Japan

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a "*Temporary Global Note*") or, if so specified in the applicable Final Terms, a permanent global note (a "*Permanent Global Note*") which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note ("*NGN*") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "*Common Safekeeper*") for Euroclear Bank SA/NV ("*Euroclear*") and Clearstream Banking S.A. ("*Clearstream, Luxembourg*"); and

(ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "*Common Depositary*") for, Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "*Exchange Date*") which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, *Exchange Event* means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the

Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Amended and Restated Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the U.S. Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "*Deed of Covenant*") dated 3 May 2023 and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, other than where such Notes are Exempt Notes, a new Base Prospectus or a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

APPLICABLE FINAL TERMS

NOTES WITH A DENOMINATION OF €100,000 (OR ITS EQUIVALENT IN ANY OTHER CURRENCY) OR MORE, OTHER THAN EXEMPT NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

[**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "*MiFID II*"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "*distributor*") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][1]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer['s/s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("*COBS*"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the current domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("*EUWA*") ("*UK MiFIR*"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [distributor][person subsequently offering, selling or recommending the Notes (a "*distributor*")] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "*UK MiFIR Product Governance Rules*") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][2]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("*EEA*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [MiFID II][Directive 2014/65/EU (as amended, "*MiFID II*")]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "*Insurance Distribution Directive*"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "*Prospectus Regulation*"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][3]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("*UK*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the current domestic law of the UK by virtue of the [EUWA][European Union (Withdrawal) Act 2018 ("*EUWA*")]; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "*FSMA*") and any rules or regulations made under the FSMA to implement [the Insurance Distribution Directive][Directive (EU) 2016/97], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part

[1] Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.
[2] Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.
[3] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

of the current domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the current domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the current domestic law of the UK by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][4]

[*Date*]

ČEZ, a. s. (the "**Issuer**") (Legal Entity Identifier (LEI): 529900S5R9YHJHYKKG94)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €8,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 16 April 2025 [as supplemented by the supplement dated [*date*]] (the "*Base Prospectus*") which constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "*Prospectus Regulation*"). This document constitutes the Final Terms of the Notes described herein for the purposes of Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "*Conditions*") set forth in the Base Prospectus dated September 24, 2007 / March 19, 2009 / March 31, 2010 / April 23, 2012 / April 19, 2013 / April 23, 2019 / March 24, 2022 / May 28, 2024, which Conditions are incorporated by reference in the Base Prospectus dated 16 April 2025. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 16 April 2025 [as supplemented by the supplement dated [*date*]] (the "*Base Prospectus*") which constitute[s] a base prospectus for the purposes of the Prospectus Regulation, including the Conditions incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.*]

[*When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation*.

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]

[4] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 28 below, which is expected to occur on or about [*date*]][Not Applicable]
2.	Specified Currency or Currencies:		[ ]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(a)	Specified Denominations:	[ ] *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))* *(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:* *"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*
	(b)	Calculation Amount (in relation to calculation of interest for Notes in global form see Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Specify date or for Floating rate notes* - Interest Payment Date falling in or nearest to [*specify month and year*] (NB*: The Maturity Date may need to be not less than one year after the Issue Date)*
8.	Sustainability-Linked Notes:		[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*

	(a)	Step-Up:	[Applicable][Not Applicable] (See paragraph 17 below)
	(b)	Redemption Premium:	[Applicable][Not Applicable] (See paragraphs 20, 21, 22, 23, 24, 25, 26, 27 and 28 below)
	(c)	SPT:	[0.26 tCO2e/MWh][0.16 tCO2e/MWh] [0.056 tCO2e/MWh] [ ] (*In the event the Recalculation Option applies prior to the Issue Date, the SPT may be updated accordingly*)
	(d)	SPT Reference Year:	[2025][2030] [2033] [ ]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[[ ] month EURIBOR/PRIBOR] [SOFR] [TONA] +/- [ ] per cent. Floating Rate] [Zero Coupon] (further particulars specified below)
10.	Redemption/Payment Basis:		Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[ ] per cent. of their nominal amount.
11.	Change of Interest Basis:		[*Specify any Interest Basis change and the date when such Interest Basis change will occur or cross refer to paragraphs 15, and/or 16 and/or18 below and identify there*] [Not Applicable]
12.	Put/Call Options:		[Investor Put] [Change of Control Put] [Issuer Call] [Make-Whole Redemption] [Residual Maturity Call Option] [Issuer Residual Call] [(further particulars specified below)] [Not Applicable]
13.	[Date [Board] approval for issuance of Notes obtained		[ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*N.B. Amend appropriately in the case of irregular coupons*)

(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]
(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f)	[Determination Date(s):	[[ ] in each year] [Not Applicable] *Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*
15.	Floating Rate Note Provisions	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [EURIBOR][PRIBOR][SOFR][TONA]
	• Interest Determination Date(s):	[ ] (*Second Prague business day prior to the start of each Interest Period if PRIBOR, the second day on which the T2 System is open prior to the start of each Interest Period if EURIBOR*), *second U.S. Government Securities Business Days prior to the start of each Interest Period if SOFR and second Tokyo Banking Days prior to the start of each Interest Period if TONA*)
	• Relevant Screen Page:	[ ]

(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

- Reference Banks: [ ] [To be selected by the Issuer]
- p: [[ ] [U.S. Government Securities Business Days][Tokyo Banking Business Days][As per the Terms and Conditions]][Not applicable] (*Include where the Reference Rate is SOFR or TONA*]
- Interest Period End Date: [[ ][The Interest Payment Date for such Interest Period]][Not applicable]] (*Include where the Reference Rate is TONA*)

(g) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

(*In the case of a EURIBOR or PRIBOR based option, the first day of the Interest Period*)

(h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s): [+/-] [ ] per cent. per annum

(j) Minimum Rate of Interest: [ ] per cent. per annum

(k) Maximum Rate of Interest: [ ] per cent. per annum

(l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
[30E/360 (ISDA)]

16. Step-Up: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

Step-Up Margin: [ ]% per annum

[Not Applicable]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a) Accrual Yield: [ ] per cent. per annum

(b) Reference Price: [ ]

(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360][Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 6.2	Minimum Period: [ ] days Maximum Period: [ ] days
19.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount(s) and method, if any, of calculation of such amount:	[[ ] per Calculation Amount/*specify other/see Appendix*] [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]
(c)	If redeemable in part:	
(i)	Minimum Redemption Amount:	[ ]
(ii)	Maximum Redemption Amount:	[ ]
(d)	Notice periods:	Minimum Period: [ ] days Maximum Period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
20.	Make-Whole Redemption:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Make-Whole Redemption Date:	[ ]
(b)	Benchmark Security(ies):	[ ]
(c)	Reference Time:	[ ]
(d)	Make-Whole Margin:	[ ] per cent. [plus, if applicable in accordance with Condition 6.4(iii), the Redemption Premium (see Condition 6.12)]
(e)	Par Redemption Date:	[[ ] [Not Applicable]]
(f)	If redeemable in part:	

	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
(g)	Calculation Agent		[ ]
(h)	Notice periods:		Minimum Period: [ ] days Maximum Period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
21.	Residual Maturity Call Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) [For the avoidance of doubt, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will also be payable on the Residual Maturity Call Option Redemption Date]
(a)	Notice Period:		[ ]
(b)	Residual Maturity Call Option Redemption Date:		No earlier than [ ]
22.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):		[ ]
(b)	Optional Redemption Amount:		[ ] per Calculation Amount [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]
(c)	Notice periods:		Minimum Period: [ ] days Maximum Period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
23.	Change of Control Put:		[Applicable/Not Applicable]

		[For the avoidance of doubt, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will also be payable on the Change of Control Put Option Date]
24.	Redemption Premium:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [ ] per Calculation Amount][Not Applicable]
25.	Final Redemption Amount:	[ ] per Calculation Amount (*in the case where the Sustainability-Linked Notes Option is applicable*) [plus, if a Trigger Event has occurred, the relevant Redemption Premium (s) (see Condition 6.12)]
26.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:	[ ] per Calculation Amount (*in the case where the Sustainability-Linked Notes Option is applicable*) [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12)] *(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*
27.	Issuer Residual Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Issuer Residual Call Early Redemption Amount:	[ ] per Calculation Amount [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]
	(b) Notice period (*if other than as set out in the Conditions*):	[Minimum Period: [ ] days]/[Not Applicable] [Maximum Period: [ ] days]/[Not Applicable] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28.	Form of Notes:	
	(a) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

		[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] (*N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 7 includes language substantially to the following effect: "*[*€100,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€199,000*]." *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*) *N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)* [*Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilization in accordance with article 4 of the Belgian Law of December 14, 2005*.]
	(b) New Global Note:	[Yes][No]
29.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 16(c)*)
30.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if on exchange into definitive form, more than 27 coupon payments are still to be made/No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of ČEZ, a. s.:

By: .....

Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i)	Listing and Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, and admission to the Official List of the Luxembourg Stock Exchange with effect from [ ].
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings: [Not applicable][The Notes to be issued [[have been]/[are expected to be]] rated:]

[S&P Global Ratings Europe Limited ("*Standard & Poor's*"): [ ]]

[Moody's France SAS ("*Moody's*"): [ ]]

[*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]

Each of [Standard & Poor's] [,/and] [Moody's] [and] [*defined term*] is established in the [European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "*CRA Regulation*")] [UK and is registered under Regulation (EC) No. 1060/2009 (as amended) as it forms part of the current domestic law of the UK by virtue of EUWA (the "*UK CRA Regulation*".]

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business. – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)]

4. [USE OF PROCEEDS

Use of Proceeds: [ ] / [Not Applicable]

(*See "Use of Proceeds" wording in the Base Prospectus – if reasons for the offer are different from general corporate purposes, include those reasons here.*)]

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i)Reasons for the offer:	[ ][Green Notes][Not Applicable]
[(ii)]Estimated net proceeds:	[ ][Not Applicable]
[(iii)]Estimated total expenses:	[ ][Not Applicable]]

6. **YIELD** (*Fixed Rate Notes only*)

Indication of yield:	[ ][Not Applicable]

7. **OPERATIONAL INFORMATION**

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Name and address of any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(viii)	Deemed delivery of Clearing System notices for the purpose of Condition 13:	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second][business] day after the day on which it was given to Euroclear, and Clearstream, Luxembourg.
(ix)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during

their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names and addresses*]
(iii)	Date of Subscription Agreement:	[ ]
(iv)	Stabilization Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(vi)	U.S. Selling Restrictions:	[Reg. S Compliance Category 2] [TEFRA D] [TEFRA C] [TEFRA not applicable]
(vii)	Prohibition of Sales to EEA Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to UK Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

EXEMPT NOTES OF ANY DENOMINATION

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

[**MIFID II PRODUCT GOVERNANCE / TARGET MARKET – [***appropriate target market legend to be included*]]

[**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET -– [***appropriate target market legend to be included*]]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("*EEA*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [MiFID II][Directive 2014/65/EU (as amended "*MiFID II*")]; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "*Insurance Distribution Directive*)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "*Prospectus Regulation*"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "*PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][5]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("*UK*"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the current domestic law of the UK by virtue of the [EUWA][European Union (Withdrawal) Act 2018 ("*EUWA*")]; (ii) a customer within the meaning of the provisions of the [FSMA][Financial Services and Markets Act 2000 (the "*FSMA*")] and any rules or regulations made under the FSMA to implement [the Insurance Distribution Directive][Directive (EU) 2016/97], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the current domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the current domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of the current domestic law of the UK by virtue of the EUWA (the "*UK PRIIPs Regulation*") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][6]

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE PROSPECTUS REGULATION / REGULATION (EU) 2017/1129 FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[5] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[6] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[*Date*]

ČEZ, a. s. (the "*Issuer*") (Legal Entity Identifier (LEI): 529900S5R9YHJHYKKG94)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €8,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 16 April 2025 [as supplemented by the supplement[s] dated [*date[s]*]] (the "*Base Prospectus*"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. Copies of the Base Prospectus may be obtained during normal business hours at the registered office of ČEZ, a. s. and at the offices of the Paying Agents for the time being in London and Luxembourg.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "*Conditions*") set forth in the Base Prospectus [dated [*original date*] which are incorporated by reference in the Base Prospectus][7]. Any reference in the Conditions to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement", where relevant.

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the subparagraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 30 below, which is expected to occur on or about [*date*]][Not Applicable]
2.	Specified Currency or Currencies:		[ ]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
(a)	Specified Denominations:		[ ]

[7] Only include this language where it is a fungible issue and the original Tranche was issued under a Base Prospectus with a different date.

	(b)	Calculation Amount (in relation to calculation of interest for Notes in global form see Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
7.	Maturity Date:		[*Specify date or for Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*]]
8.	Sustainability-Linked Notes:		[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(a)	Step-Up:	[Applicable][Not Applicable] (See paragraph 17 below)
	(b)	Redemption Premium:	[Applicable][Not Applicable] (See paragraphs 22, 23, 24, 25, 26, 27, 28, 29 and 30 below)
	(c)	SPT:	[0.26 tCO2e/MWh][0.16 tCO2e/MWh] [0.056 tCO2e/MWh] [ ] (*In the event the Recalculation Option applies prior to the Issue Date, the SPT may be updated accordingly*)
	(d)	SPT Reference Year:	[2025][2030] [2033] [ ]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[*specify Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:		[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.	Change of Interest Basis or Redemption/Payment Basis:		[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*] [Not Applicable]
12.	Put/Call Options:		[Investor Put] [Change of Control Put] [Issuer Call] [Make-Whole Redemption] [Residual Maturity Call Option] [Issuer Residual Call] [(further particulars specified below)]

			[Not Applicable]
13.	(a)	Status of the Notes:	[Senior/[Dated/Perpetual] Subordinated]
	(b)	[Date [Board] approval for issuance of Notes obtained:	[ ]] (*N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrears on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360/Actual/Actual (ICMA)/*specify other*]
	(f)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes:	[None/*Give details*]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]

(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]][Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	Reference Rate: [ ] month [/EURIBOR/PRIBOR/SOFR/TONA/*specify other Reference Rate*].
	• Interest Determination Date(s):	[ ] *(Second Prague business day prior to the start of each Interest Period if PRIBOR, the second day on which the T2 System is open prior to the start of each Interest Period if EURIBOR), second U.S. Government Securities Business Days prior to the start of each Interest Period if SOFR and second Tokyo Banking Days prior to the start of each Interest Period if TONA)*
	• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	• Reference Banks:	[ ] [To be selected by the Issuer]
(g)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ] (*In the case of a EURIBOR based option, the first day of the Interest Period*)
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(i)	Margin(s):	[+/-] [ ] per cent. per annum
(j)	Minimum Rate of Interest:	[ ] per cent. per annum

	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)] [*Other*]
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions:	[ ]
16.	Step-Up:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	Step-Up Margin:		[[ ]% per annum][Not Applicable]
17.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
18.	Index Linked Interest Note		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Index/Formula:	[*give or annex details*]
	(b)	Calculation Agent	[*give name*]
	(c)	Party responsible for calculating the Rate of Interest (if not the	[ ]

	Calculation Agent) and Interest Amount (if not the Agent):	
(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(e)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
(g)	Additional Business Centre(s):	[ ]
(h)	Minimum Rate of Interest:	[ ] per cent. per annum
(i)	Maximum Rate of Interest:	[ ] per cent. per annum
(j)	Day Count Fraction:	[ ]
19.	Dual Currency Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(d)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

20.	Notice periods for Condition 6.2:	Minimum period: [ ] days Maximum period: [ ] days
21.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount(s) and method, if any, of calculation of such amount:	[[ ] per Calculation Amount*/specify other/see Appendix*] [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]

(c)	If redeemable in part:		
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
(d)	Notice periods:		Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
22.	Make-Whole Redemption:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Make-Whole Redemption Date:		[ ]
(b)	Benchmark Security(ies):		[ ]
(c)	Reference Time:		[ ]
(d)	Make-Whole Margin:		[ ] per cent. [plus, if applicable in accordance with Condition 6.4(iii), the Redemption Premium (see Condition 6.12)]
(e)	Par Redemption Date:		[[ ] [Not Applicable]]
(f)	If redeemable in part:		
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
(g)	Calculation Agent		[ ]
(h)	Notice periods:		Minimum Period: [ ] days Maximum Period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)

23.	Residual Maturity Call Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) [For the avoidance of doubt, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will also be payable on the Residual Maturity Call Option Redemption Date]
	(a) Notice Period:	[ ]
	(b) Residual Maturity Call Option Redemption Date:	No earlier than [ ]
24.	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[ ]
	(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix] [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]
	(c) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 15 business days' notice for a put*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)
25.	Change of Control Put:	[Applicable/Not Applicable] [For the avoidance of doubt, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will also be payable on the Change of Control Put Option Date]
26.	Redemption Premium:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [[ ] per Calculation Amount][Not Applicable]
27.	Final Redemption Amount:	[[ ] per Calculation Amount/*specify other*/see Appendix] (*in the case where the Sustainability-Linked Notes Option is applicable*) [plus, if a Trigger event has occurred, the relevant Redemption Premium (see Condition 6.12)]
28.	Early Redemption Amount payable on redemption for taxation reasons or on event	[[ ] per Calculation Amount/*specify other*/see Appendix] (*in the case where the Sustainability-Linked Notes Option is*

	of default and/or the method of calculating the same (if required):	*applicable*) [plus, if a Trigger event has occurred, the relevant Redemption Premium (see Condition 6.12)] *(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*
29.	Issuer Residual Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Issuer Residual Call Early Redemption Amount:	[ ] per Calculation Amount [plus, if a Trigger Event has occurred, the relevant Redemption Premium (see Condition 6.12) will be payable]
	(b) Notice period (*if other than as set out in the Conditions*):	[Minimum Period: [ ] days]/[Not Applicable] [Maximum Period: [ ] days]/[Not Applicable] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30.	Form of Notes:	
	(a) Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]] [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilization in accordance with article 4 of the Belgian Law of 14 December 2005.[8]] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves*.)

[8] Include for Notes that are to be offered in Belgium.

	(b) New Global Note:	[Yes][No]]
31.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 16(c) and 19(g) relate*)
32.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
33.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment.	[Not Applicable/*give details*. *N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
34.	Details relating to Instalment Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Instalment Amount(s):	[*give details*]
	(b) Instalment Date(s):	[*give details*]
35.	Other final terms:	[Not Applicable/*give details*] *[Consider including a term providing for tax certification if required to enable interest to be paid gross by issuer]*

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of ČEZ, a. s.:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Exempt Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange with effect from [ ].

2. RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]. *(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus*)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

4. [USE OF PROCEEDS

Use of Proceeds:	[ ] / [Green Notes] / [Not Applicable] (*See "Use of Proceeds" wording in the Base Prospectus – if reasons for the offer are different from general corporate purposes*)

5. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[See/[[include code], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v)	Name and address of any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(viii)	Deemed delivery of clearing system notices for the purposes of Condition 13:	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
(ix)	[Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

6. **DISTRIBUTION**

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Stabilization Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	Reg. S Compliance Category [1/2/3]; [TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Additional selling restrictions:	[Not Applicable/*give details*] (*Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes*)

(vii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(viii)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

TERMS AND CONDITIONS OF THE NOTES

Any reference in the Terms and Conditions to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by ČEZ, a. s. (the "**Issuer**" or "**ČEZ**") pursuant to the Amended and Restated Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "**Global Note**"), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Amended and Restated Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Amended and Restated Agency Agreement**") dated 28 May 2024 and made between the Issuer, Deutsche Bank AG, London Branch as fiscal agent (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes (as defined below)) attached to or endorsed on this Note which complete these Terms and Conditions (the "**Conditions**"). In the case of an "**Exempt Note**", being a Note that is neither: (i) to be admitted to trading on a regulated market in the European Economic Area, for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU, as amended) ("**MiFID II**"); nor (ii) offered in circumstances where a prospectus is required to be published in the European Economic Area, under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the final terms may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Exempt Notes in definitive form which are repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 3 May 2023 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Amended and Restated Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Amended and Restated Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Amended and Restated Agency Agreement.

Words and expressions defined in the Amended and Restated Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Amended and Restated Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

1.1 The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the "**Specified Currency**") and the denominations (the "**Specified Denomination(s)**") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

1.2 Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

1.3 If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

1.4 If this Note is an Exempt Note, this Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

1.5 Definitive Notes are issued with Coupons and, if appropriate, Talons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

1.6 Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

1.7 For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and subject to the operation

of Condition 5.4, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

1.8 Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Receipts and Coupons constitute direct, general, unsecured and unconditional obligations of the Issuer which (i) rank *pari passu* among themselves and (ii) will rank at least *pari passu* with all other present and future unsecured obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law and subject always to Condition 3.

3. NEGATIVE PLEDGE AND OTHER COVENANTS

3.1 Negative pledge

So long as any Note or Coupon remains outstanding (as defined in the Amended and Restated Agency Agreement) ČEZ will not, nor will it permit any Material Subsidiary to, issue, assume or guarantee any Indebtedness, if such Indebtedness is secured by a Lien upon any Principal Property now owned or hereafter acquired, unless, at the same time or prior thereto, the Issuer's obligations under the Notes and the Coupons shall (x) be secured equally and rateably with (or prior to) such Indebtedness or (y) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Amended and Restated Agency Agreement) of Noteholders; provided, however, that the foregoing restriction shall not apply to:

(a) any Lien on any asset acquired, constructed or improved by ČEZ or any Subsidiary after the date of issue of the Notes, which Lien is created, incurred or assumed contemporaneously with, or within 180 days after, such acquisition (or, in the case of any such asset constructed or improved, after the completion or commencement of commercial operation of such asset, whichever is later) to secure or provide for the payment of any part of the purchase price of such asset or the costs of such construction or improvement (including costs such as escalation, interest during construction and finance costs); provided that, in the case of any such construction or improvement, the Lien shall not apply to any such asset previously owned by ČEZ or any Subsidiary, other than previously unimproved real property on which the asset so constructed, or the improvement, is located;

(b) any Lien existing over any asset at the time of the acquisition of such asset and which is not created as a result of or in connection with or in anticipation of such acquisition;

(c) any Lien on any asset acquired from a corporation which is merged with or into ČEZ or any Lien existing on any asset of a corporation which existed at the time such corporation becomes a Subsidiary and, in either such case, which is not created as a result of or in connection with or in anticipation of any such transaction;

(d) any Lien which secures only Indebtedness owing by a Subsidiary to ČEZ, to one or more Subsidiaries or to ČEZ and one or more Subsidiaries;

(e) any extension, renewal or replacement (or successive extensions, renewals or replacements; in whole or in part, of any Lien referred to in the foregoing clauses; provided, however, that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or part of the asset which secured the Lien so extended, renewed or replaced (plus improvements on such asset); or

(f) any Lien securing obligations of ČEZ or any Subsidiary to the Czech Republic in connection with a guarantee or similar assurance provided by the Czech Republic to third parties for the benefit of the Issuer.

ČEZ or any Material Subsidiary, however, may issue, assume or guarantee Indebtedness secured by a Lien which would otherwise be prohibited under this Condition 3.1 or enter into a Sale and Lease-Back Transaction that would otherwise be prohibited by the provisions of Condition 3.2; provided that the aggregate amount of such Indebtedness of ČEZ and its Material Subsidiaries together with the aggregate Attributable Value of all such Sale and Lease-Back Transactions of ČEZ and its Subsidiaries at any time outstanding shall not exceed 30% of the Consolidated Net Tangible Assets at the time any such Indebtedness (denominated in any currency) is issued, assumed or guaranteed by ČEZ or any Subsidiary or at the time any such Sale and Lease-Back Transaction is entered into.

3.2 **Limitations on sale and lease-back transactions**

For so long as any Note or Coupon is outstanding, neither ČEZ nor any Material Subsidiary may enter into any Sale and Lease-Back Transaction with respect to any Principal Property, unless either (x) ČEZ or such Material Subsidiary would be entitled pursuant to the provisions of Condition 3.1 to issue, assume or guarantee Indebtedness secured by a Lien on such Principal Property without equally and rateably securing ČEZ's obligations under the Notes and the Coupons or (y) ČEZ or such Material Subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the Principal Property so leased to the retirement, within one year after the effective date of such Sale and Lease-Back Transaction, of Indebtedness of ČEZ ranking on a parity with the obligations of ČEZ under the Notes and owing to a Person other than ČEZ or any Affiliate of ČEZ or to the construction or improvement of real property or personal property used by ČEZ or any Material Subsidiary in the ordinary course of business. The restrictions set forth in the preceding sentence will not apply to transactions providing for a lease for a term, including any renewal thereof, of not more than three years.

3.3 **No consolidation or merger**

For so long as any Note or Coupon is outstanding, ČEZ may not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless (i) the successor corporation shall be a corporation organized and existing under the laws of the Czech Republic, and shall expressly assume by a deed the due and punctual payment of all amounts payable in respect of all the then outstanding Notes and the performance of every obligation contained in the Notes on the part of the Issuer to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default or Potential Event of Default (as defined in the Amended and Restated Agency Agreement) shall have happened and be continuing; and (iii) ČEZ shall have delivered to the Agent a certificate signed by two directors of ČEZ and an opinion of independent legal advisers of recognized standing each stating that such consolidation, merger, conveyance or transfer and any such deed comply with the foregoing provisions relating to such a transaction. In case of any such consolidation, merger, conveyance or transfer, such successor corporation will succeed to and be substituted for ČEZ as obligor under the Notes and Coupons, with the same effect as if it had been named in the Notes as such obligor.

3.4 **Certain definitions**

In these Conditions:

"Affiliate" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, **control**, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise;

"Attributable Value" means, as to any particular Sale and Lease-Back Transaction under which ČEZ or any Subsidiary is at any time liable as lessee and any date as of which the amount thereof is to be determined, the total net obligations of the lessee for rental payments during the remaining term of the lease (including any period for which such lease has been extended) discounted from the respective due dates thereof to such date at a rate per annum equivalent to the interest rate inherent in such Sale and Lease-Back Transaction (as determined in good faith by the Issuer in accordance with generally accepted financial practice);

"Audited Statements" means ČEZ's audited annual financial statements (consolidated, if available) prepared in accordance with International Accounting Standards current as of the date of preparation;

"Consolidated Net Tangible Assets" means the total of all assets (including revaluations thereof as a result of commercial appraisals, price-level re-statements or otherwise) appearing on a consolidated balance sheet of ČEZ and its Subsidiaries, net of all applicable reserves and deductions, but excluding goodwill, trade names, trademarks, patents, unamortized debt discount and all other like intangible assets (which term shall not be construed to include such revaluations), less the aggregate of the current liabilities of ČEZ and its Subsidiaries appearing on such balance sheet;

"Consolidated Total Assets" means the total assets (consolidated, if the relevant Audited Statements are consolidated) of ČEZ and its Subsidiaries determined by reference to the most recent Audited Statements;

"EBITDA" means income before income taxes and other income (expenses) plus depreciation and amortization, plus impairment of property, plant and equipment and intangible assets including goodwill less gain (or loss) on sale of property, plant and equipment;

"Indebtedness" means, with respect to any Person (without duplication), (a) any liability of such Person (1) for borrowed money or under any reimbursement obligation relating to a letter of credit, financial bond or similar instrument or agreement, (2) evidenced by a bond, note, debenture or similar instrument or agreement (including a purchase money obligation) given in connection with the acquisition of any business, properties or assets of any kind (other than a trade payable or a current liability arising in the ordinary course of business or a performance bond or similar obligation), (3) for the payment of money relating to any obligations under any capital lease of real or personal property or (4) for the purposes of Condition 3.1(a) and (b) only, under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction; (b) any liability of others described in the preceding clause (a) that the Person has guaranteed or that is otherwise its legal liability; and (c) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in (a) and (b) above. For the purpose of determining any particular amount of Indebtedness under this definition, guarantees of (or obligations with respect to letters of credit or financial bonds supporting) Indebtedness otherwise included in the determination of such amount shall also not be included;

"Lien" means any mortgage, pledge, lien, security interest, charge or other encumbrance (including any conditional sale or other title retention agreement or lease in the nature thereof other than a title retention agreement in connection with the purchase of goods in the ordinary course of business);

"Material Subsidiary" means, at any time, any Subsidiary of ČEZ:

(a) whose total assets or EBITDA (or, where the Subsidiary in question prepares consolidated financial statements, whose consolidated total assets or consolidated EBITDA), attributable to ČEZ represent not less than 10% of the Consolidated Total Assets or (as the case may be) the consolidated EBITDA of

ČEZ and its Subsidiaries taken as a whole, all as determined, respectively, by reference to the most recent audited annual financial statements (or, as the case may be, audited consolidated annual financial statements) of such Subsidiary and the most recent Audited Statements; or

(b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary of ČEZ which was a Material Subsidiary immediately prior to such transfer (which Subsidiary shall cease to be a Material Subsidiary upon such transfer becoming unconditional) and so that a Subsidiary of ČEZ which becomes a Material Subsidiary pursuant to this paragraph (b) shall remain a Material Subsidiary only until the publication of the next Audited Statements, unless on such publication it remains a Material Subsidiary pursuant to paragraph (a) above,

provided that a certificate by the Auditors (as defined in the Amended and Restated Agency Agreement) of ČEZ that, in their opinion, any Subsidiary of ČEZ is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof;

"Principal Property" means any generation, transformation, transmission or distribution facility located in the Czech Republic, whether at the date of issue of the Notes owned or thereafter acquired, including any land, buildings, structures or machinery and other fixtures that constitute any such facility, or portion thereof, other than any such facility, or portion thereof, determined by ČEZ's Board of Directors and certified by two directors of ČEZ not to be of material importance to the total business conducted by ČEZ and its Subsidiaries as or whole;

"Reference Banks" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and in the case of a determination of PRIBOR, the principal Prague office of four major banks in the Prague inter-bank market, the principal New York office of four major banks in the New York inter-bank market and the principal Tokyo office of four major banks in the Tokyo inter-bank market, in each case selected by ČEZ or as specified in the applicable Final Terms;

"Sale and Lease-Back Transaction" means any transaction or series of related transactions pursuant to which ČEZ or any Material Subsidiary sells or transfers any property to any Person with the intention of taking back a lease of such property pursuant to which the rental payments are calculated to amortize the purchase price of such property substantially over the useful life thereof and such property is in fact so leased; and

"Subsidiary" means any corporation or other business entity of which ČEZ owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interests, in each case having ordinary voting power to elect or appoint directors, managers or trustees of such corporation or other business entity (whether or not capital stock or other ownership interests or any other class or classes shall or might have voting power upon the occurrence of any contingency).

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "**Fixed Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment

Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 **Interest on Floating Rate Notes and Index Linked Interest Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, "**Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day, save in respect of Notes for which the Original Reference Rate is SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day"** means a day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in

London and each Additional Business Centre (other than the T2 System) specified in the applicable Final Terms;

(b) if the T2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Eurosystem's real-time gross settlement system or any successor thereto (the "**T2 System**") is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the T2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2021 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A)the Floating Rate Option is as specified in the applicable Final Terms;

(B)the Designated Maturity is a period specified in the applicable Final Terms; and

(C)the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes – EURIBOR and PRIBOR

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either EURIBOR or PRIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR, or Prague time, in the case of PRIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Agent cannot determine the Reference Rate as aforementioned, because the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as of the Specified Time, the Issuer shall request each of the Reference Banks (as defined in Condition 3.4 above and in the Amended and Restated Agency Agreement) to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Agent by the Reference Banks at the request of the Issuer or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Prague inter-bank market (if the Reference Rate is PRIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Prague inter-bank market (if the Reference Rate is PRIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as of the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(iii) Screen Rate Determination for Floating Rate Notes – SOFR

(A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Final Terms specify that the Original Reference Rate is SOFR, the Rate of Interest for each Interest Period will be, subject as provided in paragraph (B) below, the Compounded Daily SOFR on the relevant Interest Determination Date plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**Compounded Daily SOFR**" means with respect to an Interest Period, an amount equal to the rate of return for each calendar day during the Interest Period, compounded daily, calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{Final}}{SOFR\ Index_{Initial}} - 1\right) \times \frac{360}{d_c}$$

Where:

"**d_c**" means the number of calendar days from (and including) the day on which the relevant SOFR $Index_{Initial}$ is determined to (but excluding) the day on which the relevant SOFR $Index_{Final}$ is determined;

"**Interest Period End Dates**" shall have the meaning specified in the applicable Final Terms;

"**Observation Shift Days**" means five U.S. Government Securities Business Days or such larger number of days as specified in the applicable Final Terms;

"**SOFR Index**" means with respect to any U.S. Government Securities Business Day, (i) the SOFR Index value as published by the NY Federal Reserve as such index appears on the NY Federal Reserve's Website at the SOFR Determination Time; or (ii) if the SOFR Index specified in (i) above does not so appear, unless both a SOFR Transition Event and its related SOFR Replacement Date have occurred, the SOFR Index as published in respect of the first preceding U.S. Government Securities Business Day for which the SOFR Index was published on the NY Federal Reserve's Website;

"**SOFR $Index_{Final}$**" means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the Observation Shift Days prior to the next occurring Interest Period End Date for such Interest Period;

"**SOFR $Index_{Inital}$**" means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the

Observation Shift Days prior to the first day of such Interest Period (or, in the case of the first Interest Period, the Interest Commencement Date);

"**NY Federal Reserve**" means the Federal Reserve Bank of New York;

"**NY Federal Reserve's Website**" means the website of the NY Federal Reserve, currently at www.newyorkfed.org, or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR=" or any successor page or service;

"**SOFR**" means the rate determined by the Calculation Agent in respect of a U.S. Government Securities Business Day, in accordance with the following provisions:

(x) the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day that appears at approximately 3:00 p.m. (New York City time) (the "**SOFR Determination Time**") on the NY Federal Reserve's Website on such U.S. Government Securities Business Day, as such rate is reported on the Bloomberg Screen SOFRRATE Page for such U.S. Government Securities Business Day or, if no such rate is reported on the Bloomberg Screen SOFRRATE Page, then the Secured Overnight Financing Rate that is reported on the Reuters Page USDSOFR= or, if no such rate is reported on the Reuters Page USDSOFR=, then the Secured Overnight Financing Rate that appears at approximately 3:00 p.m. (New York City time) on the NY Federal Reserve's Website on such U.S. Government Securities Business Day (the "**SOFR Screen Page**"); or

(y) if the rate specified in (x) above does not so appear and the Issuer determines that a SOFR Transition Event has not occurred, the Secured Overnight Financing Rate published on the NY Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the NY Federal Reserve's Website; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (SIFMA) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Notwithstanding the above, if the Issuer determines on or prior to the SOFR Determination Time, that a SOFR Transition Event and its related SOFR Replacement Date have occurred with respect to the relevant SOFR Benchmark (as defined below), then the provisions set forth below in paragraph (B) will apply to all determinations of the Rate of Interest for each Interest Period thereafter.

(B) *SOFR Replacement provisions*

If the Issuer determines at any time prior to the SOFR Determination Time on any U.S. Government Securities Business Day that a SOFR Transition Event and the related SOFR Replacement Date have occurred, the Issuer will appoint an agent (the "**Replacement Rate Determination Agent**") which will determine the SOFR Replacement. The Replacement Rate Determination Agent may be (x) a leading bank, broker-dealer or benchmark agent in the principal financial centre of the Specified Currency as appointed by the Issuer, (y) the Issuer, (z) an affiliate of the Issuer or (zz) such other entity that the Issuer determines to be competent to carry out such role.

In connection with the determination of the SOFR Replacement, the Replacement Rate Determination Agent will determine appropriate SOFR Replacement Conforming Changes.

Any determination, decision or election that may be made by the Issuer or Replacement Rate Determination Agent (as the case may be) pursuant to these provisions, will (in the absence of manifest error) be conclusive and binding on the Issuer, the Agent and the Holders.

Following the designation of a SOFR Replacement, the Issuer may subsequently determine that a SOFR Transition Event and a related SOFR Replacement Date have occurred in respect of such SOFR Replacement, provided that the SOFR Benchmark has already been substituted by the SOFR Replacement and any SOFR Replacement Conforming Changes in connection with such substitution have been applied. In such circumstances, the SOFR Replacement shall be deemed to be the SOFR Benchmark and all relevant definitions shall be construed accordingly.

In connection with the SOFR Replacement provisions above, the following definitions shall apply:

"**ISDA Definitions**" means the 2021 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to SOFR for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of a SOFR Transition Event with respect to SOFR for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Relevant Governmental Body**" means the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or any successor thereto;

"**SOFR Benchmark**" means SOFR Index (as defined above);

"**SOFR Replacement**" means any one (or more) of the SOFR Replacement Alternatives to be determined by the Replacement Rate Determination Agent as of the SOFR Replacement Date if the Issuer determines that a SOFR Transition Event and its related SOFR Replacement Date have occurred on or prior to the SOFR Determination Time in respect of any determination of the SOFR Benchmark on any U.S. Government Securities Business Day in accordance with:

(a) the order of priority specified SOFR Replacement Alternatives Priority in the applicable Final Terms; or

(b) if no such order of priority is specified, in accordance with the priority set forth below:

(i) Relevant Governmental Body Replacement;

(ii) ISDA Fallback Replacement; and

(iii) Industry Replacement,

provided that, in each case, if the Replacement Rate Determination Agent is unable to determine the SOFR Replacement in accordance with the first SOFR Replacement Alternative

listed, it shall attempt to determine the SOFR Replacement in accordance with each subsequent SOFR Replacement Alternative until a SOFR Replacement is determined. The SOFR Replacement will replace the then-current SOFR Benchmark for the purpose of determining the relevant Rate of Interest in respect of the relevant Interest Period and each subsequent Interest Period, subject to the occurrence of a subsequent SOFR Transition Event and related SOFR Replacement Date;

"**SOFR Replacement Alternatives**" means:

(a) the sum of: (i) the alternative rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the relevant Interest Period and (ii) the SOFR Replacement Adjustment (the "**Relevant Governmental Body Replacement**");

(b) the sum of: (i) the ISDA Fallback Rate and (ii) the SOFR Replacement Adjustment (the "**ISDA Fallback Replacement**"); or

(c) the sum of: (i) the alternative rate that has been selected by the Replacement Rate Determination Agent as the replacement for the then-current SOFR Benchmark for the relevant Interest Period giving due consideration to any industry-accepted rate as a replacement for the then-current SOFR Benchmark for U.S. dollar-denominated floating rate securities at such time and (ii) the SOFR Replacement Adjustment (the "**Industry Replacement**");

"**SOFR Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Replacement Rate Determination Agent as of the applicable SOFR Replacement Date:

(a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Replacement;

(b) if the applicable Unadjusted SOFR Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(c) the spread adjustment (which may be a positive or negative value or zero) determined by the Replacement Rate Determination Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Benchmark with the applicable Unadjusted SOFR Replacement for U.S. dollar-denominated floating rate securities at such time;

"**SOFR Replacement Conforming Changes**" means, with respect to any SOFR Replacement, any technical, administrative or operational changes (including, but not limited to, changes to timing and frequency of determining rates with respect to each interest period and making payments of interest, rounding of amounts or tenors, day count fractions, business day convention and other administrative matters) that the Replacement Rate Determination Agent decides may be appropriate to reflect the adoption of such SOFR Replacement in a manner substantially consistent with market practice (or, if the Replacement Rate Determination Agent determines that adoption of any portion of such market practice is not administratively feasible or if the Replacement Rate Determination Agent determines that no market practice for use of the SOFR Replacement exists, in such other manner as the Replacement Rate Determination Agent or the Issuer, as the case may be, determines is reasonably necessary, acting in good faith and in a commercially reasonable manner);

"**SOFR Replacement Date**" means the earliest to occur of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

(a) in the case of sub-paragraphs (a) or (b) of the definition of "SOFR Transition Event" the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark (or such component); or

(b) in the case of sub-paragraph (c) of the definition of "SOFR Transition Event" the date of the public statement or publication of information referenced therein; or

(c) in the case of sub-paragraph (d) of the definition of "SOFR Transition Event", the last such consecutive U.S. Government Securities Business Day on which the SOFR Benchmark has not been published,

provided that, in the event of any public statements or publications of information as referenced in sub-paragraphs (a) or (b) above, should such event or circumstance referred to in such a public statement or publication occur on a date falling later than three months after the relevant public statement or publication, the SOFR Transition Event shall be deemed to occur on the date falling three months prior to such specified date (and not the date of the relevant public statement or publication).

For the avoidance of doubt, if the event giving rise to the SOFR Replacement Date occurs on the same day as, but earlier than, the SOFR Determination Time in respect of any determination, the SOFR Replacement Date will be deemed to have occurred prior to the SOFR Determination Time for such determination.

"**SOFR Transition Event**" means the occurrence of any one or more of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

(a) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark (or such component, if relevant) announcing that such administrator has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component, if relevant), the central bank for the currency of the SOFR Benchmark (or such component, if relevant), an insolvency official with jurisdiction over the administrator for the SOFR Benchmark (or such component, if relevant), a resolution authority with jurisdiction over the administrator for the SOFR Benchmark (or such component, if relevant) or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark (or such component, if relevant), which states that the administrator of the SOFR Benchmark (or such component, if relevant) has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant);

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark (or such component, if relevant) announcing that the SOFR Benchmark (or such component, if relevant) is no longer

representative, the SOFR Benchmark (or such component, if relevant) has been or will be prohibited from being used or that its use has been or will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(d) the SOFR Benchmark is not published by its administrator (or a successor administrator) for six consecutive U.S. Government Securities Business Days; and

"**Unadjusted SOFR Replacement**" means the SOFR Replacement prior to the application of any SOFR Replacement Adjustment.

If the relevant Notes become due and payable in accordance with Condition 6, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Instruments shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(iv) Screen Rate Determination for Floating Rate Notes – TONA

(A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Final Terms specify that the Original Reference Rate is TONA, the Rate of Interest for each Interest Period will be, subject as provided in paragraph (B) below, the Compounded Daily TONA Index plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent on the Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

"**Compounded Daily TONA Index**" means with respect to an Interest Period, the rate of return of a daily compound interest investment in Japanese Yen (with the daily Tokyo Overnight Average ("**TONA**") as a reference rate for the calculation of interest) by reference to the screen rate or index for compounded daily TONA rates administered by the administrator of the TONA reference rate that is published or displayed by such administrator or other information service from time to time on

the relevant Interest Determination Date, as further specified in the applicable Final Terms (the "**TONA Compounded Index**") and will be calculated as follows:

$$\left(\frac{TONA\ Compounded\ Index_{End}}{TONA\ Compounded\ Index_{Start}} - 1\right) \times \frac{365}{d}$$

Where in each case:

"**d**" is the number of calendar days from (and including) the day in relation to which TONA Compounded $Index_{Start}$ is determined to (but excluding) the day in relation to which TONA Compounded $Index_{End}$ is determined;

"**Interest Period End Date**" shall have the meaning specified in the applicable Final Terms;

"**p**" means five Tokyo Banking Days or such larger number of days as specified in the applicable Final Terms;

"**Tokyo Banking Day**" or "**TBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in Tokyo;

"**TONA Compounded $Index_{Start}$**" means, with respect to an Interest Period, the TONA Compounded Index determined in relation to the day falling "p" Tokyo Banking Days prior to the first day of such Interest Period; and

"**TONA Compounded $Index_{End}$**" means with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling "p" Tokyo Banking Days prior to the Interest Period End Date for such Interest Period (or the date falling "p" Tokyo Banking Days prior to such earlier date, if any, on which the Notes become due and payable).

(B) *TONA Replacement provisions*

If the TONA reference rate is not published on the Relevant Screen Page at the Relevant Time on the relevant Tokyo Banking Day, the TONA reference rate for such Tokyo Banking Day shall be the rate equal to the Tokyo Overnight Average published by the administrator of the TONA reference rate on the Relevant Screen Page for the last preceding Tokyo Banking Day on which the Tokyo Overnight Average was published by the administrator of TONA on the Relevant Screen Page.

If the relevant Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Instruments shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(c)**Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the

provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360\times(Y_2-Y_1)]+[30\times(M_2-M_1)]+(D_2-D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e)**Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f)**Notification of Rate of Interest and Interest Amounts**

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g)**Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 **Interest on Exempt Notes**

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes the provisions of Condition 4.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

4.4 Benchmark Discontinuation

(a) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.4(c)) and any Benchmark Amendments (in accordance with Condition 4.4(d)).

In making such determination, an Independent Adviser shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith, wilful default or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Agents the Noteholders, Receiptholders or the Couponholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.4.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) prior to the relevant Interest Determination Date, and notify the Calculation Agent of such determinations prior to the date which is ten Business Days prior the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.4(a).

(b) **Successor Rate or Alternative Rate**

If the Independent Adviser determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.4); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.4).

(c) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be) if the Independent Advisor is unable to determine the quantum of, or a formula or methodology for determining, the Adjustment

Spread, then the Successor Rate or the Alternative Rate (as applicable) will apply without an Adjustment Spread.

(d) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and the Amended and Restated Agency Agreement, as applicable, to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4.4, the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4.4 which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 4.4(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.4 will be notified promptly by the Issuer to the Agent, the Calculation Agent, if any, the Paying Agents and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(f) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Conditions 4.4(a), (b), (d) and (e) the Original Reference Rate and the fallback provisions provided for in Conditions 4.2(b)(ii)(iii) or (iv), as applicable, will continue to apply unless and until a Benchmark Event has occurred.

(g) **New Benchmark Event in respect of the Successor Rate or Alternative Rate**

If Benchmark Amendments have been implemented pursuant to this Condition 4.4 and a new Benchmark Event occurs in respect of the then applicable Successor Rate or Alternative Rate, the provisions of this Condition 4.4 shall apply as if the Successor Rate or Alternative Rate were the Original Reference Rate.

(h) **Definitions**

As used in this Condition 4.4:

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith and a commercially reasonable manner, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic

prejudice or benefit (as the case may be) to Noteholders, Receiptholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied); or

(C) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"Alternative Rate" means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser and acting in good faith and a commercially reasonable manner, determines in accordance with Condition 4.4(b) is customarily applied in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and with an interest period of a comparable duration to the relevant Interest Period;

"Benchmark Amendments" has the meaning given to it in Condition 4.4(d);

"Benchmark Event" means:

(i) the Original Reference Rate ceasing be published for a period of at least five Business Days or ceasing to exist;

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued;

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes;

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market;

(vi) it has become unlawful for any Paying Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vii) provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of subparagraph (iv) above, on the date of the prohibition of use of the Original Reference Rate

and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

Notwithstanding any other provision of this Condition 4.4, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4.4, the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 4.4(a);

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

4.5 **Sustainability-Linked Notes**

If the Sustainability-Linked Notes Option is specified in the applicable Final Terms as being applicable to the Notes (the "**Sustainability-Linked Notes**"):

(i) If a Trigger Event occurs, and Step-Up is specified in the applicable Final Terms, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall automatically be increased by the Step-Up Margin specified in the applicable Final Terms, for any Interest Period commencing on or after the first Interest Payment Date immediately following the occurrence of a Trigger Event. For the avoidance of doubt, an increase in the Rate of Interest or the Margin may occur no more than once in respect of any Series of Sustainability-Linked Notes as a result of a Trigger Event, and will not subsequently decrease thereafter.

(ii) If a Trigger Event occurs, and Redemption Premium is specified in the applicable Final Terms, the Issuer shall pay, in respect of each Note of a Series, an amount equal to the Redemption Premium on

the earliest of either (i) the Maturity Date; or (ii) the date due for payment of an Early Redemption Amount, Make-Whole Redemption Amount, Optional Redemption Amount, Issuer Residual Call Early Redemption Amount or amount payable under Condition 6.5, 6.6 or 9.

(iii) If a Trigger Event occurs, the Issuer will send the Trigger Event Notice to the Agent, the Calculation Agent and in accordance with Condition 13, will cause the Trigger Event Notice to be sent to the Noteholders by no later than the relevant Trigger Event Notification Deadline. Such notice shall be irrevocable and shall include details of the Trigger Event, the Step-Up Margin or the Redemption Premium (as applicable), and the date from which the Step-Up Margin will be applied or the Redemption Premium is due.

(iv) For each financial year ending on 31 December from and including the financial year during which the Issue Date (of the first Tranche of the relevant Series) of any Sustainability-Linked Notes falls, up to and including the SPT Reference Year in respect of such Sustainability-Linked Notes, the Issuer will publish and maintain on ČEZ's website, the CII and CII Percentage in respect of each financial year, in a form determined by the Issuer on a discretionary basis, either as (i) information included in an obligatory reporting document published by the Issuer, for instance in the Group's annual report, or (ii) a standalone assurance report issued by the Assurance Provider (each, an "**Assurance Report**"). The Issuer will engage an external auditor to provide at least a limited assurance in respect of and verifying such CII and CII Percentage, and with respect to the SPT Reference Year only to be published on ČEZ's website, no later than the date falling 180 days after the last day of the relevant financial year.

(v) In the event the Issuer determines in good faith that the then-prevailing SPT should be adjusted in accordance with the Recalculation Option, the Issuer shall give notice thereof to the Agent, the Calculation Agent (if any) and in accordance with Condition 13, the Noteholders as soon as reasonably practicable following the determination of such revised target. Such notice shall (i) provide details of the event(s) giving rise to the application of the Recalculation Option; (ii) describe the calculations employed for the adjustment to the SPT; and (iii) set out the new SPT (which, for the avoidance of doubt, may be increased or reduced as a result of the application of the Recalculation Option) and the date from which the adjustment shall take effect.

None of the Agent or the Calculation Agent (if any) shall be obliged to monitor or inquire as to whether a Trigger Event has occurred or have any liability in respect thereof.

For the avoidance of doubt, if Redemption Premium is specified as applicable in the applicable Final Terms, then Step-Up shall not be specified as applicable in the applicable Final Terms.

As used in these Conditions:

"**Assurance Provider**" means any independent audit or appraisal firm or other independent expert of internationally recognised standing appointed by the Issuer, in each case with the expertise necessary to perform the functions required to be performed by the Assurance Provider under the Conditions and the Sustainable Financing Framework, as determined by the Issuer;

"**Baseline**" means (i) for SPT1a and SPT 1b a CII of 0.38 tC02e/MWh (being the CII for the financial year 2019) and (ii) for SPT1c a CII of 0.334 tC02e/MWh (being the CII for the financial year 2019);

"**CII**" means

(i) for SPT1a and SPT 1b the Group's carbon emission intensity indicator measuring direct carbon dioxide equivalent emissions for every unit of electricity and heat generated by the Group (excluding carbon emissions generated from biomass), measured in tonnes of carbon dioxide equivalent per megawatt hour (tCO2e/MWh) and

(ii) for SPT1c the Group's carbon emission intensity indicator measuring direct carbon dioxide equivalent emissions for every unit of electricity and heat generated by the Group (excluding carbon emissions generated from biomass), measured in tonnes of carbon dioxide equivalent per megawatt hour

(tCO2e/MWh) further adjusted for activities in Poland, Bulgaria, Romania and the coal powerplant Počerady which have been subject to divestment or are in the process of divestment,

calculated by the Issuer in good faith in accordance with the Sustainable Financing Framework;

"**CII Condition**" means that the CII for the relevant SPT Reference Year, as set out in the Assurance Report in respect of such SPT Reference Year, does not exceed the SPT for such SPT Reference Year;

"**CII Percentage**" in respect of a financial year means the reduction between the Baseline and the CII for such financial year, expressed as a percentage, and calculated in good faith by the Issuer;

"**Group**" means ČEZ and its consolidated subsidiaries from time to time;

"**Recalculation Option**" means the recalculation option set out in the Sustainable Financing Framework, including the option to make amendments to the SPT in relation to acquisition, merger, divestment, changes in calculation method of the CII;

"**SPT Reference Year**" means the financial year(s) of the Group to which the SPT specified in the applicable Final Terms relates;

"**SPT**" means the CII targeted by the Group for the relevant SPT Reference Year and specified in the applicable Final Terms, including as adjusted in accordance with the Recalculation Option;

"**Sustainable Financing Framework**" means the version of the Group's sustainable financing framework published on ČEZ's website as of the Issue Date of the first Tranche of the relevant Series of Sustainability-Linked Notes;

"**Step-Up Margin**" means the margin specified as such in the applicable Final Terms;

a "**Trigger Event**" occurs in respect of an SPT if:

(i) the Issuer fails to satisfy the CII Condition in respect of the relevant SPT Reference Year;

(ii) in respect of any SPT Reference Year, the Issuer fails to publish CII, the CII Percentage and the Assurance Report in respect of the CII and the CII Percentage for such SPT Reference Year, on or before the relevant Trigger Event Notification Deadline in accordance with Condition 4.5(iv);

(iii) the Issuer adjusts the SPT otherwise than in accordance with Condition 4.5(v); or

(iv) the Assurance Report contains any reservation or other qualification about whether or not the Group has achieved the SPT in respect of the SPT Reference Year,

provided that the Trigger Event shall be deemed to occur in the case of (i) and (iv), on the date the Assurance Report in respect of such SPT Reference Year is published on ČEZ's website in accordance with Condition 4.5(iv), in the case of (ii), on the first day immediately following the relevant Trigger Event Notification Deadline, and in the case of (iii) on the date falling 30 days after the purported adjustment to the SPT. For the avoidance of doubt, a Trigger Event does not occur if the SPT is adjusted in accordance with the Recalculation Option and Condition 4.5(v), and the CII does not exceed such adjusted SPT. Notwithstanding the fact that a Trigger Event will give rise to either an upward adjustment of the rate of interest or the payment of a premium on redemption in relation to the relevant Sustainability-Linked Notes as described in this Condition 4.5, the occurrence of a Trigger Event will not be an Event of Default under such Notes nor will the Issuer be required to repurchase or redeem any such Notes in such circumstances;

"**Trigger Event Consequences**" means the Step-Up or the Redemption Premium, as specified in the applicable Final Terms as being applicable to the Sustainability-Linked Notes;

"**Trigger Event Notice**" means a notice by the Issuer setting out that (a) a Trigger Event has occurred; and (b) an explanation of the Trigger Event Consequences; and

"**Trigger Event Notification Deadline**" means the date falling 180 days after the last day of the relevant SPT Reference Year.

4.6 **Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 **Method of payment**

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 **Presentation of definitive Notes, Receipts and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes or Receipts (as applicable), and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)). Without prejudice to the provisions of Condition 7, Beneficial Ownership Information will be required in respect of all Beneficial Owners of the Notes to grant any Tax Relief, and withholding may be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer upon presentation of a definitive Note, Receipt or Coupon.

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) and save as provided in Condition 5.5 should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner

mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable, and such record shall be *prima facie* evidence that the payment in question has been made.

5.4 Entitlement Date

(a) The provisions of this Condition 5.4(a) apply only to Notes represented by a Global Note. Notwithstanding any other provision of this Condition 5 or Condition 1.7 above and in order to give effect to the Certification Procedures (as defined in Condition 7), each payment in respect of a Note represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, will be made in accordance with the procedures of Euroclear and/or Clearstream, Luxembourg in effect from time to time (in particular the Certification Procedures (as defined in Condition 7)) which include that payments of principal, interest and any other amounts will be made to each holder of an interest in a Global Note (being a person shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes), that was a holder of such interest in such Global Note at the close of business on the date being fifteen business days (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date (the "**Entitlement Date**"). As a result, in order to determine if any withholding is required to be made in respect of any interest in a Global Note pursuant to Condition 7, the Beneficial Ownership Information (as defined in Condition 7) will need to be provided in accordance with the Certification Procedures (as defined in Condition 7).

(b) The provisions of this Condition 5.4(b) apply only to Notes in definitive form. To the extent the Issuer is required to continue to withhold amounts in accordance with Condition 7 if the Notes are represented by a definitive Note, any amendments to these Conditions in order to permit the Issuer to collect relevant Beneficial Ownership Information consistent with the then applicable provisions of the Czech tax compliance procedures will be effected pursuant to the provisions of Condition 14, to the extent any amendments are required at the relevant time.

5.5 **Specific provisions in relation to payments in respect of certain types of Exempt Notes**

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Note or Index Linked Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

5.6 **General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.7 **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than the T2 System) specified in the applicable Final Terms;

(iii) if the T2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the T2 System is open; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the T2 System is open.

5.8 **Interpretation of principal and interest**

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) the Make-Whole Redemption Amount (if any) of the Notes;

(f) the Issuer Residual Call Early Redemption Amount (if any) of the Notes;

(g) in relation to Exempt Notes redeemable in instalments, the Instalment Amounts;

(h) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 6.7); and

(i) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

6. REDEMPTION AND PURCHASE

6.1 **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 **Redemption for tax reasons**

Subject to Condition 6.7 the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 **Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) to the Noteholders in accordance with Condition 13 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.4 **Make-Whole Redemption by the Issuer**

If Make-Whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) to the Noteholders in accordance with Condition 13 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Make-Whole Redemption Date and at the Make-Whole Redemption Amount.

The Make-Whole Redemption Amount will be the higher of:

(a) the principal amount of the Notes; and

(b) the product of the principal amount of the Notes and the price, expressed as a percentage of the principal amount of the Notes (rounded to four decimal places with 0.00005 being rounded upwards), at which the then current yield on the Notes on the Reference Date (for the avoidance of doubt, including the Step-Up Margin, if applicable, as of the Reference Date pursuant to Condition 4.5(i)) would be equal

to the sum of (x) the current yield to maturity (determined by reference to the middle market price) at the Reference Time on the Reference Date of the relevant Benchmark Security plus (y) the Make-Whole Margin, as determined by the Calculation Agent,

provided however that,

(i) if the Make-Whole Redemption Date occurs on or after the Par Redemption Date (if specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)), the Make-Whole Redemption Amount will be the principal amount of the Notes;

(ii) if the Sustainability-Linked Notes Option is specified in the applicable Final Terms as being applicable and those Final Terms indicate that Step-Up may apply, however, the Step-Up Margin is not yet applicable as of the Reference Date pursuant to Condition 4.5(i) then if either (A) a Trigger Event has occurred on or prior to the Reference Date; or (B) the Make-Whole Redemption Date falls 180 days or less prior to the end of the SPT Reference Year, then for the purposes of calculating the current yield on the Notes, the Step-Up Margin will be deemed to apply to the Notes on the Reference Date for the purposes of calculating the Make-Whole Redemption Amount; or

(iii) if the Sustainability-Linked Notes Option is specified in the applicable Final Terms as being applicable and those Final Terms indicate that a Redemption Premium may apply, then if either (A) a Redemption Premium is applicable pursuant to Condition 4.5(ii); or (B) the Make-Whole Redemption Date falls 180 days or less prior to the end of the SPT Reference Year, then for the purposes of calculating the Make-Whole Margin, the Redemption Premium shall be added.

The **Benchmark Security**, the **Reference Time**, the **Make-Whole Margin** and the **Par Redemption Date** will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) *provided however that*, if "Linear Interpolation" is specified as applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the current yield of the Benchmark Security shall be determined by linear interpolation (calculated to the nearest one twelfth of a year) of the yield of the two Benchmark Securities specified in the Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

The **Reference Date** means the date which is the third London Business Day prior to the date fixed for redemption.

The second paragraph of Condition 6.3 shall also apply in relation to the Make-Whole Redemption by the Issuer pursuant to this Condition 6.4

6.5 **Residual Maturity Call Option**

If a Residual Maturity Call Option is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the applicable Final Terms) (or, in the case of Exempt Notes, the applicable Pricing Supplement) in accordance with Condition 13 (Notices), to the Noteholders (which notice shall specify the date fixed for redemption (the **Residual Maturity Call Option Redemption Date**)), redeem the Notes comprising the relevant Series, in whole but not in part, at their principal amount together with any accrued and unpaid interest up to (but excluding) the date fixed for redemption, which shall be no earlier than (i) three months before the Maturity Date in respect of Notes having a maturity of not more than ten years or (ii) six months before the Maturity Date in respect of Notes having a maturity of more than ten years; or in either case, such shorter time period as may be specified in the Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

For the purpose of the preceding paragraph, the maturity of not more than ten years or the maturity of more than ten years (or such shorter maturity as may be specified in the Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)) shall be determined as from the Issue Date of the first Tranche of the relevant

Series of Notes. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6.5.

6.6 **Redemption at the option of the Noteholders**

(a) ***Redemption at the option of the Noteholders (other than a Change of Control Put)***

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6.6(a) accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note, to exercise the right to require redemption of this Note under this Condition 6.6(a) the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.6(a) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6(a) and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(b) ***Change of Control Put***

If Change of Control Put is specified as being applicable in the applicable Final Terms, upon the occurrence of a Put Event while this Note remains outstanding, the holder of this Note will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 6.2) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of this Note on the Optional Redemption Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest (if applicable) to but excluding the Optional Redemption Date.

A **Put Event** shall be deemed to occur if:

(i) any Person or Persons acting in concert come(s) to own or acquire(s) more than 50 per cent. of the issued share capital of ČEZ, or more than 50 per cent. of the voting rights normally exercisable at a general meeting of ČEZ (each a **Change of Control**); and

(ii) during the Change of Control Period (as defined below), this Note carries from any of S&P Global Ratings Europe Limited, or Moody's France SAS, or any of their respective successors (each a **Rating Agency**) either:

(A) an investment grade credit rating (*BBB-/Baa3, or equivalent, or better*), and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*BB+/Ba1, or equivalent, or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by, or reinstated to, an investment grade credit rating from any other Rating Agency, or such Rating Agency, as the case may be; or

(B) a non-investment grade credit rating (*BB+/Ba1, or equivalent, or worse*), and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1 to Ba2 being one notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded to its earlier credit rating or better by such Rating Agency, or (in the case of a withdrawal) replaced by, or reinstated to, a credit rating equal to or better than such earlier credit rating from any other Rating Agency, or such Rating Agency, as the case may be; or

(C) no credit rating, and no Rating Agency assigns within the Change of Control Period an investment grade credit rating to the Notes; and

(iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to ČEZ that such decisions(s) resulted, in whole or in part, from the occurrence of the Change of Control or the public notice of an arrangement that could result in a Change of Control.

Change of Control Period means the period from the date of the public notice of an arrangement that could result in a Change of Control until the end of a 180-day period following public notice of the occurrence of a Change of Control (or such longer period as the rating of the Note is under publicly announced consideration for rating review).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Condition 6.6(b).

To exercise the option to require redemption or, as the case may be, purchase of this Note under this Condition 6.6(b) the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Option Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6.6(b), accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Option Notice, be held to its order or under its control.

If this Note is represented by a Global Note, to exercise the right to require redemption or, as the case may be, purchase of this Note under this Condition 6.6(b) the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Option Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.6(b) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6(b) and instead to declare such Note forthwith due and payable pursuant to Condition 9.

The Paying Agent to which this Note and Put Option Notice are delivered will issue to the holder concerned a non-transferable receipt (a **Put Option Receipt**) in respect of this Note so delivered or, in the case of a Global Note, notice so received. The Issuer shall redeem or at the option of the Issuer purchase (or procure the purchase of) this Note in respect of which Put Option Receipts have been issued on the date (the **Optional Redemption Date**) which is the seventh day after the last day of the Put Period, unless previously redeemed or purchased. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account to which payment is to be made in the Put Option Notice, on the Optional Redemption Date by transfer to that bank account and in every other case on or after the Optional Redemption Date, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 6.6(b).

6.7 **Early Redemption Amounts**

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortized Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP\ x\ (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction, specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.8 **Specific redemption provisions applicable to certain types of Exempt Notes**

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 6.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

6.9 **Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.10 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.9 (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.11 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7 (c) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.12 **Redemption Premium**

This Condition 6.12 applies to Sustainability-Linked Notes in respect of which the applicable Final Terms indicate that the Redemption Premium applies (the "**Redemption Premium**"). In the event that a Trigger Event occurs in respect of the relevant SPT, then, upon redemption of such Sustainability-Linked Notes in accordance with these Conditions, each such Sustainability-Linked Note shall be redeemed at its Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Make-Whole Redemption Amount or Issuer Residual Call Early Redemption Amount, as applicable, plus, in each case, the Redemption Premium specified in the applicable Final Terms as applicable to such SPT and any references to the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Make-Whole Redemption Amount or Issuer Residual Call Early Redemption Amount in these Conditions shall be construed accordingly. For the avoidance of doubt, the Redemption Premium will be applied without any double application.

For the avoidance of doubt, if Step-Up is specified as applicable in the applicable Final Terms, then Redemption Premium shall not be specified as applicable in the applicable Final Terms.

6.13 **Issuer Residual Call Option**

If Issuer Residual Call is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), and if, at any time (other than following a redemption of some but not all of the relevant Series of Notes at the Issuer's option pursuant to Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) or Condition 6.4 (*Make-Whole Redemption by the Issuer*) at an Optional Redemption Amount or a Make-Whole Redemption Amount (as applicable) that is greater than the relevant Issuer Residual Call Early Redemption Amount), the outstanding aggregate nominal amount of the Notes is 20 per cent. or less of the aggregate nominal amount of a Series of Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued), the Notes of such Series may be redeemed at the option of the Issuer in whole, but not in part, on any date (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the applicable Final Terms) (or, in the case of Exempt Notes, the applicable Pricing Supplement) in accordance with Condition 13 (*Notices*), to the Noteholders, which notice shall specify the date fixed for redemption and shall be irrevocable, at the Issuer Residual Call Early Redemption Amount specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) together, if appropriate, with any accrued and unpaid interest up to (but excluding) the date of redemption.

7. TAXATION

As a withholding agent, the Issuer is liable for and bears a burden of proof vis-à-vis the tax authorities with respect to (i) a proper withholding of any Withholding Tax (as defined below) and Tax Security (as defined below) (as the case may be) which are required to be withheld or deducted at source under the laws of the Czech Republic from any payment of principal, interest or any other amounts payable in respect of the Notes as well as (ii) the granting of any Tax Relief. Accordingly, before any Tax Relief can be granted, the Issuer will require – unless waived by the Issuer in accordance with this Condition 7 – for the Beneficial Ownership Information to be duly collected and delivered to the Issuer. If this Note is represented by a Global Note, such Beneficial Ownership Information will need to be provided in accordance with the Certification Procedures.

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Tax Jurisdiction (as defined below) unless such withholding or deduction is required by law.

In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment in the Tax Jurisdiction; or

(b) the Beneficial Owner of which is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon, including, without limitation, where the connection is that the Beneficial Owner is a Czech Tax Resident individual; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.7); or

(d) where any such withholding or deduction for or on account of such taxes or duties in respect of such Note, Receipt or Coupon is required by reason of the Issuer or any person on behalf of the Issuer not having duly received a true, accurate and complete Beneficial Ownership Information or any other similar claim for exemption, where such Beneficial Ownership Information or other claim for exemption is required or imposed under the Certification Procedures or, if the Notes are in definitive form, as published by the Issuer, except where this is caused by actions or omissions of the Issuer or its agents; or

(e) where any such withholding or deduction for or on account of such taxes or duties in respect of such Note, Receipt or Coupon, based on the Beneficial Ownership Information received by the Issuer, is for or on account of Tax Security; or

(f) the Beneficial Owner of which is a Person Related Through Capital with the Issuer.

In the case of the Beneficial Ownership Information or other similar claim for exemption not being delivered to the Issuer on the terms and subject to the conditions set out in paragraph (d) above, the Issuer will withhold (i) 35% Withholding Tax (as defined below) from any payment of interest in respect of such Note, Receipt or Coupon and (ii) if the Notes are issued at a price lower than its principal amount (i.e. below par), 1% Tax Security from any payment of principal in respect of such Note or Receipt unless the Issuer is satisfied, in its absolute discretion, that it has in its possession all the necessary information enabling the Issuer not to apply the Withholding Tax (or to apply it at a lower rate) or not to apply the Tax Security, as applicable.

The Issuer may, at any time, waive any condition set out in this Condition 7 to the benefit of the Beneficial Owners by giving notice to the holders of the Notes, Receipts or Coupons in accordance with Condition 13.

See sections "Taxation – Taxation in the Czech Republic" in the Base Prospectus dated 16 April 2025 for a fuller description of certain tax considerations relating to the Notes and the formalities which Noteholders or Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld under this Condition 7, where applicable.

In connection with any refund provided as part of the Standard Refund Procedure (as defined in the Certification Procedures), the relevant Issuer may deduct from the relevant payment a fee calculated as the sum of (a) a fixed amount of EUR 1,000 and (b) any administrative fees, penalties, interest or similar costs such Issuer may incur in connection with the refund (in each case plus value added tax, if any).

Notwithstanding anything to the contrary in this Condition 7, no additional amounts will be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Czech Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement.

As used herein:

(A) **Beneficial Owner** means a holder of a Note if such holder is also a beneficial owner (within the OECD Model Tax Convention on Income and on Capital meaning of this term) in respect of income paid on such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning;

(B) **Beneficial Ownership Information** means certain information and documentation concerning, in particular, the identity and country of tax residence of a recipient of a payment of interest or principal in respect of a Note, Receipt or Coupon, as applicable (together with relevant evidence thereof) which enable the relevant Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that all conditions for the granting of a Tax Relief, if any, are met. If this Note is represented by a Global Note, such Beneficial Ownership Information will need to be provided in accordance with the Certification Procedures (as defined below). If the Notes are in definitive form, the

Issuer shall provide further details of the information and documentation required to enable it to reliably establish that all conditions for the granting of a Tax Relief, if any, are met from time to time;

(C) **Certification Procedures** mean the tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg to facilitate collection of the Beneficial Ownership Information which are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time;

(D) **Czech Tax Non-Resident** means a taxpayer who is not a tax resident of the Czech Republic, either under the Income Taxes Act or under a relevant Tax Treaty (if any);

(E) **Czech Tax Resident** means a taxpayer who is a tax resident of the Czech Republic under the Czech Income Taxes Act as well as under a relevant Tax Treaty (if any);

(F) **Income Taxes Act** means the Czech Act No. 586/1992 Coll., on Income Taxes, as amended;

(G) **Legal Entity** means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality);

(H) **OECD** means Organisation for Economic Co-operation and Development;

(I) **Person Related Through Capital** means every person (whether an individual or a Legal Entity) in circumstances where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25 per cent. of the registered capital of, or 25 per cent. of the voting rights in, such other person/persons;

(J) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13;

(K) **Tax Jurisdiction** means the Czech Republic or any political subdivision or any authority thereof or therein having power to tax;

(L) **Tax Relief** means a relief from the Withholding Tax or the Tax Security (as the case may be), whether in the form of an exemption or application of a reduced rate;

(M) **Tax Security** means a special amount collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note or by a buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability);

(N) **Tax Treaty** means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the Elimination of Double Taxation in Relation to Taiwan, as amended; and

(O) **Withholding Tax** means a tax collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (Events of Default) shall have occurred and be continuing:

(a) ***Non-payment of Interest***: any amount of interest in respect of the Notes is not paid within 30 days of the due date for payment thereof; or

(b) ***Breach of other obligations***: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and (except where such default is not capable of remedy) such default remains unremedied for 60 days after written notice specifying such default or breach and requiring it to be remedied has been delivered to the Issuer; or

(c) ***Cross-acceleration***: any present or future indebtedness of the Issuer or any Material Subsidiary of the Issuer (excluding any such indebtedness owed to trade creditors not evidenced by a note, bond, debenture or similar instrument) having an aggregate principal amount exceeding U.S.$30,000,000 (or its equivalent in any other currency or currencies) other than the Notes becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or such Material Subsidiary, as the case may be; or

(d) ***Insolvency etc.***: (i) the Issuer or any Material Subsidiary becomes insolvent, stops payment on its obligations generally or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any Material Subsidiary or of the whole or any part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary, as the case may be, is appointed, (iii) the Issuer or any Material Subsidiary takes any action for a readjustment or deferment of its obligations generally or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness, (iv) the Issuer or any Material Subsidiary is declared to be bankrupt by any court or (v) an application for a declaration of bankruptcy in relation to the Issuer or any Material Subsidiary is refused by any court and the court specifies that the sole ground on which such declaration has been refused is that the Issuer or such Material Subsidiary, as the case may be, has insufficient assets out of which to meet the costs and expenses of any bankruptcy proceedings; or

(e) ***Winding up, etc.***: a legally effective and non-appealable order is made or a legally effective and non-appealable resolution is passed for the winding up, liquidation or dissolution of the Issuer or any Material Subsidiary; or

(f) ***Cessation of Business***: the Issuer ceases to conduct or to be authorized to conduct the business of the generation or sale of electricity; or

(g) ***Analogous Event***: any event occurs which under the laws of the Czech Republic or the jurisdiction of the relevant Material Subsidiary has an analogous effect to any of the events referred to in paragraphs (d) or (e) above.

10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent; and

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Amended and Restated Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Amended and Restated Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.luxse.com. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are

represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION AND SUBSTITUTION

The Amended and Restated Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Amended and Restated Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than three quarters in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one quarter in nominal amount of the Notes for the time being outstanding. The Amended and Restated Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Amended and Restated Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of all the holders or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of all the holders, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Receipt holders and Coupon holders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons or the Amended and Restated Agency Agreement which is not prejudicial to the interests of the Noteholders;

(b) any modification of the Notes, the Receipts, the Coupons or the Amended and Restated Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law; or

(c) any modification of the Notes, the Receipts, the Coupons or the Amended and Restated Agency Agreement which is necessary to reflect: (i) while the Notes are in Global form, any changes, amendments or updates to the Certification Procedures (as defined in Condition 7) that are reasonably necessary, including but not limited to any amendment to the Entitlement Date required by the Certification Procedures and (ii) if definitive Notes are issued, any modifications in order to permit the Issuer to collect relevant Beneficial Ownership Information consistent with the then applicable provisions of the Czech tax compliance procedures, to the extent any amendments are reasonably required at the relevant time.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

The Issuer, or any previous substituted company, may at any time, without the consent of the holders of the Notes of any Series, Receipts or Coupons, substitute for itself as principal debtor under the Notes, Receipts or, Coupons any company (the "**Substitute**") that is a Subsidiary of the Issuer, provided that no Event of Default

under Condition 9(a) (*Non-payment of Interest*) has occurred and is continuing. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Amended and Restated Agency Agreement as Schedule 9, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each holder of a Note, Receipt or Coupon against any tax, duty, assessment or governmental charge that is imposed on any Note, Receipt or Coupon or the Deed of Covenant by, or by any authority in or of, the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation that would not have been so imposed had the substitution not been made. In order for a holder to receive reimbursement from the Issuer in relation to such indemnity, such holder shall provide the Issuer with such documentary evidence as the Issuer may reasonably require showing (a) that such holder was the holder of such Note, Receipt or Coupon or beneficiary under the Deed of Covenant at the time the substitution took place, (b) the amount of any such tax, duty, assessment or governmental charge so imposed and (c) confirming that such tax, duty, assessment or governmental charge did not arise by reason of his having some connection with such jurisdiction other than the mere holding of such Note, Receipt or Coupon, (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll affecting the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Amended and Restated Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, and (iv) the Issuer shall have given at least 14 days' prior notice of such substitution to the holders of Notes, stating that copies of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded, in the determination of the Issuer, as material to holders of Notes, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Amended and Restated Agency Agreement, the Deed of Covenant, the Notes, the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Amended and Restated Agency Agreement, the Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

17.2 Submission to jurisdiction

(a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 17.2, the Issuer and any Noteholders, Receiptholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

17.3 **Appointment of Process Agent**

The Issuer appoints Law Debenture Corporate Services Limited at its registered office for the time being in England as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will appoint another person, as the Agent may approve, as its agent for service of process in England in respect of any Dispute. Nothing herein shall affect the right to serve process in any other manner permitted by law.

17.4 **Waiver of immunity**

The Issuer irrevocably and unconditionally with respect to any Dispute (i) waives any right to claim sovereign or other immunity from jurisdiction, recognition or enforcement and any similar argument in any jurisdiction, (ii) submits to the jurisdiction of the English courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the English courts or the courts of any competent jurisdiction in relation to any Dispute and (iii) consents to the giving of any relief (whether by way of injunction, attachment, specific performance or other relief) or the issue of any related process, including without limitation, the making, enforcement or execution against any property whatsoever in any jurisdiction, whether before or after final judgment (irrespective of its use or intended use) of any order or judgment made or given in connection with any Dispute.

USE OF PROCEEDS

Save in respect of Green Notes issued by the Issuer, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, including the refinancing of its existing indebtedness or a provision of loans to members of the CEZ Group, unless otherwise specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

In respect of Green Notes, an amount equal to the net proceeds of the Green Notes will be applied to finance and/or refinance Eligible Projects in line with the Sustainable Financing Framework published on the website of the Issuer. Such Sustainable Financing Framework may be updated from time to time.

The Sustainable Financing Framework, the Second Party Opinion produced by ISS and any Assurance Report will be made available on ČEZ's investor relations website (https://www.cez.cz/en/investors/bonds/bonds-news/cez-group-sustainable-financing-framework-april-2024-191184).

The Sustainable Financing Framework, the Second Party Opinion and any Assurance Report do not form part of, and are not incorporated by reference, in this Base Prospectus.

SUSTAINABLE FINANCING FRAMEWORK

In 2022, the CEZ Group established a financing framework for the issuance of sustainability-linked forms of indebtedness, including Sustainability-Linked Notes. In February 2024, the CEZ Group updated the framework to include the possibility to issue green use of proceeds instruments and changed the name of the framework to Sustainable Financing Framework.

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

The rationale for the Sustainability-Linked Financing Framework is to give the CEZ Group the means to align its financing and corporate strategy by issuing sustainable finance instruments, including sustainability-linked instruments. ČEZ has set ambitious targets and intends to accelerate its roadmap to climate neutrality.

The Sustainability-Linked Financing Framework is aligned with the Sustainability-Linked Bond Principles (June 2023), as administered by ICMA, as well as the Sustainability-Linked Loan Principles (February 2023), as administered by the LSTA, the LMA and the APLMA and structured in accordance with the ICMA Climate Transition Finance Handbook 2023. Such principles represent voluntary guidelines setting best practices for financial instruments incorporating forward-looking, externally verified sustainability objectives and outcomes.

ČEZ will use the proceeds of the Sustainability-Linked Notes for general corporate purposes. Even if Sustainability-Linked Notes proceeds are used for general corporate purposes and do not have a specific use of proceeds clause, ČEZ will not direct such proceeds to coal extraction and coal power expansion or maintenance. This is in line with ČEZ's overarching medium-term target to decommission coal and reduce the carbon intensity of its operations.

Selection of Key Performance Indicators

The selection of sustainability objectives by ČEZ was conducted considering relevance, core and materiality to ČEZ's business operations. The selected key performance indicators ("*KPIs*") and sustainability performance targets ("*SPTs*") are implemented within the CEZ Group's overall corporate strategy. ČEZ has decided to focus on a main KPI, as deemed the most material and relevant for ČEZ's business and sustainability strategy:

KPI: Direct Greenhouse Gas Emissions Intensity (Carbon emission intensity of electricity and heat generated, Scope 1 and Scope 2)

ČEZ has decided to focus on carbon intensity as its main KPI because ČEZ's exposure to risk related to carbon emissions from its operation is high, due to the nature of its operations and the source of energy used to power such operations. Since carbon intensity is a key area for ČEZ, the KPI has been chosen based on materiality and relevance to ČEZ and the relative sub-industry.

The carbon emission intensity of electricity and heat generated target will be met via decommissioning of coal power generation capacity and increasing new carbon emission free installed capacity.

Calibration of Sustainability Performance Targets (SPTs)

The following SPTs have been selected:

SPT 1.a: Reduce direct GHG emissions intensity from electricity and heat generation (Scope 1 and Scope 2) from 0.38 t CO_2e/MWh (0.36 t CO_2/MWh) in 2019 to 0.26 t CO_2e/MWh by December 31, 2025 (represents a 30.8% reduction)

SPT 1.b: Reduce direct GHG emissions intensity from electricity and heat generation (Scope 1 and Scope 2) from 0.38 t CO_2e/MWh (0.36 t CO_2/MWh) in 2019 to 0.16 t CO_2e/MWh by December 31, 2030 (represents a 57.4% reduction)

SPT 1.c: Reduce direct GHG emissions intensity from electricity and heat generation (Scope 1 and Scope 2) from 0.334 t CO_2e/MWh (0.36 t CO_2/MWh) in 2019 to 0.056 t CO_2e/MWh by December 31, 2033 (represents an 83% reduction)

The CEZ Group intends to reduce its emissions intensity by more than 50% by 2030. The measures originally established were intended to allow the CEZ Group to achieve carbon neutrality by 2050. In 2022, ČEZ decided to move the target year forward by ten years and now aims to achieve carbon-neutral operations by 2040.

Carbon intensity reduction will be achieved via the following actions:

•Coal decommissioning

•Safe increase in Nuclear Energy generation volumes in compliance with the EU Taxonomy

•Increase in Renewable Energy generation volumes

Impact on ČEZ and characteristics of Sustainability-Linked Instruments

In case that the KPI does not achieve the respective SPT(s), a so-called trigger event will occur, which will result in an impact on the financial performance of the Sustainability-Linked Notes.

The implications on the financial performance of the Sustainability-Linked Notes in case of a trigger event can occur in the following variations (subject to as set out in the applicable Final Terms or Pricing Supplement):

•a step-up margin will be applied to the rate of interest relating to such Sustainability-Linked Note; or

•a redemption premium amount may be added to any redemption amount or amount payable on maturity applicable to such Sustainability-Linked Note.

The relevant KPI, SPT(s), step-up margin amounts or the redemption premium amounts applicable are subject to the Terms and Conditions.

Recalculation Option

ČEZ reserves the right to conduct amendments to the SPT, in case of any merger and acquisition activities or changes to the calculation methodology for the KPI, which may lead to a change of at least 5% decrease of the respective KPI performance or change and the nature of the KPI. The adjustment mechanism allows for a revision of the SPT by the ratio of the change in relative KPI ČEZ records as a result of the acquisition, merger, divestment, significant changes in data due to better data accessibility and/or changes in the calculation methodology. The purpose of this mechanism is to ensure that a development of the CEZ Group through merger and acquisition activity does not prevent ČEZ from achieving its set sustainability performance target.

In case of changes to the Sustainable Financing Framework, the KPI and SPT(s) set out in the Sustainable Financing Framework and in the Terms and Conditions will remain applicable throughout the tenor of any Sustainability-Linked Notes issued under the Sustainable Financing Framework in the form prevailing at the time of issuance of the respective Sustainability-Linked Notes, regardless of any subsequent changes to ČEZ's sustainability strategy or changes and future updates of the Sustainable Financing Framework, independent of whether they are driven by changes in the relevant principles or ČEZ's corporate decisions.

Reporting

ČEZ will provide adequate information to investors and other market participants regarding the implementation and progress on its sustainability objectives either in its annually published annual report, standalone assurance report and/or any specific sustainability-linked instrument report. The disclosure will be made available on ČEZ's investor relations website (*www.cez.cz*).

GREEN FINANCING FRAMEWORK

Based on the premise of achieving climate neutrality by 2040, the CEZ Group has established VISION 2023 – Clean Energy of Tomorrow which aims for providing the most cost-effective energy solutions and the best customer experience in the market. The financing for the abovementioned targets will be facilitated through the Green Financing Framework of the following formats, all together meeting the definition of Green Financing Instruments:

•Green Notes, to finance and/or refinance eligible green projects (the "**Eligible Projects**");

•Green loans, to finance and/or refinance Eligible Projects.

Green Financing Instruments

ČEZ will allocate an amount equal to the net proceeds raised through any green finance instruments to finance and/or refinance Eligible Projects within specified categories as defined below. Eligible Projects may include operational (opex), capital expenditures (capex), as well as assets so long as they align with the green eligibility criteria. Eligible Green may also include the acquisition of "pure play" entities defined as companies that derive more than 90% of revenues from eligible green activities as defined in the Green Finance Framework. Categories for the Eligible Projects include (i) renewable energy, (ii) energy efficiency, (iii) natural gas and heat generation, (iv) nuclear power generation, (v) clean transportation and (vii) demolition.

On a best-efforts basis, ČEZ will indicate at issuance the share of proceeds from a given bond intended to be allocated to nuclear, gas power generation and demolition (e.g., in the use of proceeds list of the transaction and related disclosures). ČEZ will also apply exclusion criteria that prevents any coal related activities from being financed/ re-financed by green instruments (except taxonomy-aligned demolition works with substantial contribution to circular economy goal).

Process for Project Evaluation and Selection

ČEZ will establish a green financing working group who will be responsible for ensuring that the pool of green expenditures/projects are in compliance with the eligibility criteria specified in the Green Financing Framework. The group will meet at least on an annual basis. Moreover, ČEZ has established a risk management system and a system of internal controls, both of which are monitored on an ongoing basis by the Internal Audit Department. Since 2021, an "Unified Group Risk Management" scheme has been adopted, which covers decentralised managed risk processes by introducing a single, centrally coordinated process for managing material risks using an appropriate software. The aim of the risk management system is to protect the value of CEZ Group while taking on an acceptable level of risk.

Management of Proceeds

ČEZ will ensure that an amount at least equal to the green instrument net proceeds us allocated to the green projects. Under the green financing working group an "Eligible Green Portfolio" will be established, which will be selected within the criteria laid down by the Sustainable Finance Framework. ČEZ will endeavour to maintain a level of allocation of the Eligible Green Portfolio that is at least equal to the net proceeds from its outstanding green finance instruments and, on a best-effort basis, ČEZ will allocate all eligible proceeds within 24-months of each issuance. Nonetheless, if a particular project ceases to fulfil the eligibility criteria, ČEZ will proceed to remove it from the list of eligible projects and substitute the project as soon as reasonably practicable. Pending full allocation, any proceeds that remain unallocated will be used for short-term financing needs or temporarily invested in accordance with ČEZ's liquidity policy in cash or cash equivalents.

ČEZ will apply exclusion criteria that prevents any coal related activities from being financed or re-financed by green instruments (except EU Taxonomy-aligned demolition works with a substantial contribution to the circular economy goal as set out in annex 2 of Commission Delegated Regulation (EU) 2023/2486 supplementing the EU Taxonomy)

Reporting

ČEZ will publish a "Green Bonds Report" within one-year post issuance and update annually until full allocation or maturity. The given report will be issued either as stand-alone or as an annex to the Sustainability Report and/or a specific Sustainable Instruments Reports and will be comprised of an (i) allocation report and an (ii) impact report. The allocation report will detail (i) total proceeds raised through green finance instruments, (ii) total amount of proceeds allocated to Eligible Projects, (iii) proportion of proceeds allocated to financing vs. refinancing (i.e., the split between existing and future investments), (iv) balance of unallocated proceeds, (v) allocations by Eligible Project green category, (vi) share (%) of the green project portfolio that is EU Taxonomy aligned and (vii) geographical location of allocated

proceeds. ČEZ will also endeavour to report on qualitative and quantitative impact metrics in accordance with ICMA's "Harmonized Framework for Impact reporting" (June 2023) on a best-efforts basis.

Sustainability profile of the Green Notes

The Green Financing Framework has been developed in accordance with the Green Bond Principles (June 2021, with June 2022 Appendix I), as administered by ICMA and the Green Loan Principles (February 2023), as administered by the LSTA, the LMA and the APLMA. These are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green, social and sustainable bond markets. In formulating the Green Financing Framework care was also taken to reflect the EU Taxonomy.

EXTERNAL REVIEW

ČEZ has appointed ISS as an external verifier to provide an independent Second Party Opinion to evaluate the Sustainable Financing Framework. The Second Party Opinion was made publicly available on ČEZ's corporate website and shall also be available on the website of the Second Party Opinion provider. The Second Party Opinion assessed the following core elements to determine the sustainability quality of the instrument:

- Alignment of the Sustainable Financing Framework:

According to ISS, ČEZ has defined a formal concept for its Green Financing Instruments regarding the use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the Green Bond Principles and Green Loan Principles.

According to ISS, the Sustainability-Linked Framework is aligned with both the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles.

- Sustainability quality of the Selection Criteria:

According to ISS, the product and service-related use of proceeds categories individually contribute to one or more of the following United Nations Sustainable Development Goals: 7. Affordable and Clean Energy and 13. Climate Action. The process-related use of proceeds categories individually improve: (i) ČEZ's operational impacts and (ii) mitigate potential negative externalities of ČEZ's sector on one or more of the following United Nations Sustainable Development Goals: 7. Affordable and Clean Energy and 13. Climate Action. The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.

- Alignment with the EU Taxonomy Climate Delegated Act and Environmental Delegated Act:

The CEZ Group's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act and Environmental Delegated Act of June 2023), on a best-efforts basis. According to ISS, the nominated project categories are considered to be: (i) for Demolition and wrecking of buildings and other structures aligned with the transition to a circular economy, (ii) all categories are aligned with the Climate Change Mitigation Criteria, (iii) aligned with the Do No Significant Harm Criteria and (iv) aligned with the Minimum Safeguards requirements.

- Issuance credibility of the KPI and SPTs for Sustainability-Linked Instruments:

ISS assessed KPI 1 as aligned. ISS assessed the level of ambition of SPT 1.a, SPT 1.b and SPT 1.c as moderate, good and robust, respectively.

- Consistency of Sustainable Finance Instruments with CEZ Group's Sustainability Strategy:

According to ISS, the key sustainability objectives and the rationale for issuing Sustainable Finance Instruments are clearly described by ČEZ. All project categories considered are in line with the sustainability objectives of ČEZ. The KPI selected by ČEZ is related to climate change. Climate change has been defined as one of the key priorities of ČEZ in terms of sustainability strategy and has been assessed as a material sustainability topic for ČEZ. The Sustainable Finance Instruments contribute to ČEZ's sustainability strategy given the KPI's clear link to one of the key sustainability priorities of ČEZ and due to an SPT in line with ČEZ's peer group and the Paris Agreement.

ČEZ will also obtain independent assurance from an external third party confirming the allocation of proceeds from green finance instruments to the eligible projects/expenditures. Assurance will be conducted in an annual basis commencing on year post issuance until full allocation.

DESCRIPTION OF ČEZ

Overview

According to the ERO and our internal data, we are the largest electricity generation and distribution company in the Czech Republic and one of the largest companies in the Czech Republic on the basis of our revenues and our total assets. In the years ended December 31, 2024 and 2023, we had total revenues and other operating income of CZK 344.7 billion and CZK 340.6 billion, respectively, and net income of CZK 30.5 billion and CZK 29.6 billion, respectively. 84.1% and 84.7% of our revenues for the same periods, respectively, originated in the Czech Republic. As of December 31, 2024 and 2023, we had total assets of CZK 902.0 billion and CZK 825.8 billion, respectively. In the year ended December 31, 2024, we had an average of 31,521 employees.

According to data published by the ERO in the Czech Republic for the year ended December 31, 2024, we accounted for approximately 66% of electricity generated, 49% of installed electricity generation capacity, we distributed approximately 65% of the total electricity consumed in the regional distribution areas in the Czech Republic and sold 34% of the total net electricity consumed. After the acquisition of the GasNet Group in August 2024, we became the largest distributor of gas in the Czech Republic, accounting for approximately 80% of the total volume of gas distributed in the Czech Republic for the year ended December 31, 2024 (according to the quarterly report on the operation of the Czech gas system for the fourth quarter of 2024, published by ERO on February 18, 2025).

We operate through four principal businesses: the generation business, distribution business, sales business and trading business. We also undertake certain other ancillary activities, which are included in our other businesses.

Our generation business (the "*Generation Business*") owns and operates power plants primarily located in and connected to the transmission system in the Czech Republic, which generate electricity predominantly from nuclear energy and brown coal. We also own wind and solar power plants in Germany and France. In the year ended December 31, 2024, the total installed capacity of our generation facilities was 12,067 MW, of which 92.9% was in the Czech Republic, 4.7% in Poland and 1.7% in Germany. In the year ended December 31, 2024, we generated 50,618 GWh of electricity, of which 96.7% was generated in the Czech Republic. In the same year, 30.0% of our total electricity generated was generated by our coal-fired power plants, 58.7% was generated by our NPPs, 7.3% was generated by our hydroelectric, solar, wind, biogas and biomass power plants or through biomass co-firing and the remaining 4.0% by our gas-fired power plants and co-generation units.

Our distribution business (the "*Distribution Business*") delivers electricity and gas from the transmission system to end-consumers in the Czech Republic. In the year ended December 31, 2024, we distributed electricity to more than 3.8 million connection points in the Czech Republic covering an area of approximately 66% of the country, making us the largest of the three regional distributors of electricity. In the year ended December 31, 2024, we distributed a total of 33,956 GWh of electricity to end-consumers in the Czech Republic. We also own a 55.21% stake in the largest gas distributor in the Czech Republic, GasNet. In the year ended December 31, 2024, GasNet distributed more than 59 TWh of gas to approximately 2.2 million connection points in the Czech Republic.

Our sales business ("*Sales Business*") sells electricity generated by us and procured by our trading business to end-consumers in the Czech Republic, as well as in Hungary and in small quantities in Italy, Germany and Slovakia.

Our trading business (the "*Trading Business*") purchases and sells electricity and energy commodities on wholesale markets, including electricity sold by us to our end-consumers, and executes trades for our own account.

Our other businesses (the "*Other Businesses*") include decentralized energy solutions and other energy services, such as, among others, services, consultancy and audits concerning energy savings and management, the construction and subsequent operation of local small gas-fired combined heat and power facilities, delivery of photovoltaic rooftop power plants, heating, ventilation and air-conditioning solutions, technical and mechanical equipment of buildings, facility management services, and the realization and the operation of public and commercial lighting and local distribution systems; the generation, distribution and sale of heat; the sale of natural gas to end-consumers; the provision of ancillary services to transmission system operators; the provision of telecommunication services to customers; and the mining, processing and sale of brown coal.

The table below sets forth certain information relating to our Generation Business, Distribution Business and Sales Business for the year ended December 31, 2024.

	As of and for the year ended December 31, 2024									
	Installed capacity		**Electricity generated**		**Electricity distributed to end-consumers**		**Electricity sold to end-consumers**		**Gas distributed to end-consumers**	
	(MW)	***(%)***	**(GWh)**	***(%)***	**(GWh)**	***(%)***	**(GWh)**	***(%)***	**(GWh)**	***(%)***
Czech Republic	11,208	*92.9*	48,943	*96.7*	33,956	*100.0*	19,650	*85.8*	24,240[(1)]	*99.4*
Germany	203	*1.7*	326	*0.7*	-	-	55	*0.2*	-	-
Poland	570	*4.7*	1,230	*2.4*	-	-	-	-	-	-
Italy	32	*0.3*	39	*0.1*	-	-	34	*0.1*	-	-
France	45	*0.4*	73	*0.1*			-	-	-	-
Other	8	*0.1*	8	*0.0*	26	*0.0*	3,176	*13.9*	*139*	*0.6*
Total	**12,067**	***100.0***	**50,618**	***100.0***	**33,982**	***100.0***	**22,911**	***100.0***	**24,379**	***100.0***

(1) This volume reflects the fact that the GasNet Group was acquired by CEZ at the end of August 2024. The total distributed gas of the GasNet Group for the year ended December 31, 2024, amounted to more than 59 TWh.

History and Development of the CEZ Group

ČEZ was incorporated as a joint stock company under the laws of the Czech Republic on May 6, 1992 with unlimited duration and was registered in the Commercial Register administered by the Municipal Court in Prague, File B, Section 1581, with identification number 452 74 649. As of December 31, 2024, ČEZ had a registered share capital of CZK 53,798,975,900 and was approximately 69.8% owned by the Czech Republic represented by the Ministry of Finance. The shares of ČEZ are listed on the Prague Stock Exchange and the Warsaw Stock Exchange. The registered office of ČEZ is Duhová 2/1444, 140 53 Prague 4, Czech Republic, with telephone number +420 211 041 111.

Principal events during our history and development include:

1992 ČEZ was established on May 6, 1992 through the aggregation of formerly State-owned power generation and distribution assets in the Czech Republic into one enterprise.

2002 The Czech Republic's electricity market began a process of market liberalization in accordance with the Czech Energy Act.

We acquired the Czech Government's shares in the eight regional distribution utilities (the "*REAS*"), which were previously held by the Czech National Property Fund and the Czech Consolidation Agency. We subsequently held a majority interest in five of the REAS and a minority interest in three of the REAS.

2004 An amendment to the Czech Energy Act required the distribution of electricity to be separate and independent from the sale of electricity to end-consumers (so-called "unbundling") from January 1, 2007.

2005 We established ČEZ Distribuce, a.s., for electricity distribution and ČEZ Prodej, a.s., for electricity sales.

We acquired three Bulgarian distribution companies, Elektrorazpredelenie Pleven AD, Elektrorazpredelenie Sofia Oblast AD and Elektrorazpredelenie Stolichno AD, which together had approximately 1.9 million customers in Bulgaria.

We acquired a 51% stake in the Romanian distributor Electrica Oltenia S.A., which had approximately 1.4 million customers in Romania.

2006 We acquired Severočeské doly a.s., a brown coal mining company located in North Bohemia, which supplies a significant portion of brown coal to our power plants in the Czech Republic.

We acquired a 75.2% share in the voting rights of Elektrocieplownia Chorzów "ELCHO" S.A. and a 74.82% stake in Elektrownia Skawina S. A. These Polish electricity generation companies had a combined installed capacity of 830 MW in 2006. We acquired the remaining stakes of each company to become the 100% owner of each company in 2010 and 2009, respectively.

2007 We acquired 100% control over the five previously majority-owned REAS: Severočeská energetika, a.s., Severomoravská energetika a.s., Východočeská energetika, a.s., Západočeská energetika, a.s., and Středočeská energetická, a.s. Following the acquisition of the REAS, our distribution network became the largest in the Czech Republic.

2008 We acquired the Fantanele and Cogealac wind farm project in Romania which became one of the largest onshore wind farms in Europe, with a total installed capacity of 600 MW, on completion at the end of 2012. On 31 March 2021, both wind farms were sold to Macquarie Infrastructure and Real Assets ("*MIRA*") together with other Romanian assets.

2009 Pursuant to a joint venture arrangement with the Akkok Group, we acquired 100% of Sakarya Elektrik Dagitim A.S., the Turkish electricity distribution company which has the right to operate the distribution grid in the Sakarya region of Türkiye for 30 years.

We became the 100% owner of CEZ Distributie S. A. and CEZ Vanzare S.A. when we purchased a 30% stake in CEZ Distributie S.A. and a 19% stake in CEZ Vanzare S.A.

We acquired 37.36% of our Turkish joint venture partner, Akenerji Elektrik Üretim A.S., and became the joint holders of a majority interest amounting to approximately 75%, with the remaining shares being traded on the Istanbul Stock Exchange.

We acquired a 50% stake in JTSD Braunkohlebergbau, GmbH, the sole shareholder of the German mining company MIBRAG. The stake was sold to the second shareholder EP Energy, a.s., in 2012.

2011 We acquired a 100% holding in Energotrans, a.s., a company supplying heat from Mělník to Prague.

2013 On March 18, 2013, we concluded a coal supply contract with Vršanská uhelná a.s. (part of the Sev.en Energy Group, formerly known as the Czech Coal Group) under which the supply of coal to the Počerady power plant is secured for a term of up to nearly 50 years. As a part of the transaction, the parties concluded a settlement agreement in respect of their mutual claims. We also concluded two put option agreements with Vršanská uhelná a.s. Under these contracts, ČEZ had a right to transfer 100% of the shares in its subsidiary Elektrárna Počerady, a.s. (owner of the Počerady coal power plant) to Vršanská uhelná a.s. On October 22, 2020, ČEZ and Vršanská Uhelná a.s. agreed to the sale of the Počerady power plant on December 31, 2020, i.e. three years before originally planned. The original agreed price of CZK 2 billion for the transfer contemplated in 2024 was increased to CZK 2.5 billion. Simultaneously with the transfer of the Počerady power plant, the purchase contract for coal from Vršanská Uhelná a.s. in the amount of 5 million tonnes/year was terminated.

On September 2, 2013, we completed the sale of the Chvaletice power plant to Severní energetická a.s. (formerly Litvínovská uhelná a.s.). The divestment was realized with the aim to bring to an end the European Commission's investigation launched in 2009 by means of a settlement agreement, in which we agreed to sell one of our coal-fired power plants.

In September 2013, we incorporated a venture capital fund, Inven Capital, investiční fond, a.s., ("*Inven Capital*") as part of our new energy sector strategic programme. The purpose of the fund is to invest in innovative developing companies active in the new clean

energy and smart technology industries in Europe. In 2017, Inven Capital started its cooperation with the European Investment Bank, under which the bank provided EUR 50 million for a co-investment initiative to support growth of clean energy and smart technology. Since its establishment, Inven Capital has invested into ten companies and in February 2019 realized also its first successful exit by selling its share (together with other shareholders) in sonnen Holding GmbH to Shell Overseas Investment B.V.

2014 In 2014, we established a new company ČEZ ESCO, a.s., as a wholly owned subsidiary of ČEZ, which consolidated our capacities within the area of energy savings, decentralized energy sources, lighting and other energy services.

2015 In June 2015, the CEZ Group announced its plan to reduce its greenhouse gas emissions to zero by 2050. In 2022, CEZ Group pledged to speed up achieving the carbon neutrality of its operations by 10 years 2040.

2016 On July 12, 2016, ČEZ commenced international investment arbitration proceedings before the International Centre for Settlement of Investment Disputes against the Republic of Bulgaria on the grounds of the Republic of Bulgaria's failure to adhere to investment protection provisions of the Energy Charter Treaty. For more information, please see "*Description of ČEZ—Legal Proceedings—Bulgaria*" below.

In December 2016, we entered the German renewable energy market by acquiring an operational wind farm with a total installed capacity of 98 MW. As of the date of this Base Prospectus we own and operate wind farms in Germany with a total installed capacity of 134 MW and have additional approximately 277.7 MW of target installed capacity in various stages of development within our joint ventures.

2017 On January 27, 2017, we initiated a selling process in relation to our investments in Bulgaria, where we operate a distribution company, CEZ Razpredelenie Bulgaria AD, a retail electricity supplier, CEZ Electro Bulgaria AD, a wholesale trader, CEZ Trade Bulgaria EAD, the Varna coal-fired power plant and two renewable sources plants. On October 31, 2017, we concluded an agreement concerning the sale of our Bulgarian hard coal-fired thermal power plant in Varna, which had been shut down in 2015, to a Bulgarian company SIGDA OOD. On February 23, 2018, we concluded a share purchase agreement for the sale of our remaining Bulgarian assets with Inercom Bulgaria EAD. However, since the transaction was not approved by the Bulgarian Commission for Protection of Competition, the share purchase agreement with Inercom was terminated in April 2019. Please see "*Description of ČEZ—Legal Proceedings—Bulgaria*".

On May 18, 2017, ČEZ established the new Nuclear Energy Division with effect from June 1, 2017. As from the same date, the existing Generation Division was transformed into the Conventional Energy Division. By establishing the Nuclear Energy Division, ČEZ responded to the needs to comply with the requirements of the amended Czech Nuclear Act 2016 and the relevant implementing regulations to further increase the level of safety of NPPs. All departments performing activities related to the use of nuclear energy were placed in the Nuclear Energy Division.

On June 6, 2017, we entered the French renewable energy market by acquiring nine wind farms in a late development stage with a target installed capacity of over 100 MW. Since then, we have acquired further wind farms in a late development stage, bringing the total potential installed capacity of the projects in France to over 160 MW as of the date of this Base Prospectus.

On July 7, 2017, we entered the German market in energy services and solutions ("*ESCO*") by acquiring a 100% share in Elevion GmbH, a leading integrated provider of multi-technical building services, from DPE Deutsche Private Equity, an independent German investment company. Elevion GmbH operates in 30 locations across Germany.

2018

In March 2018, a technical and economic study of the long-term operation of the Temelín NPP was completed, confirming the feasibility of the long-term operation of the source by 2060 for Unit 1 and 2062 for Unit 2.

In May 2018, a favourable opinion was received from the Ministry of the Environment of the Czech Republic on the EIA report for the New Fluidized-Bed Boiler and Gas-Fired Boiler Plant projects at Mělník.

During 2018, the CEZ Group continued with its expansion into ESCO business by acquiring a 100% stake in German Kofler Energies Group, Romanian High Tech Clima SRL, Slovakian TMT Energy a.s. and Polish Metrolog sp. z o.o.

2019

In May 2019, ČEZ continued its investment in ESCO companies by acquiring, through Elevion GmbH, a 100% stake in HERMOS, a group of German ESCO companies specializing in automation and IT solutions for industry, energy, environment, buildings and healthcare and delivering a wide array of solutions in the ESCO sector, and by purchasing a 51% stake in e-Dome, a provider of energy services and energy management.

On June 20, 2019, ČEZ and CEZ Bulgarian Investments B.V. signed a share purchase agreement with EuroHold Bulgaria AD for the sale of the CEZ Group's assets in Bulgaria. The intended sale concerned seven companies, namely CEZ Bulgaria AD, CEZ Elektro Bulgaria AD (a retail electricity supplier), CEZ Razpredelenie Bulgaria AD (an electricity distribution company), CEZ Trade Bulgaria EAD (a wholesale trader), CEZ ICT Bulgaria EAD, Free Energy Project Oreshets EAD (a photovoltaic power plant), and Bara Group EOOD (a former operator of a biomass combined heat and power plant). After meeting some administrative and regulatory hurdles (the sale was firstly not approved by the Bulgarian Commission for Protection of Competition), the sale of assets was subsequently approved by KEVR on January 19, 2021 and the whole transaction was settled on 27 July 2021 (together, the "*Bulgarian Asset Sale*"). Please see "*Description of ČEZ—Legal Proceedings—Bulgaria*".

In June 2019, our General Meeting approved the updated business policy of the CEZ Group and ČEZ. Please see "*Description of ČEZ—Our Strategy*".

In August 2019, the CEZ Group acquired a 76% shareholding in EUROKLIMAT, with an option to purchase up to a 100% shareholding. EUROKLIMAT is a general supplier of heating, ventilation and air-conditioning systems ("*HVAC*"), sewage and other technological installations and a leader on the Polish HVAC market.

In September 2019, CEZ officially launched the process of the divestment of its Romanian assets comprising seven Romanian companies, namely Distributie Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A., Tomis Team S.A., MW Team Invest S.R.L., Ovidiu Development S.R.L. and TMK Hydroenergy Power S.R.L. ČEZ and MIRA reached an agreement on the sale of ČEZ's Romanian assets in October 2020. The CEZ Group remains active in Romania, and continues to focus on its trading (CEZ Trade Romania) and energy services business (High-Tech Clima).

2020

Due to the unprecedented spread of COVID-19 and the disruption caused by the pandemic, the Group set up a special work team in February 2020 with an aim to ensure that timely measures are taken to minimize the risks and impacts of the pandemic on key activities of the CEZ Group.

In February 2020, ČEZ and GE Hitachi Nuclear Energy entered into a memorandum of understanding. Both companies agreed to collaborate on the exploration of SMR technology in the Czech Republic. Similarly, a memorandum of understanding to explore the potential for SMRs, was signed between ČEZ and Rolls-Royce in November 2020.

In June 2020, the 440 MW Prunéřov I coal power plant was shut down after fifty-three years of operation. ČEZ continues on its path towards a gradual transition to low- or zero-emission

production of electricity, based on renewable sources and nuclear power, and complemented by steam-gas sources for the requirements of the heating industry.

On July 28, 2020, a framework and implementation agreement for the first stage of the construction of a new NPP in the Dukovany locality was signed by the Czech Government, ČEZ and EDU II.

On December 31, 2020, the Počerady power plant was sold to Vršanská Uhelná a.s. three years before originally planned. Simultaneously with the transfer of the Počerady power plant, the purchase contract for coal from Vršanská Uhelná a.s. in the amount of 5 million tonnes/year was terminated.

2021

In February 2021, a joint ESCO venture was formed with a strong local partner SPP in Slovakia to develop decentralized energy and comprehensive energy services.

On March 9, 2021 the SONS granted a permit to deploy a new NPP at Dukovany. It is one of the most important preparatory steps before commencing the construction project and selecting a contractor. In June 2021, three bidders for the construction of the new NPP (approved by the Czech State) were sent an invitation to participate in the safety assessment.

The sale of the Romanian assets (Distributie Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A., Tomis Team S.A., MW Team Invest S.R.L., Ovidiu Development S.R.L. and TMK Hydroenergy Power S.R.L.) was settled on 31 March 2021 (the "*Romanian Asset Sale*"). The shares of the companies were handed over to the buyer, MIRA, against payment of the full purchase price.

In May 2021, CEZ Group's accelerated strategy, VISION 2030 - Clean Energy for Tomorrow was announced, aimed at transforming its generation portfolio to a low-emission one, achieving carbon neutrality by 2050, and providing the most cost-effective energy solutions and best customer experience in the market. In 2022, CEZ Group pledged to speed up achieving the carbon neutrality of its operations by 10 years to 2040.

In June 2021, in connection with the accelerated VISION 2030 - Clean Energy for Tomorrow strategy and a significant deterioration of the medium-term market conditions for coal-fired power in the second quarter of 2021, updates of the concepts for the future operation of the coal-fired portfolio and the use of all generation sites in the Czech Republic were initiated. Priority was given to the sites of Mělník and Dětmarovice, where the operation of facilities is linked to a large supply to the centralized heat supply systems.

On July 27, 2021 the Bulgarian Asset Sale, including distribution and sales companies, was completed. The shares of the companies were handed over to Eurohold Bulgaria. The sale of assets has no impact on the international investment arbitration against the Bulgarian state, which is ongoing.

In July 2021, the European Commission published a planned package of legislative measures known as "*Fit for 55*". The aim of the package is to set the legislative conditions for achieving the enhanced mitigation ambition by 2030 (a reduction of net greenhouse gas emissions, i.e. emissions net of removals, by at least 55% by 2030 compared to 1990).

In September 2021, CEZ Group accepted the Science Based Targets initiative ("SBTi"), commitment to reduce CO_2 emissions in accordance with the goals of the Paris Agreement and joined the Business Ambition Initiative For 1.5 ° C.

In October 2021, because of a significant rise in electricity and gas market prices, the Czech energy company Bohemia Energy was unable to meet its obligations to supply electricity to its customers and consequently defaulted under its supply contracts. ČEZ Prodej was therefore forced to take over the supply of electricity for almost 370,000 end customers in the Czech Republic as the "supplier of last resort".

In October 2021, the Dukovany and Temelín NPPs are among the first NPPs in the world to undergo an information and cyber security audit. In line with the regulation ISO / IEC 27001,

they obtained an international certificate certifying its information security management system ("ISMS").

In December 2021, Elevion Group (a wholly owned subsidiary of the CEZ Group) acquired the European assets of Belectric Group underpinning its position in the photovoltaic sector. This acquisition was intended to promote Elevion's strategy that aims to cover an entire chain of activities related to ESCO solutions that significantly support the sustainable growth and sustainability of buildings and facilities.

2022

At the beginning of 2022, the European Commission presented a draft document amending rules for sustainable financing (a so-called "green taxonomy") in the field of nuclear energy and the use of natural gas. In February 2022, the conditions were approved under which nuclear energy and gas are temporarily regarded as sustainable resources within the green taxonomy. However, new NPPs must obtain building permits no later than 2045 and steam power plants must stop burning natural gas by 2035 and switch to biomethane or to emission-neutral hydrogen.

In June 2022, CEZ Group concluded contracts with Westinghouse and Framatome for the supply of fuel assemblies for the Temelín NPP. Deliveries started in 2024 and are set to continue for approximately 15 years. The contract is worth billions of Czech crowns. Westinghouse has already supplied fuel assemblies to Temelín for ten years after its commissioning. Framatome is one of the only manufacturers based in the EU that supplies fuel assemblies to most Western European NPPs.

In July 2022, the Ministry of the Environment and CEZ Group signed a Memorandum on Cooperation in Climate Protection, the Energy Sector and Certain Related Areas. Both parties undertook to cooperate on comprehensive decarbonization of all segments of the Czech economy. Furthermore, ČEZ pledged to bring forward the intended carbon neutrality of its operations by 10 years to 2040. The commitment undertaken as part of the Paris Agreement had originally envisaged that milestone in 2050.

In July 2022, CEZ Group announced the sale of its 50% stake in AKCEZ Enerji A.Ş. ("*AKCEZ*"), owned in a joint venture together with the Turkish partner AKKÖK Holding A.Ş., to Torunlar Enerji Sanayi ve Ticaret A.Ş. and Başkent Doğalgaz Dağıtım Gayrimenkul Yatırım Ortaklığı A.Ş. ("*Torunlar Group*"). AKCEZ is comprised of three subsidiaries that deal with electricity distribution, energy sales and energy services. The sale was settled on 1 December 2023. The CEZ Group remains active in Türkiye through the company Akenerji Elektrik Üretim A.Ş., another joint venture with Turkish partners. Akenerji is primarily engaged in the production of electricity from renewable and gas sources and has a total installed capacity of 1,243 MW as of December 31, 2024.

In September 2022, a floating LNG terminal was put into operation at Eemshaven, the Netherlands. The facility is able to process as many as eight billion cubic metres of gas per year. Of that, three billion are earmarked for the Czech Republic – a volume equal to approximately one-third of the country's annual consumption. The Ministry of Industry and Trade, in cooperation with CEZ Group, had secured in advance both the lease of a portion of the new terminal's capacity as well as the routes for transporting the gas to the Czech Republic. Liquified gas is delivered to the terminal in specially adapted tankers. Once heated at the terminal and converted to a gaseous state, it is injected into the transport pipeline system. The rest of the capacity of the terminal operated by the Dutch company Gasunie is used by Shell and Engie.

On November 24, 2022, CEZ completed the acquisition of 100% of the share capital of ŠKODA JS a.s. ("*Skoda*"), a Czech joint stock company primarily engaged in the engineering of NPPs and the production of nuclear equipment and NPP services from Wood & Company Financial Services, a.s. ("*Wood & Company*"), which had previously acquired Skoda from OMZ B.V. (an entity controlled by Gazprombank ("*GPB*")) on June 16, 2022 (the "*Skoda Acquisition*"). Prior to completion of the Skoda Acquisition, Skoda had a long-

standing business relationship with CEZ and its subsidiaries, mainly in the areas of nuclear fuel and maintenance of primary circuits of CEZ's NPPs.

2023

At the end of February 2023, ČEZ was the first energy company in the Czech Republic that launched a comprehensive ESG data library with data for the last three years. Hundreds of indicators mapping ČEZ's progress in terms of sustainability are available online and anyone can monitor how ČEZ is performing the fulfilment of VISION 2030 objectives. The number of disclosed indicators makes it the largest database among all European utilities.

On 29 March 2023, we completed negotiation relating to an alternative nuclear fuel supplier to Dukovany NPPs and signed a nuclear fuel supply contract with the American company Westinghouse.

On 1 April 2023, Aschères-le-Marché was put into commercial operation as the first CEZ Group's wind farm in France. Its four turbines have an installed capacity of 12 MW.

In November 2023, SBTi validated overall net-zero, near-term and long-term science-based emission reduction targets of the CEZ Group as being aligned with the "1.5°C" Paris Agreement goal. The SBTi assessed ČEZ's plan to reduce greenhouse gas emissions in all three scope categories. ČEZ addresses Scope 1 (direct emissions from production, industrial processes, and company-owned vehicles) and Scope 2 (indirect emissions associated with the consumption of purchased energy - electricity, heat, steam or cooling which are not generated directly ČEZ) as part of its plan to reduce the intensity of its emissions 83% per MWh by 2033 from a 2019 base year. In Scope 3 category (indirect emissions which are related to the ČEZ's activities, and which originate from sources outside the company's control or ownership), ČEZ intends to reduce emissions by 58.8% within the same timeframe. The CEZ Group commits to reach net-zero GHG emissions across the value chain by 2040.

In November 2023, in cooperation with the Czech Government, the CEZ Group contracted long-term annual capacity of two billion cubic metres at one of the onshore LNG terminals in Germany. The Stade terminal is planned to be located near Hamburg at the mouth of the Elbe River on the North Sea and is expected to be commissioned by its operator, the Hanseatic Energy Hub, in 2027. Natural gas is intended to help replace coal in heating and maintain grid stability in electricity production.

2024

On March 20, 2024, ČEZ concluded the agreement for the acquisition of a 55.21% stake in Czech Gas Networks S.à r.l. for the purchase price of EUR 846.5 million. Czech Gas Networks S.à r.l. is the indirect 100% owner of GasNet and GasNet Služby, s.r.o. The ownership stake is sold by Macquarie Asset Management, acting on behalf of managed funds. The transaction was approved by the Czech Ministry of Industry and Trade and the European Commission and was completed on August 28, 2024.

GasNet is the leading gas distribution infrastructure operator based in the Czech Republic. It manages a network of 65,000 kilometres of gas pipelines which cover 80% of the Czech Republic and all regions except Prague and the South Bohemia Region. GasNet serves approximately 2.2 million points of consumption, distributing around 60 TWh of gas every year. GasNet is part of the Czech Republic's critical infrastructure.

In March 2024, ČEZ launched the divestment process of its selected Polish assets, in line with its approved decarbonization strategy. As a part of its strategy, ČEZ intended to sell CEZ Skawina S.A., CEZ Chorzów S.A, CEZ Produkty Energetyczne Polska sp. z o.o. and CEZ Polska sp. z o.o.

In April 2024, the European Union approved public support for a new nuclear unit at the Dukovany site with an output of 850 to 1,200 MWe. The approved support includes three measures: (i) electricity purchase agreements from the new source with a duration of 40 years, (ii) repayable financial assistance to finance the construction of the new nuclear unit

from the Czech state, and (iii) a contractual instrument to protect ČEZ from changes in the legislative and regulatory environment in the Czech Republic.

On July 17, 2024, the Czech Government decided that the preferred bidder for the project EDU II is the South Korean company Korea Hydro & Nuclear Power Company (KHNP). EDU II and ČEZ have begun negotiations on the construction of two units in the Dukovany location and also on the possibility of contracting binding options for the construction of an additional unit in the Temelín location. The contracts are, as of the date of this Base Prospectus, expected to be finalized in the first half of 2025. According to the current schedule, construction of the Dukovany Project should start in 2029 and the unit should be commissioned in 2036.

In October 2024, Rolls-Royce SMR and ČEZ concluded an agreement that will facilitate cooperation and knowledge sharing for the deployment of Rolls-Royce SMR's SMR technology. This is enabled by an equity investment by ČEZ into Rolls-Royce SMR.

2025

On February 6, 2025, the CEZ Group completed the sale of the Polish assets to ResInvest Group, a private company and a global supplier for major European and Asian energy companies. The CEZ Group continues to develop modern ESCO energy services in Poland through the companies within its subsidiary company Elevion Group (e.g. CEZ ENERGO Polska, OEM Energy, Metrolog, Euroklimat and TRiM-tech).

On February 26, 2025, an arbitration tribunal of the International Chamber of Commerce (ICC) upheld ČEZ's claim, which demanded that Russian gas company Gazprom compensate ČEZ for damages exceeding CZK 1 billion. The damages were caused by Gazprom's significant reduction of gas supplies during 2022, which ČEZ had ordered from Gazprom before the Russian invasion of Ukraine, which meant that ČEZ had to cover the shortfall with gas purchased at the then high prices. According to the ICC arbitration award, Gazprom must pay ČEZ the aforementioned damages and default interest and reimburse ČEZ for the costs of the proceedings.

On March 4, 2025, the transaction to purchase an approximate 20% interest in Rolls-Royce SMR was formally completed and ČEZ became a shareholder of Rolls-Royce SMR.

Organizational Structure of the CEZ Group

As of December 31, 2024, the CEZ Group consisted of ČEZ and its 203 fully consolidated entities. As of the same date we also had interests 21 joint ventures consolidated by the equity method of accounting. For a complete list of our subsidiaries and joint ventures as of December 31, 2024, please see Note 9 to the 2024 Financial Statements.

Pursuant to the Czech Energy Act, since January 1, 2007, the distribution of electricity must be separate and independent from the generation, transmission and sale of electricity ("*unbundling*"). In 2005, we established two new separate companies, ČEZ Distribuce, a. s. (for the distribution of electricity) and ČEZ Prodej, a.s. (for the sale of electricity to end-consumers), and during 2006 we transferred all corresponding assets and activities from the REAS to these companies. Following a resolution of our Board of Directors in June 2007, we consolidated all assets and activities of the REAS into the CEZ Group. We completed this consolidation process by October 2007.

To ensure the independence and separation of distribution activities from all other activities, the senior management responsible for our Distribution Business must be different from the senior management responsible for our Generation Business and our Sales Businesses and we are required to take appropriate steps to prevent professional conflicts of interest between persons responsible for our Distribution Business and our Generation Business and Sales Business. The Czech Energy Act also restricts how much control can be exercised by shareholders over the distribution business.

Principal Subsidiaries of the CEZ Group

ČEZ Distribuce, a.s., a wholly owned subsidiary of ČEZ, was established on October 1, 2010, following the merger of

ČEZ Distribuce, a. s. (a company of the same name which was incorporated on March 31, 2005 to comply with the requirement of the Czech Energy Act to separate our Distribution Business from our Sales Business, which ceased to exist with effect from the date of the merger) and ČEZ Distribuční zařízení, a.s. (a company incorporated in July 2009 to consolidate unclassified equipment for electricity distribution within the CEZ Group, which ceased to exist with effect from the date of the merger). ČEZ Distribuce, a. s., is the largest of the four regional distribution companies in the Czech Republic. For more information on our Distribution Business, please see "*Our Business—Distribution Business*".

GasNet is a 55.21% owned subsidiary of ČEZ. In August 2024 we acquired a 55.21% stake in Czech Gas Networks, S.à r.l., which is the sole owner of Czech Gas Networks Investments, S.à r.l., the owner of Czech Grid Holding, a.s., which in turn owns GasNet and GasNet Služby, s.r.o. GasNet is the leading gas distribution infrastructure operator based in the Czech Republic. For more information on our Distribution Business, please see "*Our Business—Distribution Business*".

ČEZ Prodej, a.s., a wholly owned subsidiary of ČEZ, was established on March 31, 2005 to comply with the requirement of the Czech Energy Act to separate our Sales Business from our Distribution Business. Parts of our original regional power companies, including their customers, contracts and liabilities were transferred to ČEZ Prodej, a.s., by the end of 2005. ČEZ Prodej, a.s., has been fully operational since January 1, 2006, when it started selling electricity to end-consumers in the Czech Republic. In recent years, ČEZ Prodej, a.s., has also started to supply gas and other services to end-consumers. As of September 1, 2018, a transfer of contracts with individually served customers from ČEZ Prodej, a.s., to ČEZ ESCO a.s. took place. The change aimed at improving the customer service by offering a broader range of custom-made products to this customer segment. For more information on our sales business, please see "*Our Business—Sales Business*".

CEZ ESCO (Energy Service Company) is a strategic partner for the state administration, local governments and the corporate sector, industrial companies, and large companies. It provides comprehensive solutions to energy needs, including the optimization of energy systems, such as improving energy efficiency and reducing energy consumption, and energy supply, and operates through its subsidiaries in the Czech and Slovak markets. For more information on our sales business, please see "*Sales Business - Decentralized Energy Solutions*".

Our Strengths

We benefit from the following key strengths:

Majority State-Owned Company, Backed by a Stable and Open Economy

The Czech Republic, through the Ministry of Finance, owns approximately 69.8% of the share capital of ČEZ, the parent company of the CEZ Group. Since August 2011, the rating of the Czech Republic assigned by Standard & Poor's has been AA-. Moody's upgraded its rating of the Czech Republic by one notch to Aa3 in October 2019 and in November 2023 changed the outlook from negative to stable. We believe that the fact that we are majority-owned by the state with a stable and open economy provides additional credibility in the electricity and credit markets and allows us to benefit from more favourable credit terms.

Robust Credit Profile

ČEZ's credit ratings of A- (stable outlook) by Standard & Poor's and Baa1 (negative outlook) by Moody's are among the highest awarded to a European utility, reflecting our efforts to work proactively to maintain prudent leverage and liquidity positions and the majority ownership by the Czech Republic. We had a relatively low Net Debt/EBITDA ratio of 1.47 as of December 31, 2024, a slight increase compared to the Net Debt/EBITDA ratio of 1.21 as of December 31, 2023. We have a well-established credit among European utilities, having issued more than EUR 10.0 billion in 33 series of public and private transactions under this Programme since 2007 (including outstanding and issued and redeemed Notes). We aim to maintain an adequate liquidity position with access to sufficient back-stop credit facilities should cash flows become negative.

Highly Integrated, Large-Scale Domestic Operations

We benefit from highly integrated operations in the Czech Republic providing approximately 97% of our total consolidated EBITDA in the year ended December 31, 2024. In the Czech Republic, we operate a low-cost generation

fleet which produced a total of 48,940 GWh of electricity, or 66% of the country's total electricity generated during the year ended December 31, 2024.

Approximately 60.1% of our total electricity generation output in the Czech Republic was generated by our NPPs where variable costs are relatively low and stable (as opposed to high initial construction costs). Furthermore, unlike in neighbouring Austria and Germany, public opinion as well as political representation in the Czech Republic have been relatively favourable towards nuclear power generation. The composition of our generation fleet results in relatively stable and low variable costs which is one of the main reasons for our EBITDA margin of 39.9% for the year ended December 31, 2024. In addition, through the composition of our generation fleet we are well positioned in light of the growing prices of CO2 allowances and hence also the growing power prices. According to our data, our emission intensity of 0.27 t/MWh is well below the 0.6 - 0.7 t/MWh intensity of a marginal coal plant.

In the year ended December 31, 2024, we distributed 33,956 GWh of electricity to end-consumers in the Czech Republic. According to our data, we had a market share of approximately 64% of the total electricity consumed in the regional distribution areas in the Czech Republic in the year ended December 31, 2024.

We sold approximately 19,650 GWh of electricity to end-consumers in the Czech Republic, or 34% of the total net electricity consumed in the Czech Republic, in the year ended December 31, 2024, according to the ERO. While our market share as an incumbent electricity provider has declined over the last several years (from approximately 44% in the year ended December 31, 2009) we have managed to establish ourselves as a gas supplier and this has compensated for a significant part of the foregone decrease.

Strong Market Position in the Czech Republic

We operate in the liberalized EU power markets which are well integrated with most of their neighbours. Such integration allowed approximately 30% of the Czech Republic's power production to be exported in 2024 (net export reaching 9% of the Czech Republic's power production). As a result of both of these factors, Czech power prices are driven by the same fundamentals as those of the neighbouring countries, specifically Germany, the most liquid market.

Strong Presence in Several International Markets

In addition to cultivating our leading position in the Czech market, we have also applied our expertise in managing a power business to developing solid market positions across power markets in Central Europe, including in Germany and France. We also have operations in Türkiye and trading and ESCO activities in other European countries. In Germany, we own and operate on-shore wind farms with a total installed capacity of 145 MW and have further approximately 256 MW under development in our joint ventures. Among other things, we own Elevion GmbH, which is one of the leading integrated providers of multi-technical building services in Germany. In France, we own projects for on-shore wind farms in a late development stage with a potential installed capacity of around 188 MW. In addition, we have been acquiring ESCO companies in Poland, Romania and Slovakia in order to further diversify our activities. For more information on our ESCO acquisitions please see "*Our Business—Sale—Decentralized Energy Solutions*" below. We believe that our international portfolio provides us with opportunities to leverage the significant expertise and knowledge gained in our domestic market where our growth potential is limited, and in turn allows us to further diversify our activities and grow outside our domestic market.

Our Strategy

Europe's energy sector is undergoing a major transformation towards sustainable solutions. CEZ Group has long been committed to decarbonization and sustainable development principles and intends to play a leading role in the overall transformation of the energy sector in the region. In 2021, CEZ Group decided to make its long-standing strategy of transitioning to climate neutrality even more tangible and to significantly accelerate the overall reduction of emissions. In the accelerated "VISION 2030—Clean Energy of Tomorrow" strategy ("*VISION 2030*"), CEZ Group commits to fulfilling its goals and public commitments in three ESG sustainability areas by the end of 2025 and 2030. In 2024 the emission intensity of heat and power generation of CEZ Group declined year-on-year by 1% to 0.27 tons of CO2e/MWh, SO2 emissions declined by 11% to 4.9 kilotons (compared to 5.8 kilotons in 2023), NOx emissions declined by 7% to 10.8 kilotons (compared to 11.6 kilotons in 2023).

In line with this strategy and in light of developments in the energy markets and the geopolitical risks, an update of the business policy was approved at the 2022 annual General Meeting. The policy envisages adjusting the internal structure of CEZ Group to enable optimal achievement of strategic objectives in generation and customer areas. Activities and assets will therefore be realigned to match the content of both defined areas.

The ultimate goal is to provide safe and reliable energy to its customers and society at large. "VISION 2030" defines CEZ Group's strategic goals until 2030, taking into account the EU's decarbonization vision, and sets out CEZ Group's specific ambitions in the area of social responsibility and sustainable development in order to maximize shareholder value.

The main strategic priorities of the VISION 2030 are to:

I. Transform our generation portfolio to a low-emission one and achieve carbon neutrality

Comprehensive environmental objective to reduce emissions intensity by more than 50% by 2030 and achieve carbon neutrality by 2040.

Nuclear facilities:

- Our goal is to safely increase generation from existing nuclear sources to over 32 TWh and achieve a 60-year lifetime for nuclear units.
- Our goal is to be ready to build a new nuclear unit at Dukovany.
- Our goal is to prepare for the construction of SMRs with a total capacity of over 1,000 MW.

Renewables:

- Our goal is to invest up to CZK 40 billion into solar and wind renewable resources.
- Our goal is to increase installed capacity for electricity storage by at least 300 MWe.

Conventional facilities:

- Our goal is to decarbonize the heating power sector and convert our coal sites into sites ready for new activities after the shift away from coal.
- Our goal is to build new gas-fired capacities that will be ready to also burn hydrogen.
- Our goal is to decrease emission intensity under 0.16 t CO2e by 2030.

II. Provide leading cost-effective energy solutions and a leading customer experience in the market

(i) Distribution:

- Our goal is to invest in smart grids and decentralization to further develop a stable and digital distribution grid, including the development of fibre optic networks.
- In the gas industry, we are preparing GasNet for the transition of the Czech energy sector from coal to natural gas and subsequently to hydrogen.

(ii) Sales—Retail:

- Our goal is to digitize 100% of key customer processes by 2025.
- Our goal is to maintain the highest Net Promoter Score ("NPS") of the major electricity suppliers and grow our customer base by increasing service quality.
- Our goal is to offer a product portfolio that enables residential customers to achieve energy savings and reduce emissions.

(iii) Sales—ESCO:

- Our goal is to develop our role as a decarbonization leader—enabling effective emission reductions and delivering energy savings also for our clients in industry, municipalities, and government.
- Our goal is to build the infrastructure for electromobility.

III. Develop CEZ Group in a responsible and sustainable manner in accordance with ESG principles

(i) Selected objectives in the environmental area:

- Our goal is to reduce greenhouse gas emissions in line with the Paris Agreement "Well below 2 Degrees" by 2030 (from 0.38 t CO_2e/MWh in 2019 to 0.26 in 2025 and 0.16 in 2030).
- Our goal is to reduce the share of electricity generated from coal by 12.5% by 2030.
- Our goal is to reduce the SO2 emissions from 21 kt in 2019 to 6.5 kt by 2025 and 3 kt by 2030.
- Our goal is to reduce the NOx emissions from 23 kt in 2019 to 13 kt by 2025 and 7 kt by 2030.

(ii) Selected objectives in the area of social relations:

- Our goal is to continue being a decent corporate citizen, cultivating good relationships with communities.
- Our goal is to maintain our position of the most attractive employer for future talent and current employees.
- Our goal is to ensure a fair transition for all employees affected by shifting away from coal through retraining, reskilling, or compensation.
- Our goal is to maintain the highest NPS among the leading electricity suppliers.
- Our goal is to digitize all key customer processes by 2025.

(iii) Selected objectives in the area of corporate governance:

- Our goal is to achieve 30% female representation in management.
- Our goal is to increase the frequency of employee training concerning the Code of Ethics and train at least 95% of employees in corporate ethics.
- Our goal is to implement measures to promote ESG sustainability criteria in our supply chain.

Our investment plan is fully in line with the goal of reducing emission intensity to 0.16 t CO2e/MWh in 2030 and in line with the goal of achieving complete carbon neutrality by 2040. For that reason, investments in coal-fired power plants and mines are mainly limited to maintenance investments and investments associated with the termination of their operation.

Our Principal Markets

Overview

Our core business is the generation, distribution and sale of electricity in the Czech Republic. In the year ended December 31, 2024, 93% of our total installed electricity generation capacity, 97% of our total electricity generation, 100% of our total electricity distributed to end-consumers and 86% of our total sales of electricity to end-consumers were in the Czech Republic. In the year ended December 31, 2024, 84.1% of our revenues originated in the Czech Republic.

According to the ERO for the year ended December 31, 2024, we accounted for approximately 66% of electricity generated, 49% of installed electricity generation capacity, we distributed approximately 65% of the total electricity consumed in the regional distribution areas in the Czech Republic and sold 34% of the total net electricity consumed in the Czech Republic.

To a lesser extent, we also generate electricity in Germany and France, and sell electricity to end-consumers in Hungary. In the ESCO segment we are active in the Czech Republic, Slovakia, Germany, Poland, Romania, Italy and Austria. In the year ended December 31, 2024, 8.6% of our revenues originated in Germany, 2.5% in Poland, 3.0% in Hungary, and 1.8% in other countries. Since June 2017, we have acquired wind farms in France in a late development stage with a total potential installed capacity of 188 MW.

Czech Republic

The Czech electricity market is an integral part of the wider European electricity market and the Czech Republic has had a positive trade balance with most of its neighbours. The PXE was established in 2007 as a new business platform for trading electricity in the Czech Republic and the Slovak Republic. Due to cross-border integration and fully liberalized power prices, markets in the region are integrated and the primary price-setting market is Germany and its exchange in Leipzig.

The Czech power market and sales to end-consumers are fully liberalized. The gas market is also fully liberalized and the basic rules governing its operation are similar to those governing the electricity market. For an overview of such rules, please see "*Regulation—Czech Republic.*" Access to the transmission and distribution grids is regulated. The wholesale market in the Czech Republic is a part of the larger Central European market, primarily due to extensive cross-border transmission capacities between the Czech Republic and the transmission grids of the neighbouring countries. The Czech transmission system is operated by ČEPS, a.s., the sole holder of an electricity transmission license for the Czech Republic under the Czech Energy Act. Based on transmission services agreements, ČEPS, a.s., provides electricity transfer in the Czech Republic, controls power flows across the Czech transmission system, taking into account electricity exchange schedules agreed with the neighbouring transmission system operators as well as cooperating with the distribution system operators.

According to the ERO, in the year ended December 31, 2024, the net electricity consumption by end-consumers in the Czech Republic was 58 TWh compared to 59 TWh in the year ended December 31, 2023. In 2024, domestic electricity consumption in the Czech Republic fell by 0.6% year-on-year.

Germany

In Germany, we own wind farms with a total installed capacity of 145 MW and co-own wind projects under development with a potential installed capacity of up to approximately 256 MW. In addition, in 2017, we entered the German ESCO market through the acquisition of Elevion GmbH. Since then, we have acquired a number of additional smaller companies active on the ESCO market. In December 2021, our portfolio of ESCO companies was strengthened by the acquisition of Belectric GmbH, a company active in the photovoltaic sector. Through Inven Capital, we also hold minority stakes in companies active in the new energy sector.

The German electricity generation market has undergone a fundamental overhaul in recent years when the so-called 'Energiewende', the process of transitioning the German energy industry from the traditional sources to emission-free and renewable energy, was implemented. The key pillars of the transition are renewable energy sources and energy savings. The share of renewable energy sources in the generation of electricity in Germany has been steadily growing and according to the German Statistical Office reached approximately 59% in 2024, as compared to 56% in 2023. The ambitious aim is to reach a renewable energy share of 65% by 2030 (as compared to a previous goal of 40 – 45% by 2025, 55 – 60% by 2035 and 80% by 2050). In order to fulfil these goals, renewable power sources are being subsidized by the German Government. In the past, the subsidy system was based on feed-in tariffs (the mechanism whereby the government evens up the market price of generated electricity to a reference level). With effect from January 1, 2017, a new subsidy system has been used. The reference level of subsidy (market premium) granted is based on a competitive auction system under which the lowest price offered wins the auction.

In July 2020, Germany adopted the Act on the Phase-out of Coal-fired Power Plants that stipulates a complete phasing out of coal as an energy source by 2038 at the latest, with an option to bring the deadline forward to 2035.

At the same time, Germany has been expanding the use of renewables. In November 2019, Germany adopted the Climate Protection Act, which aims to secure Germany's climate goals by 2030. A goal of achieving carbon neutrality by 2050 has been established with binding targets for each year between 2020 and 2030 for energy, industry, construction, agriculture and waste sectors. At the beginning of 2021, an amendment to the Renewable Energy Sources Act came into force, through which the German government will continue to promote the expansion of RES. The amendment set the goal of achieving a 65% share of RES in electricity production by 2030. The amendment further set expansion targets for both solar and wind sources. By 2030, solar power generation is planned to increase to 215 GW, the output of onshore wind sources to 115 GW and offshore wind resources to 30 GW. For the first time, the amendment legally enshrined the goal of achieving carbon neutrality before the year 2050.

France

As of the date of this Base Prospectus, we own and operate wind farms in France with a total installed capacity of 45 MW and have additional approximately 141 MW target installed capacity in various stages of development.

In June 2017, we entered the French renewable energy market by acquiring nine wind farms in a late development stage. Later on, we extended our portfolio of onshore wind power projects under development. All of these wind farms

will benefit from a feed-in tariff guaranteed for 20 years of the operation. In 2023, Aschères-le-Marché, with an installed capacity of 12 MW and Neuville-aux-Bois with an installed capacity of 15 MW were completed. Further, the Nueil-sous-Faye project (11.1 MW, 4 turbines) was completed and started commercial operation in July 2024 and the La Piballe project (7.2 MW, 3 turbines) started commercial operation in October 2024.

In November 2019, the Energy and Climate Act, which determines the decarbonization path, was published. Among other things, the Energy and Climate Act covers energy efficiency of buildings, climate policy management and improved environmental reporting requirements for businesses. The Energy and Climate Act sets climate targets, including carbon neutrality, by 2050 and the goal of reducing the nuclear share in electricity generation from the current 75% to 50% by 2035. This is expected to translate into the shutdown of 14 nuclear reactors. The Energy and Climate Act also requires the shutdown of the four remaining coal power plants and the decrease of fossil fuel on the energy consumption by 40% by 2030.

The main tool for the strategic management of energy transformation and detailed specification of development goals for individual energy sectors is the "Multiannual Energy Program" (the "PPE"), which gives a strong incentive for solar and wind sector development. The installed capacity of photovoltaic power plants is to increase to 54–60 GW by 2030 and the installed capacity of onshore wind farms is to increase to 33–35 GW by 2030. The goal for the installed capacity of off-shore wind farms is 4 GW by 2030.

Our Business

Our core business activities include: the Generation Business, which consists of the generation of electricity mainly in the Czech Republic, Germany and France, and until February 2025, in Poland; the Distribution Business and the Sales Business, which consist of the distribution and sale of electricity and gas to end-consumers mainly in the Czech Republic; and the Trading Business, which consists of the trading of electricity and energy commodities in wholesale markets for sale to our end-consumers as well as for our own account. We also undertake certain other ancillary activities, which are included in our Other Businesses. For more information, please see "*Description of ČEZ—Our Business*".

Generation Business

Overview

In the year ended December 31, 2024, we generated 50,616 GWh (51,452 GWh in 2023) of electricity, of which 96.7% was generated in the Czech Republic. In the year ended December 31, 2024, 58.7% of our total electricity generated was generated by our NPPs, 30% was generated by our coal-fired power plants and the remaining 11.3% was generated by our hydroelectric, solar, wind, gas, biogas and biomass power plants or through biomass co-firing. In the year ended December 31, 2024, the total installed capacity of our generation facilities was 12,059 MW, of which 92.9% was located in the Czech Republic, 4.7% in Poland[9] and 1.7% in Germany.

In the Czech Republic, as of December 31, 2024, we owned and operated six coal-fired power plants with a total installed capacity of 3,140 MW, five coal-fired heating plants with a total installed capacity of 608 MW, two NPPs with a total installed capacity of 4,318 MW, 34 hydroelectric power plants with a total installed capacity of 1,978.7 MW, 26 solar (photovoltaic) power plants with a total installed capacity of 165.1 MW, two wind power plants with a total installed capacity of 8.26 MW and one gas-fired power plant with a total installed capacity of 844.9 MW. In addition, we own and operate one biomass heat plant in the Czech Republic with a total installed capacity of 6 MW as of December 31, 2024, and 170 gas-fired small co-generation units and boilers with a total installed capacity of 131.4 MW. CEZ's generation license is currently valid till September 6, 2035.

The following table sets forth a breakdown of the total installed capacity of our power plants for the years ended December 31, 2023 and 2024.

	Year ended December 31,			
	2023		**2024**	
	(MW_e)	***(%)***	**(MW_e)**	***(%)***

[9] As of February 2025, the CEZ Group's Polish power plants in Skawina and Chorzów have been divested and are no longer a part of the CEZ Group.

Coal-fired power and heat plants [(1)]:				
Czech Republic	3,748	*31.4*	3,748	*31.1*
Poland[10]	568	*4.8*	568	*4.7*
Total	4,316	*36.1*	4,316	*35.8*
Gas-fired power and co-generation plants:				
Czech Republic	973	*8.1*	977	*8.1*
Germany, Italy, Slovakia	12	*0.1*	30	*0.2*
Total	985	*8.2*	1,007	*8.4*
NPPs:				
Czech Republic	4,290	*36.1*	4,318	*35.8*
Hydro, solar, wind and biogas power plants:				
Czech Republic	2,124	*17.8*	2,158	*17.9*
Germany	189	*1.6*	201	*1.7*
Poland	2	*0.0*	2	*0.0*
Austria	4	*0.0*	6	*0.0*
Italy	6	*0.1*	6	*0.0*
France	27	*0.2*	45	*0.4*
Slovakia	1	*0.0*	0	*0.0*
Total	2,352	*19.7*	2,418	*20.1*
Total installed capacity [(1)]	**11,943**	***100.0***	**12,059**	***100.0***

(1) Some of our heat plants are partially fuelled by co-burning coal and biomass. Some of our power plants are operated under joint venture agreements which are not fully consolidated. The installed capacity of these power plants was therefore not included in our total installed capacity. For the year ended December 31, 2024, these amounts included:

- 904.0 MW_e of installed capacity of our gas-fired power plant in Türkiye;
- 28.2 MW_e of installed capacity of our wind power plant in Türkiye;
- 8.4 MW_e of installed capacity of our solar power plant in Türkiye;
- 288.9 MW_e of installed capacity of our hydroelectric power plants in Türkiye; and
- 13.2 MW_e of installed capacity of pyrolytic and biomass power plants in Türkiye.

As of December 31, 2024, the total installed capacity of our generation facilities was 12,059 MW. The capacity remained almost unchanged year-on-year (11,943 MW as of December 31, 2023). As of December 31, 2024, 11,201 MW, or 92.9% of our total installed capacity, was in the Czech Republic, of which 33.5% was coal-fired, 8.7% was gas-fired, 38.6% was nuclear and 19.3% was hydroelectric, solar, wind and biogas power combined.

The following table sets forth a breakdown of the total electricity generated by our power plants by type of energy for the years ended December 31, 2023 and 2024.

	For the year ended December 31,			
	2023		**2024**	
	(GWh)	***(%)***	**(GWh)**	***(%)***
Coal:				
Czech Republic	14,149	*27.5*	14,144	*27.9*
Poland[11]	1,288	*2.5*	1,052	*2.1*
Total	15,438	*30.0*	15,197	*30.0*
Gas:				
Czech Republic	2,013	*3.9*	2,034	*4.0*
Germany, Italy, Slovakia	12	*0.0*	13	*0.0*
Total	2,025	*3.9*	2,047	*4.0*
Nuclear:				
Czech Republic	30,409	*59.1*	29,695	*58.7*

[10] As of February 2025, the CEZ Group's Polish power plants in Skawina and Chorzów have been divested and are no longer a part of the CEZ Group.
[11] As of February 2025, the CEZ Group's Polish power plants in Skawina and Chorzów have been divested and are no longer a part of the CEZ Group.

	For the year ended December 31,			
	2023		2024	
	(GWh)	*(%)*	(GWh)	*(%)*
Hydro, solar, wind, biogas and biomass:				
Czech Republic	2,944	*5.7*	3,066	*6.1*
Germany	317	*0.6*	329	*0.6*
Poland	272	*0.5*	177	*0.3*
France	29	*0.1*	73	*0.1*
Italy	17	*0.0*	32	*0.1*
Austria	1	*0.0*	0	*0.0*
Total	3,580	*7.0*	3,677	*6.1*
Total electricity generated[(1)]	**51,452**	***100.0***	**50,616**	***100.0***

(1) Some of our power plants are operated under joint venture agreements which are not fully consolidated. The amount of electricity they generated is therefore not included in our total electricity generated. For the year ended December 31, 2024, these amounts included:

- 4,223 GWh of electricity generated by our gas-fired, wind, solar, hydroelectric and pyrolytic power plants in Türkiye.

In the year ended December 31, 2024, 48,939 GWh of electricity, or 96.7% of our total electricity generated, was generated in the Czech Republic, of which 28.9% was generated by our coal-fired power plants, 4.2% was generated by our gas-fired power plants, 60.7% was generated by our NPPs and 6.3% was generated by our hydro, solar, wind, biogas and biomass power plants.

In the year ended December 31, 2024, we generated 50,616 GWh of electricity, representing a decrease of 836 GWh, or 1.6%, from 51,452 GWh in the year ended December 31, 2023.

Coal-fired power and heat generation

Czech Republic

As of December 31, 2024, we owned and operated six coal-fired power plants in the Czech Republic with a total installed capacity of 3,140 MW. Our coal-fired power plants are situated in various locations throughout the Czech Republic, the largest concentration being in the brown coal mining region in the north-west. In the year ended December 31, 2024, our coal-fired power plants in the Czech Republic generated 14,144 GWh (14,149 GWh in 2023) of electricity, representing 27.9% of our total electricity generated. Our coal-fired power plants in the Czech Republic accounted for 31.1% of our total installed capacity as of December 31, 2024. However, after the end of the 2024/2025 heating season (i.e the period starting September 1, 2024 and ending May 31, 2025), the coal-fired units of the Dětmarovice power plant will be closed in spring 2025. The decision was made on the basis of several detailed economic analyses and risk and opportunity assessments of those units. In particular, the analyses and assessments evaluated the current price and availability of fuels, the price of CO2 allowances, and opportunities such as increasing the security of heat supply by diversifying our fuel base. In the year ended December 31, 2024, our coal-fired power plants (excluding biomass) generated 14,144 GWh, which remained almost unchanged from 14,149 GWh generated in the year ended December 31, 2023.

The following table sets forth certain information regarding our coal-fired power plants in the Czech Republic as of December 31, 2024.

Plant	Type of Coal	Installed capacity (MW_e)	Start of operation	Desulphurization
Dětmarovice	Black/brown	3 x 200	1975 - 1976	1998
Ledvice III	Brown	1 x 110	1968	1998
Ledvice IV	Brown	1 x 660	2017	-[(1)]

Plant	Type of Coal	Installed capacity (MW_e)	Start of operation	Desulphurization
Energotrans II	Brown	2 x 110	1971	1998
Prunéřov II	Brown	3 x 250	1981 – 1982 comprehensive retrofit[(2)] 2012 – 2016	1996
Tušimice II	Brown	4 x 200	1974 – 1975, comprehensive retrofit 2007 – 2012	1997
Total installed capacity		**3,140**		

[(1)] Ledvice IV power plant fulfils the emission limits since its start of operation

[(2)] Complex retrofit of the B23-B25 units.

As of December 31, 2024, we also owned and operated six coal and biomass-fired heat plants in the Czech Republic with a total installed capacity of 613.9 MW. The installed capacity remained unchanged year-on-year. Heat supplied by our power plants in the Czech Republic is sold to municipalities, district heating companies and industrial consumers. Heat is supplied to customers through steam/hot water pipelines that are owned and operated by us and third parties. In the year ended December 31, 2024, our coal-fired power plants and heat plants in the Czech Republic supplied and sold (outside the CEZ Group) 4.8 TWh of heat, unchanged from 4.8 TWh in the year ended December 31, 2023.

Our coal-fired power plants have a diversified age profile which is affected by various factors including the availability of coal. We have a schedule of regular repairs and overhauls for our coal-fired power plants. Since January 1, 1999, all of our coal-fired power plants in the Czech Republic have complied with the requirements of the Czech Air Protection Act. Since December 31, 2003, fluidized-bed boiler (a type of boiler that reduces the content of sulphur dioxide emissions in the flue gasses during the combustion process) or flue-gas desulphurization (flue stack technology which reduces sulphur dioxide content in power plant emissions) equipment has been installed on all of our coal-fired power plants and we have also installed or refurbished the precipitators (which reduce emissions of ash) on all of our coal-fired power plants in the Czech Republic.

We also renewed four 200 MW units at our Tušimice II coal-fired power plant between 2010 and 2012. The renewal program extended the service life of the Tušimice II coal-fired power plant until 2035. In addition, in 2016 we completed the renewal of three 250 MW units at the Prunéřov coal-fired power plant (with an original expected service life of 25 years). As a part of our past investment program to replace older power plants in the Czech Republic with new, more efficient and cleaner power plants, we completed the construction of a new 660 MW unit at our Ledvice coal fired power plant (with an original expected service life of 40 years). The power plant received a licence on November 29, 2017 when a two-year trial period started. The Czech Integrated National Energy and Climate Plan stipulates the year 2033 as the phase-out year for coal use. For more information, please see "*Regulation – Czech Republic – Czech Integrated National Energy and Climate Plan".*

In the year ended December 31, 2024, our coal-fired power plants in the Czech Republic consumed 11.549 million tons of brown coal (98.71% of our coal supplies) and 0.151 million tons of black coal. For information on our coal mining activities and purchases of coal from third parties, please see "*Our Business—Coal Mining*" and "*Fuel—Coal*". For additional information on CO_2 emission allowances and the allocation of CO_2 emission allowances, please see "*Regulation—Czech Republic—Carbon Compliance (Emission Allowances) — Allocation of emission allowances during phase III*" and "*—Czech Emission Allowances Act*".

Biomass in the form of wood chip, straw and pellets is combusted in our coal-fired heat plants in the Czech Republic. In the Czech Republic, we also own and operate one small heat plant that only burns biomass. Within our portfolio of renewable sources in the Czech Republic, biomass is the second most significant element after water from the perspective of electricity generated. In the year ended December 31, 2024, biomass deliveries in our power and heat power plants in the Czech Republic amounted to 638,000 tons (614,000 tons in 2023) and biomass was burned at the Hodonín power plant (334 thousand tons), the Poříčí power plant (244 thousand tons), the Dvůr Králové nad Labem heating plant (12 thousand tons) and the Otín heating plant near Jindřichův Hradec (48 thousand tons).

Poland

Until February 6, 2025, we owned and operated two black coal-fired power and heat plants located in the southern region of Poland, the Chorzów (formerly called Elcho) power plant with an installed capacity of 238.4 MW and

the Skawina power plant with an installed capacity of 330 MW. However, in line with our decarbonisation strategy, the divestment process of Polish coal assets was completed in early 2025.

In the year ended December 31, 2024, our coal and biomass-fired power plants in Poland generated 1.223 GWh (1.551 GWh in 2023) of electricity, representing 2.4% of our total electricity generated. In the same year, our power plants in Poland generated 5,315 TJ (5,805 TJ in 2023) of heat.

In the year ended December 31, 2024, our coal-fired power plants in Poland consumed 737,229 million tons of black coal and 139,653 tons of biomass.

Nuclear power generation

Czech Republic

We own and operate two NPPs in the Czech Republic: the Dukovany NPP and the Temelín NPP. In the year ended December 31, 2024, nuclear power generation accounted for approximately 58.7% of our total electricity generated, as compared to 59.1% in the year ended December 31, 2023. Year-on-year lower NPP production was caused by longer Temelín NPP outages, despite production in the Dukovany NPP increasing as a result of shorter outages and its gradual increase in output. In the year ended December 31, 2024, our NPPs accounted for 35.8% of our total installed capacity.

In May 2017, we decided to establish a new Nuclear Energy Division with effect from June 1, 2017. As from the same date, the existing Generation Division was transformed into the Conventional Energy Division. By establishing the Nuclear Energy Division, we responded to the needs to comply with the requirements of the amended Czech Nuclear Act 2016 to further increase the level of safety of NPPs. All departments performing activities related to the use of nuclear energy were therefore placed in the Nuclear Energy Division. By the end of the first quarter of 2025, the Dukovany NPP successfully completed the increase in installed capacity of all four of its units (with two units being upgraded in 2024), raising the total installed capacity by 56 MWe to 2,096 Mwe since the beginning of 2024.

The following table sets forth certain information regarding our nuclear-powered plants as of December 31, 2024:

Plant	**Installed capacity (MW_e)**	**Start of operation**
Dukovany	2 x 510 and 2x 524	1985-1987, reconstruction in 2009, 2010, 2011, and 2012
Temelín	2 x 1,125	2002-2003
Total installed capacity	**4,290**	

Dukovany NPP. In the year ended December 31, 2024, the Dukovany NPP generated 14.691 TWh of electricity, representing an increase of 0.349 TWh, or 2.4%, from 14.342 TWh generated in the year ended December 31, 2023 as a result of fault-free operation and efficient completion of planned maintenance and upgrades work during outages.

The construction of the Dukovany NPP commenced in 1979 and its four units became operational between May 1985 and July 1987. The power plant uses four Soviet-designed VVER 440-V213 reactors with a total installed capacity of 2,040 MW. Outside Russia, such reactors are in operation in the Czech Republic, Finland, Hungary, Ukraine, Bulgaria and the Slovak Republic. The VVER 440-V213 reactors have proven to be robust and easy to operate with substantial safety margins, as demonstrated by the strong operational and safety performance of the reactors in such countries. The design of a VVER plant is generally considered to be identical to the design of PWR plants which are based on U.S. technology (in which water also acts as the moderator and the coolant) and which are the most common reactor type used commercially around the world.

The initial projected lifetime of the Dukovany NPP was 30 years, however, we have managed to prepare the Dukovany NPP to operate beyond its originally designed lifespan. We have received licenses from SONS for an indefinite period for all four units of the power plant. All licenses are subject to the fulfilment of certain operational conditions. Currently, it is expected that the Dukovany NPP will reach the end of its operation in 2047.

The following table sets forth the status of our licenses at the Dukovany NPP as of the date of this Base Prospectus.

Unit	License valid from	License valid until / Extended until
1	March 31, 2016	Indefinite
2	July 11, 2017	Indefinite
3	January 1, 2018	Indefinite
4	January 1, 2018	Indefinite

Over the past years, we have improved the safety features of the Dukovany NPP in accordance with the requirements of SONS. As part of our modernization program, we have also been progressively implementing recommendations resulting from domestic and foreign technical audits, including recommendations by the IAEA and the World Association of Nuclear Operators ("*WANO*"). In 2011, a re-certification audit of the Dukovany NPP was successfully completed by the State Office of Occupational Health and Safety and Environmental Safety Management Company (ISO 14001 certification).

The Dukovany and the Temelín NPPs were among the first NPPs in the world to undergo an information and cyber security audit. In accordance with the ISO/IEC 27001 standard, they were awarded an international certificate confirming the high level of the Information Security Management System (ISMS). ISMS certificates are valid for three years with surveillance audits carried out on an annual basis. The first ISMS certificate was valid until October 2024. A new audit was carried out in September 2024 and the validity of the certificate was renewed for the next period. The new ISMS certificate is valid from October 2024 until October 2027.

In 2014, the Dukovany NPP was visited by several international experts including WANO (World Association of Nuclear Operators) Technical Support mission in May 2014 and six experts from leading Japanese nuclear companies and organizations to share good practices in the storage of highly radioactive waste. In September 2016, the Dukovany NPP successfully completed SAFEGUARD Dukovany 2016 training which focused on the collaboration between the Czech Army, the Czech Police and ČEZ when ensuring the power plant's external safety. The last SAFEGUARD exercise took place in autumn of 2022.

In October 2023, a two-day military exercise to protect airspace from drones was held near to the Dukovany power station.

In 2023, the Dukovany NPP expanded its fuel storage capacity by 416 storage places. This will allow the fuel supply for the operation of all four units to be extended from the current three years to five years. In March 2023, an agreement was concluded pursuant to which the US-based company Westinghouse Electric Company, with a production plant in Sweden, has supplied nuclear fuel for the Dukovany NPP since 2024.

In 2024, the Dukovany NPP underwent three regular fuel replacement unit outages. The last shutdown of the fourth unit began exactly on 24 December 2024. The total number of outage days reached 214 (220 days in 2023). Extensive component inspections, maintenance and modernization were carried out during the outages. To ensure that the units can operate for at least the intended lifetime of 60 years from construction, we continued to clean the internal parts of the steam generators from mineral deposits. This unique method was first used in 2022 in cooperation with one of the world's largest nuclear fuel suppliers, the French company Framatome.

In October 2024, CEZ signed a Memorandum of Understanding with Framatome, for the development of fuel for VVER-1000 and VVER-440 pressurised water reactors. The aim of the fuel development is to increase the efficiency and safety of the reactors.

From 2024, the Dukovany NPP has switched to an extended 16-month shutdown cycle for its units.

In March 2024, Orano has signed a contract with ČEZ, for the supply of uranium enrichment services. The enriched uranium, once transformed into fuel, will be used in the Dukovany NPP.

Temelín NPP. In the year ended December 31, 2024, the Temelín NPP generated 15.004 TWh of electricity, representing a decrease of 1.06 TWh, or 6.6%, from the year ended December 31, 2023. The lower production compared to the previous year is due to longer shutdowns for fuel replacement which lasted for 122.4 days in the year ended December 31, 2024. In particular, the autumn shutdown of Unit 2 was very extensive and was the most demanding shutdown in the plant’s history.

The construction of the Temelín NPP commenced in 1987. Following the fall of the Communist regime in 1989, the completion of the Temelín NPP became a political issue and the government stopped the construction of Unit 3 and Unit 4. In March 1993, the government approved the completion of two units, out of four units originally planned, and at the same time ordered a fundamental change in the design of the power plant, primarily to enhance operational safety. This change consisted of adapting the Soviet plant technology to function with Western instrumentation and control systems. The adaptation of U.S. technology to the original Soviet plant construction was supplied by The Westinghouse Electricity Company LLC. It was the first such adaptation of its kind and as a result of extensive design and construction changes, the estimated completion date for the Temelín NPP was delayed several times. In July 2000, the Unit 1 reactor was loaded with nuclear fuel and started up on October 11, 2000, and it generated its first kilowatt-hour of electricity on December 21, 2000. On December 29, 2002, electricity was generated for the first time from Unit 2.

In 2012, our "Safely 15 Tera" project, which focused on improving available capacity and reducing equipment failure rates, was successfully completed and the Temelín NPP generated an annual total of 15 TWh of electricity for the first time in its history. Since then, the Temelín NPP has been working to improve its availability further and safely increase its output. Between 2015 and 2017, operation of the Temelín NPP was influenced by unscheduled extensions of maintenance outages. These extensions were partially caused by welds controls, which were necessary to undertake since the X-ray images of the welds taken as part of the regular controls were found to be of low-quality. By 2018, all welds were re-tested to restore order in testing documentation and correct deficiencies. At the beginning of 2018, the period of heightened controls had been terminated. In 2020, the modernization of two separators resulted in an increase in the achievable output of the second unit by 4 MWe, i.e. to 1086 MWe. The same investment was undertaken at Temelín NPP Unit 1 in 2021. Increasing the efficiency of the unit will save up to 20,000 tons of CO_2 per year. The Temelín Power Plant now has an achievable output of 2x 1086 MWe.

On September 13, 2021, a contract with Westinghouse was concluded, pursuant to which it will upgrade the control and monitoring systems of Temelín NPP. In terms of technical complexity, this is one of the most complex contracts in the history of the Czech Republic, which will involve the partial replacement of the Westinghouse system that has ensured safe operation of the Temelín NPP for 20 years. In December 2024, installation of server and communication infrastructure for the new control system of the plant was completed. After testing and transfer of the software from the existing system to the new system, Unit 1 and Unit 2 are expected to switch to the new system in 2025 and 2026, respectively. System upgrades are currently being carried out to ensure a minimum 60-year operation of the plant.

In June 2022, following a tender procedure, ČEZ concluded contracts with the US-Canadian company Westinghouse and the French company Framatome for the supply of fuel assemblies for the Temelín NPP. Deliveries for more than 10 years began in 2025. The Temelín NPP currently receives its fuel from Westinghouse and Framatome will supply the fuel from 2026.

The Temelín NPP has been operated in accordance with a valid license granted by SONS. In June 2022, the Unit 2 received a permit for further operation from SONS. The permit was issued by the authority for an indefinite period, stipulating that the operator must prove that it meets the conditions for safe operation every ten years. The permit for further operation of Unit 1 for an indefinite period was already granted by SONS in September 2020.

In September 2023, ČEZ finished the construction of a heat pipe between the Temelín power plant and the city of České Budějovice. With a length of 26 kilometres, it is the third longest hot water pipe in the Czech Republic. It took four and a half years to build, using the most advanced technology available at the time. Temelín supplies a third of the regional town's consumption with emission-free heat. In 2024, the annual supply reached 663 TJ of emission free heat. At the same time, the heat pipe saves tens of tonnes of CO_2 emissions per year.

ČEZ selected a supplier of containers for used nuclear fuel assemblies for the Temelín NPP. ŠKODA JS won the public tender. The Pilsen-based manufacturer will continue the current contract from 2015. The value of the contract is several billions of Czech crowns. The first delivery is scheduled for 2029.

The power plant successfully passed an environmental audit according to international ISO standards.

In response to the inspection of the National Cyber and Information Security Agency ("NCISA") at the Temelín NPP, conducted in 2022, and the results of internal and external audits, ČEZ, a. s. takes corrective measures based on the individual findings and recommendations.

ČEZ is accelerating the SMR programme, with the first SMR to be built at the Temelín site in the mid-2030s. ČEZ has already set aside space on the Temelín power plant site where a SMR should be built in the future. In November 2024, ČEZ submitted an EIA Notification to the Ministry of Environment. Moreover, the first part of the geological surveys have already been carried out to assess the site for the nuclear siting (i.e. to account for key factors such as geological stability, environmental impact, proximity to water sources for cooling, safety regulations, and potential effects on nearby communities). For more information related to technological partner selection, please see "*Small modular reactors ("SMR")*".

In 2024, the Temelín NPP successfully completed several important projects. Unit 2 switched to a longer fuel cycle. In practice, this means that it will operate for 14 months, two months longer than last year. The target state, i.e. 16 months of operation and two months of outage, will be reached by Unit 2 in 2026. Unit 1 will switch to a longer fuel cycle in 2025. Among other things, ČEZ intends to increase the total production of the Temelín and Dukovany NPPs by almost two TWh per year by 2030.

The Temelín NPP continues to digitise. In 2024, ČEZ deployed a private 5G network together with Vodafone. The network can have up to 100 times the capacity of a 4G network. This enables more devices to be connected and more demanding data streams to be transmitted.

The following table sets forth the status of licenses at the Temelín NPP as of the date of this Base Prospectus:

Unit	License valid from	License valid until
1	September 24, 2010	Indefinite
2	June 1, 2012	Indefinite

Decommissioning of NPPs.

Pursuant to the Czech Nuclear Act 2016, we will be responsible for the decommissioning of each of our NPPs. We are providing funds for the future costs of decommissioning of our NPPs on a straight-line basis over the operating life of the relevant NPP. As of December 31, 2024, the total decommissioning costs were estimated to be CZK 45.3 billion for the Dukovany NPP and CZK 36.9 billion for the Temelín NPP, based on decommissioning cost studies done in 2022 and 2023. These decommissioning cost estimations are submitted for verification to the Czech Repository Authority and it is assumed that the end of the NPPs' electricity production will be in 2047 in case of the Dukovany nuclear plant and 2062 in case of the Temelín NPP. In order to accumulate an adequate amount of funds to cover the ultimate costs of decommissioning of the plants after their useful life, we periodically review the decommissioning cost estimates and update our decommissioning provisions. The last updates of the decommissioning costs for the Dukovany and Temelín NPPs were in 2022 and in 2023, respectively. The next updates of the decommissioning costs for the Dukovany and Temelín NPPs are anticipated to take place in 2027 and 2028, respectively.

To cover the costs of decommissioning, we are required by the Czech Nuclear Act 2016 to contribute to special nuclear escrow accounts. In 2024 and 2023, the payments to the nuclear escrow accounts amounted to CZK 1,773 million and CZK 1,518 million, respectively. As of December 31, 2024 restricted funds representing accumulated provision for the decommissioning of all nuclear facilities owned by ČEZ totalled CZK 19,924 million, representing an increase by CZK 1,821 million, or 10%, from CZK 18,103 million as of December 31, 2023. These restricted funds are included on the balance sheet of our Financial Statements, included in, or incorporated by reference into, this Base Prospectus, under "non-current financial assets". We have established provisions to recognize our estimated liabilities for nuclear decommissioning of all facilities owned by ČEZ in the form of an accounting reserve, which as of December 31, 2024, amounted to CZK 67,785 million, representing a decrease by CZK 7,171 million, or 9.6%, from CZK 74,956 million as of December 31, 2023.

New Nuclear Sources.

According to the USEP and the NAPNE, both from 2015, which were prepared by the Czech Government, two new NPP units with a total installed capacity of 2,500 MW were planned to be constructed and commissioned at the Dukovany and/or Temelín site by 2035 and, depending on predictions of the Czech Republic's electricity generation and consumption, one additional NPP unit could be possibly constructed and commissioned at the Dukovany or Temelín site in connection with the expected end of the operation of the existing NPP units at Dukovany. As at the date of this Base Prospectus, as a result of significantly higher expectations of future electricity consumption arising in part due to the decarbonization goals of the Czech Republic, the USEP is under revision, and it is expected that the plans for new NPP

units will be significantly revised in order to meet the higher expected electricity consumption. The Czech Government postponed the discussion of the USEP and cancelled the deadline for its adoption until the end of 2024. The Czech Government requires more time to incorporate changes due to expected developments in the energy sector in the coming months. The USEP from 2015 remains valid.

As of October 1, 2016, our projects for the construction of new NPP units were spun off into ČEZ's two project subsidiaries EDU II, and Elektrárna Temelín II, a. s. ("*ETE II*"), incorporated by ČEZ under the laws of the Czech Republic. In December 2017, the Standing Committee for Nuclear Energy established by the Czech Government (with the Czech Republic being ČEZ's controlling shareholder) investigated available options for developing new nuclear units in the Czech Republic. The following three main options were considered by that committee: (i) ČEZ itself will develop new nuclear units; (ii) the Czech Government will acquire from ČEZ the two project subsidiaries – EDU II and ETE II – and will continue with the development of the new nuclear units on its own; or (iii) the Czech Government will acquire from ČEZ part of its existing business activities, including ČEZ's existing NPPs, and will develop new nuclear units within a new entity. In the first half of 2019, the Standing Committee for Nuclear Energy concluded that the most adequate construction investment model would be using special purposes vehicles as ČEZ's subsidiaries. At the same time, the Standing Committee for Nuclear Energy agreed that a treaty between the Czech state and ČEZ covering regulatory and market risks should be concluded. At its July 8, 2019, meeting, the Czech Government decided to develop one new unit at the Dukovany site while the development of new units at the Temelín site would remain as a back-up option ready for acceleration in the future. The construction of a new NPP unit at the Dukovany site is a priority, because the operational life of the existing nuclear units at the site will end sooner than the ones at the Temelín site. In 2024, the Czech Government commenced negotiations on the construction of two new units at the Dukovany site and on the possibility of contracting binding options for additional new sources at the Temelín site.

The Czech Government prepared a new law that defines the conditions for transition to low carbon energy, which was approved and entered into force in October 2021 (law No. 367/2021 Coll.). Such a law is essential for the provision of the state aid for the development of new nuclear units in the Czech Republic.

EDU II

The first two agreements (The Framework Agreement and Implementation Agreement for the first phase of the Dukovany Project) were concluded between the Czech Republic, ČEZ and EDU II in July 2020. They established the rules for cooperation between the parties, framework of the state support and obligations of the parties in the first phase of the Dukovany Project. In 2021, the Czech Republic, ČEZ and EDU II negotiated the term sheet of a power purchase agreement, an investment agreement and a financing agreement. The final set up for the second phase of the Dukovany Project and the contractual relationships remain subject to negotiation.

Public hearings concerning the EIA of the new Dukovany NPP units took place in Budapest, Hungary, and public discussions were held in Vienna, Austria, Munich, Germany, and Třebíč, Czech Republic. On August 30, 2019, the Ministry of the Environment of the Czech Republic issued a binding EIA opinion approving the plan to build a new NPP with an output of up to 2,400 MWe at the Dukovany site.

In March 2020, EDU II applied for siting permission under the Czech Nuclear Act 2016 to construct two new units, each with a maximum installed capacity of 1,200 MWe, at the Dukovany power plant. On March 8, 2021, the siting permit was issued by the SONS to deploy a new NPP at the Dukovany site.

In June 2021, EDU II submitted to the Building authority an application for the zoning procedure of two nuclear facilities at the Dukovany site, each with one pressurized water reactor with a net electrical capacity of up to 1200 MWe. In accordance with Section 79(1) and Section 92(1) of the Construction Act and in accordance with Section 9 of Decree No. 503/2006 Coll., on more detailed regulation of zoning decision-making, zoning measures and building regulations, as amended, the Building authority issued a zoning decision of two nuclear units at the Dukovany site, in October 2023. In March 2025, the Ministry of Industry and Trade issued a final zoning decision to EDU II after all appeals and resolutions had been settled.

By the resolution no. 339 adopted as of March 29, 2021, the Czech Government approved the phase of so-called "security assessment" of potential EPC contractors before the actual commencement of the selection process. EDU II has requested the potential EPC contractor to provide the relevant information to enable the Czech Government to execute

the "security assessment". Subsequently, the Czech Government further decided – by adoption of the resolution no. 394 made on April 19, 2021 – not to invite Rosatom Overseas JSC (Russia) and China General Nuclear (China) to the security assessment. Based on the security assessment evaluation of three bidders for the construction of new NPP at the Dukovany site, the Ministry of Industry and Trade granted approval for launching the EPC contractor selection process on March 17, 2022. EDU II invited three bidders: Westinghouse (USA/Canada), EdF (France), KHNP (South Korea). All three bidders submitted the initial bids before the deadline of November 30, 2022. The amended bids were submitted by the bidders as of October 31, 2023. In January 2024, the Czech Government decided to invite two bidders (EdF and KHNP) to complete their updated bids for a binding option to build up to three additional nuclear units. The contacted bidders submitted their updated bids by April 30, 2024. EDU II submitted its evaluation report to the Ministry of Industry and Trade on June 14, 2024, as a basis for the final Czech Government decision on the preferred bidder. On its meeting on July 17, 2024, the Czech Government confirmed the selection of KHNP as the preferred contractor for the Dukovany Project. The Czech Government also decided to start negotiations on the construction of two units at the Dukovany site while simultaneously exploring the possibility of contracting binding options for additional new sources at the Temelín site.

In August 2024, Westinghouse and EdF filed objections to the selection of a competing company in the tender. In their appeals, they questioned KHNP's authorization to use the offered technology and the transparency of its management. The Czech Office for the Protection of Competition rejected their objections. Subsequently, both companies filed an appeal to the President of the Czech Office for the Protection of Competition. In February 2025, Westinghouse withdrew its comments and appeal. The EPC contract cannot be concluded until the President of the Czech Office for the Protection of Competition decides on EdF's appeal.

In September 2024, EdF also filed a complaint with the European Commission challenging whether KHNP's offer respects fundamental principles, laws and regulation of European law. This is an effort to ascertain whether KHNP is relying on government subsidies or backstops for its offer, in which case it could be in violation of European competition law. EdF's complaint was denied by KNHP, but the outcome of the investigation into the complaint by the European Commission is not yet known.

In March 2022, the Czech Republic started the notification process of state aid with the European Commission for the fifth unit at the Dukovany site. In August 2022, the European Commission published its opening decision, which was further negotiated. The European Commission approved the state aid to support the development, construction and operation of the NPP on April 30, 2024, but state support for any additional units falls outside the scope of the valid decision of the European Commission.

The contract with the selected EPC contractor is expected to be signed in the first half of 2025. According to the current schedule, construction of the Dukovany Project should start in 2029, with the first unit commissioned in 2036 and the second in 2037. All further preparatory works are being carried out in line with an approved schedule and budget.

ETE II

For the new Temelín NPP units, conditions arising out of the EIA opinion and nuclear siting permit are being fulfilled. With respect to the end of the validity of the EIA statement, ETE II submitted an application for prolongation to the Ministry of the Environment of the Czech Republic at the end of 2024. Furthermore, based on requirements of the Czech Nuclear Act 2016, the initial safety assessment report has been updated and submitted to SONS with application for a new resolution. A new siting permit was issued by SONS on November 4, 2020. As of the date of this Base Prospectus, further preparatory works are being carried out in line with the approved schedule and budget.

The significant participation of the Czech state in the financing and guarantee mechanism is essential for a positive decision to build new nuclear units in the Temelín NPP. Without the involvement of the Czech state, the decision to build the new nuclear generation capacity in the Temelín NPP may result in significant capital expenditure investment for ČEZ and may expose ČEZ to significant risks associated with building a NPP. Negotiations with the Czech state about the future activation of the project are underway and a non-binding option for the construction of two new large reactors in Temelín is part of a tender for the construction of a new NPP at the Dukovany site. It is expected that the Czech state will decide about further steps in June 2026 and the non-binding option shall be converted into a binding one no later than 5 years after signing of the contract for the new NPP in the Dukovany site.

As of the date of this Base Prospectus, neither the Czech state nor the Board of Directors of ČEZ have arrived at any conclusion concerning new nuclear sources at Temelín.

SMRs

Furthermore, since 2018, ČEZ has been analysing the feasibility of development and construction of SMRs with a power output of up to 500 MWe.

Since September 2019, we have been signing memorandums of understanding with leading SMR technology vendors including EDF, GE Hitachi, Holtec, KHNP, NuScale, Rolls-Royce SMR and Westinghouse. In 2022, the company South Bohemian Nuclear Park, s.r.o. was founded. The company is a joint venture of ČEZ and ÚJV Řež, a. s. and the South Bohemian Region, which covers research, development and communication concerning SMRs in the South Bohemian Region. ČEZ has also prepared a pre-feasibility study for the development of a new SMR in the Temelín site and an additional study analyzing the applicability of Czech legislation relating to the permitting and the licensing process of a SMR and identifying potential new sites for the deployment of a SMR. At the Temelín site, the first part of the geological survey of the site for the SMR was carried out in 2022. As of the date of this Base Prospectus, ČEZ is working on the analysis of selected potential sites (current fossil fuel power plants sites) and the technical feasibility of a SMR construction in the Temelín site. The EIA (Environmental Impact Assessment) application was submitted to the Ministry of the Environment of the Czech Republic for the Temelín site on November 8, 2024, and for the Tušimice site on February 21, 2025.

On October 29, 2024, the CEZ Group entered into an agreement whereby ČEZ agreed to progressively acquire a stake of approximately 20% in Rolls-Royce SMR. On March 4, 2025, the transaction was formally completed and the ČEZ became a shareholder in Rolls-Royce SMR. The two companies plan to collaborate in the deployment of Rolls-Royce SMR technology in the UK, the Czech Republic, and potentially in other countries as well.

Gas-fired power and heat generation

Czech Republic

In October 2014, we completed the construction of the Počerady II gas-fired power plant with the installed capacity of 844.9 MW and an expected life of 30 years. The Počerady II gas-fired power plant received its license to produce electricity on December 1, 2014. In the year ended December 31, 2024, the Počerady II gas-fired power plant generated 1,655 GWh of electricity, which was almost unchanged from 1,664 GWh generated in the year ended December 31, 2023.

Since July 1, 2018, ČEZ ENERGO, s.r.o., a company in which we originally held a 50.1% ownership interest pursuant to our joint venture arrangement with TEDOM a.s., has been included among fully consolidated subsidiaries of the CEZ Group. In June 2020, ČEZ ESCO a.s. acquired an additional 49.9% ownership interest in ČEZ ENERGO, s.r.o., thereby becoming the sole owner of the company. ČEZ ENERGO, s.r.o., installs and operates small gas-fired co-generation units with the total installed capacity of 131.297 MW (127.745 MW in 2023). During 2024, ČEZ connected new co-generation units in the amount of 4 MW. In the year ended December 31, 2024, co-generation units of ČEZ ENERGO, s.r.o., generated 359 GWh (337 GWh in 2023) of electricity and 1,747 TJ of heat.

Additionally, we own two small co-generation units with a total installed capacity of 0.4 MW at the site of our subsidiary ÚJV Řež, a. s. The electricity generated by these units serves ČEZ's own consumption.

Türkiye

In 2014, we successfully commissioned all (two gas and one steam) turbines of the new Turkish gas-fired power plant in Erzin with a total installed capacity of 904 MW and an expected service life of 30 years, in which we have an interest pursuant to a joint venture arrangement with the Akkok Group. Our interests in these joint venture arrangements are not fully consolidated and therefore are not included in the calculations of our total electricity generation and our total installed capacity.

Italy

As of November 15, 2023, Elevion Holding Italia S.r.l. acquired a 70% share in Project X S.r.l. which plans to build and operate a total of seven cogeneration units in four sites in northern Italy with an installed capacity of 26.4 MW, which will supply electricity and heat for the Transalpine Oil Pipeline ("TAL"). The electricity will be used for the pumps that push the oil and the heat will be there used to heat crude oil to improve its viscosity for easier transportation. As of the end of 2024, the total installed capacity in Italy reached 24.4 MW (8.8 MW in 2023).

Hydroelectric power generation

Czech Republic

We own and operate 34 hydroelectric power plants in the Czech Republic, comprising seven accumulation power plants, three pumped storage hydro power plants and 24 small-scale hydro power plants. In the year ended December 31, 2024 our hydroelectric power plants in the Czech Republic generated 2,479 GWh (2,369 GWh in 2023) of electricity, representing approximately 4.9% of our total electricity generated, compared to 4.6% for the year ended December 31, 2023. Our hydroelectric power plants in the Czech Republic accounted for 16.4% (16.6% in 2023) of our total installed capacity as of December 31, 2024.

The following table sets forth certain information regarding our hydroelectric power plants in the Czech Republic as of December 31, 2024:

Plant	Installed capacity (MWe)	Type of plant	Start of operation
Kamýk	4 x 10	Accumulation	1961
Lipno I	2 x 69.5	Accumulation	1959
Orlík	4 x 91	Accumulation	1961 – 1962
Slapy	3 x 48	Accumulation	1954 – 1955
Střekov	3 x 6.5	Accumulation	1936
Štěchovice I	2 x 11.25	Accumulation	1943 – 1944
Vrané	2 x 6.94	Accumulation	1936
Brno — Kníničky	1 x 3.528	Small Hydro	1941
Brno — Komín	1 x 0.1056; 1 x 0.1296	Small Hydro	1923, reconstruction 2008
Čeňkova pila — Vydra	2 x 3.2; 1 x 0.096	Small Hydro	1912
Černé jezero	1 x1.5; 1x0.045; 1x0.36	Small Hydro	1930, 2004, 2005
Dlouhé Stráně II	1 x 0.163	Small Hydro	2000
Hněvkovice	2 x 4.8	Small Hydro	1992
Hradec Králové	3 x 0.25	Small Hydro	1926
Hracholusky	1 x 3.038	Small Hydro	1964
Kořensko I	2 x 1.9	Small Hydro	1992
Kořensko II	1 x 0.94	Small Hydro	2000
Les Kralovství	2 x 1.105	Small Hydro	1923, reconstruction 2005
Lipno II	1 x 1.5	Small Hydro	1957
Mělník	1 x 0.59	Small Hydro	2010
Mohelno	1 x 1.2; 1 x 0.56	Small Hydro	1977, 1999
Obříství	2 x 1.679	Small Hydro	1995
Pardubice	1 x 1.998	Small Hydro	1978, reconstruction during 2012
Pastviny	1 x 3	Small Hydro	1938, reconstruction 2003
Plzeň — Bukovec	2 x 0.315	Small Hydro	2007
Práčov	1 x 9.75	Small Hydro	1953, reconstruction 2001
Předmeřice nad Labem	1 x 2.6	Small Hydro	1953, reconstruction 2009
Přelouč	2 x 0.68; 2 x 0.49	Small Hydro	1927, reconstruction 2005
Spálov	2 x 1.2	Small Hydro	1926, reconstruction 1999
Spytihněv	2 x 1.3	Small Hydro	1951, reconstruction 2009
Želina	2 x 0.315; 2 x 0.015	Small Hydro	1994, reconstruction 2017

Dalešice	3 x 120; 1 x 115	Pump Storage	1978
Dlouhé Stráně I	2 x 325	Pump Storage	1996
Štěchovice II	1 x 45	Pump Storage	1947 – 1949, reconstruction 1996
Total installed capacity	**1,978.7**		

Nine of our hydroelectric plants are situated on the dams on the Vltava river in the Czech Republic, creating a cascade operation (the Vltava Cascade) controlled by a central control system. The dams and related waterworks used by our hydroelectric power plants are owned by the relevant river-basin administrators with whom we have an agreement, although we own the Želina, Čeňkova Pila, Plzeň-Bukovec and Vydra dams and related waterworks.

Hydroelectric power plants have a high degree of flexibility in the regulation of their output. The ability to control hydroelectric power plants centrally permits the hydroelectric plants to commence operation rapidly, thereby facilitating the regulation of electricity output. Neither conventional storage nor pump storage hydroelectric power plants release polluting emissions into the atmosphere. These plants also represent an inexpensive source of electricity, particularly in periods of peak demand. In addition, pump storage power plants allow the productive use of excess electricity generated by base load plants by operating storage pumps in periods of low demand. Further development of hydroelectric power generation in the Czech Republic is limited by the topography and, as a result, we do not currently expect to construct any new hydroelectric power plants in the Czech Republic.

Our hydroelectric power plants may sustain damage in floods. In 1997, one of our hydroelectric power plants suffered minor damage caused by flooding and in 2002, seven out of nine of our hydroelectric power plants located on the Vltava river were damaged by floods. This damage was covered by our insurance.

Poland

Until February 6, 2025, we owned and operated two small hydroelectric power plants in Poland. In the year ended December 31, 2024, they had a total installed capacity of 1.8 MW (Skawina/Borek Szlachecki 0.885 MW and Skawinka 2 0.92 MW). However, in February 2025, following the completion of the sale of generation assets in Poland, our installed capacity in Poland fell to zero.

Türkiye

We have a joint venture interest in seven hydroelectric power plants located in Türkiye with total installed capacity of 288.9 MW as of December 31, 2024. Our interest is not fully consolidated and therefore is not included in the calculations of our total installed capacity and our total electricity generation.

Solar power generation

Czech Republic

As of December 31, 2024, we owned and operated 26 (20 in 2023) solar power plants in the Czech Republic, with a total installed capacity of 165.1 MW (130.6 MW in 2023). In the year ended December 31, 2024, our solar power plants in the Czech Republic generated 142 GWh (129 GWh in 2023) of electricity.

All of our solar power plants in the Czech Republic are located in regions with the suitable conditions for solar power generation. Vranovská Ves, Žabčice, Hrušovany nad Jevišovkou and Panov solar power plants are situated in the southernmost part of the region of South Moravia, which is generally the sunniest region in the Czech Republic, with the highest average number of sunny days. Newly opened solar power plants in 2024 are in: Dolní Podluží; Mělník II, Křivenice; Vysočany Hráz; Vrskmaň; Tachov; and Okrouhlička. Most of our solar power plants started operating in 2009 and 2010 (please see also "*Description of ČEZ—Legal Proceedings— Czech Republic — Other Proceedings*").

Germany

In Germany, our installed capacity remained mostly unchanged from 2023 as new solar power plants were only built for our customers. As of December 31, 2024, we owned and operated three solar power plants in Germany with a

total installed capacity of 56 MW (56 MW in 2023), of which the Deubach solar power plant is the largest with a total installed capacity of 48.4 MWp, followed by Reddehausen with a total installed capacity of 7.6 MWp.

Wind power generation

Czech Republic

We own and operate two wind power plants in the Czech Republic with a total installed capacity of 8.2 MW. In the year ended December 31, 2023, these wind power plants generated 6 GWh of electricity.

Poland

Since 2011, we developed several wind farm projects in Poland through a wholly owned subsidiary, Eco-Wind Construction S.A. However, regulatory changes introduced in 2016 imposed stricter zoning requirements, higher real estate taxes, and regulatory reviews, increasing the costs of wind energy development. Additionally, a new auction-based subsidy mechanism prioritized other renewable sources, limiting support for wind projects. As a result, we withdrew from the Polish wind power generation market and sold our wind energy assets, the Krasin (35.2 MW) and Sakówko (4.4 MW) projects in 2020. On July 14, 2023, our subsidiary, Eco-Wind Construction S.A. was deregistered from deregistration from the Polish commercial register.

Germany

We own and operate 11 wind power plants in Germany with a total of 55 wind turbines and a total installed capacity of 144.9 MW. All power plants in the portfolio benefit from a 20-year feed-in tariff, which starts running from the activation date of the tariff by the wind-farm operator. In the year ended December 31, 2024, our wind power plants in Germany generated 269 GWh (317 GWh in 2023) of electricity. In December 2018, we acquired a 50% stake in a joint venture co-owned by the German wind farm developer GP Joule, which aims to develop onshore wind farm projects with a planned installed capacity of up to 130MW. In December 2018 and January 2019, we also acquired a 50% stake in a joint venture co-owned by the German developer BayWa r.e. Wind GmbH with the aim of developing four wind farms with a planned installed capacity of 63MW. All wind farms to be potentially developed are planned to compete for a feed-in tariff in an auction scheme.

The most advanced projects in our co-development portfolio are Project Nortorf in Schleswig-Holstein and Project Datteln in North Rhine-Westphalia. Datteln (11.4 MW) started commercial operation in November 2024. Nortorf received construction and operation approval for two turbines with a total capacity of 11.4 MW in February 2023, with a commercial operation target for the second quarter of 2025. The CEZ Group purchased the remaining 50% stake in Nortorf and Datteln from our co-development partner GP Joule in December 2023, and January 2024 respectively, and integrated these projects into its wind plants portfolio. Additionally, Project Berka and Project Moringen Nord in Niedersachsen, part of our co-development with BayWa r.e. Wind GmbH, submitted building permit applications in December 2023 and January 2024, respectively, with permit approval expected in the second quarter of 2025.

The following table sets forth certain information regarding our wind power plants in operation in Germany as of December 31, 2024:

Plant	Installed capacity (MW_e)	Number of turbines	Start of operation
Fohren-Linden	12.8	4	2016
Mengeringhausen	12.0	5	2016
Naundorf	6.0	2	2015
Baben Erweiterung	9.2	4	2015
Gremersdorf	6.9	3	2016
Cheinitz- Zethlingen	13.8	5	2016
Frauenmark III	2.3	1	2016
Zagelsdorf	7.5	3	2016
Badow	27.6	12	2015
Lettweiler Höhe	17.7	7	2014
Lettweiler Höhe	17.7	7	2014
Datteln	11.4	2	2024

Total	**144.9**	**55**

France

In July 2017, the CEZ Group entered the renewable energy market in France through the acquisition of nine onshore wind farms projects in an advanced stage of development with a potential installed capacity of up to 106.6 MW. Each of these projects is a separate legal entity with its own generation asset. Currently, one project was discontinued (18 MW), one project is about to be discontinued (11 MW), and apart from the projects that were put into operation (three projects with 34.2 MW), four projects are still being developed with a maximum capacity of 43.6 MW.

The CEZ Group's activities in France were further expanded in January 2019 by the acquisition of an additional eight onshore wind farm projects in an advanced stage of development with a potential installed capacity of 119 MW. Each of these projects is a separate legal entity with its own generation asset. Currently, two projects were discontinued and the portfolio is now comprised of six projects with a potential of up to 97.3 MW.

During 2024, the CEZ Group in France continued to develop a portfolio of 14 wind power projects with a planned output of up to 141 MW. Two projects from the portfolio of power plants under construction in France were commissioned in 2023. The Aschères-le-Marché wind farm (12 MW, 4 turbines) started producing electricity in April 2023 and the Neuville-aux-Bois wind farm (15 MW, 5 turbines) in November 2023. The Nueil-sous-Faye project (11.1 MW, 4 turbines) was completed and started commercial operation in July 2024. The La Piballe project (7.2 MW, 3 turbines) started commercial operation in October 2024.

In the year ended December 31, 2024, our wind power plants in France generated 29 GWh of electricity.

The following table sets forth certain information regarding our wind power plants in operation in France as of December 31, 2024:

Plant	Installed capacity (MW_e)	Number of turbines	Start of operation
Aschères-le-Marché	12.0	4	2023
Neuville-aux-Bois	15.0	5	2023
Nueil-sous-Faye	11.1	4	2024
La Piballe	7.2	3	2024
Total	**45.3**	**16**	

Türkiye

Pursuant to a joint venture arrangement with the Akkok Group (through which we have 37.36% stake in one of Türkiye's largest privately-owned power producers, Akenerji Elektrik Üretim A.S.) we have interest in one wind power plant located in Türkiye with total installed capacity of 28.2 MW as of December 31, 2024. Our interest under this joint venture arrangement is not fully consolidated and therefore is not included in the calculations of our total electricity generation and our total installed capacity.

Distribution Business

Electricity distribution

In the Czech Republic, we distributed electricity to more than 3,800 million connection points covering an area of approximately 52 thousand square kilometres as of December 31, 2024, making us the largest of the four regional distributors of electricity in the country. In the year ended December 31, 2024, we distributed a total of 33,679 GWh of electricity to end-consumers in the Czech Republic.

The table below sets forth certain information regarding the volume of electricity distributed by us (including grid losses) in the year ended December 31, 2024.

	For the year ended December 31, 2024		
	Distributed to end-consumers	**Distributed to others [1]**	**Grid losses**

	(GWh)	(%)	(GWh)	(%)	(GWh)	(%)[2]
Czech Republic	33,679	*100.0*	5,439	*100.0*	1,535	*3.78*

(1) Electricity distributed to others mainly includes overflows into other regional distribution grids.

(2) Grid losses (as%) is the share of grid losses on the total sum of electricity distributed to end-customers and others and grid losses.

As of December 31, 2024, we owned and operated 170,533 kilometres of high, medium and low-voltage electricity distribution lines in the Czech Republic, of which 6% were high-voltage, 30% were medium-voltage and 64% were low-voltage. Distribution grid losses in the Czech Republic were 1,535 GWh of electricity in the year ended December 31, 2024, representing an increase of 16 GWh, or 1.1%, from 1,519 GWh in the year ended December 31, 2023.

Czech Republic

We distribute electricity in nine of the 14 regions of the Czech Republic, namely Plzeň, Karlovy Vary, Ústí nad Labem, Central Bohemia, Liberec, Hradec Králové, Pardubice, Olomouc, and Moravia-Silesia, and distribute electricity in part of two other regions – Zlín and Vysočina. In the year ended December 31, 2024, we distributed 33,679 GWh of electricity to end-consumers, making us the largest of the four distribution companies in the Czech Republic, with a market share of approximately 64% of the total electricity consumed in the regional distribution areas in the Czech Republic, according to the ERO. Our distribution grid losses were 1,535 GWh of electricity, or 3.78%, in the year ended December 31, 2024, compared to 1,519 GWh of electricity, or 3.76%, in the year ended December 31, 2023.

Our electricity Distribution Business in the Czech Republic is regulated by the ERO. A license is necessary in order to distribute electricity, which was issued to us by the ERO for an indefinite period of time from January 1, 2016. Prices for distribution services are also regulated by the ERO. The main regulatory parameters are set for the period of 5 years. The year 2024 was the fourth year of the 5th regulatory period, while the 6th regulatory period will last from 2026 to 2030. For more information, please see "*Regulation—Czech Republic—Electric Energy Sector*".

Gas distribution

We are the largest of the three distributors of gas in the Czech Republic. We cover the entire Czech Republic, except for Prague and South Bohemia. As of December 31, 2024, we distributed gas to more than 2.2 million connection points and managed 65,000 kilometres of gas pipelines. In the year ended December 31, 2024, we distributed a total of 24,239 GWh of gas to end-consumers in the Czech Republic. In the same year, the total distributed gas of the GasNet Group amounted to more than 59 TWh.

The table below sets forth certain information regarding the volume of gas distributed by us in the year ended December 31, 2024.

	Gas distributed to end-consumers for the year ended December 31, 2024	
	(GWh)	(%)
Czech Republic	24,240[1]	*99.4*
Slovakia.....	139	*0,6*
**Total.....	**24,379**	***100.0***

(1) Reflecting the fact that GasNet Group was acquired by CEZ at the end of August 2024. The total distributed gas of GasNet Group for the year ended December 31, 2024, amounted to more than 59 Twh.

We also operate some local distribution grids in the Czech Republic and in Slovakia.

Our gas Distribution Business in the Czech Republic is regulated by the ERO. A license is necessary in order to distribute gas, which was issued to GasNet by the ERO for an indefinite period. Prices for distribution services are also regulated by the ERO and set on an annual basis. The main regulatory parameters are set for the period of 5 years. The year 2024 was the fourth year of the 5th regulatory period, while the 6th regulatory period will last from 2026 to 2030. For more information, please see "*Regulation—Czech Republic—Gas Sector*".

Sales Business

Sale of Electricity

Our Sales Business sells electricity (procured by our Trading Business from our Generation Business and the wholesale market) to end-consumers in the Czech Republic, and, to a lesser extent, to end-consumers in Hungary, Slovakia, Italy, Germany and Austria. We are one of the largest suppliers of electricity in the Czech Republic in terms of volume of electricity sold to end-consumers. In the year ended December 31, 2024, we sold 22,916 GWh of electricity to end-consumers, of which 19,648 GWh, or 85.7%, was sold to end-consumers in the Czech Republic, compared to 23,982 GWh, 21,558 GWh, and 89.9%, respectively, in the year ended December 31, 2023.

The table below sets forth the volume of electricity sold broken-down by types of end-consumers in each of our principal markets in the year ended December 31, 2024:

	For the year ended December 31, 2024							
	Household		**Commercial**		**Industrial**		**Total**	
	(GWh)	***(%)***	**(GWh)**	***(%)***	**(GWh)**	***(%)***	**(GWh)**	***(%)***
Czech Republic	7,135	*100*	2,590	*99.8*	9,922	*75.2*	19,648	*85.8*
Hungary	0		0	*0*	3,148	*23.9*	3,148	*13.7*
Other	1	*0*	6	*0.2*	114	*0.9*	120	*0.5*
Total	**7,136**	***100.0***	**2,596**	***100.0***	**13,184**	***100.0***	**22,916**	***100.0***

Czech Republic

In the year ended December 31, 2024, we sold 19,648 GWh of electricity to end-consumers in the Czech Republic, or 34.0% of the total net electricity consumed in the Czech Republic, representing a decrease by 8.9% compared to approximately 21,558 GWh of electricity sold in the year ended December 31, 2023. Sale of electricity is achieved mainly through our subsidiaries ČEZ Prodej, a.s., and ČEZ ESCO, a.s.

Developments in the Czech market correspond to the developments in European markets in the period following the energy market liberalization. In the years preceding 2010, the liberalization of the electricity market did not have a significant effect on the commercial and household segment. However, starting in 2010, market participants followed in the footsteps of the companies participating in other European markets and began to intensely compete for these customers as well. A key role was played by smaller suppliers who increasingly used door-to-door sales. The number of changes of electricity suppliers during the last two years rose mainly due to many suppliers going out of business. According to OTE, in the year ended December 31, 2024, more than 579 thousand customers changed their electricity supplier, representing an increase of almost 29.2% compared to 2023.

The sale of electricity in the Czech Republic is regulated by the Czech Energy Act and the ERO. A license is necessary in order to sell electricity, which is issued by the ERO for a maximum of five years. Our license for the sale (and trading) of electricity in the Czech Republic was issued on September 2, 2010 and extended in the year 2020 by the ERO by five years until September 1, 2025. An application for extension will be submitted in 2025. The price of electricity comprises two amounts: (i) the regulated amount, to cover transmission, distribution, system services and the support of the renewable energy, and (ii) the unregulated amount, which is for the sale of the electricity itself.

Gas and Heat Supply to End-Consumers

We started to supply gas to industrial and commercial customers in the Czech Republic in August 2009 and gas to our household customers in the Czech Republic in June 2010. We started to supply gas to end-consumers in Slovakia in 2011, followed by Poland and Romania. In the year ended December 31, 2024, we supplied 10,212 GWh of gas to the customers outside of the CEZ Group, which represents a decrease of 9.1% compared to 11,232 GWh supplied in the year ended December 31, 2023. In 2024, 99.8% of gas was supplied to customers in the Czech Republic, and the remainder was supplied to customers into Slovakia.

In the year ended December 31, 2024, we supplied 23,078 TJ of heat to the customers outside of the CEZ Group, which represents a decrease of 1.2% compared to 23,361 TJ supplied in the year ended December 31, 2023. In 2024, 75.1% of heat was delivered to our customers in the Czech Republic, the rest to customers in Poland and Slovakia.

Decentralized Energy Solutions

Czech Republic and Slovakia

In 2014, we established a new company ČEZ ESCO, a.s., as a wholly owned subsidiary of ČEZ, which consolidated our capacities within the area of energy savings, decentralized energy sources, lighting and other energy services. ČEZ ESCO, a.s., focuses on providing products and services to large corporations, SMEs and the public sector and offers comprehensive energy solutions on a decentralized basis with an emphasis on new technologies, energy efficiency and integrated solutions. Individual products and services are supplied through several companies that are continually being integrated into the ČEZ ESCO Group.

ČEZ Energo, s.r.o. focuses on installations and the subsequent operation of cogeneration units for joint production of electricity and heat with installed capacity ranging from hundreds of kWe to several MWe.

ČEZ ESL, s.r.o. provides comprehensive services in the field of energy management, public lighting, supply of gases, drinking water, sewage services and operations of waste water treatment plants. It is a supplier of energy structures and energy saving projects for municipalities, industrial companies and of larger energy projects in all areas.

ENESA a.s. is a provider of EPC ("*Energy Performance Contracting*") projects.

During 2016, we acquired Solární servis, s.r.o. (formerly ČEZ Solární, s.r.o.), Energocentrum Vítkovice, a. s. (subsequently merged into ČEZ Energetické služby, s.r.o.) and AZ Klima a.s. and formed a new joint venture, ČEZ LDS s.r.o., in which we acquired a majority in 2019. ČEZ LDS s.r.o. was merged with its fellow subsidiary company ČEZ Energetické služby, s.r.o. as of January 1, 2023 and renamed to ČEZ ESL s.r.o. on July 1, 2024. ČEZ Solární is active in the field of photovoltaic rooftop solutions as well as in the field of their optimal maintenance and operation. AZ Klima, provides heating, ventilation and air conditioning solutions. ČEZ ESL s.r.o. focuses on operation of local distribution systems ("*LDS*") and related services.

During 2017, we incorporated a new subsidiary, ČEZ Bytové domy, to provide custom-tailored energy savings solutions to housing cooperatives and homeowner associations, which in 2019 merged into ČEZ Solární, s.r.o. We also acquired a 100% interest in KART, spol. s r.o., AirPlus, spol. s r.o. and HORMEN CE a.s. KART, spol. s r.o. provides building facility management services and servicing of technical equipment of buildings and also supplies and installs air-conditioning, heating and cooling equipment, measurement and control systems and power distribution systems and performs design and inspection of electrical equipment, pressure containers and boiler rooms. AirPlus, spol. s r.o. specializes in the supply, installation and servicing of air-conditioning units. HORMEN CE a.s. deals with the design, realization and production of lighting and luminaires, it provides services to offices, hotels, business premises, public buildings and industrial buildings.

During 2018, we acquired stakes in Domat Control System s.r.o., SPRAVBYTKOMFORT, a.s. Prešov and Bytkomfort, s.r.o., as well as ESCO Servis, s.r.o. (formerly SERVISKOMFORT s.r.o.) and formed a joint venture KLF-Distribúcia, s.r.o. Domat Control System s.r.o. is a leading supplier and integrator of energy management systems, control systems and measurement and control technologies. SPRAVBYTKOMFORT, a.s. Prešov owns and operates the district heating system in Prešov, Slovakia. ESCO Servis, s.r.o. provides complex support services especially for SPRAVBYTKOMFORT, a.s. Prešov, and provides related energy services. Bytkomfort, s.r.o. owns and operates the city heating system in Nové Zámky, Slovakia, and provides related energy services, including service and operational activities. KLF-Distribúcia, s.r.o. is a joint venture with the aim of building and operating 110 kV substations for the local distribution system in the industrial area with 60 active companies in Kysucke Nove Mesto, Slovakia.

During 2019, we acquired HA.EM OSTRAVA, s.r.o. providing engineering, realization and service of energy equipment for industrial customers, KART TZB, spol. s r.o. (formerly Caverion Česká republika s.r.o.) and e-Dome a.s., a Slovakian company providing energy solutions and EPC. KART TZB, spol. s r.o. has subsequently merged into KART, spol. s r.o. and e-Dome a.s. has subsequently merged into ESCO Slovensko, a. s.

In 2020, we finalized the consolidation of the full 100% stake in our subsidiary ČEZ Energo, s.r.o. by acquiring the remaining 49.9% stake from TEDOM a.s., thereby becoming the sole shareholder of the CHP market leader in the Czech Republic. At the end of 2020, ČEZ ESCO, a.s. signed a joint venture agreement with Slovensky plynarensky priemysel, a.s. ("*SPP*"), which is a leading state-owned energy and utility company specializing predominantly in the gas sector. After merger clearance from the Slovak anti-trust regulatory body (*Protimonopolny urad Slovenskej republiky*) the deal was closed in early 2021. In July 2021, we acquired a 100% stake in EP Rožnov, a.s., a company specializing in complex clean room delivery for health care as well as the electronic and automotive sectors. Later in 2021, we acquired a full stake in the CAPEXUS Group, consisting of two entities – CAPEXUS s.r.o. (acquired by ČEZ ESCO, a.s.) and CAPEXUS SK s. r. o. (acquired by ESCO Slovensko, a. s. – a joint venture with SPP). The CAPEXUS Group specializes in workplace architecture, consultancy, implementation, and project management using the Design Build method.

In 2022, our subsidiary CEZ ESCO Slovensko, a. s. acquired a 100% stake in Elimer, a.s., a company specializing in comprehensive services in the field of electrical installations. In the second half of 2022, ESCO Slovensko, a. s. made a capital contribution to Biopel, a. s., which purchases raw wood materials and sells a wide range of wood-based biofuels.

As of June 1, 2023, our subsidiary ČEZ ESL, s.r.o. successfully executed a strategic acquisition of a 100% stake in company IVITAS, a.s., an expert in design, construction and consulting services in the areas of energy, metallurgy, ecology and technological installations for buildings. The acquisition expands our capabilities in providing comprehensive services and solutions to industrial customers and cities. In addition, our subsidiary EP Rožnov, a.s. acquired the remaining 10% stake in PIPE SYSTEMS s.r.o. as of June 30, 2023, solidifying our complete ownership of the company.

Effective January 1, 2024, ČEZ transferred 100% of its shares in ESCO Slovensko, a. s. to ČEZ Invest Slovensko, a.s., consolidating activities in the Slovak market into a single entity.

In December 2024, we acquired a 100% stake in EL-ENG s.r.o. and therefore, indirectly, its 100% subsidiary operating in Romania EL-ENG RO SLR. The acquisition represents a strategic step that further expands our portfolio and capabilities within the building services engineering sector as EL-ENG s.r.o. specializes in electrical installations, engineering and other related services.

As of January 1, 2025, two internal restructuring initiatives were implemented within ČEZ ESCO, a.s. to streamline functional units and enhance the effectiveness of the organizational structure of ČEZ ESCO, a.s.: (i) the merger of EPIGON spol. s r.o. and PIPE SYSTEMS s.r.o., with the subsequent dissolution of PIPE SYSTEMS s.r.o., leaving EP Rožnov, a.s. with only two subsidiaries: EPIGON spol. s r.o. and EP Slovakia s. r. o.; and (ii) the transfer of a part of the business operations of HORMEN CE a.s. to KART, spol. s r.o., enabling HORMEN CE a.s. to focus exclusively on production while KART, spol. s r.o. takes over all sales activities.

Additionally, 100% of the shares in ČEZ Teplárenská, a.s. were transferred (as an in-kind contribution) from ČEZ to ČEZ ESCO, a.s. as of January 2, 2025, enabling ČEZ ESCO, a.s. to maximize the potential for integrated solutions in both centralized and decentralized heat supply. ČEZ Teplárenská, a.s. will provide centralized heat supply, while ČEZ Energo, s.r.o. will manage decentralized heat supply.

We continue with our current approach to M&A activity, and we are pursuing potential targets aligned with our long-term strategic objectives. Our ongoing efforts focus on identifying companies that complement and expand our services and product portfolio and contribute to our overall growth trajectory.

Other countries

The Elevion Group as a subsidiary of the CEZ Group represents ESCO services abroad. Focusing on providing integrated energy services, the Elevion Group provides solutions that seamlessly combine sustainable CO_2 reduction, continuous increase in energy efficiency, significant savings in energy costs, renewable energy systems and all areas of building technical equipment (TGA) and services.

The Elevion Group consists of more than 60 companies in Germany, Poland, Italy and other EU markets. The individual companies are successful, regionally rooted and highly specialized companies with decades of experience, whose core competencies span all market segments from building energy solutions, energy for industry to green energy.

Germany

Germany represents the main market of Elevion Group. The Group is a leading integrated provider of multi-technical building services to commercial and industrial buildings and facilities and one of the largest ESCO providers in Germany. The business is conducted both in the field of technical building services (electrical and mechanical, including HVAC / cooling / instrumentation & control engineering) mainly under Elevion GmbH, as well as in energy efficiency solutions organized predominantly under Elevion Energy & Engineering Solutions GmbH ("*EEES*").

The subsidiaries under the Elevion Group Germany include the Hermos Group, an international group of companies active in the fields of automation and information processing. Furthermore, HERMOS Schaltanlagen GmbH deals with the production and service of switchgear. Rudolf Fritz GmbH is a company with more than 100 years of experience. It offers complete services at numerous locations in Germany in the areas of measurement and testing technology, automation technology, drive and conveyor technology, high-voltage switchgear, test bench systems as well as technical building equipment and technical building management.

ETS Efficient Technical Solutions GmbH ("*ETS*") offers the conception, planning, execution, maintenance and service of ESCO-related projects completely from a single source. Its core business lies in technical building equipment, especially in the areas of heating, ventilation, refrigeration, and sanitary technology. ETS is internationally represented in China and Hungary. D-I-E Elektro AG offers entire electrical, building and automation technology from a single source at eight locations in Germany. EAB Elektroanlagebau provides electrical engineering services, as well as Elektro Decker. En.Plus offers consulting and planning, execution, service and operation of plants and systems for efficient energy, building and environmental technology for building and industrial components. In addition, the company has developed a core competence in large-scale refrigeration systems.

In 2023, Elevion Group Germany acquired Alexander Ochs Gruppe, active in the area of air-conditioning and ventilation, including its service, and Sercoo Group – with a focus on the maintenance and servicing of cogeneration units and bio-gas stations.

Other companies are organized under EEES. Entract Energy GmbH (formerly "Kofler Energies Energieeffizienz GmbH") and Pantegra Ingenieure GmbH provides design and engineering solutions for industrial, commercial, residential and public administration customers aiming at increasing their energy efficiency through equipment optimization and/or energy management. GWE Wärme- und Energietechnik deals with the technical and energy-related issues relating to energy conversion and distribution. Its focus is on efficient energy supply solutions for industry with a focus on energy centres. The additional design and engineering companies, IBP Ingenieure GmbH & Co. and Peil und Partner Ingenieure, focus on the energy-saving planning of buildings.

In December 2021, the CEZ Group acquired Belectric GmbH, a leading German service provider focusing on the delivery of large photovoltaic solutions to secure the generation of environmental-friendly energy. In the past, it has delivered capacity of more than 4 GW and provides services on 2.2 GW of power plants. The company is active not only in Germany, but has also subsidiaries in France, UK, Italy and Israel and is also active in Dutch and Danish markets. Elektro Hofmockel GmbH & Co. Elektroanlagen KG provide solutions in the area of technical equipment for buildings, including automatization and regulation.

In 2023, Belectric GmbH successfully completed the construction of two solar power plants: one in Deubach with an installed capacity of 48.6 MWp and another in Reddehausen with an installed capacity of 7.6 MWp.

Poland

In Poland, ESCO services are provided by five companies: Euroklimat, Metrolog, OEM, TRIM-TECH and Instal Bud Pecyna.

OEM Energy sp. z o.o. offers modernization and installation of solar thermal and photovoltaic panels as well as boiler or heat pump installation. The majority of its customers are local governments and industry clients.

Metrolog sp. z o.o. is an engineering firm that focuses on complex services related to heat management and decentralized heat and electricity generation.

EUROKLIMAT sp z o.o., a company with 20 years of experience in building technical solutions (electrical/ mechanical installations (including HVAC), is active across the whole of Poland. By completing the largest projects in its history and doubling its sales in the electrical segment, the company achieved its highest ever sales in 2022.

In 2023, Elevion Group Poland acquired the company TRIM-TECH, a provider of planning in the segment of technical equipment of buildings, especially in the field of air-conditioning, electrical engineering and waste water systems.

In 2024, Instal Bud Pecyna Sp. z o.o. was acquired, which specializes in HVAC installations and the construction of sewage treatment plants.

Italy

Elevion Group is active in the Italian ESCO market through Inewa, which focuses on engineering, delivery and operation of photovoltaic and cogeneration installations for various customers.

Inewa also operates several biogas units, e.g. Axe, Casaleone, Budrio (with total installed capacity of 2.3 MW el), with the aim of upgrading them into biomethane plants (with total capacity of 8.2 MW t), so that we can deliver renewable natural gas to the Italian grid. In 2022, Inewa continued to expand its bioenergy portfolio with the acquisition of 100% of B.T.C. Soc. Agricola S.r.l. and its biogas plant. In 2023, Inewa further acquired 85% of SOCIETA' AGRICOLA FALGAS S.R.L.

In 2023, the Elevion Group entered into a project for several highly efficient cogeneration units in northern Italy. The project consists in the construction and operation of seven cogeneration units with an installed capacity of more than 26 MWe. The units were installed along the SIOT-TAL pipeline and can potentially be powered by biomethane in the future.

Austria

In Austria, we operate three subsidiaries of the Elevion Group.

Moser & Partner is a service provider focusing on design of energy efficiency solutions. We are also active in this market through SYNECOTEC, which focuses on energy consultancy or installation of heat pumps / photovoltaics.

SYNECOTEC has expanded its activities during 2022 to include the installation of rooftop photovoltaic systems. In 2023, Syneco tec GmbH delivered 5 MWp in roof-top PV projects.

To complete the portfolio of services offered, Wagner Consult GmbH (IWC) was acquired in 2022. IWC has been one of the leading engineering companies in the field of wastewater treatment and energy efficiency solutions in Tyrol for almost 50 years.

Netherlands

In August 2021, we acquired a leading Dutch service provider in roof photovoltaic installations in the agricultural sector (Agri-PV). Energy Shift (formerly ZOHD Groep) consists of Zonnepanelen op het dak BV, Zonnepanelen op het dak Installaties BV and Energy Shift BV.

In 2022, Energy Shift began providing battery storage services, and at the same time pilot projects were installed. In 2023, Energy Shift plans to increase the volume of both PV and storage solutions. Due to the interconnection with other Elevion Group companies, Energy Shift plans to increase the volume of international projects, especially in Germany.

Romania

High Tech Clima SRL is the Romanian subsidiary of the Elevion Group. It is one of the HVAC leaders in the Romanian market with a number of international clients and orders from abroad, including the Czech Republic. In 2022, the company stabilized its operations with new projects and the development of new capabilities in electrical installation work.

Hungary

ETS Engineering Kft. Is a Hungarian subsidiary of the Elevion Group and provides services particularly in the area a technical equipment of buildings in Hungary.

Spain

In 2024, we entered the Spanish market by acquiring the assets in Navitacum s.l., which is a company that specializes in the development of group-mounted PV projects.

Other Services in the Czech Republic

We also provide energy-related and other services and products to our retail customers. Since 2013, we have been providing telecommunication services under the brand "Mobile from ČEZ" through our subsidiary ČEZ Prodej, a.s., as a mobile virtual network operator in the network of O2 Czech Republic, a.s. We are also becoming one of the leading gas boiler services providers in the Czech Republic.

We are active in the supply and installation of heat pumps with autonomous remote access for monitoring with the aim for further development of relevant technologies and their integration with other technologies, such as photovoltaic panels or batteries.

Despite the market downturn, we installed over 4.5 thousand rooftop photovoltaic sources and heat pumps in Czech households in 2024. We installed almost 100 rooftop and ground photovoltaic sources with a total capacity exceeding 20 MWp for companies and municipalities.

Trading Business

Overview

Our trading activities encompass selling electricity generated by us on wholesale markets and to our Sales Business; procuring on wholesale markets electricity sold by our Sales Business to end-consumers; and trading electricity, EU emission allowances ("*EUAs*"), natural gas, oil and coal in wholesale markets on our own account.

The following table sets forth a breakdown of the volume of electricity purchased and sold by us on wholesale markets (including our net electricity generated and total sales to end-consumers) for the years ended December 31, 2024 and 2023:

	For the year ended December 31		Change in 2024 compared to 2023
	2024	**2023**	
	(GWh)	*(GWh)*	*(%)*
Wholesale trading in electricity:			
Electricity purchased on wholesale markets	43,570	73,412	*59.3%*
Electricity sold on wholesale markets	64,751	94,181	*68.8%*
Balance of wholesale trading in electricity	21,181	20,769	*102.0%*
Electricity generated and sold to end-consumers:			
Total electricity generated by us (gross)	50,616	51,452	*98.4%*
Own consumption of electricity generated	4,985	5,182	*96.2%*
Total electricity generated by us (net)	45,631	46,270	*98.6%*
Distribution losses	1,535	1,519	*101.1%*
Electricity sold by us to end-consumers	22,915	23,982	*95.6%*
Balance between electricity generated by us and sold to our end-consumers	**27,701**	**27,470**	*100.8%*

In the year ended December 31, 2024, we procured a total of 94,186 GWh of electricity (43,570 GWh of electricity purchased on wholesale markets and 50,616 GWh of our electricity generated (net of own consumption and distribution losses)) and we sold a total of 87,666 GWh of electricity (64,751GWh of electricity on wholesale markets and 22,915 GWh of electricity sold to end-consumers). In the year ended December 31, 2023, we procured a total of 124,864 GWh of electricity (73,412 GWh of electricity purchased on wholesale markets and 51,452 GWh of our

electricity generated (net of own consumption and distribution losses)) and we sold a total of 118,163 GWh of electricity (94,181 GWh of electricity on wholesale markets and 23,982 GWh of electricity sold to end-consumers).

We carry out proprietary trading that consists of taking on energy commodity (gas, coal, electricity and emissions and oil) exposures in European, but also in American and Asian markets by means of financial derivative instruments and contracts for physical delivery exchanged on the regulated and OTC markets, seeking to exploit arbitrage opportunities and speculating on price developments. By trading on our own account, we aim to generate additional profits. We carry out these activities within a formal governance framework with strict risk limits set by our Risk Management Committee, and compliance therewith is verified daily by our Risk Management Department which is independent from the groups carrying out our trading operations. We have specific controls in place in terms of quantitative risk limits (value at risk, credit exposure, future credit exposure and other risk limits with inclusion of stop-loss). Credit risk management for trading operations is based on strict evaluation, assignment and monitoring procedures that we believe are in accordance with international best practices.

The risk limit set by the Risk Management Committee for our proprietary trading activities in the year 2025 is CZK 4.9 billion. The potential open positions over a longer time period are limited by a daily value at risk limit of CZK 200 million. These relatively low limits and the strict rules set by our Risk Management Committee lead to a high number of transactions with a high aggregated volume on an annual basis but generally with a relatively low margin. The annual volume of electricity traded for own account can vary substantially depending on market conditions in the respective year, namely liquidity, price volatility and market trends.

Our trading also takes place on the Intercontinental Exchange in London ("*ICE Futures Europe*") and in Amsterdam *("ICE ENDEX")* on the European Energy Exchange ("*EEX*") in Leipzig, Germany, on the New York Mercantile Exchange ("*NYMEX*") in New York, on the Hungarian Derivative Energy Exchange ("*HUDX*") and Hungarian Power Exchange *("HUPX"),* European Power Exchange (Spot Markets) ("*EPEX SPOT*") in Paris, the Towarowa Gielda Energii ("*TGE*") in Poland, the PXE in Prague, OPCOM in Romania, HENEX in Greece, OTE in Prague, OKTE in Bratislava, BSP in Slovenia, MEFF in Spain, MIBGas in Spain and NASDAQ in Norway.

Outside of the Czech Republic, we also trade directly in Austria, Bulgaria, Germany, France, the Netherlands, Belgium, Denmark, Serbia, Switzerland, Poland, Hungary, Slovakia, Romania, Greece, Italy, Spain, Slovenia, Croatia, Baltic and Nordic countries and the UK where a license is not required to trade in electricity or gas or where the eligibility for such a license is not limited to entities established under the laws of the same country.

By means of the regasification capacity purchased by ČEZ in EEMSENERGY TERMINAL B.V. (owned by the Dutch gas TSO Gasunie and the company VOPAK) located in Eemshaven, in the Netherlands, in 2024 CEZ regasified 14.1 TWh of LNG which was sold across the European natural gas markets.

Czech Republic

On the Czech wholesale market, we sell electricity for contractually agreed upon prices. Since 2002, the wholesale prices have been unregulated. Since the launch of the PXE on July 17, 2007, the majority of our electricity generated for wholesale distribution is sold on the PXE (now owned by EEX) and on the electronic OTC broker platforms. Due to cross-border integration and fully liberalized power prices, the primary price-setting market in our region is Germany and its exchanges EEX and EPEX SPOT and there has historically been a strong correlation between power prices in the Czech and German markets. Prices in the wholesale market are set on the basis of supply and demand, through trading on the PXE and bilateral contracts. Instruments that can be traded on the Czech Republic's exchange range from one-year contracts down to one-day contracts. Anonymous trading on a daily basis can also be realized through the organized spot markets of OTE. In addition to one-day trades, the organized markets of OTE also enable intra-day trading. Unlike the PXE, the OTE requires physical delivery.

We continued to sell the electricity that we generated almost exclusively in the Czech electricity market, either wholesale through the PXE, or through electronic broker market platforms, or to end-consumers. We continued to sell electricity on a forward basis, specifically, up to six years in advance, with the aim of leveraging market demand for these products to partially hedge sales against possible price volatility. This strategy helped us to maintain our results of operations even at a time of substantial declines in wholesale electricity prices.

As of December 31, 2024, we had our exposure to electricity prices hedged through a number of contracts for physical power supply at a price structure which reflects the generation costs of our brown coal-fired and NPPs. As of December 31, 2024, we had no base load power supply hedged by means of any long-term contracts. Due to the current electricity price levels, we have not entered into any new long-term contracts and unless the market conditions change, we do not intend to sell further production of our brown coal-fired and NPPs under long-term contracts.

Other Businesses

Coal Mining

The mining business is significantly influenced by regulatory developments and climate targets of the EU and the Czech Republic. In December 2020, the Czech Republic's Coal Commission, an advisory body to the government, recommended to the government a deadline of 2038 for the end of coal mining and combustion in the Czech Republic. In October 2023, the Czech Government approved a draft of the National Energy and Climate Plan assuming a shift away from coal by 2033.

We mine, process and sell brown coal and its by-products in the Czech Republic. In the year ended December 31, 2024, we produced 14.0 million tons of brown coal, making us the largest producer of brown coal in the Czech Republic accounting for approximately 59.1% of the total volume of brown coal produced in the Czech Republic in 2024.

The Bílina Mines, operating in the Teplice-Bílina area in the North Bohemian Basin, are characterized by coal with high heat content and a low proportion of hazardous substances. An important part of its production is low-sulphur sorted coal. In the year ended December 31, 2024, the Bílina Mines produced 6.0 million tons of brown coal which was supplied mainly to our power plants Ledvice, Mělník, Poříčí and to the Trmice heating plant. Our coal mining operations at the Bílina Mine are permitted until 2035.

The Nástup Tušimice Mines operates in the westernmost part of the Ústí Region of the Czech Republic in the Tušimice mining area in the North Bohemian Basin. In 2024 the Nástup Tušimice Mines produced 8.0 million tons of brown coal. The majority of coal extracted from the Nástup Tušimice Mines went mainly to our power plants Tušimice II and Prunéřov. Mining License for Doly Nástup Tušimice is valid until 2029.

The table below sets forth the amount of coal produced by our mines and the amount of which was delivered to our coal-fired power plants in the years ended December 31, 2023 and 2024:

	For the year ended December 31			
	2023		2024	
	Produced	**Delivered for own consumption**	**Produced**	**Delivered for own consumption**
	(*in million tons*)			
Bílina Mines	7.3	3.8	6.0	3.6
Nástup Tušimice Mines	8.3	6.9	8.0	7.5
Total	**15.6**	**10.7**	**14.0**	**11.1**

In 2024, our plants consumed 11.1 million tons of our brown coal output, or 79% of our total brown coal output, compared to 10.7 million tons of our brown coal output in 2023. In 2024, we sold a total of 2.9 million tons of brown coal to third parties, which generated total revenues of CZK 4.6 billion. In 2023, we sold a total of 4.9 million tons of brown coal to third parties, which generated total revenues of CZK 7.1 billion.

We carry out exploration works at the mines on an annual basis. Our exploration activities are primarily carried out in order to assess the characteristics of our reserves and the hydrogeological and geotechnical conditions as well as in order to optimize extraction. However, based on our past exploration of current deposits, we do not expect any material adjustments to the exploitable reserves of these mines (within their current limits).

We operate open pit coal mines and are responsible for the decommissioning and reclamation of the mines (the process of restoring land that has been mined to a natural or economically useable purpose) as well as for damage caused by the operations of the mines. To cover such costs, we are required by Czech law to contribute to a special escrow account. These restricted funds are shown in our balance sheet under restricted financial assets and as of December 31, 2024, the restricted funds related to mining reclamation and damages totalled CZK 6,911 million (compared to CZK

6,475 million in the year ended December 31, 2023). We have also established provisions to recognize our estimated liabilities for decommissioning and reclamation of mines and damage caused by the operations of our mines. As of December 31, 2024, such provisions amounted to CZK 15,864 million compared to CZK 15,323 million as of December 31, 2023. In the year ended December 31, 2024, the reclamation expenses totalled CZK 168 million compared to CZK 189 million in 2023.

Provision of Ancillary Services

Ancillary services are generally defined as services provided by natural or legal persons for maintaining the operation of power systems and the quality and security of electricity supply. Ancillary services allow imbalances between electricity consumption and generation to be corrected by means of demand- or supply-side changes. Users of the power system who comply with the relevant technical and commercial terms and conditions set out by the transmission or distribution system operator generally have the right, but are not obliged, to offer ancillary services at market prices.

Ancillary services are purchased by transmission and distribution grid operators for stabilizing the grid in auctions for a wide range of products to be provided over various lengths of time.

Our revenues from the provision of ancillary services to transmission and distribution grid operators reached CZK 2,621 million in the year ended December 31, 2024, compared to CZK 5,883 million in the year ended December 31, 2023. In 2024, we provided ancillary services to transmission and distribution grid operators only in the Czech Republic.

Lithium mining

In March 2020, we decided to join a lithium mining project at Cínovec. The original developer of the project, EMH, held a 100% shareholding in Geomet, s.r.o., the holder of an exclusive license for exploration for zinnwaldite containing lithium at Cínovec. Severočeské doly, our wholly owned subsidiary acquired a 51% stake in Geomet through an increase of its registered capital in the first half of 2020. Further, we entered into a second phase of the project, consisting of an off-site testing and technical verification of the process of lithium extraction and a preparation of a final economic and technological feasibility study of the project. In the second quarter of 2024, a new site in Prunéřov was selected for the processing plant. The aim of this change is to improve the economics of the project and make permitting processes easier and faster. Based on this decision, the definitive feasibility study needs to be updated and adjusted to the new site. This update is expected to be completed in the middle of 2025. The decision whether to proceed with the mining of lithium will be based, among other things, on the success of the updated definitive feasibility study. The lithium mining project was selected as a strategic project under Regulation (EU) 2024/1252 establishing a framework for ensuring a secure and sustainable supply of critical raw materials, as amended, by the European Commission in March 2025.

Fuel

Coal

Approximately 93% of the coal consumed by our coal-fired power and heat plants for the year ended December 31, 2024, was brown coal. Brown coal is mainly supplied by three companies in the Czech Republic, the main supplier being Severočeské doly a.s., our wholly owned subsidiary. Black coal is used in the Dětmarovice power plant and in part of the Poříčí power plant in the Czech Republic and was used in the Chorzów power plant and the Skawina power plant in Poland.

The table below sets forth information relating to the total amount of coal consumed by our coal-fired power plants and the amount of which was purchased from third parties for the years ended December 31, 2023 and 2024:

	For the year ended December 31			
	2023		**2024**	
	Total consumed	**Purchased from others**	**Total consumed**	**Purchased from others**
	(*in million tons*)			
Brown coal				

Czech Republic	11.2	0.5	11.5	0.5
Black coal				
Czech Republic	0.5	0.5	0.2	0.2
Poland[12]	0.9	0.9	0.7	0.7
Total black coal	1.4	1.4	0.9	0.9
Total	**12.6**	**1.9**	**12.4**	**1.4**

In the year ended December 31, 2024, we consumed 11.5 million tons of brown coal in our brown coal power plants in the Czech Republic, of which 11.1 million tons, or 96%, were produced by our own mines (see "*Our Business—Coal Mining*"), with the remainder purchased from Sokolovská uhelná, právní nástupce, a.s. (approximately 4%). We currently purchase brown coal from Sokolovská uhelná, právní nástupce, a.s., under a long-term agreement that expires in 2025. The black coal used in our black coal-fired power plant in the Czech Republic is secured by purchases from OKD, a.s. Black coal supplies are secured under short-term contracts. The production of electricity from hard coal at the Dětmarovice power plant will end in spring 2025.

Most of our coal-fired power plants are located in the vicinity of the North Bohemian brown coal basin in the Czech Republic. Conveyor belts from nearby mines supply brown coal directly to two of our power plants, Ledvice and Tušimice. For other coal-fired power plants, rail is primarily used to transport coal supplies over relatively short distances. Taking into account geographical restrictions, current mining limits and current estimates of our coal-fired generation needs, as of the date of this Base Prospectus we estimate that there are sufficient brown coal reserves in the Czech Republic for the operation of our coal-fired power plants until the end of their currently expected operation lifetime.

The Elcho power plant and Skawina power plant in Poland are located in Upper Silesia and Lesser Poland, respectively, and are supplied with black coal from mines in the region. The principal supplier of coal to the Elcho and Skawina power plants in 2024 was Polska Grupa Górnicza S.A. and other local coal suppliers. The CEZ Group sold its Polish coal power plants to ResInvest Group in February 2025.

Nuclear Fuel

ČEZ's historical long-term nuclear fuel supplier, TVEL JSC, produced nuclear fuel for both Dukovany and Temelín NPP at its facility in Elektrostal, Russia. Nuclear fuel fabrication and shipments of nuclear fuel from TVEL are performed upon our request according to conditions in the fuel supply contracts.

Design of nuclear fuel for Dukovany NPP has been modified in order to accommodate the operation of reactors at an increased power level of 105% and in the "five-year fuel cycle", such that one fifth of the fuel in the core is replaced by fresh non-irradiated fuel each year. An improved design of fuel has been used since 2014, from 2019 with higher enrichment based on a new license. Dukovany NPP units are operated in 16-month cycles with a total capacity of 1,475 MW. In addition, more efficient use of fuel (PK3+) was licensed and loaded in the core.

The fuel for Dukovany NPP is supplied under a long-term contract which expires on December 31, 2028. As part of ensuring the safety of nuclear fuel supplies for Dukovany NPP, activities aimed at introducing an alternative supplier of nuclear fuel are ongoing with the aim of gradual reduction of fuel offtakes from TVEL JSC. After the outbreak of war in Ukraine in 2022, we immediately started negotiations to find a new nuclear fuel supplier to Dukovany NPP. On March 29, 2023, we completed negotiations relating to alternative nuclear fuel supplier to Dukovany NPP and signed a nuclear fuel supply contract with the Westinghouse Electric Sweden AB. The first supply of nuclear fuel produced in their plant in Sweden is expected to be delivered during 2025.

At Temelín NPP, the most advanced fuel type was licensed and loaded into Unit 2 in 2018 followed by Unit 1 in 2022. In 2016, we concluded an agreement with Westinghouse Electric Sweden AB for the supply of services related to the development and licensing of the fuel design and the manufacturing and delivery of six lead test assemblies ("*LTAs*"). These assemblies were licensed, delivered and loaded into Unit 1 in 2019. During outages in the years 2020 – 2022, inspections of the LTAs were carried out to evaluate the LTAs performance. The Temelín NPP units are currently transitioning to an 18-month operation cycle.

[12] As of February 2025, the CEZ Group's Polish power plants in Skawina and Chorzów have been divested and are no longer a part of the CEZ Group.

With respect to future fuel supplies for the Temelín NPP, the competitive tender for supplies of nuclear fuel and related services has been undertaken. The final bid award was announced in June 2022 and the deliveries under the tendered contracts are to start in 2025. The companies awarded with the new nuclear fuel supply contracts are Westinghouse, Electric Sweden AB and Framatome GmbH. The last nuclear fuel supplies for Temelín NPP from the contract with TVEL JSC took place in 2024.

We procure nuclear fuel materials (uranium) and services (conversion and enrichment) pursuant to spot, medium-term and long-term contractual arrangements. Our procurement activities are supervised by the EURATOM Supply Agency (ESA), which endorses and co-signs, if required by the Treaty Establishing the European Atomic Energy Community (the "*Euratom Treaty*"), all new supply contracts and amendments thereto, which must be in full compliance with the ESA supply policy. Our nuclear material needs are covered mainly by market purchases made predominantly on the basis of long-term contracts. To the extent authorized under the ESA supply policy, we also purchase nuclear fuel as a package (or "bundle") including uranium, conversion and enrichment services under existing long-term fuel fabrication contracts. In general, the same practice will continue in the following years, however, new long-term contracts for uranium in UF6 form and enrichment services were concluded during the year 2024 with main market players covering the needs of the Dukovany NPP and, on the basis of a tender, additional contracts for uranium will be concluded for the needs of the Temelín NPP in the foreseeable future.

In line with ESA supply policy we keep a diversified portfolio of suppliers. We decided to gradually build-up a strategic inventory of fabricated fuel at our NPPs, in order to reduce the risk of operation disruption in case of delayed delivery of fuel while reducing strategic inventories of nuclear materials in different stages of processing (uranium concentrate, natural and enriched uranium hexafluoride). Management expects to generally have enough nuclear fuel to operate the Temelín NPP for two years and the Dukovany NPP for a minimum of three years. With respect to current developments, the trend of increasing fuel inventory will continue until operational experience is gained with fuel designs of alternative suppliers.

Spent Nuclear Fuel Storage

Interim spent nuclear fuel storage facility

Dukovany NPP. The first stage of an interim spent nuclear fuel storage facility ("*ISFSF*") at the Dukovany NPP, which utilizes transport and storage casks (standard dry storage technology), became operational in December 1995. The capacity of this facility (60 Castor casks) was fully used up in the first half of 2006. In 1997, preparation started on the second stage of the Dukovany ISFSF with a storage capacity of 133 Castor casks. The second storage facility was commissioned in October 2006 and became operational in December 2006. Its capacity is expected to cover the Dukovany NPP’s operation for a period of at least 40 years. Alternatives for the securing of storage capacity for the Dukovany NPP’s 60-year operation are being investigated. As of December 31, 2024, spent fuel is stored in 52 Castor 440/84M and 9 ŠKODA 440/84 casks, which represent approximately 46% of the entire storage capacity of the second storage hall.

Temelín NPP. The ISFSF at the Temelín NPP was put into operation in September 2010. The storage capacity represents spent fuel for the 30-year operation of the Temelín NPP. In 2019, a Temelín ISFSF extension project was initiated to provide sufficient spent fuel storage capacity for Temelín NPP's expected 60 years of operation. As of December 31, 2024, there were 48 CASTOR 1000/19 casks, 5 ŠKODA 1000/19 and 17 ŠKODA 1000/19(M) casks at the Temelín ISFSF, of which approximately 46% of the entire current storage capacity is exploited.

Central interim spent nuclear fuel storage facility

As an alternative, ČEZ is also considering the storage of spent fuel from both of its NPPs at an underground central ISFSF at the Skalka site in Southern Moravia. ČEZ obtained a construction permit for the first stage of ISFSF construction in May 2011. The first stage was finished in October 2012. The location is being kept as a potential stand-by alternative to the on-site Dukovany ISFSF and Temelín ISFSF.

Biomass

The CEZ Group uses sustainable biomass. Biomass in the form of wood chip, straw and pellets is mainly combusted in our coal-fired power plants and heat plants in the Czech Republic and Poland. In the Czech Republic, we

use biomass mainly in the Hodonín and Poříčí power plants. The power plant operated by Energetické centrum s.r.o. in Jindřichův Hradec burns biomass of plant origin– grain straw, rapeseed straw and grasses (hay). The Polish power plants[13] in Skawina and Chórzow burned pellets from sunflower stalks and utilize biomass mainly from agricultural residues, e.g., corn straw and sunflower husks.

In the Czech Republic, 638,000 tons of biomass were delivered to our power and heat power plants in the year ended December 31, 2024, compared to 614,000 tons in the year ended December 31, 2023, generating 435 GWh and 437 GWh of electricity, respectively.

In Poland, we burned approximately 140,000 tons of biomass in the year ended December 31, 2024, compared to approximately 251,000 tons in the year ended December 31, 2023, mostly in the form of co-burning with hard coal, generating 170 GWh and 263 GWh of electricity, respectively.

Italian biogas plants use corn, sorghum, slurry, triticale and bran, among others, to produce biogas. For the production of biomethane, the volume of corn is reduced, the proportion of sorghum is increased and waste from the food industry, gastro waste, slurry and manure are also used.

Gas

Natural gas deliveries to ČEZ for the operation of gas boilers and for the start-up and stabilization of CEZ Group's facilities amounted to 0.3 TWh in the year ended December 31, 2024 compared to 0.2 TWh in the year ended December 31, 2023. This natural gas is used as fuel in the Prunéřov, Dětmarovice, Tušimice, Temelín, and Ledvice power plants, as well as in the Dvůr Králové nad Labem and Trmice heating plants.

Natural gas for the Počerady II CCGT plant is purchased on the wholesale market and its consumption in the year ended December 31, 2024 amounted to 3.4 TWh compared to 3.3 TWh in the year ended December 31, 2023.

Since the beginning of the ongoing military conflict in Ukraine, ČEZ has not concluded any new gas supply contract with any Russian entity. As of the date of this Base Prospectus ČEZ has no valid contract with Russian entities for gas supplies and all gas is purchased from entities outside Russia.

In February 2023, ČEZ initiated arbitration against Gazprom by submitting a Request for Arbitration under the rules of the ICC, seeking to recover damages of more than CZK 1 billion arising from Gazprom's significant under deliveries of natural gas in 2022. At the end of February 2025, the arbitration tribunal of the ICC fully upheld ČEZ's claim and ordered Gazprom to pay ČEZ damages of CZK 1 billion and other ancillary costs (see "*Description of ČEZ—Legal Proceedings—Other Proceedings*" below).

In June 2022, the Ministry of Industry and Trade of the Czech Republic together with ČEZ negotiated a capacity of three billion cubic meters of natural gas per year for the Czech Republic at a new LNG terminal, including transport routes to the Czech Republic. The terminal is located in Eemshaven, the Netherlands and started its operation in September 2022. The contract has been concluded for 5 years. The terminal's capacity is commercially managed by ČEZ and options for capacity assignment and cost sharing with the Czech Republic are included.

In November 2023, in cooperation with the Czech Government, the CEZ Group has contracted long-term annual capacity of 2 billion cubic metres at one of the onshore LNG terminals in Germany. The Stade terminal will be located near Hamburg at the mouth of the Elbe River on the North Sea and is expected to be commissioned by its operator, the Hanseatic Energy Hub, in 2027. The capacity at the terminal has been leased for 15 years, with an option to extend this to 25 years in connection with the future use of green hydrogen fuels. At the same time, the Ministry of Industry and Trade supported the transaction by concluding a hedging agreement with the CEZ Group similar to the one for the Eemshaven terminal.

In 2024, a contract was concluded between the CEZ Group and Algerian company SONATRACH for gas supplies via a pipeline from Algeria.

[13] As of February 2025, the CEZ Group's Polish power plants in Skawina and Chorzów have been divested and are no longer a part of the CEZ Group.

Property, Plant and Equipment

We own all of our significant generation facilities and other properties and we hold the title to, or have the right to use by virtue of leases, all of the land underlying our facilities, including our coal mines. Our plant, property and equipment mainly comprise power plants and distribution networks as well as coal mining facilities, administrative buildings and other assets. As of December 31, 2024, we owned buildings with a total net book value of CZK 291.1 billion, plant and equipment with a net book value of CZK 222.8 billion and land with a net book value of CZK 10.8 billion. As of December 31, 2024, we owned net plant in service pledged as security for liabilities in the amount of CZK 7,593 million, representing 1.4% of the total net book value of plants in service as of December 31, 2024.

Capital Expenditures

Capital expenditures are necessary to maintain and improve the operations of our facilities, meet regulatory and prudential operating standards and to achieve our transition and decarbonization goals. Construction and maintenance costs have increased throughout the power industry over the past several years, and we expect future costs to be highly dependent on the cost of components and availability of contractors that can perform the work necessary to construct, maintain and improve respective facilities. For the years ended December 31, 2024 and 2023 we invested CZK 28,218 million and CZK 22,305 million, respectively, into purchases of nuclear fuel, investments in our renewable and conventional generation portfolio, construction of a new nuclear unit EDU II, electromobility, our MS Office license renewal and other projects; CZK 22,732 million and CZK 17,008 million, respectively, into our electricity and gas distribution network in the Czech Republic; CZK 4,606 million and CZK 4,776 million, respectively, into our sales, ESCO and heat business; and CZK 1,918 million and CZK 2,480 million, respectively, into our mining business.

Inven Capital

In 2013, we announced the New Energy Sector strategic program responding to the changing energy market. One of the initiatives under this program was the establishment of a fund, Inven Capital, for the purposes of investing in innovative companies active in the new, clean energy and smart technology industry in Europe and Israel. Inven Capital focuses primarily on investment opportunities in later-stage growth companies with a business model proven by sales and with growth potential, among others, in areas of energy efficiency, distributed generation, flexibility and power storage, data services in energy, green mobility and smart city technologies. Its objective is to generate long-term value through active collaboration with portfolio companies and their founders.

Since 2013, Inven Capital has invested into fourteen European companies (sonnen Holding GmbH, SunFire GmbH, tadoº GmbH, Cloud&Heat Technologies GmbH, Vu Log S.A.S., Cosmo Tech S.A.S., NeuronSW SE, Zolar GmbH, Eliq AB, Forto GmbH, Woltair, s.r.o., Hometree Marketplace Ltd, Hydrogrid GmbH and Ember Core Ltd), four Israeli companies (Driivz Ltd., CyberX Israel Ltd., Taranis Ltd. and Wint-Wi Ltd.) and the British fund Environmental Technologies Fund 2 L.P.

In July 2015, Inven Capital acquired shares in the German company sonnen Holding GmbH, a company which produces battery energy storage systems. The investment was made in the form of an increase in the company's registered capital. Inven Capital acquired a minority stake accompanied with the right to participate in the company's strategic decision-making. The company develops, manufactures, and sells smart battery systems for storing energy generated by solar panels and other renewable energy sources for households and commercial customers, including energy management and integration into virtual power plants. The company operates in Europe, the U.S. and Australia.

In November 2015, Inven Capital acquired a minority stake in SunFire GmbH. Its key product is reversible fuel cell technology, which is able to convert a fuel (such as natural gas) into electricity and heat as well as electricity back into hydrogen and other gases (Power-to-Gas) or synthetic fuels (Power-to-Liquids). This technology represents a major step toward greater energy self-supply, improved efficiency in the utilization of energy sources and decarbonization.

In April 2016, Inven Capital acquired a minority stake in tado° GmbH, a company providing solutions for intelligent home climate control. tado° GmbH key products are a Smart Thermostat and a Smart AC Control which connect any heating and air conditioning system to the internet and allow for their control through a geo-aware tado° smartphone app which adapts home temperature to the local weather conditions and adjusts the home's temperature according to the location of its owners. The technology allows for the reduction of energy bills while improving home comfort and helping to protect the environment.

In May 2016, Inven Capital acquired a minority stake in the Environmental Technologies Fund 2 L.P, a London-based fund focused on investments into global, fast-growing companies active in the area of clean energy. We expect this investment to grant us access to unique investment opportunities and know-how.

In May 2017, Inven Capital acquired a minority stake in the Dresden-based company Cloud&Heat Technologies GmbH, which designs, builds and operates green, water-cooled public and private cloud data centers, whilst reusing server heat for hot water and heating. Through this technology, the data centers reach excellent energy efficiency; 60% lower energy costs and 15% lower total costs compared to traditional air-conditioned solutions.

In August 2017, Inven Capital became a shareholder in the French company Vu Log S.A.S., a provider of shared mobility technology for green cars in cities. Vu Log S.A.S. provides a car-sharing technology, including a comprehensive Software-as-a-Service platform and enabling car-sharing operators to provide services to their end customers in the five continents where they operate.

During 2017, Inven Capital became member of Invest Europe (Europe's private equity, venture capital and infrastructure sectors association) and CVCA (Czech Private Equity and Venture Capital Association) and started cooperation with the European Investment Bank, under which the European Investment Banks provides EUR 50 million to develop a co-investment initiative with Inven Capital to support the growth of clean energy and smart technology in small and medium sized enterprises. In February 2018, Inven Capital changed its legal form to a SICAV (Société d'Investissement À Capital Variable), as required by the co-investment program with the European Investment Bank.

In July 2018, Inven Capital invested into the French company Cosmo Tech S.A.S. The Cosmo Tech platform is the world's most advanced complex systems modelling and simulation platform, capable of modelling any system in any industry and drawing on the expertise of dozens of specialists. It assists managers to take the right decisions regarding critical infrastructure (e.g. electricity, gas or water).

In December 2018, Inven Capital acquired a minority stake in the Israeli company Driivz Ltd, which provides an end-to-end software platform for electric vehicle ("*EV*") charging infrastructure management solutions, which is used by 300,000 drivers worldwide. Driivz Ltd. has developed a modular system for managing charging station networks, providing a wide range of services for both charging infrastructure operators and EV users.

In February 2019, Inven Capital, together with all other shareholders, sold its stake in sonnen Holding GmbH to Shell Overseas Investment B.V., which became a 100% owner of the company.

In March 2019, Inven Capital acquired a minority stake in Israeli company CyberX Israel Ltd., which is a supplier of complex solutions in industrial cyber security. Inven Capital, together with Qualcomm Ventures, became a shareholder in CyberX as part of the USD 18 million (CZK 410 million) fund raising round and joined other international capital funds such as Norwest Venture Partners, Glilot Capital Partners, Flint Capital, ff Venture Capital or OurCrowd.

In June 2019, Inven Capital invested into the Czech company NeuronSW SE, which develops advanced, integrated hardware and software platforms for predictive maintenance based on acoustic analysis, enabling timely detection of failures and optimization of operations using unique acoustic data sets processed in real time by proprietary deep neural network

In July 2019, Inven Capital invested into the German company Zolar GmbH, digital platform which ensures simple online customer journey to purchase clean energy products (e.g. PV, batteries) via the zolar configurator, linked with a unique digital fulfilment process optimizing the installation and supply chain and a partnership model for high-quality craftsmen.

In June 2020, Inven Capital sold its stake in CyberX Israel Ltd. to Microsoft, which became the sole owner of the company.

In August 2020, Inven Capital acquired a minority stake in the Swedish company Eliq AB, which has been developing a platform providing utilities with insights of end-user consumption behavior and energy needs through a white labelled digital app and data analytics backed by artificial intelligence.

In September 2020, Inven Capital invested in the German company Forto GmbH, which has been developing a complex digital platform for end-to-end freight forwarding services that substantially automates logistics processes.

In December 2020, Inven Capital invested in the Czech company Woltair, s.r.o., which has been building a digital platform that simplifies installation of heat pumps, gas and electric boilers as well as air conditioning in households. The platform digitalizes the whole process and connects technicians and customers online.

In September 2021, Inven Capital acquired a minority stake in the British company Hometree Marketplace Ltd, a technology driven provider of boiler and home emergency insurance offering subscription services for homeowners that simplify boiler and other house appliance repairs.

In March 2022, Inven Capital disposed of its portfolio company Driivz to a global industrial technology company Vontier focused on transportation and mobility solutions, which became a 100% owner of the company.

In September 2022, Inven Capital sold its stake in its portfolio company NeuronSW to another internal investor.

At the end of 2022, Inven Capital expanded its cooperation with the European Investment Bank, which invested an additional EUR 50 million alongside Inven Capital into innovative companies. The investments in tado° GmbH, Cloud&Heat Technologies GmbH, Cosmo Tech S.A.S., NeuronSW SE, Zolar GmbH, Eliq AB, Forto GmbH, Woltair s.r.o., and Hydrogrid GmbH were made as part of a joint project with the European Investment Bank.

In April 2023, Inven Capital acquired a minority stake in the Israeli company, Wint, that develops a water intelligence solution preventing leaks in buildings and real estate projects while saving considerable amount of water.

In December 2023, Inven Capital invested in the Austrian company Hydrogrid. Hydrogrid offers automated software for the optimization of hydropower plants operations and trading including inflow predictions, market forecast and trading instructions.

In January 2024, Inven Capital invested in the British company Ember. Ember is building electric bus networks in the UK and their product is a full stack solution, including underlying software, charging stations and buses so that they can optimize operations.

In November 2024, Inven Capital sold its stake in its portfolio company Cosmo Tech to the global software investor Insight Partners.

Employees

As of December 31, 2024, we employed 33.6 thousand employees, out of which approximately 83.0% were employed in the Czech Republic, compared to 30.6 thousand, or 81.5%, as of December 31, 2023. The reason for the increase in the amount of overall employee numbers is subsidiary acquisitions in the Czech Republic and Germany and also further expansion of existing work teams.

As of December 31, 2024, all employees of ČEZ were covered by a collective bargaining agreement in accordance with Czech law. Our collective bargaining agreement is valid until the end of 2027. Our collective bargaining agreement was amended annually from 2010-2024 (inclusive). In 2007, we also established our European Work Council in accordance with applicable national and European laws, which in 2024 included 23 representatives of the employees from the Czech Republic, Poland, Slovakia, Germany, and Romania. We have not experienced any strikes or work stoppages in the Czech Republic.

Research and Development

Research and development ("*R&D*") activities of the CEZ Group significantly contribute to the improvement of the safe, economical and reliable operation of our assets and to strengthening of our knowledge of innovative technologies in the energy sector. Our R&D projects are performed by external, specialized engineering, research organizations (including academic sector) or our research organizations. R&D activities cover numerous topics in nuclear energy and conventional power generation, life management of key power plants components, reduction of pollutants from fossil fuel burning, innovative renewables, waste management, energy efficiency, digitization, smart grids, energy storage, including development of concept of hydrogen economy. Generally, our R&D activities are becoming more focused on the decentralized, renewable and unconventional energetics. The centralized coordination of R&D activities in the CEZ Group fosters the inter-sectoral cooperation and brings synergic effects.

Long-term human resources and development as well as relevant R&D knowledge base support in the Czech Republic constitute important co-benefits of our R&D projects. Cooperation with technical universities has been an important part of these activities. We are a founding member of the Czech Sustainable Energy Technology Platform, which represents a forum of utilities, vendors, research, engineering, and academic entities acting for the improvement of energy R&D in the Czech Republic and for the promotion of international cooperation.

We are also a member of vgbe energy e.V. and hold full membership in the nuclear sector of the Electric Power Research Institute ("*EPRI*") and in other of EPRI's programs, focused on the fossil power plants life management. In addition, we are involved in international energy R&D projects, particularly in the EU's Research, Development and Innovation Framework Programs. We are also a member of European technology platforms and similar entities, for instance the Sustainable Nuclear Energy Technology Platform or European Technology and Innovation Platform Smart Networks for Energy Transition.

The main research organization within the CEZ Group is Centrum výzkumu Řež (Research Centre Řež), which is equipped with top-class technical and experimental facilities and expert capacities. Research covers a vast range of fields such as advanced nuclear fission systems (including SMRs), nuclear fusion, new materials for energy production or advanced energy storage systems.

The CEZ Group R&D costs, net of grants and subsidies received, that are not eligible for capitalization have been expensed in the period when incurred and amounted to CZK 831 million in the year ended December 31, 2024, compared to CZK 635 million in the year ended December 31, 2023.

Licenses

As of the date of this Base Prospectus, we hold all material licenses necessary for the operation of our business. For information on licenses and permissions required under the Czech Energy Act and under other applicable regulations, please see "*Regulation—Czech Republic—Electric Energy Sector—Licensing Regime*".

Emission Rights

CO_2 emissions became an integral part of our management and decision-making, not only at our coal-fired power plants which are directly affected by the trading, but also at non-fossil fuel-fired power plants, which play a major role in optimizing generation in terms of CO_2 emissions. Our decision-making process regarding the trade of CO_2 is based on a comparison of the wholesale electricity price with generation costs, which include the price of CO_2 emission allowances.

The following table summarizes the movements in the quantity and book value of emission rights and credits held by us during 2023 and 2024:

	For the year ended December 31,			
	2023		**2024**	
	in thousands tons	*in CZK millions*	*in thousands tons*	*in CZK millions*
Emission rights and credits for own use:				
Emission rights and credits for own use at January 1	19,507	23,093	17,267	25,118
Emission rights granted	335	-	275	-
Settlement of emissions with register	(16,848)	(20,134)	(14,763)	(21,355)
Emission rights purchased	14,289	21,868	11,702	23,616
Transfer to emission rights classified as held for sale	-	-	(309)	(360)
Reclassification	(16)	(5)	-	-
Currency translation differences	-	296	-	83
Emission rights and credits for own use at December 31	**17,267**	**25,118**	**14,172**	**27,102**
Emission rights and credits held for trading:				

Emission rights and credits held for trading at January 1	3,281	6,408	2,921	5,589
Settlement of emissions with register	(737)	(1,640)	(596)	(963)
Emission rights purchased	43,413	88,963	5,022	8,242
Emission rights sold	(43,036)	(87,910)	(6,027)	(9,291)
Fair value adjustment	-	(232)	-	(1,208)
Emission rights and credits held for trading at December 31	**2,921**	**5,589**	**1,320**	**2,369**

Our total emissions of greenhouse gases amounted to an equivalent of 13,692,158 and 13,531,854 tons of CO_2 for the years ended December 31, 2023 and 2024, respectively. As of December 31, 2023, we recognized a total provision for CO_2 emissions in the amount of CZK 22,422 million and as of December 31, 2024, we recognized a total provision for CO_2 emissions in the amount of CZK 25,860 million.

Since January 1, 2021, the fourth trading period has been launched lasting until December 31, 2030. For this period, no emission allowances are to be allocated without charge in respect of any electricity production and there is only a partial allocation in respect of heat production.

The following table shows the allocation of emission allowances received without charge for our coal-fired power plants and heat plants in the Czech Republic and the assumed allocation of emission allowances for the part of the fourth period lasting until December 31, 2026. One emission allowance corresponds to 1 tonne of CO2 emissions. Note that recently a revision of the EU ETS framework was finished, and the allocation rules might change accordingly in the future.

	4th period					
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
	(number of emission allowances)					
For heat production (*starting 2024 expected values only*)	260,631	250,225	237,100	226,002	216,040	195,581

Intellectual Property

We own the rights to numerous trademarks in relation to the name "ČEZ" and its "E" symbol as well as to the name "SKUPINA ČEZ" ("*CEZ GROUP*") and its "E" symbol. The trademark of the word "ČEZ" is protected in 41 states under the Madrid Agreement Concerning the International Registration of Marks and its Protocol (the "*Madrid Agreement*"). The trademark of the word "ČEZ" combined with the symbol "E" is protected in 41 states under the Madrid Agreement, and the trademark of the word "CEZ GROUP" combined with the symbol "E" is protected in 23 states under the Madrid Agreement and the colour symbol "E" is protected in 23 states under the Madrid Agreement. The claim "ČISTÁ ENERGIE ZÍTŘKA" combined with the symbol "E" is registered in color and in black and white for the territory of the Czech Republic, and the trademark of the English version of the claim "CLEAN ENERGY OF TOMORROW" combined with the symbol "E" for the entire territory of the EU. These trademarks are currently used as the principal trademarks of ČEZ. The registration of all essential trademarks is regularly extended and protected against the registration of similar trademarks by another entity.

Insurance

We maintain several types of insurance to protect us against potential liabilities. These include property insurance for our conventional power plants and NPPs and nuclear liability insurance, in addition to other liability and property insurance. Our general liability insurance also covers particular environmental liabilities that we may incur.

Our insurance coverage complies with the Czech Nuclear Act 1997 and the Vienna Convention requirements in respect of responsibility for damage caused by a nuclear incident. However, our insurance does not fully cover all risks and we cannot guarantee that costs connected with nuclear disasters or other unforeseen events in our NPPs would not have any negative effects on our business, results of operations and financial condition (please see "*Risk Factors—Risks Related to Our Business and Operations—We could incur significant losses in the event of a nuclear accident*"). The Czech Nuclear Act 1997 sets limits on the liability of operators of nuclear facilities for nuclear damage. The Czech Nuclear Act 1997 provides that operators of nuclear facilities are liable for up to CZK 8 billion per incident and limits the liability for damage caused by other activities

(such as transportation) to CZK 2 billion. The Czech Nuclear Act 1997 also requires an operator/licensee to insure its liability for the operation of a NPP up to a minimum of CZK 2 billion and up to a minimum of CZK 300 million for other activities (such as transportation). We have obtained all necessary insurance policies with the minimum limits required by law for the operation of our NPPs. We have concluded such insurance policies with Generali Česká pojišťovna a.s., which represents the Czech Nuclear Insurance Pool (a group of insurance companies) and with the European Liability Insurance for the Nuclear Industry, which is a mutual insurance company insuring nuclear liability risks.

We maintain insurance policies covering the assets of all types of our power plants (coal, gas, nuclear, solar, wind, hydro and biomass) and heating plants, as well as insurance policies covering non-technological equipment, general third-party liability insurance in connection with our main operations and car insurance. We also have insurance policies covering directors' and officers' liability.

Management system

The management system in the CEZ Group is based on the requirements of national legislation, recognized international standards and the recommendations of international organizations. Governance of the management system includes defining and implementing the vision, strategy, policies and objectives of ČEZ and the management system serves as an environment to achieve this. ČEZ's process model, organizational structure and its control (including control of organizational roles, responsibilities and authorities) and management system documentation are considered as core elements of the management system by ČEZ. These are complemented by continual improvement using PDCA (plan, do, check and act) cycle. ČEZ has implemented and documented its management system, which is being continuously maintained, evaluated and improved to increase its economical, safety and the environmental performance. The management system of ČEZ is based on process approach which is divided to multiple level process model. The Quality Policy of CEZ Group was approved by its Board of Directors and subsequently published, to emphasize expectations of top management in the field of quality. The risks and opportunities are considered in planning actions to achieve improvement of the management system. The management system in ČEZ integrates all management areas including safety and the environment. The management system of ČEZ consists of a combination of three main management approaches, namely the organization structure based, applied process based and project management. The management system of ČEZ and other companies within the CEZ Group are awarded by several management system certifications by independent authorities (safety, environmental protection, information and cyber security, energy management).

ČEZ, as the managing entity, leads a group (in Czech, *concern*), which includes the managed entities.

The common interest of the group members is promoting and fulfilling group interests on a long-term basis through the application of unified group management. As part of group management, the managing entity may give binding instructions to managed entities. General and operating group instruments may be issued to that end. General group instruments are shared CEZ Group documents and the managing entity’s internal documents that are also intended for managed entities. Operating group instruments are group instructions given on an ad hoc basis. Fundamental documents having group-wide application are Group Management Policies governing primarily areas and activities that should be subjected to group management and follow group interests.

Safety approaches (nuclear safety, information safety, occupational safety) are integrated parts of our management system. The management system is applicable to all employees from the senior management level to the employee level. Our senior management is accountable to the stakeholders for assuring and providing the resources necessary for quality, health and safety and environmental management. Top management as well as the management on all levels engages all employees to contribute to operation and improvement of the management system by its leadership. Our Safety and Environmental Protection Policy contains safety commitment and goals which are split into divisional and organizational management systems. Each CEZ Group entity is responsible for implementing management system tools and the principles in all day-to-day activities. Our safety management system is based on the management of safety processes focused to identified safety risks. In line with its health and safety objectives, several CEZ Group entities have implemented a safety management system in accordance with the Safe Company program and gained Safe Company Certificate and many CEZ Group companies have implemented a management system in accordance with the ISO 45001 international standard and gained the corresponding certification. To mitigate emerging risks affecting our ability to deliver our products within the CEZ Group, a business continuity management system was implemented. The business continuity plans were developed to mitigate identified disruptions.

Nuclear Safety

Under Czech law, SONS is responsible for supervising safe operation of NPPs. SONS supervises regulatory compliance and the operation of nuclear facilities, the quality of selected activities, maintenance and personnel training. SONS representatives (local inspectors) are permanently on site at both Dukovany and Temelín NPPs to monitor their performance and compliance with safety standards and operating procedures, and to make sure that any modifications are being performed in an appropriate manner. The safe operation of Dukovany and Temelín NPPs is governed by documented requirements, approved by SONS. It is the responsibility of each plant to comply with regulations and requirements set out in the approved documentation.

Since their commissioning, Dukovany and Temelín NPPs have been continuously monitoring the levels of radiation in the immediate vicinity of the plants under the supervision of SONS. To date, the results of the monitoring in the ventilation outlets and in the drains of the plants have indicated that radiation levels remain considerably below regulatory limits.

NPPs are operated in accordance with atomic law, and the requirements of Act No. 263/2016 Col., the Atomic Act, and its implementing decrees are met. One of these requirements is to continuously increase the level of nuclear safety, radiation protection, technical safety, radiation extraordinary event management, radiation situation monitoring and security of nuclear installation and nuclear material. Therefore, measures to increase safety are implemented within the long-term Safety Improvement Plans. For example, recently, measures such as severe accidents management (filtered venting, flooding of the core in the reactor pressure vessel and long-term heat removal from the containment) have been implemented at the Temelín NPP, the qualification of the emergency core cooling system for higher temperature boric acid in the intake at the Dukovany NPP has been established, the steam generator cleaning strategy at the Dukovany NPP has been improved, and a special container system for extinguishing electric vehicles at the Dukovany NPP and the Temelín NPP has been acquired.

WANO

ČEZ is a member of the World Association of Nuclear Operators ("*WANO*") and, like other members of this organization, regularly participates in peer reviews of its NPPs. These peer reviews are carried out regularly by international teams of experts from various professional organizations. Both NPPs, i.e. Dukovany and Temelín, as well as the headquarters of ČEZ, are subject to inspections.

Dukovany

In April 2017, another WANO peer review took place at the Dukovany NPPs and, for the first time, evaluated the Dukovany NPP against a new version of WANO's standard, the Performance Objectives and Criteria. In the course of the WANO mission, the team of international experts identified nine areas for improvement ("**AFI**"). The Dukovany NPP had already been working to improve most of the identified areas, including supervision over contractors, human performance quality, human performance tool, inspection activities or exclusion of foreign materials. The WANO mission also pointed out two good practices transferable from the Dukovany NPP to other NPPs.

In February 2019, a follow up mission on the 2017 WANO peer review took place at the Dukovany NPP. Two out of the nine areas were classified as *Satisfactory/Completed* (level A: Acceptable performance is now demonstrated.). The remaining seven areas were assessed as *On Track* (level B: Evidence shows that substantial, demonstrated performance improvement has been achieved. Additional run time may be needed to demonstrate that the solid performance is sustainable. Indicators and oversight are in place to monitor and promote continued improvement.). No areas were classified as *At Risk* (level C) or *Unsatisfactory* (level D).

In April 2021, another major WANO inspection took place at the Dukovany power plant. The WANO team consisted of nuclear experts from eight countries - Bulgaria, the Czech Republic, France, Hungary, the Russian Federation, the Slovak Republic, Ukraine and the USA - representing the WANO regional centres in Atlanta, Moscow and Paris. The purpose of the peer review was to examine the plant's performance in terms of safety and operational reliability. The plant performance was reviewed in all core, functional and multifunctional areas as defined in the WANO Performance Objectives and Criteria (PO&C 2019-1, issued in 2019). The scope of the review included a review of the plant's nuclear safety culture. A separate team conducted observations of the performance of two operating crews on the fullscope simulator during simulated normal, abnormal, and emergency situations from March 26 to April 6, 2021. The

WANO team found that the overall condition of the plant is maintained at a good level. Performance is good in many areas and has improved in recent years. The WANO index has increased from 70% to 85% in the last three years.

In October 2023, the WANO Peer Review Follow Up mission took place at Dukovany NPP. The goal of this mission was to evaluate action plans from previous mission effectivity.

Dukovany NPP faced a changed evaluation scale in comparison with previous missions as five out of nine AFIs were evaluated by the WPR Team and four by the plant self-assessment. Evaluation A (solved) received 2 AFI, B (on the track) 5 AFI and 2 AFI have been evaluated as C (at risk). Outputs are in compliance with outputs of WANO PR Temelin NPP and Corporate mission.

WANO PR Follow Up closes a four year evaluation cycle of WANO. An extended action plan has been established at Dukovany NPP, Temelín NPP and corporate to improve areas of Leadership, Maintenance and Industrial safety.

ČEZ Headquarters

In May 2017, the WANO Corporate Peer Review mission took place at the headquarters of ČEZ. This was the first visit of experts sent by the Moscow headquarters of WANO. They evaluated the cooperation between the central departments and the Temelín and Dukovany NPPs within the framework of the WANO Corporate Peer Review 2017 mission. The corporate focus of the WANO Corporate Peer Review (review of central services) has been in place for 13 years worldwide and is a natural response to developments in the nuclear power industry. During the nine-day mission, experts reviewed our performance in seven PO&C areas and identified two strengths and two AFIs.

In November 2019, ČEZ headquarters again hosted foreign experts, this time as part of the follow-up mission to the 2017 WANO peer review. The purpose of the follow-up mission was to assess the progress ČEZ has made in removing obstacles identified during ČEZ's peer review, discussions, interviews and observations conducted at the company's headquarters and at the Dukovany and Temelín NPPs.

In November 2023, a further WANO Corporate Peer Review mission took place at the headquarters of ČEZ. This was the first mission in charge of the WANO Paris Center. During the ten-day mission, international experts reviewed all corporate performance objectives and criteria (WANO PO&Cs) and evaluated our processes according to the GOSP model (governance, oversight, support, and performance). During the peer review, the team identified three AFIs and four Strengths. Strengths were in the areas of innovative investments, improvements in fuel cycle management, human resources focus on development of the future nuclear workforce, and company communication strategies. AFIs were identified in areas corporate leadership, ownership in oversight and maintenance functions and ability of corporate leaders to effectively intervene and correct identified performance shortfalls.

Temelín

In November 2015, the first WANO peer review under new Performance and Objective Criteria took place at the Temelín NPP. The mission concluded that the power plant is properly operated and is in a good condition. The mission identified 15 areas to be improved and mentioned three areas in which the power plant can serve as a good practice example for others.

Between July 17 and August 2, 2019, another WANO peer review took place at the Temelín NPP, which concluded that the power plant is properly operated and is in a good condition.

In October 2021, a follow-up mission to the 2019 WANO Peer Review took place at the Temelín NPP. The review focused on determining the effectiveness of corrective actions taken in response to the nine AFIs identified in the 2019 Peer Review and on assessing the efforts that have been made to improve the safety and quality of the plant's performance. As a result, the subsequent peer review found: 1. One AFI is considered to have been met; satisfactory progress has been made (Level A). 2. Satisfactory progress has been made on the remaining eight AFIs, but some deficiencies remain (Level B). The facility needs to continue efforts to complete resolution of the still existing deficiencies in the above areas.

In November 2023, the WANO Peer Review mission took place at Temelín NPP. This was the second mission in charge of the WANO Paris Center. During the three-week mission, international experts reviewed all relevant

performance objectives and criteria (WANO PO&Cs) During the Peer Review, the team identified seven AFIs and four strengths. Strengths were in the areas Emergency Preparedness, Training and Maintenance. AFIs were identified in areas contractors supervision, corrective actions effectiveness, practical training and industrial safety.

IAEA

The IAEA is the organization that oversees and sets the rules for the peaceful uses of nuclear energy. It is also the body responsible for monitoring compliance with the Treaty on the Non-Proliferation of Nuclear Weapons. From the perspective of international security and nuclear non-proliferation, the most important activity of the IAEA is the so-called safeguards activity under the Treaty on the Non-Proliferation of Nuclear Weapons - NPT. Another important area of the Agency's activities is the Technical Cooperation (TC) programme. Within its framework, the Czech Republic, through the SONS, organises a number of seminars and study visits for IAEA/MAAE course participants, especially in the field of nuclear safety, radiation protection and radioactive waste management. From CEZ's point of view, the documents issued by the IAEA are important.

However, the Agency (in addition to OSART inspections) also provides support and assistance to Member States, e.g. in new projects, in improving the operational safety of NPPs, in decommissioning nuclear sources or in radioactive waste management. The Czech Republic is a member of the IAEA and, as a result, the IAEA has carried out a number of on-site IAEA assessment missions.

The first OSART review took place at the Dukovany NPP in 1989 with a follow-up Re-OSART mission in 1991. In November 2001, the Dukovany NPP underwent its next OSART review. Based on the recommendations from this review, an action plan was prepared and fulfilled. In October 2003, a follow-up OSART mission was carried out to review our implementation of its earlier recommendations and subsequently declared its full satisfaction with our fulfilment of its recommendations. The next OSART review at the Dukovany NPP was held in June 2011. The review team identified a wide range of good practices as well as several AFIs to achieve even better results of operational safety. The plant's senior management has prepared and implemented a set of corrective measures to address these recommendations before the follow-up OSART mission in June 2013. The follow-up mission concluded that 64% of the original findings were implemented completely and the progress in the implementation of the remaining 36% was satisfactory.

The first pre-OSART review at the Temelín NPP was held in 1990 with a follow-up mission in 1992. A regular OSART mission at the Temelín NPP took place in 2001 and the follow-up OSART mission held in 2003 was aimed at assessing the power plant's response to the recommendations of the OSART mission in 2001. Most of the recommendations and proposals were included in the category *completed*, and the team generally noted the progress in operational safety enhancement, recommendation implementation and power plant appearance. The next OSART mission at the Temelín NPP focusing mainly on organization, management, operation, maintenance, technical support, radiation protection and emergency management systems, took place in November 2012. The final report highlights consistency in operations of the power plant with the criteria of the IAEA and confirms that there are no major safety shortcomings. A set of recommendations for improvement in the operations, operating experience, technical support and severe accident management areas were also provided.

In May 2014, an IAEA OSART follow-up mission reviewed the effectiveness of measures taken in the Temelín NPP (in organization and management, operations, maintenance, technical support, feedback, chemistry, radiation protection, and emergency management) based on 2012 recommendations and confirmed successful implementation of recommended measures at the Temelín NPP. Furthermore, foreign experts praised the fact that measures following the recommendations were adopted on the basis of an in-depth analysis, and that measures in many cases went beyond the recommendations of the OSART team. Eleven recommendations were assessed as *fully resolved*; four recommendations were assessed in stage of *satisfactory progress*.

In April 2013, there was an IAEA mission focusing on a seismic review of the site of the Temelín NPP with the aim of evaluating the situation in five previously unfinished areas from the previous 2003 IAEA expert mission and reviewing compliance with the requirements of IAEA safety standards. Two areas were evaluated as completely solved and three as partially solved. An action plan of measures was prepared for the implementation of the remaining areas.

In September and October 2013, the first OSART Corporate assessment took place in ČEZ, focusing not only on technology, but also on management, human resources, communication, purchasing, corporate independent supervision and maintenance. The review team concluded that ČEZ fully complies with all legislative requirements for

nuclear plant operation and identified ten good practices which will serve as an example for other nuclear plants operators in the world, six suggestions for improvement and three recommendations.

In May 2015, an IAEA OSART Corporate follow-up mission was conducted to review whether three IAEA expert recommendations and six suggestions of October 2013 relating to improvement of NPP safety management were implemented. This follow-up mission found six of the nine findings *resolved* and three evincing *satisfactory progress*.

In November 2021, an IPPAS mission took place under the auspices of the IAEA. The objective of the mission was to review and assess the level of security of nuclear materials and nuclear facilities at the level of the State and the nuclear facilities operating therein. IAEA inspectors directly inspected both Czech NPPs. They focused not only on physical and cyber security, but also on compliance with internationally applicable rules.

In May 2022, the second IAEA SEED mission was aimed at a seismic inspection of the Dukovany power plant took place. The mission aims to confirm the suitability and safety of the Czech NPP sites. The seismic suitability of Czech nuclear sites has been verified for decades, but the nuclear power industry operates with the principle of continuous monitoring. The focus was on both existing generating units and plans for the construction of additional nuclear facilities, including SMRs. The specialised mission was a first for Dukovany. Temelín, which in recent years has been the focus of attention mainly from Austrian NGOs, has already had two similar inspections in 2003 and 2013.

In 1989, IAEA and the Nuclear Energy Agency of the OECD introduced the International Nuclear Events Scale ("*INES*"), an internationally recognized tool used to inform the public in consistent terms of the safety significance of reported nuclear and radiological incidents and accidents, excluding naturally occurring phenomena such as radon. Events are classified at seven levels: Levels 4 to 7 are termed *accidents* with a significant radiation exposure off-site, while Levels 1 to 3 are termed *incidents* with effects on the nuclear facilities only. Events without safety significance are called *deviations* and are classified Below Scale/Level 0. No incident higher than Level 2 was observed at the Dukovany and Temelín NPP as of December 31, 2024.

In September 2024, the OSART mission was conducted for the Temelín NPP. This OSART mission reviewed nine areas: Leadership and Management for Safety; Training and Qualification; Operations; Maintenance; Operating Experience Feedback; Radiation Protection; Chemistry; Emergency Preparedness & Response, and Accident Management.

The mission was coordinated by IAEA and the team was composed of experts from Canada, China, France, Romania, Slovakia, United Kingdom and the United States of America, two IAEA staff members and two observers from Hungary and the United Arab Emirates. The collective nuclear power experience of the team was approximately 405 years.

The team identified 15 issues; six of them were recommendations and nine of them were suggestions. Several areas of good practices established in the Temelín NPP were also noted, such as “Confined space training mock-ups”; “External website for Corrective Action Program”; and “Steam Generator Chemistry”. These good practices were recommended for transfer and implementation in other nuclear power plants worldwide.

In October and November 2024, the OSART mission was conducted for the Dukovany NPP. This OSART mission reviewed seven areas: Leadership and Management for Safety; Operations; Maintenance; Technical Support; Operating Experience Feedback; and Radiation Protection and Chemistry.

The mission was coordinated by IAEA and the team was composed of experts from Canada, France, Netherlands, Slovenia, Sweden, Romania, United States of America and the United Arab Emirates. The collective nuclear power experience of the team was approximately 264 years.

The team identified 13 issues; five of them were recommendations, and eight of them were suggestions. One area of good practice established in the Dukovany NPP was also noted: the “Development of a new unique method for cleaning horizontal steam generators (VVER 440) in cooperation with CEZ, FRAMATOME and SKODA JS”. This good practice was recommended for transfer and implementation in other nuclear power plants worldwide.

Both the Temelín NPP and the Dukovany NPP have developed and are implementing (under supervision of corporate organization) their action plans to address identified issues. ČEZ's nuclear division management expressed their

commitment to address the issues identified and will invite an IAEA follow up visit in about eighteen months from the date of the last missions to review the progress made.

Post Fukushima Stress Tests

Stress tests of NPPs required by the European Council are defined as a focused assessment of safety margins and resistance of nuclear plants, in light of the events that occurred at the Fukushima-Daiichi NPP in Japan following a tsunami on March 11, 2011.

The assessment of both of our NPPs was performed by experts in nuclear safety, design of nuclear facilities, accident management, emergency preparedness and phenomenology research of severe accidents, fully qualified for the assessment. The evaluators complied with a deterministic approach to evaluate the expected successive failure of all preventive actions during extreme scenarios.

During the assessment, no conditions were identified that required immediate remedial action. Both of our NPPs were assessed to be able to safely manage even highly improbable extreme emergency conditions without posing any threat to their vicinity. Despite identifying the robustness of barriers, the evaluators concluded that opportunities still existed for further safety enhancement with respect to highly improbable situations. The proposed measures which are subject to further review are broken down into short- and medium-term measures, categorized according to their importance. Short-term measures include:

- proposing and implementing alternative means of communication and support during interventions at the NPP and for communicating with public authorities in the event of significant damage to infrastructure and the isolation of the site area;
- finalizing the remaining procedures and guidelines for severe accidents; and
- reviewing the existing qualifications and capacity of personnel to fulfil the vital functions of the NPP if all units on the site are affected, or in case of loss of the control centers.

Medium-term measures include:

- proposing and implementing alternative independent technical means (for example power sources and pumps) as another barrier to fulfilling the vital functions of the NPP including guideline implementation; and
- implementing the actions in process to reinforce the design against the effects of severe accidents.

All measures (short- and medium-term) were implemented by 2015.

Measures for maintaining long-term containment integrity according to selected severe accident management strategies at the Temelín NPP (containment venting & containment flooding by external moto-pumps) were implemented in 2024. Measures for maintaining long-term containment integrity according to selected severe accident management strategies at the Dukovany NPP (long term decay heat) were also implemented in 2024.

The safety enhancement program is understood to be open and new activities are supposed to be added based on the use of state-of-the-art methods and new technical solutions.

EMANI, Czech Nuclear Insurance Pool

The inspections of the European Mutual Association for Nuclear Insurance ("*EMANI*"), European Liability Insurance for the Nuclear Industry ("*ELINI*") and the Czech Nuclear Insurance Pool are carried out at our NPPs based on insurers' requests (usually once a year). These inspections were focused on fire protection, operation, maintenance, nuclear safety and overall condition of the plants. Both plants were evaluated as well controlled, operated and maintained in all assessed areas.

Cybersecurity

ČEZ has been the administrator of a critical information infrastructure pursuant to Act No. 181/2014 Coll., as amended, (the "*Czech Cybersecurity Act*") since 2016. In the field of the critical information infrastructure and the information systems for the essential services, ČEZ's scope of duties has been extended. In 2020, ČEZ successfully went through a period of implementation and ensuring compliance with the requirements of the Czech Cybersecurity Act. In 2024, ČEZ renewed its certification of the information security management system according to EN ISO/IEC 27001:2022. The level of cybersecurity is regularly verified by both internal and external audits. ČEZ is systematically preparing for the requirements of new EU legislation, in particular the NIS2 Directive, and its national transposition.

Risk Management

We continue to develop our integrated risk management system in order to increase our fundamental value while taking into account the level of risk acceptable for our shareholders. Our supreme risk authority is our Chief Financial and Operations Officer, who decides, based on the recommendation of the Risk Management Committee, on the development of an integrated system of risk management, on an overall allocation of annual risk limit to the individual risks and organizational units, and he approves obligatory rules, responsibilities and limit structure for the management of partial risks.

The Risk Management Committee (advisory committee of the Chief Financial and Operations Officer) comprises of:

- seven permanent members: Chief Financial Officer, Chief Risk Officer, Chief Nuclear Officer, Chief Renewables and Conventionals Officer, Chief Sales and Strategy Officer, Trading Director and Executive Finance Director;

- three non-permanent members (being the other members of the Board of Directors): Chief Executive Officer, Chief New Energy Officer and Chief Administrative Officer; and

- one permanent guest: Internal Audit Director.

The Risk Management Committee continuously monitors an overall impact of risk on the CEZ Group, including the utilization of risk limits of the CEZ Group, status of risks linked to our business plan targets, status of our hedging strategies, assessment of impact of investments and other activities on potential CEZ Group debt capacity and cash flow in order to maintain corporate rating.

Since 2005, we have applied a risk capital concept that allows the setting of particular risk limits as well as an aggregate annual risk limit. The value of our aggregate annual risk limit is approved by our Board of Directors each year (together with the annual budget) based on the proposal of our Risk Management Committee. The proposed limit value, in CZK, is set on the basis of a 95% confidence level and expresses the maximum profit decrease at the given confidence level that we are willing to take in order to achieve our planned profit for the year.

Since 2009, the main Business Plan market risks (electricity price, emission allowances price and currency exchange rate between the Euro and Czech crowns) have been quantified on a monthly basis by the EBITDA @ Risk model based on the Monte Carlo simulation in Y+1 to Y+5 horizon. Through the integration of the EBITDA @ Risk outputs with mandatory and planned investments and financials (within the five-year horizon), the total debt capacity (which is defined as Net Debt/EBITDA) ratio is calculated each month and evaluated in light of our rating targets. We base all decisions about available capital for future investments on these calculations, as well as on key CEZ Group risks, and we continuously adjust our hedging and investment strategy accordingly.

Since 2021, a new uniform enterprise risk management scheme has been adopted by the CEZ Group and is to be applied to all CEZ Group-level significant risks. For this level of risk, the scheme integrates, across the process areas of the whole CEZ Group, all decentralized risk management activities into one uniform and centrally coordinated process of group-level significant risk management, via a software tool. Since 2024, the scheme has also been used for the identification of significant ESG risks which may have an adverse material impact on the CEZ Group's financial statements. Using this, our most important cash flow or EBITDA risks are centrally monitored, coordinated and reported to the Risk Management Committee on a quarterly basis.

We divide risks into four categories:

- market risks, comprising financial risks, commodity risks, volumetric risks and market liquidity;
- credit risks, comprising counterparty default, supplier default and settlement;
- operational risks, comprising operating risk, internal change, liquidity management and security; and
- business risks, comprising strategic, political, regulatory and reputational risks.

All essential quantifiable risks are quantified on a unified basis at least once each month. Our methodology and data provide for a unified quantification of the following risks:

- market risks, comprising financial risks (such as currency, interest and stock price), commodity price risks (relating to prices of electricity, emission allowances, coal, gas, crude oil), volumetric risks (such as volume of electricity production in wind farms);
- credit risks, comprising financial and business counterparty risk and electricity, gas and heat end-customer risk; and
- operational risks, comprising risks related to the operation of nuclear and coal power plants in the Czech Republic.

We aim to manage business risks by using clear responsibility assessment, key risk identification, systematic sensitivity and scenario analysis. Property, casualty and other operational risks are managed through using insurance, emergency and crisis planning and preventive actions.

In addition, our annual budget risks, business plan risks and debt capacity risks are reported on a monthly basis to the Risk Management Committee. For more information relating to material risks that we face, please see "Risk Factors" and Note 18 to the 2024 Financial Statements.

Environmental Matters

As of the date of this Base Prospectus, we are in compliance with all material requirements of the Czech Waste Act, the Czech Air Protection Act, the Czech IPPC Act, the Czech Water Act and the Czech Nuclear Act 2016.

Czech Waste Act

Pursuant to the Czech Waste Act, and pursuant to related regulations, we use coal ash as a certification material for reclamation and improving the sanitary conditions of landscape and disused shafts of our existing mines. We also sell residue to certain producers of construction materials. In addition, since 1994, we have also sold a portion of the FGD gypsum (a coal combustion product of coal-fuelled power plants) remaining after the desulphurization process to certain producers of construction materials. This approach has the environmental advantage of saving natural materials, particularly in the building industry.

We are required by law to set aside funds to cover the costs of reclamation and redevelopment of waste dumps. We are required by law to keep such amounts as restricted funds. Restricted funds representing our accumulated provision for waste storage and reclamation of our operations in the Czech Republic amounted to CZK 45.53 million as of December 31, 2024.

Czech Air Protection Act

We fully comply with all applicable regulations and requirements under the Czech Air Protection Act. Since we own numerous coal-fired power plants, we have the advantage that under applicable legislation we may exchange and allocate the assigned aggregate emission limits between our coal-fired power plants in such a way as to ensure compliance with the Czech Air Protection Act and we are therefore able to optimize generation.

The new Czech Air Protection Act sets more stringent emission limit values on combustion plants with a total thermal input of more than 50 MW from 2021. This change in law requires a certain amount of capital expenditure into emission reduction measures necessary to comply with these limits.

For the year ended December 31, 2024, our total emission charges in the Czech Republic amounted to CZK 65 million, representing a decrease of 3% from CZK 67 million for the year ended December 31, 2023. Furthermore, since 2016 our implementation of emission reduction solutions has created opportunities to apply for additional emission charge reductions of up to CZK 31 million. The ultimate amount of such additional reduction is subject to consultation with the relevant authorities while the outcome is expected by mid-2025.

Czech Nuclear Act 1997 and Czech Nuclear Act 2016

On June 24, 1994, the Czech Republic became a party to the Vienna Convention. In accordance with the Vienna Convention, the Czech Nuclear Act 1997 provides that only the operator of a nuclear facility is liable for any damage caused by a nuclear incident please see "*Regulation – Nuclear Energy Power Plants – Nuclear incident*". As of the date of this Base Prospectus, the Dukovany and Temelín NPPs are fully insured in accordance with the Czech Nuclear Act 1997 and the Vienna Convention. For more information about our insurance coverage, please see "*–Insurance*".

The Czech Nuclear Act 2016, which with effect from January 1, 2017, regulates the utilization of nuclear energy in the Czech Republic in addition to the Czech Nuclear Act 1997, contains a provision to the effect that the Czech Republic shall guarantee the safe final disposal of nuclear waste. The Czech Nuclear Act 2016 further provides that a generator of nuclear waste will remain responsible for the storage of nuclear waste and the related costs until the handover of the waste to the Czech Repository Authority – please see "*Regulation – Nuclear Energy Power Plants – Nuclear fuel and nuclear waste*". In 1999, we sold our repository for disposal of nuclear waste from the operation of both the Dukovany and Temelín NPPs to the Czech Repository Authority. The Czech Repository Authority has engaged us to continue operating the repository located at the Dukovany NPP. The activities of the Czech Repository Authority are financed through the Czech Nuclear Account funded by the generators of nuclear waste. The Czech Nuclear Account is managed by the Czech Ministry of Finance. Currently, we are required to contribute to the Czech Nuclear Account in the amount of CZK 55 per MWh of electricity generated by our NPPs and starting January 1, 2026, we will be required to contribute to the Czech Nuclear Account in the amount of CZK 88 per MWh of electricity generated by our NPPs. Since October 1, 1997, we have made regular payments to the Czech Nuclear Account. In the years ended December 31, 2024, and December 31, 2023, our payments to the Czech Nuclear Account amounted to CZK 1,633 million and CZK 1,673 million, respectively.

The operator of a NPP, being an originator of radioactive waste, is required by the Czech Nuclear Act 2016 to cover directly all costs associated with the storage of spent fuel and the disposal of radioactive waste. The operator is also obligated under the Czech Nuclear Act 2016 to finance the decommissioning of its NPPs. For this particular purpose, each operator of a nuclear plant must accumulate funds in a special blocked banking account which may be drawn from only to finance the decommissioning of such NPP and subject to receiving the Czech Repository Authority's approval. We have recognized provisions for our obligations to decommission our NPPs and other nuclear facilities at the end of their operating lives, to store the related spent nuclear fuel and other radioactive waste initially on an interim basis as well as provisions for our obligation to provide financing for subsequent disposal of spent fuel. Actual costs incurred are charged against such accumulated provisions. As of December 31, 2024, the provision for spent fuel storage amounted to CZK 10,898 million, the provision for the disposal of spent fuel amounted to CZK 66,428 million and the provision for the decommissioning amounted to CZK 67,785 million.

Legal Proceedings

We may from time to time be subject to governmental, regulatory and legal or arbitral proceedings and claims, including those described below.

Other than the proceedings described below, there are no governmental, regulatory and legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) during the 12 months prior to the date of this Base Prospectus which may have, or have had a significant effect on the financial position or profitability of the CEZ Group.

Czech Republic

ČEZ

Minority shareholders, who were excluded from Severočeské doly, a.s. by ČEZ in 2006 requested the court to review the adequacy of the consideration received by these shareholders. In January 2024, the Regional Court in Ústí nad Labem issued an interim decision (first instance, not yet legally binding), stating that the appropriate amount of consideration is closer to the expert opinions submitted by the mentioned CEZ Group companies. The petitioners as well as ČEZ and Severočeské doly, a.s. filed an appeal.

In 2016, ČEZ filed a lawsuit against ŠKODA JS a.s. (100% owned by ČEZ since 2022) for compensation in the form of lost profit as a result of wrongly performed radiographic inspections of welded joints at the Dukovany NPP and the Temelín NPP. The amount sued was originally CZK 611 million plus accessories, but the action has been extended to a total amount of CZK 2,759 million with accessories in 2020. The proceedings are pending before the court of first instance, where it was suspended on the request of both parties. It has now been resumed.

In the insolvency proceedings conducted against TENZA, a.s., ČEZ filed receivables in the total amount of over CZK 1,327 million in March 2021, and other receivables in the total amount of almost CZK 203 million were subsequently filed due to the breach of contracts for work for the construction of the Temelín NPP's hot water piping and the reconstruction of the Temelín NPP's unit heat exchanger station. TENZA, a.s. did not complete and deliver the work properly and in a timely manner. As part of the settlement agreement between ČEZ, the insolvency administrator of TENZA, a.s., and its subcontractors, the insolvency administrator recognized all the registered receivables of ČEZ as being filed in accordance with the law, and most of these claims of ČEZ became subordinated claims. The insolvency proceedings are still ongoing, and it is not possible to predict exactly when they will be concluded.

In July 2024, ČEZ filed a lawsuit against ELTE Holding a.s. and Energie - stavební a báňská a.s. for joint and separate payment of CZK 287 million with accessories. The dispute is based on a contract for work for the completion of a hot water pipe for the Temelín NPP, under which ČEZ claims payment of the contractual fines for delay in execution of the work. The case is pending before a first instance court.

ČEZ Distribuce, a. s.

In May 2013, SPR a.s. filled a lawsuit against ČEZ Distribuce, a. s. for the payment of CZK 213 million plus accessories. The dispute is based on the plaintiff's claim of damage arising due to alleged breach of obligations by ČEZ Distribuce, a. s. with regard to the connection of the Dubí photovoltaic power plant to the distribution system – the alleged unequal access for the applicant for connection in 2010. The plaintiff unsuccessfully sought the imposition of a disclosure obligation (and his related constitutional complaint was dismissed as untimely). The proceeding is pending before the Court of First Instance.

Four electricity generating companies (or local distribution system operators) brought lawsuits against ČEZ Distribuce, a. s., based on actions filed in 2015, 2016, and 2017. The matter in dispute is a claim for recovery of unjust enrichment consisting in the electricity distribution price component to cover costs associated with electricity support from renewable sources that was allegedly incorrectly billed but duly paid by the plaintiffs in relation to their internal electricity consumption from January 1, 2013, to October 1, 2013. The total payment claimed from ČEZ Distribuce, a.s. exceeds CZK 1 billion with accessories. The ERO has finally rejected all claims for unjustified enrichment. In all cases, the subsequent action brought under Part V of the Civil Procedure Code was also dismissed. Appeals have been filled and in three cases the court has already ruled and upheld the dismissal of the action. Appeals have been filled.

ČEZ Distribuce, a. s. is in two disputes with the electricity operator OTE, a.s. for unjustified enrichment in the amount of CZK 7.6 billion with accessories, consisting of a component of the price for electricity distribution incorrectly invoiced and paid by ČEZ Distribuce, a. s. to cover costs associated with supporting electricity from renewable energy sources (RES support) in 2013, based on actions filed in 2016 and 2017. Both motions were rejected by the ERO. Subsequently, the actions under Part V of the Code of Civil Procedure were finally rejected. Appellate review was filed in both proceedings. The Supreme Court of the Czech Republic annulled the decisions of the courts of first and second instance and referred the matter back to the court of first instance, stating that it is necessary to verify the existence of a private law title for the collection of contributions for RES support. The court of first instance has already ordered a hearing in the matter.

ČEZ Distribuce, a. s. is in a dispute with ŠKO-ENERGO, s.r.o., based on an action filed in 2016, seeking payment from ŠKO-ENERGO, s.r.o. in the amount of CZK 113 million with accessories. The subject matter in dispute is an additional payment of the electricity distribution price component to cover costs associated with electricity support for the period from April 1, 2013, to October 1, 2013. The ERO rejected the application of ČEZ Distribuce, a. s. An action was brought against the ERO's decision under Part V of the Code of Civil Procedure which the court rejected. ČEZ Distribuce, a. s. filed an appeal, on the basis of which the Court of Appeal annulled the previous decision and replaced it with a new decision, which upheld the claim of ČEZ Distribuce, a. s. in its entirety and ordered ŠKO-ENERGO, s.r.o. to pay the defendant the amount of the claim, including accessories. ŠKO-ENERGO, s.r.o. filed an appellate review, which was upheld; the Supreme Court of the Czech Republic annulled the previous decision and referred the case back for a new hearing. It considered the issue of existence of a private law title for the collection of payment as key to the annulment decision In August 2024, the Regional Court in Prague ruled in favour of ČEZ Distribuce, a.s. again. The filling of an appeal can be expected.

ČEZ Distribuce, a.s. is in a dispute with Liberty Ostrava a.s. (formerly ArcelorMittal Ostrava a.s.) for CZK 395 million with accessories, based on two actions filed in 2019 and 2022. The matters in dispute are unreceived payments for system services for the period from February 2016 to December 2021 that ČEZ Distribuce, a.s. invoiced to ArcelorMittal Ostrava a.s. (i.e., SYS II and SYS III actions). The dispute outcome depends on the decision in another proceeding for January 2016 (i.e., SYS I action), which was finally terminated in favour of ČEZ Distribuce, a.s. In June 2024, Liberty Ostrava was declared bankrupt in insolvency proceedings. The claim for the period of February 2016 to December 2021 in the total amount of approximately CZK 584 million (out of which the principal amount is CZK 395 million) was submitted by an application to the insolvency proceedings.

In the insolvency proceedings conducted against Česká energie, a.s., ČEZ Distribuce, a. s., submitted an unsecured claim for CZK 138 million with accessories, arising from failure to pay for distribution system services in under a contract. The insolvency proceedings commenced in December 2016 and are still pending.

ČEZ Distribuce, a. s., filed an insolvency petition combined with a bankruptcy petition against SCP first payment of receivables s.r.o. (formerly ENWOX ENERGY s.r.o.) in December 2017, submitting its matured unsecured claim for CZK 115 million with accessories. The claim arose from failure to pay for distribution system services under a contract. In the approved final report and the schedule for satisfaction of the registered claims, approximately CZK 2.2 million was allocated to the claim of ČEZ Distribuce, a.s. The insolvency proceedings were terminated, and the bankruptcy of the insolvent company was cancelled in July 2024, therefore the dispute will no longer be reported in future proceedings.

ČEZ Prodej, a.s.

ČEZ Prodej, a.s. is in a dispute with the state organization Správa železnic (Railway Infrastructure Administration (Správa železnic, státní organizace) ("*SZSO*")), based on an action brought in 2010, seeking damages in the amount of CZK 805 million with accessories. The matter in dispute is a breach of an electricity supply contract by SZSO, consisting in a failure to take deliveries of the agreed amount of electricity in 2010, and the resulting losses. In October 2023, after complicated procedural developments, the court of second instance issued a judgment, accepting the claim of CZK 700 million and rejecting the claim of CZK 105 million. SZSO paid the principal and the accessories in accordance with the decision. Both participants filed an appeal. The appeal of SZSO was rejected and the appeal of ČEZ Prodej, a.s. has not yet been decided. SZSO filed a constitutional complaint which was also rejected. SZSO which already paid the contested amount in 2015 on the basis of a judgment that was later annulled, filed an action against ČEZ Prodej, a.s. for the release of unjust enrichment in the amount of the paid amount of CZK 1,116 million with accessories (please refer to the paragraph below for details of the proceedings).

SZSO, which paid the contested amount in connection with the proceedings mentioned above (on the basis of a judgment which was later annulled), filed an action in 2017, seeking the release of unjust enrichment. The court of first instance admitted the action. The court of appeal upheld the judgment of the court of first instance. ČEZ Prodej, a.s. paid the sued amount, including accessories, after the decision became legally binding, and filed an appellate review in the matter. The Supreme Court of the Czech Republic annulled the judgment of the court of appeal and referred the case back for further proceedings. SZSO was ordered to repay the amount paid in full, which it refused to do, and only paid the interest. Subsequently, the court of appeal overturned the judgment of the court of first instance and referred the case back to the court of first instance for further proceedings. In 2022, a mutual proposal was made by ČEZ Prodej, a.s. to issue the amount (of the unjust enrichment), which SZSO refused to return. The proceedings are currently suspended

pending the final conclusion of the appellate by ČEZ Prodej, a.s. in the review proceedings referred to in the previous paragraph.

ČEZ Prodej, a.s., is in a dispute with SZSO based on an action filed in 2013, seeking damages in the amount of CZK 858 million with accessories. The matter in dispute is a breach of an electricity supply contract by SZSO, consisting in failure to take deliveries of an agreed amount of electricity in 2011. At the hearing in January 2022, the court of first instance accepted the action in full. SZSO filed an appeal against the decision. In February 2023, the court of appeal confirmed the original first instance judgment up to the amount of CZK 727 million but rejected the action for the amount of CZK 131 million. SZSO paid the principal of the debt and filed an appeal. Subsequently, SZSO paid the interest, which reaches almost the value of the assigned principal amount. ČEZ Prodej, a.s. also filed an appeal in the amount of CZK 131 million (the rejected amounts). In March 2025, the Czech Supreme Court rejected SZSO's appeal, and ordered the High Court in Prague to decide on ČEZ Prodej's appeal for CZK 131 million.

In 2016, ČEZ Prodej, a.s. filed a lawsuit against ACTHERM, spol. s r.o. (a distribution system operator), seeking damages (and their extension in 2017) totaling more than CZK 185 million with accessories. The damage was caused by ACTHERM’s, spol. s r.o. action during the registration of three solar electricity producers in the market operator’s system and the delivery of information on data of this the registration to ČEZ Prodej, a.s. The court of first instance satisfied the action and the opposing party appealed. The court of appeal then dismissed the action of ČEZ Prodej, a.s. and ČEZ Prodej, a.s. filed an appeal, which was granted, and the case was thus returned for further proceedings.

ČEZ Prodej, a.s. is in three lawsuits with solar electricity producers based on actions filed in March 2017, seeking recovery of unjust enrichment of CZK 160 million. The unjust enrichment of producers consists in the collection of higher purchase prices than those reimbursed to ČEZ Prodej, a.s. by OTE, a.s. In all cases, the ERO ordered the producers to pay the due amount with accessories. All producers brought an action under Part V of the Code of Civil Procedure. The proceedings are pending and are currently in various stages.

OTE, a.s. is in a dispute with ČEZ Prodej, a.s., based on an action brought in 2018, seeking the payment of CZK 104 million with accessories. OTE, a.s. seeks to recover the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, a.s. which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from January 2013 to April 2018. The ERO rejected the motion of OTE, a.s. Subsequently, OTE, a.s. filed a lawsuit under Part V of the Code of Civil Procedure, which is ongoing before the District Court in Prague 4; which has merged these proceedings with the proceedings in the case of another producer for CZK 52 million with accessories. OTE’s, a.s. claim was finally dismissed, but OTE, a.s. filed an appeal, which the court upheld, and the case was returned for a new hearing.

OTE, a.s. continues with two proceedings against ČEZ Prodej, a.s., based on petitions filed in July 2019, seeking the recovery of unjust enrichment totaling CZK 327 million. OTE, a.s. seeks to recover the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, a.s. as a mandatory purchaser in the period from January 2013 to May 2018. OTE’s, a.s. applications were rejected by the ERO. OTE, a.s. filed actions under Part V of the Code of Civil Procedure, which were also dismissed. OTE, a.s. filed an appeal in both cases. The court of appeal dismissed one of the appeals and has not yet ruled on the other appeal.

Since 2020, administrative proceedings have been conducted against ČEZ Prodej, a.s. before the ERO by three photovoltaic producers, seeking the payment of a total amount of CZK 475 million with accessories. According to the producers, the claimed amounts constitute support owed in the form of purchase prices for electricity generated in the period from approximately mid-2018 to November 2020. In all proceedings, the producers’ petitions were rejected by ERO. In one proceeding (worth CZK 182 million) no action was brought under Part V of the Code of Civil Procedure, therefore the proceeding is terminated. In two proceedings such an action was brought (proceedings with a total value of CZK 292 million and CZK 266 million, respectively, as in one of the proceedings a lawsuit was filed for only part of the claim). One proceeding has been stayed pending the final decision on the producer licence renewal, while the other is awaiting a first-instance decision.

OTE, a.s. is continuing its proceedings against ČEZ Prodej, a.s. for the payment of approximately CZK 129.5 million. It seeks the payment of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, a.s., which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from 2013 to 2018. The proceedings were initiated in December 2022 and are in the jurisdiction competence review phase, as it has not yet been decided whether the jurisdiction belongs to the District Court of Prague 4 or the ERO.

OTE, a.s. is conducting other proceedings against ČEZ Prodej, a.s. for the payment of approx. CZK 130.8 million in which it seeks the payment of the difference between the purchase price and the hourly price paid by OTE, a.s. to ČEZ Prodej, a.s. which mandatorily purchases electricity from solar electricity producers. The difference arose in the period from 2013 to 2019. The proceeding was initiated before the ERO in October 2023. After a complicated procedural development, the special competence chamber decided that the District Court in Prague 4, not the ERO, had the judicial authority to decide the lawsuit.

ŠKODA JS a.s.

In 2016, ŠKODA JS a.s. was sued by ČEZ – for details see the second dispute in the section on ČEZ, a. s.

In connection with the case referred to above, for reason of prudence and due to the threatening statutory limitation of claims, ŠKODA JS a.s. filed an action against its supplier of part of the performed radiographic inspections of welded joints at the Dukovany NPP, the company TEDIKO, s.r.o., for compensation of damages in the amount of CZK 611 million with accessories. This is a potential retroactive claim against the supplier, which is suspended until the end of the above-mentioned dispute between ŠKODA JS a.s. and ČEZ.

The former managers of ŠKODA JS, a.s. have been indicted by the public prosecutor for committing economic crimes. In March 2024, a non-final acquittal was handed down, which was returned by the High Court and the case was returned to the Reginal Court in Pilsen for further consideration. In view of the expiry of the statute of limitations, ŠKODA JS, a.s. brought civil actions against these former managers on the grounds of breach of the defendants' duty to act with due care in the exercise of their former functions in the board of directors of ŠKODA JS, a.s. These claims for damages amount to hundreds of millions CZK.

ČEZ Obnovitelné zdroje, s.r.o.

Due to the criminal proceedings concerning the commissioning of the Čekanice PV plant, the ERO *ex officio* ordered renewal of the proceedings at the request of ČEZ Obnovitelné zdroje, s.r.o. ("*ČOZ*") from 2009 on the change of the decision on the granting of a license in respect of the Čekanice PV plant. In October 2020, the ERO issued a new decision in the renewed proceedings on the granting of a license for the Čekanice PV plant, with effect from the date of legal effect of the decision ("*Verdict I*"), and at the same time annulled the original decision on the granting of a license for the Čekanice PV plant with retroactive effects as of December 30, 2009 ("*Verdict II*"). Based on a remonstrance submitted by ČOZ, the ERO Board decided in May 2021 to annul Verdict II and refer it for a new decision. Following the aforementioned decision of the ERO Board, Verdict I became legally binding and electricity generation was resumed at the Čekanice PV plant in May 2021, without RES support. In October 2021, the ERO decided on the verdict previously annulled by the ERO Board, by once again annulling the original decision on the granting of a license for the Čekanice PV plant retroactively as of December 30, 2009. ČOZ filed an appeal against this decision, which was rejected by the ERO Board in June 2022. Afterwards, in August 2022, ČOZ filed an administrative action, which was rejected in May 2024. In June 2024, ČOZ filed a cassation complaint against the rejection judgment; the complaint has not yet been decided.

In November 2023, ČOZ filed an administrative action against the decision of the State Energy Inspectorate of the Czech Republic, which rejected ČOZ's request to establish individual support conditions for electricity generated at the Ralsko PV plant, filed pursuant to Section 34a(2) of Act No. 165/2012 Coll., as amended. The Regional Court accepted the action and annulled the decision of SEI and referred the matter back to it for further proceedings. SEI filed a cassation appeal against this judgment; it was rejected by the Supreme Administrative Court in June 2024. SEI continues the proceedings on application of ČOZ for determination of individual conditions of support for electricity.

In November 2023, ČOZ filed an administrative action against the decision of the State Energy Inspectorate of the Czech Republic, which rejected ČOZ's request to establish individual support conditions for electricity generated at the Žabčice PV plant, filed pursuant to Section 34a(2) of Act No. 165/2012 Coll. The regional court upheld the action, annual the State Energy Inspectorate's decision and returned the case back for further proceedings.

In March 2024, ČOZ filed an action against the Ministry of Justice for compensation for damage caused by the improper official procedure of authorities in criminal proceedings when securing financial resources in connection with the proceedings in the case of the Vranovská Ves PV plant. The District Court in Prague 2 dismissed the lawsuit in September 2024. ČOZ appealed against this decision, which was dismissed in February 2025.

Poland

In November 2021, CEZ Skawina S.A. (CEZ Group member, divested in February 2025) filed a lawsuit against the Polish state – the Minister of Climate and Environment (Skarb Państwa – Minister Klimatu i Środowiska), the subject of which is a demand for payment of PLN 47 million, or other compensation, on the grounds of compensating for the non-issuance of greenhouse gas emission allowances. CEZ Skawina S.A.'s entitlement to free emission allowances is based on Polish national law. However, as a result of the alleged inconsistency of the Polish national law with the European directive about establishing a scheme for greenhouse gas emission allowance trading within the Community (EU ETS Directive), the Minister of Climate and the Environment refused to issue the emission allowances, referring to the relevant opinion of the European Commission. The case is currently pending before the court of first instance. Two oral hearings have taken place so far – in August 2023 and in June 2024. Due to the termination of the CEZ Group's ownership of CEZ Skawina S.A. on February 6, 2025, the results of these proceeding will no longer be reported.

Germany

CEZ Erneuerbare Energien Beteiligungs II GmbH, together with CEZ MH B.V. and other interested parties within CEZ Group, pursue claims against a group of persons (and related companies) who are subject to criminal proceedings on the basis of a suspicion that these accused persons, acting as an organized group, committed fraud, forged documents, and committed bribery in relation to the sale of wind farm projects to investors across Europe (the Holt Holding case). The total amount claimed by the CEZ Group companies was EUR 5.7 million without accessories. More than EUR 1 million was recovered by 2020. The defendants were sentenced to prison terms ranging from 3 to 7.5 years. The CEZ Group companies filed their receivables against the assets of the perpetrators in bankruptcy proceedings, while the receivables of the two main perpetrators have already been recognized by the court.

In December 2020, GMH Gebäudemanagement Hamburg GmbH (a subsidiary of the Free and Hanseatic City of Hamburg) filed an action against Kofler Energies Ingenieurgesellschaft mbH. The action requires an issuance of a preliminary judgment that will decide on the basis of the case only, specifically determining the liability of the defendant for damage caused in the supply of design work in construction of buildings of the University of Hamburg in 2013–2017 (i.e., before the acquisition of the defendant by the CEZ Group). Although no specific amount is being sued for now, it is clear that the dispute will be in the order of tens of millions of EUR. If the claimant succeeds to the extent that the awarded amount would not be covered by liability insurance, the sum will be claimed by the CEZ Group against the sellers in accordance with the transaction documentation for the acquisition of the company. The oral hearings are expected to take place during 2025 at the earliest.

Italy

ENERGYKA ELECTROSYSTEM SRL claims, in a lawsuit commenced May 2020 against Belectric Italia Srl (a CEZ Group member) for the remuneration arising under an agreement concluded between the companies in 2016, in the amount of EUR 11 million. The subject of this agreement was, in particular, the commitment to broker investment opportunities by ENERGYKA ELECTROSYSTEM SRL in the field of photovoltaic projects in Italy. Belectric Italia Srl was taken over by Elevion Energy & Engineering Solutions GmbH (formerly CEZ ESCO II GmbH) (a CEZ Group member) in December 2021. Several oral hearings have already been held. The court called a hearing for the presentation of closing arguments for May 2025.

E&E Srl is suing inewa Consulting Srl (formerly Syneco Energy Service Srl) (a CEZ Group member) for damages and lost profit in the amount of EUR 10.2 million. E&E Srl, in consultation with Syneco Energy Service Srl, purchased Lucania Energia together with a project to build five wind farms. A subsidy was to be provided for said construction. After connecting to the electricity grid, Lucania Energia was told that subsidies would not be provided due to failure to meet all conditions. The possibility of future litigation existed before the acquisition of the defendant company by the CEZ Group, and the transaction documentation contained guarantees (indemnity) related to this potential dispute. In the case of the plaintiff's success, the sum will therefore be indemnified by the seller. The first court hearing took place in September 2024, at which hearing, upon the judge's request, both parties confirmed they were interested in reaching a court settlement. Negotiations for a possible settlement are currently underway, with the parties to inform the court of the agreement reached by the end of April 2025.

Other Proceedings

Since 2016, ČEZ has been conducting an international investment arbitration against the Republic of Bulgaria before the International Center for Settlement of Investment Disputes (ICSID) on the grounds of non-protection of investment. The arbitration is conducted based on the Energy Charter Treaty. The place of jurisdiction is Washington, D.C., USA. The claim amounts to hundreds of millions of EUR. After the ICSID arbitration tribunal rejected the jurisdictional objection of the Republic of Bulgaria in 2021 (the question of the jurisdiction of the arbitration tribunal to decide the dispute), the arbitration moved to the merits stage, in which the parties submitted their written statements on the merits to the tribunal, two oral hearings took place in 2023.

In the arbitration proceedings initiated in February 2023, conducted in Geneva, Switzerland, under the rules of the International Chamber of Commerce (ICC), ČEZ demanded compensation from Gazprom for damages exceeding CZK 1 billion, incurred by Gazprom's cutting of natural gas supplies in 2022, as well as default interest and cost. The arbitral tribunal of the ICC fully upheld the claim by a final award in February 2025. The ICC tribunal simultaneously dealt with the May 2024 decision of the St. Petersburg court, which prohibited ČEZ from continuing with the ICC arbitration under the threat of a fine equal to the amount that ČEZ is claiming in the arbitration. Gazprom sought to enforce a St. Petersburg court decision despite a preliminary injunction from the ICC prohibiting it from doing so. ČEZ considers this unlawful, as the gas supply contract stipulates that all disputes must be resolved exclusively through ICC arbitration. The ICC tribunal, in its arbitral award of February 2025, also found that Gazprom must compensate ČEZ for any costs that ČEZ may incur if Gazprom enforces the St. Petersburg court decision.

In November 2023, ČEZ filed an administrative lawsuit against the state of Romania with the Court of Appeal in Bucharest, the purpose of which was to question the legality of the "contribution to the Energy Transformation Fund" which Romania imposed on energy traders, even though they are not tax residents, and which is, in the opinion of ČEZ, prohibitively high and irrationally constructed. The aim of the lawsuit is to make sure that the sums paid as this contribution, amounting to hundreds of millions of Czech crowns in total, are returned. The proceedings are now before the court of first instance, where several oral hearings were held. The next court hearing is scheduled for May 2025.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of our material other indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents. Please also see Notes 20, 22, 25 and 27 to the 2024 Financial Statements, which are included herein.

Our Indebtedness

Our indebtedness mainly consists of borrowings from financial institutions (including the European Investment Bank) as well as of bonds and debentures. We maintain a flexible funding strategy and monitor domestic and foreign financial market conditions as part of our financing activities.

	As of December 31, 2024	
	(CZK millions)	*(% of total)*
Total bonds and debentures	170,686	*69.3*
Borrowings from financial institutions and other loans (including those associated with assets classified as held for sale) [(1)]	75,562	*30.7*
Total	**246,248**	***100.0***

(1) Sum of Long-term bank and other loans and lease liabilities; Short-term loans; Long-term debt associated with assets classified as held for sale and Short-term loans associated with assets classified as held for sale.

Borrowings from Financial Institutions and other loans

We have signed a variety of loan facilities, including various back-up and term loan facilities provided by commercial banks and facilities with the European Investment Bank. These facilities have been used for general corporate purposes, but have also been used as funding for particular projects, such as investments in reinforcing and developing the distribution grid in the Czech Republic. As of December 31, 2023 and 2024, borrowings from financial institutions and other loans (including those associated with assets classified as held for sale) amounted to CZK 79,139 million and CZK 75,562 million, respectively. During 2024 we repaid credit facilities raised in 2022 and 2023 to secure margin requirements on the energy exchanges and vis-a-vis to our trading counterparties. Specifically, in April 2024, ČEZ repaid the final EUR 1 billion tranche of the loan granted by the Ministry of Finance and in June and July 2024, ČEZ prepaid Schuldscheindarlehen, totalling EUR 500 million. These loan payments were partially refinanced through new bilateral loans totalling EUR 275 million.

In July and August 2024, ČEZ drew EUR 540 million from its credit facility with the European Investment Bank. In December 2024 and January 2025, ČEZ signed a new credit facility with European Investment Bank for a total amount of EUR 800 million. This new credit facility is expected to be drawn during 2025.

On March 25, 2024, ČEZ, as borrower, entered into a EUR 840 million term facility agreement with, among others, an international syndicate of banks (the "*Bridge Facility Agreement*") for the purpose of payment of the purchase price and the acquisition costs in relation to the acquisition of approximately 55.21% of shares in Czech Gas Networks S.à r.l. and the acquisition of certain shareholder loan notes (please see "*Description of ČEZ—History and Development of the CEZ Group*"). However, the facility was not ultimately drawn, and ČEZ paid for the acquisition of and certain shareholder loans in August 2024 using its available cash.

Most recently, on April 11, 2025, ČEZ, as borrower, entered into an amendment to a sustainability-linked facility agreement with CaixaBank, originally dated July 2024, which increased the facility by EUR 50 million, bringing the total to EUR 150 million. The loan's maturity date remains set for July 2029.

Bonds and Debentures

We regularly issue bonds domestically and internationally as part of our strategy to diversify our funding sources and maintain longer liability maturities. As of December 31, 2023, and 2024, the balance of bonds issued by the CEZ Group was CZK 89,771 million and CZK 170,686 million, respectively. This year-on-year increase was caused by the consolidation of bonds of the GasNet Group (CZK 41,923 million as of December 31, 2024) acquired by the CEZ Group

in August 2024 and the fact that in June and September 2024, ČEZ issued bonds totalling EUR 1.45 billion. We issue bonds in a variety of currencies including Euro, Czech crowns, Japanese Yen and U.S. dollars. However, we generally enter into cross-currency swaps with respect to the principal and interest payable in order to keep our exposure in Euro. The majority of our bonds are issued on a fixed interest rate basis. As of December 31, 2024, the aggregate nominal amount of outstanding Notes issued under this Programme was equal to EUR 4.6 billion.

We proactively manage our bond maturities via cash tender offers or combined cash tender and exchange offers when such exercises are favourable. We have conducted either cash tender offers or exchange offers in 2012, 2014, 2015 and after the receipt of funds from the Romanian Asset Sale and Bulgarian Asset Sale in 2021. Should we require funding, we plan to continue to issue bonds in a balanced manner to institutional and individual investors both inside and outside of the Czech Republic in line with our strategy of maintaining longer maturities and diversified funding sources.

Short-Term Indebtedness

We have issued short-term debt as set forth in the table below.

	As of December 31, 2024
	(CZK millions)
Short-term bank loans	2,071
Bank overdrafts	481
Total short-term loans	**2,552**
Current portion of long-term debt	26,689
Short-term debt, total	**29,241**

Total short-term loans (without current portion of long-term debt) as of December 31, 2024 was CZK 2,552 million, representing 1.0% of our Total Debt as of December 31, 2024.

Long-Term Indebtedness

We have issued long-term debt as set forth in the table below.

	As of December 31, 2024
	(CZK millions)
Long-term bank loans and other loans and leasing	72,911
of which current portion	5,092
Bonds	170,686
of which current portion	21,597
Long-term debt, total	**243,597**
Long-term debt without current portion, total	**216,908**

Total long-term debt without current portion as of December 31, 2024, was CZK 216,908 million, representing 88.1% of the total amount of our Total Debt as of December 31, 2024. Long-term borrowings (which now includes GasNet Group bonds and credit facilities) from financial institutions, other loans and lease liabilities (without current portion) comprised 31.3% of the long-term debt (without current portion) as of December 31, 2024.

Our long-term debt has both floating and fixed rates of interest which can expose us to interest rate risk and risks of changes in fair value of these financial instruments. As of December 31, 2024, our long-term debt was comprised from 77.3% of fixed rate debt, with the remainder being floating rate debt based mainly on EURIBOR or PRIBOR. For information regarding the repayment schedule of our long-term debt and interest rates for short and long-term debt, please see Notes 20, 22, 25 and 27 to the 2024 Financial Statements.

We have entered into interest rate swaps and other derivative contracts to manage risk associated with fluctuations in interest rates. For information with respect to derivative financial instruments, hedging and risk management policies of all financial instruments, please see Notes 22 and 24 to the 2024 Financial Statements.

REGULATION

Below is a brief summary of the rules and regulations applicable to the CEZ Group in the Czech Republic as our principal market. With the accession of the Czech Republic to the EU on May 1, 2004, the Czech Republic adopted the customs, rules and regulations of the EU, and therefore we have also included a description of the EU Legislation as applicable to the CEZ Group. The following summary does not purport to be complete and is subject to the regulations of jurisdictions referred to below.

EU Legislation

By virtue of its membership in the EU, the Czech Republic is required to adhere to EU energy legislation which has continuously developed in order to establish a competitive, secure and environmentally sustainable electricity market.

First and Second Energy Package

History of Energy Regulation

The European Commission began regulating the EU energy market by enacting the "*First Energy Package*" in 1996 and 1998 which comprised of Directive 96/92/EC Concerning Common Rules for the Internal Market in Electricity (the "*First Electricity Directive*") and Directive 98/30/EC Concerning Common Rules for the Internal Market in Natural Gas (the "*First Gas Directive*"). The First Electricity Directive and the First Gas Directive were designed to open access to the internal electricity and gas markets of Member States and to allow for better competition in these markets. In June 2003, the European Council repealed the First Electricity Directive and the First Gas Directive by adopting the "*Second Energy Package*" comprising of Directive 2003/54/EC Concerning Common Rules for the Internal Market in Electricity (the "*Second Electricity Directive*") and Directive 2003/55/EC Concerning Common Rules for the Internal Market in Natural Gas (the "*Second Gas Directive*").

The Second Electricity Directive required each Member State to allow for full competition within its internal commercial and residential electricity markets by July 1, 2004 and July 1, 2007, respectively. The Second Electricity Directive also set forth general rules for the organization of the EU electricity market, such as the option of Member States to impose certain public service obligations, customer protection measures and provisions for monitoring the security of electricity supply in the EU; the establishment of a regulatory body, independent from any interests of the electricity and gas industries, which would be in charge of ensuring non-discriminatory network access, monitoring effective competition and ensuring the efficient functioning of the electricity generation, distribution, and trade market; and the implementation of so-called "legal unbundling" meaning that each transmission and distribution system operator had to be separated, at least in terms of legal form, organization and decision-making, from other activities in the energy sector not relating to transmission or distribution.

The Second Electricity Directive further focused on enhancing customer rights by granting household customers the right to be supplied with electricity of a specified quality at reasonable, easily and clearly comparable and transparent prices. Moreover, it required electricity suppliers to provide their end-users with information on the energy sources and kinds of fuel used in the production of supplied electricity and on the environmental impact of the supplier's activities, including the amount of carbon dioxides and radioactive waste produced.

Similar to the Second Electricity Directive, the Second Gas Directive, adopted on June 26, 2003, required each Member State to allow for full competition within its internal commercial and residential gas market by July 1, 2004 and July 1, 2007, respectively. With regard to the independent regulatory authority and legal unbundling, the Second Gas Directive sets forth similar rules as the Second Electricity Directive.

The Czech Republic implemented these directives in 2003 and 2004.

Energy and Climate Change Legislation – Third Energy Package

In 2007, the European Commission published a proposal for the establishment of a new energy policy and strategy for a more integrated and competitive energy market within the EU. Designed to ensure a stable energy supply and combat climate change, such "EU Energy and Climate Change Legislation" set certain targets (known as "20-20-20" goal), including:

- further liberalization of electricity markets;
- a reduction of at least 20% in greenhouse gas emissions by 2020;
- 20% share of renewable energies in EU energy consumption by 2020; and
- 20% energy savings by 2020 compared to 2020 projections (1853 Mtoe) made in 2007.

Subsequently, in 2009 the EU adopted the EU Energy and Climate Change Legislation "*Third Energy Package*" which includes (besides climate change related legislation described below), but is not limited to, the Directive 2009/72/EC Concerning Common Rules for the Internal Market in Electricity (the "*Third Electricity Directive*"), Directive 2009/73/EC Concerning Common Rules for the Internal Market in Natural Gas (the "*Third Gas Directive*") and Regulation (EC) No. 713/2009 Establishing an Agency for the Cooperation of Energy Regulators, (the "*ACER Regulation*"), Regulation (EC) No. 714/2009 on Conditions for Access to the Network for Cross-border Exchanges in Electricity (the "*Regulation on Cross-Border Exchanges*") and Regulation (EC) No. 715/2009 on Conditions for Access to the Natural Gas Transmission Networks (the "*Natural Gas Transmission Regulation*"). These directives and regulations were designed to complete the liberalization of the electricity and gas markets within the EU. This energy legislation in particular stipulates further separation of supply and production activities from transmission and distribution network operations. To achieve this goal in transmission system operation, Member States were able to choose, subject to the respective conditions set forth in the Third Electricity Directive and the Third Gas Directive, between the following three options:

- Full ownership unbundling. This option entails vertically integrated undertakings selling their gas and electricity grids to an independent operator, which will carry out all network operations. This option applies to new undertakings.
- Independent System Operator ("ISO"). Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations. This option may apply to existing undertakings.
- Independent Transmission Operator ("ITO"). This option is a modification of the ISO option whereby vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission. This option may apply to existing undertakings.

As further described below, the Czech Republic has opted for the full ownership unbundling regarding electricity, and for ITO-unbundling option with regard to gas, although the Czech gas sector is currently, in fact, fully unbundled.

The EU energy legislation, as aforesaid, also enhanced consumers' rights by establishing the right to (i) change electricity or gas supplier (the process of switching must be completed within three weeks), and receive the final closure statement at the latest six weeks after the switch; (ii) obtain compensation if quality targets are not met; (iii) receive information on supply terms through bills and company websites; and (iv) see complaints dealt with in an efficient and independent manner.

Finally, the EU Energy and Climate Change Legislation provided for the creation of an agency within the EU for the coordination of national energy regulators, which may issue non-binding framework guidelines for national agencies. The Czech Republic implemented the respective EU energy legislation.

In November 2017, the European Commission introduced a proposal for an amendment to the Third Gas Directive aiming to clarify that the core principles of the EU Energy and Climate Change Legislation will apply to all gas pipelines from, and to, third countries up to the borders of the EU. The proposal purports to ensure that all major gas pipelines entering EU territory comply with the EU rules, are operated with the same level of transparency, are accessible to other operators and are operated in an efficient way. Political agreement reached on February 13, 2019 materialized in adoption of Directive (EU) 2019/692 of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas, which came into force on May 23, 2019. Member States should have transposed the directive by 24 February 2020.

2030 Framework for Climate and Energy Policy

In October 2014, the European Council set new targets and the architecture for the EU framework for climate and energy in the period from 2020 to 2030. These new targets required a reduction of at least 40% in greenhouse gas emissions by 2030 compared to the 1990 levels. Further, renewable energies shall account for at least a 27% share of EU energy consumption by 2030. In addition, EU wide energy efficiency targets shall be increased to 27%, 10% electricity interconnection shall be reached by 2020 and 15% by 2030. As a follow up on the European Council's conclusions, the European Commission presented a Communication on a Framework Strategy for a Resilient Energy Union in February 2015 with a Forward-Looking Climate Change Policy.

In July 2015, the European Commission proposed to revise the ("*EU ETS*") for the period following 2020. An Innovation Fund and Modernization Fund were established to help the power sector to meet the innovation and investment challenges of the transition to a low-carbon economy. Free allowances continued to be available to modernize the power sector in lower-income Member States, however the Czech Republic decided to abolish that option and take use of those allowances within the Modernization fund. On the other hand, partial free allocation for heat production will continue until the end of 2030. In addition, the legislative proposal on a market stability reserve was approved in October 2015. The placing of allowances in the reserve has taken place since 1 January 2019 onward. A proposed revision of Directive 2003/87/EC incorporated into the Directive (EU) 2018/410, a key legislative tool for the EU's efforts to reduce greenhouse gas emissions, was published in March 2018. The revised EU ETS should have enabled reaching the 40% reduction target for 2030 (from 1990 levels) in a cost-effective manner as well as meeting obligations arising out of the Paris Agreement signed in 2016. The key parameters of the revision included streamlining systems, maintaining measures to prevent carbon leakage (reducing CO_2 emissions only in developed countries), and providing support for low-carbon mechanisms. A balance should be achieved in the carbon market by the accelerated withdrawal of surplus allowances in the first five years of operation of the Market Stability Reserve ("*MSR*") and cancellation of surplus allowances within the system starting from 2023. Member States were required to transpose provisions of the revised Directive 2003/87/EC into their national laws by October 9, 2019. Also related to efforts to reduce greenhouse gas emissions is Regulation (EU) 2018/841 of the European Parliament and of the Council of May 30, 2018, on the inclusion of greenhouse gas emissions and removals from land use, land use change, and forestry in the 2030 climate and energy framework, and amending Regulation (EU) No. 525/2013 and Decision No. 529/2013/EU (the "*Greenhouse Gas Emissions Regulation*"), which became effective on June 19, 2018. Sectors affected by the regulation include agriculture and forestry, transportation (including the building sector), and waste processing. Altogether, these sectors produce about 60% of all EU emissions. Additionally, Commission Implementing Regulation (EU) 2018/2066 of 19 December 2018 on the monitoring and reporting of greenhouse gas emissions came into force on December 20, 2018. This regulation laid down new rules for complete, consistent, transparent and accurate monitoring and reporting of greenhouse gas emissions and activity data in the trading period commencing on January 1, 2021.

For more information, please see "*Regulation – Czech Republic – Carbon Compliance (EU ETS - Emission Allowances)*".

Clean Energy for All Europeans

In November 2016, as a follow-up to the targets set by the European Council in October 2014, the European Commission presented a "Clean Energy for All Europeans" package, containing 8 proposals for directives and regulations.

As a part of this package, the revised Renewable Energy Directive came into force on December 24, 2018 as directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (recast) ("*Directive (EU) 2018/2001*") and purports to reach a significant increase in share of renewables in the EU energy production by setting an EU wide minimum target of 32% energy from renewable sources for 2030. The EU renewables target shall be reached through the contributions of Member States in sectors of power generation, heating and cooling and transport set out in their integrated national energy and climates plans. Besides this holistic renewable energy minimum target the directive encourages Member States to increase the renewables share in their heating and cooling sectors by 1.3% each year (or 1.1% if waste heat is not taken into account) as well as in the transport sector where this share should be at least 14% by 2030. The European Commission is to reassess the minimum target by 2023 and submit a legislative proposal for its upward revision provided it is necessary to meet international commitments related to climate change or in case of further substantial cost reductions in renewable energy production or in case of a significant decrease in energy consumption. The use of renewables is to be promoted by simplified and

streamlined approval procedures with a maximum of two years for regular projects and one year in case of repowering, and by the establishment of a clear and stable framework for household self-consumption. The use of biofuels is to be limited and investment in renewables is to be encouraged by rules securing the stability of financial support to renewable projects and improving predictability of their economic performance, to allow investors greater certainty as to their renewable's investments. Member States were required to transpose provisions of the revised Renewable Energy Directive into their national laws by June 30, 2021. The Czech Republic has partially implemented the revised directive. Furthermore, an amendment to the Renewable Energy Directive to help to implement the new 2030 climate target and increase the target for renewables from the current 32% up to 40% was published by the European Commission on July 14, 2021 as part of the Fit for 55 Package.

Additionally, a revised Directive (EU) 2012/27 on Energy Efficiency, which aims to improve the efficiency of energy supply and boost energy savings, came into force on December 24, 2018 as Directive (EU) 2018/2002. This directive sets an EU-wide energy efficiency target of at least 32.5% for 2030 together with an obligation for energy suppliers and distributors to increase their energy savings annually by at least 0.8% from 2021 until 2030 while at the same time preserving the possibility for Member States to introduce alternative policy measures. The 2030 target is subject to the same upward revision as provided for in the revised Renewable Energy Directive. It also aims to promote use of smart metering devices by consumers and to allow for obligations to be imposed on electricity distributors and retail services providers to ensure energy savings. Member States were required to transpose provisions thereof into their national laws partly by June 25, 2020, and partly by October 25, 2020. An amendment to the Directive on Energy Efficiency to help to implement the new 2030 climate target of at least 55% net reduction of greenhouse gas emissions by 2030, which was published by the European Commission on July 14, 2021. as part of the Fit for 55 Package.

The proposed revision of the Directive on Energy Efficiency presents a double increase in savings which is disproportionately high given that a substantial number of Member States were unlikely to be able to meet the planned savings in the period ending in 2020. Especially challenging are ambitions for efficiency targets at EU level, where Member States should collectively achieve a binding 9% reduction in energy consumption in 2030 compared to the projections of the 2020 reference scenario. In addition, doubling the ambition for new annual final energy consumption savings, where the European Commission proposes 1.5% from 2024, is considered to be overly ambitious.

Along with the amendments to the Directive on Energy Efficiency and Renewable Energy Directive, Regulation (EU) 2018/1999 of the European Parliament and of the Council of December 11, 2018 on the Governance of the Energy Union and Climate Action (the "*Governance Regulation*") was adopted. The regulation defines how Member States will cooperate both with each other and with the European Commission to reach the objectives of the Energy Union, including the renewable energy targets and the energy efficiency targets, as well as the EU's long-term greenhouse gas emissions goals. It also sets out control mechanisms that will help ensure that the targets are met, and that the range of actions proposed constitutes a coherent and coordinated approach. The regulation also obliges Member States to draw up integrated national energy and climate plans for 2021 to 2030 outlining how they contemplate to achieve the targets. Member States were required to notify the European Commission their first integrated national energy and climate plans by December 31, 2019.

In addition to the above, revisions to Energy Performance of Buildings Directive (the Directive (EU) 2018/844) came into force on July 9, 2018. Pursuant to the revised Energy Performance of Buildings Directive, Member States have an obligation to develop long-term renovation strategies in order to achieve highly efficient, decarbonized buildings by 2050. Also, since access to charging at home is a key factor in the decision to purchase an electric vehicle, electric vehicle charging readiness requirements will apply for new or significantly renovated buildings. Member States were required to transpose provisions thereof into their national laws by March 10, 2020. The new revision of the Energy Performance of Buildings Directive was announced on December 15, 2021. It amends and strengthens the original directive and complements the Fit for 55 legislative Package. Compared to the original directive, the proposed revision increases these ambitions in many respects, especially in connection with the transition to completely emission-free construction of buildings or the expectation of a massive start of electromobility and preparation of the charging infrastructure in buildings. The negotiations of this revision took place in 2022 and 2023, at the end of which an agreement was reached. The final text was published in May 2024. Member States have until 29 May 2026 to transpose this revision into national law.

In accordance with the Governance Regulation, the draft of the Integrated National Energy and Climate Plan of the Czech Republic was drawn-up and submitted to the European Commission in January 2019. Pursuant to the Czech

Integrated National Energy and Climate Plan as approved by the Czech Government on January 13, 2020, the Czech Republic´s main objective is to reduce the total greenhouse gas emissions by 30% by 2030 and to achieve 22% share of renewable energy sources of its gross final energy consumption. For more information, please see "*Regulation – Czech Republic – Czech Integrated National Energy and Climate Plan".*

Multiple legislative acts to implement the new market design were also presented as part of the "Clean Energy for All Europeans" package. In particular, on July 2, 2019, the directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast) ("*Directive (EU) 2019/944*") came into force. The Directive (EU) 2019/944 inter alia suggests reinforcing and expanding the rights of consumers, compelling suppliers to provide services better tailored to the needs of consumers and supporting installation of new kinds of infrastructure (such as energy storage facilities). The directive also strives to promote new energy services, such as demand side response, aggregators or citizen energy communities, and sets out the rules for smart metering deployment and data management. The majority of provisions of the new directive should have been transposed by the end of 2020. The Czech Republic did not fulfil its obligation to fully transpose the directive in time and to this day only partial implementation of the Directive (EU) 2019/944 in the Czech energy legislation was made.

Further, a recast Regulation on the Internal Market for Electricity (2019/943) came into force on July 2, 2019. The regulation aims to further liberalize the electricity market, for example, by removing price caps and floors in wholesale trade with prices to be determined by immediate consumption rate, limiting priority dispatch, or introducing rules on balancing markets. It sets out the rules for capacity mechanisms deployment, introducing a more European approach by linking it to the result of the EU resources adequacy assessment. The regulation also seeks to enhance regional cooperation of (i) transmission system operators by setting up Regional Coordination Centers ("ROCs"), and (ii) distribution system operators by setting up EU Entity for Distribution System Operators ("*EU DSO Entity*"). The recast Regulation on the Internal Market for Electricity became fully applicable from January 1, 2020.

During 2023, Regulation (EU) 2019/943 was revised together with Directive (EU) 2019/944 to respond to the sharp increase in electricity prices from mid-2022. The objective of the revision of the electricity market design was to create a more stable framework for consumers, greater protection for vulnerable and energy poor customers and to set rules for long-term investment in new renewable and low-carbon sources through contracts for difference (CfD) and power purchase agreement (PPA). Final agreement on the revised Electricity Market Design was reached in December 2023.

On July 4, 2019, a revised ACER Regulation (2019/942) came into force, which adapts the Agency for the Cooperation of Energy Regulators ("*ACER*") to the changes in the energy markets and addresses the need for enhanced regional cooperation. The revised regulation gives ACER a stronger role in the development of network codes and coordination of regional decision-making. Also, a number of new tasks related to the regional coordination centers (that are to be established), the supervision of nominated electricity market operators and the assessment of generation adequacy and risk preparedness are assigned thereto.

Accordingly, all legislative acts in the Clean Energy for All Europeans package are now in force at the EU level. Market design provisions are expected to be partially changed during the course of 2023. On March 14, 2023 the European Commission published the new proposal - Electricity Market Reform for consumers. Proposal aims to further strengthen rights of consumers, especially regarding electricity sharing, as well as long-term contracts for low-carbon and renewable generation. Proposal will be subject to ordinary legislation procedure.

Other legislation

In May 2018, the European Commission adopted a package of measures implementing several key actions announced in its action plan on sustainable finance. The following three legislations were adopted in this context:

1) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, which establishes the conditions and the framework to gradually create a unified classification system ('taxonomy') on what can be considered an environmentally sustainable economic activity. The main aim is to channel investments into sustainable activities. The regulation was amended by delegated acts on reporting and climate mitigation and adaptation criteria in 2021.

2) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. This regulation introduces disclosure obligations on how institutional investors and asset managers integrate environmental, social and governance ("*ESG*") factors in their risk processes.

3) Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks. The regulation creates new categories of benchmarks, which will provide investors with better information on the carbon footprint of their investments.

In addition, from May 24 to June 21, 2018, the European Commission had been seeking feedback on amendments to delegated acts under MiFID II and the Insurance Distribution Directive ("*IDD*") to include ESG considerations into the advice that investment firms and insurance distributors offer to individual clients.

In June 2018, a package comprising four directives concerning waste management, landfilling, electrical and electronic equipment packaging and waste, waste batteries and accumulators, and disposal of retired vehicles, jointly referred to as the Waste Package, was published in the official journal of the EU and became effective. According to the newly passed legislation, at least 55% of municipal waste (i.e. waste from households and small businesses) should be recycled by 2025, at least 60% by 2030 and at least 65% by 2035. The new legislation also introduces a limit for the maximum amount of municipal waste that can be landfilled which amount must be reduced to 10% or less of the total amount of municipal waste generated by 2035. Member States were required to transpose the Waste Package directives by July 5, 2020. The Czech Republic transposed both waste package directives and the new waste law is applied from January 2021.

In March 2022, the Commission introduced Communication (EU) 2022/C 131 I/01 on temporary crisis framework for state aid measures to support the economy following the aggression against Ukraine by Russia. The communication complements the existing public support instruments with the aim of enabling member states to respond flexibly to the serious economic impacts caused by Russian aggression against Ukraine (particularly sharp increase in energy prices). Public support based on the communication must be notified to the Commission and can only be provided after the Commission's approving decision has been issued. The communication has been updated twice in 2022 – updates increased the threshold values for the maximum amounts of support and extended the validity of the communication until December 31, 2023. Before this date, the Commission will evaluate further necessity of the communication and may extend its validity for the following period.

In October 2022, the Council adopted regulation (EU) 2022/1854 on an emergency intervention to address high energy prices. The aim of the regulation is to reduce electricity consumption, to introduce a ceiling for the market revenues that producers receive from electricity production, to allow member states to make public interventions in the setting of prices for energy by introducing an electricity price cap of 180 Euro/MWh and to establish rules for a mandatory temporary levy on excess income from companies operating in specified energy sectors, for period from December 1, 2022 till June 30, 2023.

Cross-Border Trading of Electricity

Besides focusing on liberalizing internal energy markets in every Member State, European energy regulation is also designed to improve cross-border trade in electricity. As a part of this focus, Regulation (EC) No. 1228/2003 on Conditions for Access to the Network for Cross-Border Exchanges in Electricity was adopted. It was succeeded by Regulation No. 714/2009 on Conditions for Access to the Network for Cross-Border Exchanges in Electricity which repealed Regulation (EC) No 1228/2003, and which further specified rules designed to alleviate cross-border exchange difficulties, with a view to improving competition and harmonization in the internal electricity market, rules on cooperation of transmission system operators and rights of the European Commission to issue technical network codes on specific aspects of electricity system operation.

This Regulation accordingly created the European Network of Transmission System Operators (the "*ENTSO for Electricity*"), composed of designated transmission network operators from all Member States which have a duty to put in place information exchange mechanisms in order to ensure the security of networks in the context of congestion management.

The costs related to the activities of the ENTSO for Electricity are borne by the transmission system operators which receive compensation for costs incurred as a result of hosting cross-border flows of electricity on their networks. Compensation is paid by the operators of national transmission systems from which cross-border flows originate. Charges for access to networks are also applied by operators.

To further specify technical aspects related to electricity system operation, the EU adopted a number of network codes and guidelines related to *inter alia* emergency and restoration, capacity allocation process, system operation and demand response. Specifically, in 2015, the EU adopted Commission Regulation (EU) 2015/1222 of 24 July 2015 Establishing a Guideline on Capacity Allocation and Congestion Management, In 2016, Commission Regulation (EU) 2016/1719 of 26 September 2016 Establishing a Guideline on Forward Capacity Allocation, Commission Regulation (EU) 2016/1388 of 17 August 2016 Establishing a Network Code on Demand Connection, Commission Regulation (EU) 2016/1447 on Establishing a Network Code on Requirements for Grid Connection of High Voltage Direct Current Systems and Direct Current-Connected Power Park Modules and Commission Regulation (EU) 2016/631 on Establishing a Network Code on Requirements for Grid Connection of Generators. In 2017, a final set of network codes included Commission Regulation (EU) 2017/1485 of 2 August 2017 Establishing a Guideline on Electricity Transmission System Operation, Commission Regulation (EU) 2017/2195 of 23 November 2017 Establishing a Guideline on Electricity Balancing and Commission Regulation (EU) 2017/2196 of 24 November 2017 Establishing a Network Code on Electricity Emergency and Restoration. Methodologies further detailing requirements of these network codes are currently being adopted at regional and European level.

On June 8, 2022, the Core Flow-Based Market Coupling project was fully launched, the goal of which was to implement the connection of daily markets using the Flow-Based method for capacity calculation across the region consisting of Austria, Belgium, Croatia, the Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia. The project will result in the daily market in the relevant markets becoming connected.

At the same time, the international platforms PICASSO (on June 1, 2022) and MARI (on October 5, 2022) were launched for the joint purchase of balancing energy.

Energy Infrastructure

Gas Infrastructure Legislation

In November 2005, the European Commission adopted Regulation (EC) No. 1775/2005 on Conditions for Access to Natural Gas Transmission Networks, which covered access to all transmission networks in the EU and addressed a number of issues such as access charges (which had to reflect the actual costs incurred), third party access services, capacity allocation mechanisms, congestion management, balancing and imbalance charges, secondary markets and information and confidentiality provisions. Regulation (EC) No. 1775/2005 established a committee of national energy experts, which has the authority to revise the rules annexed to the Regulation. In July 2009, it was repealed by Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on Conditions for Access to the Natural Gas Transmission Networks.

The Natural Gas Transmission Regulation complements the Third Gas Directive and stipulates rules for natural gas transmission networks, gas storage and liquefied natural gas facilities. It concerns access to infrastructure, particularly by determining the establishment of tariffs (solely for access to networks), services to be offered, allocation of capacity, transparency and balancing of the network. It provides for access to maximum network capacity as well as storage and liquefied natural gas facilities for all market participants. Infrastructure operators have a duty to implement and publish non-discriminatory and transparent congestion-management procedures.

Like the Regulation on Electricity Cross-Border Exchanges, it creates the European Network of Transmission System Operators for Gas ("*ENTSO for Gas*"), composed of gas transmission network operators from all Member States.

To further encourage and facilitate efficient gas trading and transmission across gas transmission systems within the EU, and thereby to move towards greater internal market integration, the EU adopted a number of network codes on gas system operation. Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks was adopted in 2014. In 2015, Commission Regulation (EU) 2015/703 Establishing a Network Code on Interoperability and Data Exchange Rules and Commission Decision (EU) 2015/715 of

30 April 2015 amending Annex I to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks were adopted. Latest network codes include Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and repealing Regulation (EU) No 984/2013, and Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a Network Code on Harmonised Transmission Tariff Structures for Gas.

In August 2024, a new Directive (2024/1788/EU) and Regulation (2024/1789/EU) on common rules for the internal markets for renewable gas, natural gas and hydrogen, known as the Gas Package, entered into force. The Gas Package should provide a definition of low-carbon hydrogen, gas and fuels, but this will only be specified in a subsequent delegated act expected to be issued in the first quarter 2025. The Gas Package contains rules for horizontal unbundling, or the separation of ownership of gas and hydrogen networks, as well as vertical unbundling, or the separation of ownership of production and distribution. It also includes protection for vulnerable customers(such as, the right to switch suppliers and transparent pricing obligations), a temporary crisis mechanism to regulate gas prices, the introduction of the concept of active customer and rules on market access for renewable and low-carbon gas, tariff discounts for renewable and low-carbon gas, rules on blending or aggregation of demand and joint gas purchasing.

Security of Electricity Supply

In 2006, the EU adopted Directive 2005/89/EC Concerning Measures to Safeguard Security of Electricity Supply and Infrastructure Investment (the "*Electricity Security of Supply Directive*"), which requires Member States to ensure a high level of security of electricity supply by taking necessary measures to facilitate a stable investment climate. The Electricity Security of Supply Directive stipulates that transmission system operators set minimum operational rules and obligations for network security, which may then require approval by the relevant authority. Member States must also prepare, in close cooperation with the transmission system operators, a system adequacy report according to EU reporting requirements. Member States were required to transpose the Electricity Security of Supply Directive into national law by February 24, 2008. The Czech Republic transposed the Electricity Security of Supply Directive into national law in 2009.

In November 2016, a proposal for a Regulation on Risk-Preparedness in the Electricity Sector was introduced as part of the "Clean Energy for All Europeans" package, aiming to unify the Member States' approach towards assessing risks and managing energy crises. Among the key objectives is securing electricity supply to customers, especially those providing essential services (e.g. hospitals) and operation of the market mechanisms as long as possible in a time of a crisis. Member State´s authorities will be required to establish a risk-preparedness plan and national and regional electricity crisis scenarios. The regulation also purports to introduce new rules for regional cooperation in crisis situations. The Regulation on Risk-Preparedness in the Electricity Sector came into force and became applicable on July 2, 2019.

Security of Gas Supply

Following the Russian-Ukrainian gas crisis of January 2009, Regulation (EU) No. 994/2010 Concerning Measures to Safeguard Security of Gas Supply (the "*First Gas Supply Regulation*") was adopted in order to strengthen the prevention and crisis response mechanisms.

The First Gas Supply Regulation imposed a number of new rules designed to prevent and mitigate potential disruptions to gas supplies, such as risk assessment mechanisms, preventive action plans and emergency plans, duty to ensure gas supplies to households for at least 30 days under severe conditions or enhancing flexibility of the gas infrastructure, including enabling bi-directional physical capacity on cross-border interconnections.

In October 2017, the Second Security of Gas Supply Regulation was adopted. For the first time, a solidarity principle was introduced under the Second Security of Gas Supply Regulation requiring neighbouring Member States to help each other to ensure that gas is supplied to households and essential social service in the event of a severe gas crisis. Further, Member States will be required to work together in regional groups to assess the potential for gas supply disruptions and agree on joint actions to prevent or mitigate the consequences. The Second Security of Gas Supply Regulation also aims to strengthen the transparency by requiring natural gas companies to notify national authorities as to the major long-term contracts that may be relevant for the security of gas supply. In addition, ENTSO for Gas will be required to perform an EU wide gas supply and infrastructure disruption simulation in order to provide a high-level

overview of major supply risks for the EU. The Hydrogen and Gas Markets Decarbonization Package presented in December 2021 contains proposal for the amendments of Second Security of Gas Supply Regulation. The revision proposal emphasizes the importance of energy security, especially in times when global markets are volatile. The European Commission proposes to improve the resilience of the gas system and strengthen the existing security of supply provisions, while enhancing automatic solidarity across borders through new pre-defined arrangements and clarifications on controls and compensations within the internal energy market. The proposal extends current rules to renewables and low carbon gases and introduces new provisions to cover emerging cybersecurity risks. Finally, it aims to foster a more strategic approach to gas storage, integrating storage considerations into risk assessment at regional level.

During 2022, the Commission has approved a series of proposals in the gas sector due to the external circumstances significantly influencing the energy market in the Czech Republic, in particular the military invasion of the Russian Federation into Ukraine and related changes in the security and energy situation in Europe and the unprecedented global increase in energy prices. These regulations were adopted as Council Regulations under the fast-track legislative procedure on the basis of Article 122 of the Treaty on the Functioning of the EU, i.e. only by Member States without the European Parliament. The EU was therefore able to adopt these regulations in weeks, in contrast to a process that usually takes several years:

- The first was Regulation (EU) 2022/1032 of June 29, 2022 on gas storage, amending Regulations (EU) 2017/1938 and (EC) No 715/2009, which introduces targets and a filling trajectory for the total capacity of all gas storage facilities in a Member State on a given date, their monitoring and enforcement through the principle use it or lose it, i.e. if the lessee does not use the leased capacity in the gas storage facilities and do not fill it in accordance with the trajectory set by the Regulation, it will lose this capacity. It also introduces an obligation to certify storage operators to ensure that storage in gas storage facilities is optimized and maximized. Another adopted regulation was the Council Regulation (EU) 2022/1369 of 5/8/2022 on coordinated measures to reduce gas demand, which pursues the primary objective of reducing gas demand in the EU by at least 15%.

- The second was Council Regulation (EU) 2022/2576 of December 19, 2022 on enhancing solidarity through better coordination of gas purchases, reliable reference prices and cross-border gas exchanges, aims to aggregate gas demand and subsequently secure supply on global markets to meet it. Member States will then require domestic companies to take at least part of the volume they order, corresponding to at least 15% of the national gas storage capacity (equivalent to about 13.5 bcm of gas at EU level). Above this limit, it will be a voluntary instrument. In a second step, companies will be able to choose whether to purchase gas through the Platform, either on an individual basis or jointly in consortium with others from those gas producers or suppliers that cover aggregate demand. ACER will ensure the collection of data for stable and predictable pricing of LNG transactions, which would provide an alternative and reduce the impact of using the Title Transfer Facility (TTF), a benchmark on the virtual gas trading venue in the Netherlands (this is the main benchmark for defining gas prices in wholesale contracts, which is then transcribed into retail; however, it no longer adequately reflects prices for LNG transactions). The Regulation also introduces a measure to allow Member States to reduce the consumption of protected customers (e.g. pool heating etc.) in order to ensure supply for essential services and industry. The measure will not affect essential consumption of protected customers such as heating of homes, schools or hospitals. It will be up to Member States to define what is termed "non-essential". States may also require solidarity from others when they need to provide critical quantities of gas for electricity generation. The Regulation also introduces an obligation for LNG market participants to report records of offers to sell, bids to buy or transactions involving LNG trading. In December 2023, the validity of regulation was extended for one year.

- The third was Council Regulation (EU) 2022/2578 of December 22, 2022, which establishes a market correction mechanism to protect citizens and the economy from excessively high prices, will be automatically activated when the TTF gas price for the month ahead exceeds EUR 180/MWh for a period of three days, and at the same time during this period this price is EUR 35 higher than the reference LNG price on world markets. This mechanism is effective from February 15, 2023. The Regulation was temporary and was in force for one year. In December 2023, the validity of regulation has been extended for another year.

Proposed Changes for Energy Infrastructure

In 2013, Regulation (EU) No 347/2013 of the European Parliament and of the Council on Guidelines for Trans-European Energy Infrastructure (the "*Trans-European Energy Infrastructure Regulation*") was adopted to ensure that

strategic energy networks and storage facilities are completed by 2020. Ultimately, it aims to ensure that sufficient and timely development of energy infrastructures across the EU and neighbouring countries in order to facilitate continuous and unrestricted cross-border energy flow.

To this end, the European Commission has identified 12 priority corridors and areas covering electricity, gas, oil and CO_2 transport networks. The territory of the Czech Republic is included in the project of Central/South-Eastern Electricity Connections and in the project of North-South Gas Interconnections and Oil Supply which indicates the possibility of significant future investments with the EU support into the Czech energy infrastructure in the next decade. In October 2013, on the basis of the Trans-European Energy Infrastructure Regulation, the European Commission approved the list of approximately 250 key projects in the field of energy infrastructure – the "projects of common interest". These key projects will benefit from a more expedient permit-granting process, better regulatory conditions and access to financial assistance from the Connecting Europe Facility ("*CEF*"), with the aim of speeding-up the realization of such projects and increasing their attractiveness to investors. The list was updated in 2015 and in 2017, and the fourth list was published in the Official Journal of the EU on March 3, 2020.

Also, in respect of the CEF, in June 2018, the European Commission introduced a proposal for a regulation aiming at establishing the legal basis for the CEF for the period beyond 2020 and repealing the CEF Regulation. The overarching objective of the proposal is to support the achievement of the EU policy objectives in the transport, energy and digital sector in respect of the trans-European networks, by enabling or accelerating investments into projects of common interest, and to support cross-border cooperation on renewable energy generation. The facility will aim at maximizing synergies among the sectors covered and with the other EU programmes and focuses on projects of the highest European added value.

Reflecting on new priorities in the European climate policy, the European Commission presented a revision of the EU Trans-European Energy Infrastructure Regulation in December 2020. Regulation broadens the existing scope of PCI projects to offshore infrastructure, hydrogen networks and puts more emphasis on RES integration projects. The new regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) 347/2013 was adopted by European Parliament and Council on May 31, 2022.

Additionally, on November 20, 2018, a new EU framework for screening of foreign direct investments in strategic technologies and infrastructure was agreed on by the European Parliament, the Council and the European Commission. The proposed framework establishes a cooperation mechanism where Member States and the European Commission will be able to exchange information and raise specific concerns regarding foreign acquisitions of strategic technologies (e.g. energy networks). Accordingly, within the new framework, the European Commission would be empowered to screen foreign direct investments on grounds of security or public order and to issue opinions in cases where several Member States would be concerned, or when an investment could affect a project or programme of interest to the whole EU. However, the proposal keeps the last word of Member States whether a specific operation should be allowed or not in their territory. The framework was implemented into EU law through Regulation (EU) 2019/452 of 19 March 2019, which establishes a framework for the screening of foreign direct investments into the EU. It came into force in April 2019 and has been applicable since October 11, 2020.

Restrictive measures imposed on Russian Federation

During 2024 and early 2025, the EU has continued to progressively impose restrictive measures against Russia in response to the Russia's unprecedented military attack against Ukraine and the illegal annexation of Ukraine's Donetsk, Luhansk, Zaporizhzhia and Kherson regions. While the measures of the EU aimed at Russia are primarily designed to weaken Russia's economic base, depriving it of critical technologies and markets and significantly curtailing its ability to wage war, there are evident and unavoidable impacts on the European economy, too, including the energy sector.

These unprecedented sanctions against Russia add to existing measures imposed on Russia since 2014 following the annexation of Crimea and the non-implementation of the Minsk agreements, and include bans on import or export of certain goods and materials directly affecting the European energy sector. The list of sanctioned products which cannot be exported from the EU to Russia includes among others specific goods and technology needed for oil refining and energy industry equipment, technology and services. And, on the other hand, the EU has effectively blocked the imports

of Russian crude oil (from December 2022) and refined petroleum products (from February 2023), with limited exceptions, coal and other solid fossil fuels, steel, steel products and iron.

The Council has already adopted sixteen packages (as of February 2025) of extraordinary sanctions that, among others, prohibit the purchase, import or transfer of seaborne crude oil and certain petroleum products from Russia to the EU.

Renewable Energy Sources

The EU made commitments to reduce greenhouse gas emissions under the Kyoto protocol for reducing greenhouse gas emissions (the "*Kyoto Protocol*"). Under the Kyoto Protocol, promotion of electricity from renewable energy sources, meaning electricity produced from non-fossil renewable energy sources such as wind, solar, geothermal, wave, tidal, hydroelectric, biomass and biogas energies, became a priority of the EU. To this end, EU institutions adopted Directive 2009/28/EC on the promotion of the use of energy from renewable sources (and amending and subsequently repealing earlier Directives 2001/77/EC and 2003/30/EC) (the "*Renewable Energy Directive*") in 2009 as a part of the EU Energy and Climate Change Legislation.

The Renewable Energy Directive established a target for each Member State reflecting their different starting points and potential for increasing renewables production based on the contribution of renewable energy to gross final consumption for 2020. This target was in line with the overall "20-20-20" goal for the EU. The Czech Republic was to increase the share of renewable sources (composed of renewable energy for heat, renewable energy for electricity and the use of biofuels in transport) in the total gross energy consumption from 6.1% (the share in 2005) to 13% by 2020.

In October 2014, the European Council set new targets and the architecture for the EU framework for climate and energy in the period from 2020 to 2030 (please see "*Regulation—EU Legislation—Current EU Energy Regulation—2030 EU Framework for Climate and Energy Policy")*.

In April 2016, the Paris Agreement was signed on behalf of the EU and purported to limit the future increase in average global temperature to, at most, 2°C (see please "*Regulation—EU Legislation—Current EU Energy Regulation—2030 EU Framework for Climate and Energy Policy")*.

As part of the "Clean Energy for All Europeans" package, the revised EU Renewable Energy Directive came into force on December 24, 2018 as Directive (EU) 2018/2001. This directive was eventually amended in 2023 by Directive (EU) 2023/2413 (please see "*Regulation—EU Legislation—2030 EU Framework for Climate and Energy Policy—The European Green Deal, European Climate Law and Fit for 55 package*").

EU Emission Trading Scheme (EU ETS)

The EU ETS is the key tool for cutting greenhouse gas emissions from industry and energy in a most cost-effective way. For more information, please see "*Regulation—EU Legislation—Current EU Energy Regulation—2030 EU Framework for Climate and Energy Policy*" and "*Regulation—Czech Republic—Carbon compliance (EU ETS - Emission Allowances)*".

Energy efficiency Directive

On October 25, 2012, the EU adopted the Directive (EU) 2012/27 on Energy Efficiency (the "*Energy Efficiency Directive*") building on the previous Energy Efficiency Plan 2011. This Directive establishes a common framework of measures for the promotion of energy efficiency within the EU in order to ensure the achievement of the EU 2020 20% target on energy efficiency and to pave the way for further energy efficiency improvements beyond that date. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency in the supply and use of energy and provides for the establishment of indicative national energy efficiency targets for 2020.

As part of the "Clean Energy for All Europeans" package, the Directive amending the EU Energy Efficiency Directive and the revised Directive on the Energy Performance of Buildings were adopted (please see "*Regulation—EU Legislation—Current EU Energy Regulation—2030 EU Framework for Climate and Energy Policy")*. Also the Fit for 55 legislative package of July 14, 2021 brought new revisions of both directives, see above.

Transparency of wholesale electricity, gas and emission allowances trading

Wholesale gas and electricity prices are highly sensitive to available production and transmission capabilities. Prices may be influenced by (i) disseminating false information on the availability of these capabilities or (ii) reducing production. To prevent and detect these electricity and gas wholesale market manipulations, the EU enacted Regulation (EC) No. 1227/2011 on Wholesale Energy Market Integrity and Transparency (the "*REMIT*"), which, *inter alia*:

- Prohibit the use of inside information when buying or selling on wholesale energy markets.
- Prohibit manipulative transactions and dissemination of incorrect information that give false or misleading signals about supply, demand, or prices.
- Oblige energy traders to report their transaction data to the ACER. These data include the price, volumes, date and time of the transaction, the name of the seller, the name of the buyer, and any other beneficiaries.
- Make ACER responsible for the independent monitoring of all wholesale energy trades. If market abuse is suspected, ACER will request national regulators to investigate. It will also coordinate cross-border investigations.

From March 2023, the regulation was under revision to prevent market manipulation and increase transparency, and an agreement was reached in the trialogue in the autumn of 2023. The REMIT revision aims to strengthen the supervision of the energy market by increasing the scope of the supervisory authorities, clarifying the definitions and measures and establishing clear rules to contribute to compliance with these measures.

The EU enacted Regulation (EC) No. 596/2014 on Market Abuse (the "*MAR*") to prevent and detect the market manipulations and insider dealings also on markets with emission allowances (including, public markets and auctions of emission allowances; for more information, please see "*Czech Republic—Electricity Energy Sector—Carbon Compliance (Emission Allowances)*"). The MAR introduced the following tools to prevent the aforesaid practices with respect to the emission allowances:

- Obligation of market participants to publish inside information relating to emission allowances.
- Obligation of market participants to prepare insiders lists.
- Obligation of market participants to disclose managers' transactions.
- Obligation of market operators and investment firms (banks, brokers) to report suspicious transactions with emission allowances.
- Prohibition of the use of inside information when buying or selling emission allowances in auction or on public markets.
- Prohibition of manipulative transactions and dissemination of incorrect information that give false or misleading signals about supply, demand, or prices.

The obligation to publish inside information, prepare insiders lists and disclose managers' transactions applies solely to emission allowances market participants who exceed the thresholds of (i) aggregate year CO_2 emissions or (ii) rated thermal input. These thresholds are set by the European Commission.

Further regulation on market transparency and oversight, impacting mostly financial markets, was adopted in 2014 via MIFID II and MIFIR. Both MIFID and MIFIR were revised in 2023 and the final texts were published in the first quarter of 2024.

Other applicable EU legislation

In November 2016, Regulation (EU) 2016/1952 of the European Parliament and of the Council on European Statistics on Natural Gas and Electricity Prices and Repealing Directive 2008/92/EC of the EU and of the Council

Concerning a Community Procedure to Improve the Transparency of Gas and Electricity Prices Charged to Industrial End-Users was adopted, with the aim of harmonizing the statistical methods for gas and electricity price reporting. To that end, the EU adopted Commission Regulation (EU) 2017/2010 of 9 November 2017 amending Regulation (EC) No 1099/2008 of the European Parliament and of the Council on Energy Statistics, with regard to updates for the annual and monthly energy statistics; and Commission Implementing Regulation (EU) 2017/2169 of 21 November 2017 concerning the format and arrangements for the transmission of European Statistics on natural gas and electricity prices pursuant to Regulation (EU) 2016/1952 of the European Parliament and of the Council.

To ensure that Member States have relevant information on energy price levels at their disposal, on November 30, 2016, the European Commission presented, as a part of the "Clean Energy for All Europeans" package, the second report on energy prices and costs. The report elaborates on different components of energy prices in respective Member States and on the influence of prices on the competitiveness of European industry and investment in Europe.

With the aim of increasing the transparency of intergovernmental agreements between Member States and third countries, the EU adopted the Decision (EU) 2017/684 of the European Parliament and of the Council of 5 April 2017, establishing an information exchange mechanism with regard to intergovernmental agreements and non-binding instruments between Member States and third countries in the field of energy, and repealed Decision No 994/2012/EU.

The European Green Deal, European Climate Law and Fit for 55 package

In April 2016, the Paris Agreement was signed on behalf of the EU, and purported to limit the future increase in average global temperature to, at most, 2°C. The agreement requires its signatories to introduce measures limiting their greenhouse gas emissions and preventing deforestation. Initially, the EU has made a commitment to contribute to the goal by reducing its greenhouse gas emissions by 40% by 2030 compared to 1990 levels. The Paris Agreement was approved by the EU in October 2016 by Council Decision (EU) 2016/1841 and entered into force on November 4, 2016.

As a next step to combat climate change, the European Commission published its Communication "The European Green Deal" at the end of 2019. It was a new growth strategy that aims to transform the EU into a fair and prosperous society with a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use.

The EU goal to reach climate neutrality by 2050 was then implemented through the European Climate Law regulation, which was adopted in December 2020 and entered into force on July 29, 2021. It sets a legal framework for achieving the EU's climate neutrality by 2050 and also sets the new EU climate target to reduce its net emission by at least 55% in 2030. The European Commission is empowered every five years to assess whether national and the EU measures are consistent with the climate-neutrality objective and the trajectory for 2030 to 2050, with the first review to be carried out by September 2023.

On July 14, 2021, the European Commission presented its Fit for 55 Package of legislative proposals, which implements the net emission reduction target of at least 55% by 2030, an intermediary goal on the way to climate neutrality by 2050. The legislative proposals included in the package are:

- Proposal for a Directive revising the (ETS) which aims to expand the scope of the EU ETS to include emissions from maritime transport. It also includes proposals for a stand-alone ETS to cover emissions from road transport and fuels for heating buildings.

- Proposal for a Directive amending the Renewable Energy Directive (2018/2001/EU) which increases the EU target for energy from renewable sources to 40% by 2030, with following specific targets for renewable energy use in transport, heating and cooling, buildings and industry: (i) transport (greenhouse gas intensity reduction of at least 13%; share of advanced biofuels and biogas increasing to 2.2%; and share of renewable fuels of non-biological origin of at least 2.6%), (ii) heating and cooling (average minimum annual increase of 1.1 percentage points), (iii) buildings (49%) and industry (indicative average minimum annual increase of 1.1 percentage points). The directive amending Renewable Energy Directive (2023/2413) was adopted in the second half of 2023 (RED III directive).

- Proposal for a Directive repealing and replacing the Energy Efficiency Directive (2012/27/EU) which sets a higher binding annual target for reducing energy use at EU level. The revised directive was published in

September 2023 (2023/955). It contains effective targets to reduce energy consumption by 11.7% by 2030 compared to the reference scenario projects for 2020 or final energy savings commitments binding at Member State level, which gradually increase from 0.8% up to 1.9%. At the same time, the directive lays out the definition of efficient district heating and cooling systems.

- Proposal for a Regulation introducing a new carbon border adjustment mechanism ("CBAM") to reduce the risk of carbon leakage and ensure a level playing field. CBAM was adopted as Regulation (EU) 2023/956 in May 2023 which is to be implemented in January 2026.

- Proposal for a Decision amending Decision (EU) 2015/1814, which sets the amount of allowances to be placed in the market stability reserve for the EU ETS.

- Proposal for a Directive revising the EU ETS for aviation, which includes reductions to the free allocation of allowances to aircraft operators.

- Proposal for a Decision to implement member states' notification to EU-based airlines of the offsetting for 2021 under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

- Proposal for a Regulation revising the Effort Sharing Regulation (2018/842/EU) which aims to increase the Member States' greenhouse gas emissions reductions for the relevant sectors from 29% to 40% below 2005 levels.

- Proposal for a Regulation revising the Land use, Land use change and Forestry (LULUCF) Regulation (2018/841/EU). The proposal includes an overall EU target for carbon removals by natural sinks by 2030 and national targets requiring Member States to care for and expand their carbon sinks to meet this target.

- Proposal for a Council Directive repealing and replacing the Energy Taxation Directive (2003/96/EC) which aims to align the taxation of energy products with EU energy and climate policies.

- Proposal for a Regulation repealing and replacing the Directive on deployment of alternative fuels infrastructure (2014/94/EU). It imposes an obligation on the Member States to expand charging capacity and to install charging and fuelling points at regular intervals on major highways. The revised Regulation was published in September 2023 (2023/1804).

- Proposal for a Regulation revising the Regulation setting CO_2 emission performance standards for new passenger cars and new light commercial vehicles (2019/631/EU). The proposal requires the average emissions of new cars to decrease by 55% from 2030 and 100% from 2035 compared to 2021 levels. All new cars registered from 2035 will have to be zero-emission.

- Proposal for a Regulation on sustainable aviation fuel, which will require fuel suppliers to blend increasing levels of sustainable aviation fuels in jet fuel taken on-board at EU airports, including synthetic low carbon fuels.

- Proposal for a Regulation on sustainable maritime fuels and zero-emission technologies, which will impose a maximum limit on the greenhouse gas content of energy used by ships calling at European ports.

- Proposal for a Regulation to create a new Social Climate Fund to provide funding to Member States to help citizens finance investments in energy efficiency, new heating and cooling systems, and cleaner mobility. The Social Climate Fund would be financed by the EU budget and would use the equivalent of 25% of the expected revenues of the new EU ETS for fuel for building heat and road transport fuels.

In addition, the proposal of the revision of the Third Energy Package for gas was published on December 15, 2021 as part of a second package of "Fit for 55" proposals. This proposal consists of a revised Third Gas Directive and revised Natural Gas Transmission Regulation. In 2024, a new Directive (2024/1788/EU) and Regulation (2024/1789/EU) on common rules for the internal markets for renewable gas, natural gas and hydrogen, known as the Gas Package, entered into force, aiming to enhance energy security, decarbonisation, and the integration of renewable gases into the EU's energy system. The Directive is to be transposed into national law by August 2026.

Due diligence directive

In July 2024, the final version of Directive (EU) 2024/1760 on corporate sustainability due diligence was published in the Official Journal, which sets out rules on companies' obligations regarding actual and potential adverse human rights impacts and adverse environmental impacts throughout the value chain.

Regulation on the prohibition of products derived from forced labour

The Regulation 2024/3015 on prohibiting products made with forced labour on the Union market was adopted in November 2024. This regulation sets out rules that prohibit economic operators from placing and supplying products produced by forced labour on or exporting them to or from the European Union market. environmental impacts throughout the value chain.

Regulation on transparency and integrity of ESG rating activities

The Regulation on Transparency and Integrity of ESG Rating Activities was approved in spring 2024. The regulation aims at increasing transparency in the activities of ESG credit rating agencies. The regulation mandates that ESG rating agencies disclose their methodologies, criteria, and any potential conflicts of interest.

Regulation on deforestation

On 23 December, 2024 the Official Journal published the postponement of the application of the Deforestation Regulation by one year as of 30 December 2025 (issued under number 2024/3234, amending Regulation (EU) 2023/1115 as regards the provisions concerning the date of application). The regulation will prohibit the import and sale in the EU of products made from several raw materials (among them rubber and wood) if they are linked to the threat of deforestation.

Taxonomy Regulation

The Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, and amending Regulation (EU) 2019/2088 establishes a uniform classification system aiming to harmonize criteria for the purposes of determining whether an economic activity may be considered sustainable under existing market practices. Based on the regulation, in 2021 the European Commission has prepared delegated acts on reporting (EU) 2021/2178 of July 6, 2021 and climate mitigation and adaptation (EU) 2021/2139 of June 4, 2021. The role of nuclear energy and natural gas has been defined in a complementary delegated act 2022/1214 of March 9, 2022.

Czech Republic

General Overview

The Czech energy sector is governed by a wide range of laws and regulations which also implement the EU legislation described above. The key law focusing solely on the energy sector is Act No. 458/2000 Coll., on conducting business and governmental oversight in the energy sectors, as amended ("Czech Energy Act"), which provides the legal basis for conducting business in the energy sector and obtaining the necessary licenses for the production, distribution, transmission and sale of electricity, production, distribution, transmission, storage and sale of gas, production and distribution of heat and the activities of the market operator and Electricity data center.

The main principles of the Czech Energy Act are: (i) to conduct business in the energy sectors only with licenses issued by the ERO; (ii) the unbundling of transmission and distribution system operators; (iii) the liberalization of the market by allowing competition in the energy sector; (iv) the establishment of a strong and independent regulatory authority (i.e. the ERO); and (v) the protection of final customers and specifically consumers.

The Czech Energy Act was enacted in 2000 and broadly amended in:

- August 2011, as a result of the implementation of the Third Electricity Directive and the Third Gas Directive,

- January 2016, as a means of implementing the Energy Efficiency Directive, REMIT and Trans-European Energy Infrastructure Regulation,

- In 2022, several amendments to the Czech Energy Act were adopted in response to the military invasion of the Russian Federation into Ukraine and the following energy crisis. The main changes introduced by the amendments consist of legal obligation to use the storage capacity of gas storage reservoirs, introduction of extraordinary market situation, during which the government of the Czech Republic may determine the prices of electricity or gas supplied to customers or other participants and introduction of levy on excess income from the sale of electricity produced on the territory of the Czech Republic. Following this amendments, the implementing regulations were passed (particularly the regulations on ceiling prices of electricity and gas for various categories of customers, on compensation for the supply of electricity and gas at specified prices, on the method of determining the amount of excess income from the sale of produced electricity and on determining the prices of electricity and gas in an extraordinary market situation supplied for losses in distribution systems).

- In 2023 and 2024, three material amendments to the Czech Energy Act entered into force:

    - On January 1, 2023 Act No. 19/2023 Coll. entered into force. This act modified the institute of last resort supply (license holders within one business group may conclude a contract on joint fulfilment of the obligations of a supplier of last resort supply), increased the value of installed power of electricity power plants, which can be operated without a license on production of electricity and expanded instruments of the government of the Czech Republic for providing assistance during an extraordinary market situation. Following this act, the implementing regulations were adopted (particularly on requirements for safe installation of an electricity power plant using renewable sources of energy with an installed capacity of up to 50 kW and on electricity metering of micro power plants).

    - On January 1, 2024, Act No. 465/2023 Coll. entered into force. The amendment entitles the government with the right to grant or to decline to grant a consent with the change of control in a *"energy strategic complex"* and with the obligation to offer, in some instances, to the government the transfer of control in a energy strategic complex. Energy strategic complex is defined as an asset or complex of assets of critical energy infrastructure in the gas, electricity and central heating supply sector as specified more closely in the government regulation no. 432/2010 Coll. Acquiring control over an energy strategic complex without obtaining a consent from the Ministry of Industry and Trade is prohibited. The ministry can decline to grant the consent if the transfer of control could threaten the energy safety of Czech Republic or if the application to grant the consent contains false information. In case the control over an energy strategic complex is acquired without previous consent of the ministry, the controlling entity is obliged to apply for a subsequent consent. In case the ministry declines to grant a consent or a subsequent consent, the controlling entity has an obligation to offer to the ministry a transfer of control over an energy strategic complex for a "usual price". The validity period of the offer must be at least 6 months. In case the controlling entity does not offer the transfer of control to the ministry, any legal act leading to a transfer of control to any third party is null and void provided that the ministry actively enforces such invalidity within three years.

    - On January 1, 2024 Act No. 469/2023 Coll. partially entered into force (provisions regulating sharing of electricity enter into force on July 1, 2024). The amendment was adopted as a result of the urgency to at least partially implement the "Clean Energy for All Europeans" package, mainly the Directive (EU) 2018/2001 and Directive (EU) 2019/944. The amendment introduced two types of energy communities and rules on sharing of electricity. However, customers and producers of electricity outside the energy community will also be able to share electricity. In order to centralize and process the large amount of data connected to sharing of electricity, a new market participant named Electroenergetic Data Center ("EDC") was introduced. Founders of EDC are the transmission system operator and operators of three regional distribution systems. The amendment also includes several provisions for customer protection, including the so-called vulnerable customer/person institute.

- On January 1, 2025 Act No. 265/2024 Coll. entered into force. The amendment introduced partial changes and new terminology in the area of regulation of prices in the Czech Energy Act.

- In March 2025, an amendment primarily introducing provisions regulating energy storage, flexibility and aggregation, customer protection, resource adequacy and capacity mechanisms was enacted by the Czech Parliament. The amendment finalises the implementation of the Clean Energy Package and partially implements the amendments to the Renewable Energy Directive, Gas Package and the Energy Efficiency Directive. The amendment shall enter into force on August 1, 2025.

- As of the date of this Base Prospectus, the Czech Parliament is discussing an amendment to the Czech Energy Act that will ensure the fastest and safest possible transition of large energy sources using coal to sources using natural gas. One of the proposed amendments would grant the ERO power to impose obligations on the current licence holder beyond the scope of the existing license of electricity producers for a certain period, with reimbursement of costs and reasonable profit, in order to prevent the shutdown of coal-fired plants at a time when there is no adequate replacement for them. The ERO would only impose these obligations if necessary to ensure the safe and reliable operation of the electricity system, if it is in the public interest, and if there is a reasonable assumption that the safety and reliability of the operation of the electricity system cannot be ensured by other means. However, as of the date of this Base Prospectus, it is still not clear when, or if at all, the Czech Parliament will enact this amendment, and what its final contents will look like.

Other laws related to the energy sector include, but are not limited to:

- Act No. 406/2000 Coll., on energy management, as amended (the "*Czech Energy Management Act*");

- Act No. 201/2012 Coll., on protection of the air, as amended (the "*Czech Air Protection Act*");

- Act No. 383/2012 Coll., on conditions for trading with emission allowances, as amended (the "*Czech Emission Allowances Act*");

- Act No. 18/1997 Coll., on peaceful utilization of nuclear energy and ionising radiation, as amended (the "*Czech Nuclear Act 1997*");

- Act No. 263/2016 Coll., the Nuclear Act, as amended (the "*Czech Nuclear Act 2016*")

  - In March 2025 an amendment to the Czech Nuclear Act 2016 was approved to, among other things, facilitate the construction of new small modular reactors in the Czech Republic, with most provisions scheduled to take effect on 1 June 2025;

- Act No. 165/2012 Coll., on promoted energy sources, as amended ("*Czech Promoted Energy Sources Act*");

- Act No. 44/1988 Coll., on protection and exploitation of minerals, as amended (the "Czech Mining Act");

- Act No. 76/2002 Coll., on integrated pollution prevention and control, as amended, (the "Czech IPPC Act");

- Act No 367/2021 Coll., on measures for the transition of the Czech Republic to a low-carbon energy sector and amendment of Act No. 165/2021 Coll., on promoted Energy Sources, as amended (the "Low-Carbon Act"); and

- Act No. 586/1992 Coll., on income taxes, as amended, which governs a 60% tax on windfall profits (in the energy sector, this tax obligation applies to producers and operators of electricity and gas systems who have taxable income for tax on windfall profits in the amount of at least CZK 50,000,000 and who meet other legal requirements).

State Administration and Regulatory Authorities

The main state authorities supervising the energy sector are:

- The ERO designated as the main supervisory independent authority in the energy sector is currently headed by a five-member board of directors appointed by the government) and has a power, among other things, to:

  – issue licenses;

- provide the method of the energy sector regulation and procedures for price regulation;
- fix selected regulated prices;
- adopt rules implementing energy legislation;
- issue or revoke the certificate of transmission system operator ("TSO");
- approve the grid development plans;
- decide disputes defined by the Czech Energy Act;
- execute the supervision over the compliance with the Czech Energy Act, the Czech Promoted Energy Sources Act, Act No. 634/1992 Coll., on consumer protection, as amended, Act No. 526/1990 Coll., on prices, as amended, and the EU regulations including the Regulation on Cross-Border Exchanges, the Natural Gas Transmission Regulation, the REMIT, the Second Security of Gas Supply Regulation and directly applicable regulations issued by virtue of these regulations or its implementation and obligations arising out of the European Commission or ACER decisions;
- communication and cooperation with ACER;
- impose fines if applicable regulations under the Czech Energy Act are breached (e.g. if unbundling rules are breached, the ERO is entitled to impose fines up to CZK 50 million or 1% of the relevant company's turnover, and in the case of transmission network operators, fines of up to CZK 100 million or 10% of the relevant company's turnover. In respect of vertically integrated companies, a fine of up to CZK 50 million or 1% of company's turnover may be imposed on the controlling company for giving instructions to its subsidiaries in breach of the applicable distribution unbundling legislation. In addition, the ERO may also require entities that breach applicable regulations to perform specific remedial measures).

- The Ministry of Industry and Trade of the Czech Republic (the "*Czech Ministry of Industry*"), responsible for, among other things, preparation of the state energy conception, preparation of the national action plan for renewable sources of energy and the national action plan for smart grids, granting authorization to construct power plants and communication with the European Commission;
- The State Energy Inspection (the *"Czech Energy Inspection"*) - administrative agency subordinated to the Czech Ministry of Industry carrying out control activities to ensure compliance of individuals and legal persons with the Czech Energy Management Act (*e.g.* overseeing energy specialists and introduction of products related to energy consumption on the Czech market); and
- The Ministry of Environment of the Czech Republic (the "*Czech Ministry of Environment*"), which primarily administers matters in connection with emission allowances and air pollution.

New regulatory period 2026 – 2030

A new regulatory period in the energy sector will last (6th in order) from January 1, 2026 to December 31, 2030. In order to create conditions for a transparent, predictable and long-term stable environment in the energy industry, ERO prepares a price regulation methodology for each regulatory period (methodology), which contains price regulation procedures in the electricity and gas industry. For the regulatory period 2026-2030 a public consultation process was held on the draft methodology and on February 27, 2025, ERO issued final version of the methodology for the regulatory period 2026 – 2030.

Electric Energy Sector

Participants

The following categories of electricity market participants exist in the Czech Republic: (i) generators (producers); (ii) the transmission grid operator (ČEPS, a.s.); (iii) distribution grids operators; (iv) OTE; (v) electricity traders; (vi) EDC and (vii) end-consumers.

Licensing Regime for electricity, gas and heat sectors

Under conditions set out in the Czech Energy Act, business activities in the energy sectors in the Czech Republic may be pursued by natural or legal persons solely on the basis of a license granted by the ERO. Licenses for electricity or gas trading granted in other Member States are also recognized. An applicant is entitled to request a decision from the ERO on license recognition if such applicant already possesses a similar license issued by the competent authority in another Member State. In order to avoid the possibility of the ERO making discriminatory decisions, the ERO is obliged to issue the license if the applicant meets certain statutory requirements.

The ERO may renew or extend a license if the same requirements for the issuance of a new license are met. However, there is no assurance that a license will be renewed or extended. The licenses for electricity generation, gas production and heat generation are issued up to a maximum of 25 years. The licenses for electricity transmission, gas transportation, electricity or gas distribution, gas storage, heat distribution and for the market operator are issued for an indefinite period of time (subject to the right of the ERO to revoke a license in case of a material breach of a license by a license holder). The licenses for electricity or gas trading are issued for a set period of 5 years. License is not required for generation of electricity in power plants installed in customer connection points (for small generators with total capacity less than 10 kW which do not operate the power plants for business purposes). The list of license owners is published in a bulletin issued by the ERO and the information about the license holders is published on the ERO website.

Electricity Generation

Authorization to construct power plants

If a company wishes to construct a power plant with an installed electrical output of more than 1 MW, it must obtain an authorization from the Czech Ministry of Industry. The issuance of such authorization is discretionary; however, certain factors must be taken into account, including, but not limited to, compliance with the state energy conception (which is a resolution of the Czech Government defining its strategic goals in the energy sector, including, among other things, its 30-year outlook), the national action plan for renewable sources of energy, the state raw materials conception and the zoning documentation.

Coal-fired power plants

The operation of a coal-fired power plant requires possession of a power generation license, as well as various other licenses and authorizations, including construction-law and environmental-law permits. The statutes enumerated below regarding air pollution and carbon compliance have a material impact on the operation of coal-fired power plants.

Transmission and Distribution of Electric Energy

History

Until 1990, one single state-owned conglomerate operated the whole electricity system. In 1990, regional distribution companies were separated from the state enterprise and, in 1994, they were transformed into joint stock companies (the "REAS") and offered to the public as part of the privatization process in 1995. The Czech Republic, through the National Property Fund, retained a controlling stake of approximately 48% of shares in each of the REAS. The CEZ Group was initially 100% state owned but as part of the privatization process, a 33.2% stake in the CEZ Group was offered to the public (with the Czech Republic retaining a 66.8% majority stake). In addition to the privatization of the REAS, local electricity producers have been partially privatized. ČEPS, a.s., a company controlled by the Czech Ministry of Industry, was established in October 1998. By 2003, the CEZ Group had transferred the entire transmission grid to ČEPS, a.s.

Current Structure

Currently, following the implementation of applicable EU legislation, the Czech electricity transmission and distribution system is structured as follows:

- The transmission system is owned by ČEPS, a.s.;
- The distribution system is predominantly owned by three companies being successors of the REAS: ČEZ Distribuce, a.s., EG.D, a.s. and PRE distribuce, a.s.;
- Ownership unbundling has been implemented in relation to the transmission system;
- Management, accounting and legal unbundling has been implemented in relation to the distribution systems;
- As a result of unbundling legislation, any applicant must be provided with full access to the transmission and distribution networks and to transmit or distribute electricity through these networks, to the extent technically practicable; and
- Since January 1, 2006, the electricity market has been fully liberalized and all end-consumers are considered eligible customers who may freely choose their supplier of electricity based on current market conditions (instead of being considered as protected customers with the price of electricity being determined by the ERO).

The market operator ("OTE") is a joint stock company owned by the Czech Republic, which administers and reports upon the regular electricity and gas market and (in cooperation with ČEPS, a.s. and NET4GAS, s. r. o.) administers accounting in respect of the energy balancing market.

Trading

As well as trading on the electricity spot market which is organized by OTE and which is interconnected with the pan-European electricity market both for day-ahead an intraday trading, trading on the electricity futures market is offered by the Power Exchange Central Europe ("PXE"). The spot market is also accessible through the PXE. Currently, the PXE offers power trading with standardized products for Czech, Slovak, Polish, Romanian and Hungarian power on an anonymous basis and with secure settlement. The PXE is a subsidiary of the Prague Stock Exchange and the European Energy Exchange.

Price of Electricity

The final price of electricity on the Czech market for end-consumers consists of two components:

- Non-regulated – the market price of electricity as a commodity that is freely negotiable between contracting parties; and
- Regulated – calculated pursuant to applicable legislation and the ERO pricing regulations and consists of the following items, the prices of which are set by the ERO:
  - transmission and distribution of electricity,
  - system services,
  - additional costs of energy generation from renewable sources and co-generation of heat and electricity, and
  - the costs of operation of OTE and partly the ERO.

The ERO bases regulated prices of electricity transmission and distribution on allowed revenues fixed tariff related to the reserve capacity/fusion and allowed losses (variable distribution tariff related to the distributed volume). The allowed revenues are calculated as the sum of the following main components:

- Allowed operating expenses based on historical data, which are yearly escalated (taking into account the inflation and the price index of market services and sector efficiency factor);

- Depreciation;
- Allowed profit which is a product of weighted average costs of capital (WACC) and regulatory assets base; and
- Market factor, which represents expenses unforeseen or unavoidable that would otherwise not be recognized as allowed expenses.

The expenses for development of more efficient distribution and transmission grids are taken into account for purposes of the calculation of the allowed revenues to be included in the electricity transmission and distribution price.

After several amendments to the Czech Energy Act in 2022, the government of the Czech Republic was empowered to determine the prices of electricity supplied to customers and other electricity market participants during extraordinary market situation. Subsequently, the government of the Czech Republic decided on ceiling prices of electricity for various categories of customers and for losses in distribution systems for the period of the year 2023. Since the situation on the electricity market has substantially changed, there are no plans to decide on ceiling of prices of electricity as of the date of this Base Prospectus.

Heating Energy Sector

Participants

The following categories of heating sector participants exist in the Czech Republic:

- (i) generators (producers) of heat; (ii) distributors of heat; and (iii) end-consumers.

Licensing Regime

Participants in the heat sector must obtain licenses from the ERO for generation and distribution of heat, as the case may be (please see "Electric Energy Sector – Licensing Regime").

Heat Generation and Prices

The price of heating supply is calculated pursuant to applicable legislation and the ERO pricing regulations for the relevant calendar year. The ERO sets general rules for price regulation based on economically justifiable expenses, a profit margin and value added tax.

With effect from January 1, 2016, the concept of a "limited price of heat" has been established, preventing the price regulation undertaken by the ERO from driving the heat price under the limited price. The limited price of heat is set by the ERO.

Co-Generation of Heat and Electricity

Co-generation of heat and electricity is regulated by the Czech Promoted Energy Sources Act (please see "Renewable Energy Sources—The Czech Promoted Energy Sources Act").

Gas Sector

The Third Gas Directive applies on the gas markets within the EU. The development of legislation in the Czech gas sector on the background of EU legislation is described above in "Regulation—EU Legislation—History of Energy Regulation."

Participants

The following categories of gas market participants exist in the Czech Republic:

- (i) generators (producers) of gas;
- (ii) the transmission grid operator;

•(iii) distribution grids operators;

•(iv) OTE;

•(v) gas storage reservoirs operators;

•(vi) gas traders;

•(vii) operators of direct gas pipelines;

•(viii) foreign subjects, that have concluded a valid contract on transmission or storage of gas; and

•(ix) end-consumers.

Licensing Regime

Participants in the gas sector must obtain licenses from the ERO for generation, transportation, distribution, trading and storage, as the case may be (please see "Electric Energy Sector – Licensing Regime for electricity, gas and heat sectors").

Transmission and Distribution of Gas History

The gas infrastructure in the Czech Republic was privatized between 2001 and 2003 by the sale of the company Transgas, a.s. and the regional gas distribution companies to the German based RWE Gas AG. In the gas sector, the CEZ Group focuses predominantly on trading in gas. Trading is performed by ČEZ and its two subsidiaries ČEZ Prodej, a.s. and ČEZ ESCO, a.s.

Current structure

Currently, following implementation of applicable EU legislation, including the Third Gas Directive, the Czech gas transmission and distribution system is structured as follows:

- The transmission system is owned by NET4GAS, s.r.o.;
- Independent transmission operator unbundling model and full ownership unbundling model regarding the gas transportation network were implemented in the Czech Republic;
- Any user must be provided with a full access to the transportation and distribution networks and must be able to transport or distribute gas through the respective networks to the extent technically possible;
- The distribution system is predominantly owned by: (i) GasNet; (ii) the E.ON Group through its subsidiary EG.D, a.s.; and (iii) Pražská plynárenská Distribuce, a.s.;
- Management, accounting and legal unbundling has been implemented in relation to the distribution systems;
- Since January 1, 2007 the gas market has been fully liberalized and all end-consumers are considered as eligible customers who may freely choose their supplier of gas based on current market conditions (instead of being considered as protected customers with the price of gas being determined by the ERO); and
- Legal ownership unbundling has been implemented in relation to gas storage facilities.

Price of gas

In the Czech liberalized market, the final price of gas for end-consumers consists of two components:

- Non-regulated – the market price of (x) gas as a commodity and (y) storage of gas that is freely negotiable between contracting parties; and

- Regulated – calculated pursuant to applicable legislation and the ERO pricing regulations and consists of the following items, the prices of which are set by the ERO:

– transportation of gas through the transportation network;

– transportation of gas through the distribution systems; and

– the costs of operation of OTE and partly the costs of operation of ERO.

The prices of the services outlined above are regulated by the ERO through revenue limits and, as with electricity, the revenues are calculated as the sum of operating expenses, depreciation, losses, allowed profit and market factor.

With effect from January 1, 2016, the expenses for development of more efficient distribution and transportation networks are taken into account for purposes of the calculation of the allowed revenues to be included in the gas transportation and distribution price.

After several amendments to the Czech Energy Act in 2022, the government of the Czech Republic was empowered to determine the prices of gas supplied to customers and other gas market participants during extraordinary market situation. Subsequently, the government of the Czech Republic decided on ceiling prices of gas for various categories of customers and for losses in distribution systems for the period of the year 2023. Since the situation on the gas market has substantially changed, there are no plans to decide on ceiling of prices of gas as of the date of this Base Prospectus.

Czech Air Protection Act

Emission Charges

Coal-fired power plants must comply with several regulations under the Czech Air Protection Act. For example, the company operating a coal-fired power plant is subject to the "polluter pays" principle under which it must pay emission charges to the State Environmental Fund for emissions of air pollutants such as solid particle pollutants (dust), sulphur dioxide ("*SO2*"), mono-nitrogen oxides ("*NOx*") and volatile organic compounds ("*VOC*"). From 2017, the emission charges proceeds are distributed as follows: 65% to the State Environmental Fund, 25% to the regional budget, 10% to the state budget.

- If a polluter produces emissions below the limits stipulated by law or permit, its emission charges are reduced. Where emissions reach the threshold:

  – below the 50% of the maximum limits set for the best available techniques ("BAT"), no emission charges are paid,

  – within 50 to 60% of the maximum BAT annual emission limit, the emission charge is reduced by 80%,

  – within 60 to 70% of the maximum BAT annual emission limit, the emission charge is reduced by 60%,

  – within 70 to 80% of the maximum set up BAT annual emission limit, the emission charge is reduced by 40%,

  – within 80 to 90% of the maximum set up BAT annual emission limit, the emission charge is reduced by 20%, and

  – above 90%, the emission charge is not reduced.

- If a polluter undertakes to reconstruct or modernize its installations resulting in a lower annual emission of pollutants by at least 30%, sulphur oxides expressed as sulphur dioxide by at least 55%, nitrogen oxides expressed as mono-nitrogen oxides by at least 55% or VOC by at least 30% compared with 2010 levels within the entire emission charges period, no emission charges are paid.

Emission limits

The Czech Air Protection Act implements Directive 2010/75/EC on Industrial Emissions (on Integrated Pollution Prevention and Control), which entered into force on January 6, 2011 (the "*Industrial Emissions Directive*"), which requires Member States to impose more stringent NO_X, sulphur dioxide, mercury and dust emission limits on combustion plants. The specific value of such emission limits depends on various factors, including total rated thermal input, type of fuel used by the combustion plant or the date on which such plant was put into operation (or has been granted a permit). Combustion plants put into operation after January 7, 2014, are required to comply with more stringent emission limits.

The Industrial Emissions Directive also provides for ongoing tightening of the emission limits on the basis of the BAT development, as well as, for application of these stringent limits to both new and existing combustion plants. In order to determine what are the BAT, the European Commission periodically (at least every 6 to 8 years) organizes a review process. The review process is to be concluded by adoption of European Commission's implementing decision. The requirements stipulated in this decision must be incorporated into the integrated permits within four years after adoption thereof. The recent revision of the BAT was concluded by the adoption of the Commission Implementing Decision (EU) 2017/1442 of 31 July 2017 establishing BAT conclusions, under Directive 2010/75/EU of the European Parliament and of the Council, for large combustion plants. As a result, the relevant Czech authorities shall make sure that all combustion plants concerned comply with the BAT limits by August 2021, at the latest. However, the Commission Implementing Decision was annulled by the General Court's Case T-699/17 dated 27 January 2021, with effect from 27 January 2022. Consequently, on November 30, 2021 the European Commission adopted and published a new decision confirming the values from the previous one. In 2022, the Commission adopted proposals to revise the IED and the E-PRTR. The proposals aimed to improve the Directive by increasing the focus on energy, water and material efficiency and reuse, in addition to promoting the use of safer, less toxic or non-toxic chemicals in industrial processes. Trilogue negotiations concluded with a provisional agreement on 29 November 2023. The text was approved by Coreper on 15 December 2023, and by ENVI on 11 January 2024. The plenary vote approved it on March 12, 2024. However, it has not been published yet in the Official Journal of the EU.

Binding emission limits on the concentration of emitted air pollutants in the Czech Republic are stipulated in (i) Decree No. 415/2012 Coll., as amended, and (ii) the permit issued to a power plant (specific emission limits). The permit issued to a power plant may also set up specific restrictions for the power plant if overall air pollution limits in the respective area of the Czech Republic (where the power plant is located) are exceeded, even if the given power plant does not exceed the applicable limits.

The Czech Air Protection Act empowers the Czech Environmental Inspection Agency to order that any pollution source repeatedly exceeding emission limits is shut down.

In 2023, the Ministry of Environment launched a revision of the Act with the aim both to make it more user friendly for regulated entities as well as to implement pending issues from the Directive. However, the revision has not been accomplished yet.

The aggregate emission ceilings for the Czech Republic are set in the "National Emission Reduction Program" approved by the Czech Government, lastly amended in 2019. The revision concentrated on measures enabling the country to stay below emission ceiling for NOx in 2030 by replacement of some coal capacity with renewables. The Czech Ministry of Environment may set up emission limits for a territory of the Czech Republic ("zones" and "agglomerations") if certain limits are exceeded (the "Better Quality Air Programs").

The Czech Air Protection Act empowers the regional authorities (i) not to allow any new source of pollution in the region if the level of air pollution would be exceeded, or (ii) to allow a new pollution source and stipulate conditions for its operation to ensure that the relevant level of air pollution is not exceeded (the "*Compensatory Measures*").

In December 2013, the European Commission introduced the "*Clean Air Policy Package*" to reduce emissions and air pollution within the EU. The package resulted, *inter alia,* in the adoption of two directives, Directive (EU) 2016/2284 on the Reduction of National Emissions of Certain Atmospheric Pollutants, stipulating stricter national emission ceilings in the period from 2020 to 2030 (for more information, please see "*Regulation—EU Legislation—Current EU Energy Regulation—2030 EU Framework for Climate and Energy Policy*"), and Directive (EU) 2015/2193 on the Limitation of Emissions of Certain Pollutants into the Air from Medium Combustion Plants which introduced

emission limit values for combustion plants with a rated thermal input equal to or greater than 1 MW and less than 50 MW, to be transposed by December 19, 2017. In the Czech Republic, these emission limit values are set by Decree No. 415/2012 Coll., on the permissible level of pollution and its determination, and via the implementation of certain provisions of the Czech Air Protection Act, as amended.

In October 2022, the Commission launched a revision of the Ambient Air Quality Directive with the aim to align EU air quality standards more closely with WHO recommendations, further improve the legislative framework (e.g. in relation to penalties, and public information) and better support local authorities in achieving cleaner air through strengthening air quality monitoring, modelling and plans. The revision has not been finished yet.

Exemptions from the emission limits

The Czech Air Protection Act allows for three exemptions from the stringent emissions limits described above:

- Operators of combustion plants with an installed capacity equal to or higher than 50 MW, which obtained the operation permit prior to November 27, 2002 and were put into operation prior to November 27, 2003, may have applied for participation in transitional national plan, valid for the period from January 1, 2016 to June 30, 2020, under which the relevant combustion plants will be permitted to emit pollutants (i) up to their emission limits (ceilings) according to their permit valid to December 31, 2015 (except for certain emission limits regarding NOx) and (ii) up to additional aggregate emissions ceilings provided for by the transitional national plan, which will be decreased on a linear basis until 2020 (operators of combustion plants are allowed to exchange their emission limits between each other). This option is no longer valid due to the expiration of the time for which it had been provided.

- Operators of combustion plants with an installed capacity equal to or higher than 50 MW may have applied for participation in transitional regime, valid for the period from January 1, 2016 to December 31, 2023, provided that such plants will end their operations no later than by December 31, 2023. The relevant combustion plants (i) were permitted to retain their original emission limits according to their permit valid until December 31, 2015 (except for certain emission limits regarding NOx) and (ii) shall operate, the maximum of 17,500 operating hours.

- Operators of combustion plants with an installed capacity of 50 MW to 200 MW which (i) received the operation permit prior to November 27, 2002 and were put into operation prior to November 27, 2003, and (ii) deliver at least 50% of the useful heat production of the plant (calculated as a rolling average over a period of 5 years) in the form of steam or hot water to a public network for district heating, may have applied for a transitional regime valid during the period from January 1, 2016 to December 31, 2022. Such combustion plants are permitted to retain their original emission limits according to their permit valid until December 31, 2015.

In addition, an operator of a combustion plant may apply under Czech IPPC Act to the relevant Czech administrative authority for a temporary exemption from the new BAT limits described above with which the operator must otherwise comply as of August 2021. Combustion plants of the CEZ Group, which are not modernized yet, are included in the transitional national plan. This provides for greater flexibility and efficiency in emission reduction in the operation of the CEZ Group's portfolio, thus enabling us to adapt more easily to the future situation on the energy market. The Czech national transitional plan was adopted by the European Commission in April 2015.

Carbon Compliance (EU ETS - Emission Allowances)

Legislation adopted by the EU as a result of the EU climate commitments made under Kyoto Protocol and later under the Paris Agreement has been fully transposed into Czech law. One of the key legislative tools contributing to combat climate change is the EU Emission Trading System (EU ETS), which has established the carbon emission allowances market within the EU since 2005.

The revision of the EU ETS scheme for the current Phase IV, running from 2021 up to 2030, was initiated in 2015 and finalized in March 2018. It shall further foster the position of EU ETS, increase the linear emission reduction factor to 2.2% from 2021 onward (compared to 1.74% currently). The Market Stability Reserve, which shall reduce the surplus or deficiency of emission allowances in the carbon market and improve the EU ETS resilience to unpredicted imbalance between demand and supply, is to be further fostered. Amongst others, an Innovation Fund and a

Modernization Fund were be established in order to support the low-carbon transition. While the Modernization Fund supports investments in modernizing the energy sector in general, the Innovation Fund supports low-carbon innovative technologies and breakthrough innovation in industry.

The latest revision of the EU ETS scheme (Phase IV) was initiated in July 2021 as part of the Fit for 55 package and finalized in June 2023. The new revision significantly increased ambitions under the
EU ETS, which should reduce its emission by 62% in 2030 (compared to 2005 base year). For this reason, the linear reduction factor was increased to 4.3% per year from 2024 to 2027 and to 4.4% per year from 2028 to 2030 as well as further rebasing of the overall emissions ceiling over two years (2024 and 2026) of 90 and 27 million allowances respectively is applied. It is also introduced creation of a separate EU ETS 2 system, which covers and addresses the CO_2 emissions from fuel combustion in buildings, road transport and additional sectors (mainly small industry not covered by the existing EU ETS). Furthermore, significant changes are also introduced to the Modernization Fund, which on one hand, will have more financial resources at its disposal, but on the other hand, the number of beneficiary Member states is broadened by two. Importantly, the latest revision enables to finance gas projects from the Modernization Fund provided the condition of "Do not significant harm" is met. According to the new rules, the Member States shall also use all revenues generated through the auctions of allowances for climate change purposes only. Finally, the adopted Carbon Border Adjustment Mechanism shall help to phase out gradually free allocation for industries such as energy, steelworks and other industries.

Czech Emission Allowances Act

In November 2018, the Czech Ministry of Environment amended the Czech Emission Allowances Act (No. 383/2012 Coll.) in order to transpose provisions of the revised Directive 2003/87/EC initiated in 2015, purporting to, among other things, address the structural imbalance between supply and demand in the emission allowances market, accelerate the annual reduction in the total volume of emission allowances in the EU and provide for rules determining the proportion of allowances that are subject to auctions and those allocated free of charge and get ready for the IV. trading period starting 2021 up to 2030. The amended the Czech Emission Allowances Act was adopted in late 2019 and among others, for existing electricity producers provides for possible support for their decarbonizing investments via a so-called Modernization Fund. No allowances are granted to electricity production; however, a partial free allocation remains for heat production, based on updated benchmarks and historical activity levels.

Following the publication of the new revised Directive 2003/87/EC in EU Official Journal in June 2023, the Czech Ministry of the Environment launched the process of the transposition to the Czech Emission Allowance Act (No. 383/2012 Coll.), which was finalized in the end of 2024 and came into effect as from January 1, 2025. However, this transposition is considered as partial transposition only, as it does not include the provisions of emission allowances compliance of the EU ETS 2 scheme. Therefore, further amending of the Czech Emission Allowance Act is foreseen before the EU ETS 2 scheme will become fully operational in 2027.

Nuclear Energy Utilization

The Czech nuclear law is made of two main legal acts and several decrees. The Czech Nuclear Act 1997 contains rules for civil liability and mandatory insurance of a nuclear plant operator. The Czech Nuclear Act 2016 deals with all other rules governing nuclear energy utilization, such as the rules on NPP licensing regime, disposal of nuclear waste, competence of "*SONS*" and the Czech Repository Authority, decommissioning costs escrow account, fees payable by NPPs operators, security and protection against radiation.

NPPs

Under Czech legislation, NPP operators are required to obtain numerous permits from the Ministry of Environment and the Ministry of Industry and Trade, and an authorization issued by SONS. The permits and authorizations are awarded if the requirements for its issuance or renewal are satisfied. However, there is no assurance that such authorization or permit will be issued, renewed or extended.

Civil liability for nuclear damage

On June 24, 1994, the Czech Republic became a party to the Vienna Convention on Civil Liability for Nuclear Damage (the "*Vienna Convention*"). On the basis of the principles of the Vienna Convention, the Czech Parliament

enacted the Czech Nuclear Act 1997 in July 1997 which continues to provide for civil liability for nuclear damage after enactment of the Czech Nuclear Act 2016. Only the operator of a nuclear facility is liable for any damage caused by a nuclear incident and the operator's liability for such damage is limited to CZK 8 billion per incident. Operators of nuclear facilities are obliged to acquire insurance covering potential liabilities for damages resulting from the operation of nuclear facilities for a minimum of CZK 2 billion and for a minimum of CZK 300 million in connection with other activities (such as transportation of nuclear materials).

Nuclear fuel and nuclear waste

Nuclear fuel materials and services (i.e. uranium, conversion and enrichment) are procured pursuant to medium- and long-term contractual arrangements. These procurement activities are under the supervision of the European Supply Agency (the "*ESA*"), which endorses and co-signs all new supply contracts, in full compliance with the ESA supply policy and related limitations.

The Czech Republic guarantees the safe disposal of nuclear waste. Pursuant to requirements of the Czech Nuclear Act 2016, the Czech Repository Authority carries out particular activities associated with disposal of nuclear waste, including responsibility for all final disposal facilities and deposition of nuclear waste transferred to the Czech Repository Authority. In October 2019, the Decree No. 266/2019 Coll., on the Concept of Radioactive Waste and Spent Nuclear Fuel Management, was adopted with effect from November 13, 2019.

The Czech Repository Authority is funded by the Czech Nuclear Account, which is held at the Czech National Bank and is administered by the Ministry of Finance. All nuclear waste generators have a duty to contribute on a monthly basis to this account, which contribution currently amounts to CZK 55 per MWh of electricity generated from nuclear energy and starting January 1, 2026, it will amount to CZK 88 per MWh of electricity generated from nuclear energy.

In 2024, the Act No. 53/2024 Coll., on proceedings regarding deep nuclear waste storage was adopted and is to become effective as of 1 July 2024. According to this act, the Czech Government, will decide on the main and backup location of such nuclear waste storage. The decision of the Czech Government is based on proposals for location of the deep nuclear waste storage and other documents submitted by the Ministry of Industry and Trade. The Ministry of Industry and Trade is entitled to submit site proposals and other documents to the Czech Government after consultations with relevant stakeholders and obtaining opinions from state authorities.

Maintenance contributions to SONS

Since January 1, 2012, all operators of nuclear facilities and applicants for permits to operate nuclear facilities must pay contributions to fund the operation and maintenance of SONS. The contribution consists of: (i) a lump sum of between CZK 30 million and CZK 220 million, payable with an application for permission to commence operation of a nuclear facility; and (ii) a maintenance contribution which must not exceed CZK 4 million per month, payable by current holders of a permit to operate a nuclear facility. The amounts of maintenance contributions are determined by the Czech Nuclear Act 2016 and governmental decree and depend on the extent of operational risk of the relevant nuclear facility. The maintenance contribution is determined on a monthly basis and due annually. In October 2019, the Government Regulation No. 273/2019 Coll., on rates of charges on SONS' professional activity was adopted.

Decommissioning of NPPs

The Czech Nuclear Act 2016 requires a contribution from every nuclear plant operator to special escrow accounts for future decommissioning of its facilities. In November 2016, a decree on the requirements for the safe management of radioactive waste and on the decommissioning of nuclear installations was adopted. In 2023, an original decree from 2020 on method of establishing a reserve for the decommissioning of a nuclear installation and category III and category IV workplace was amended.

Other international regulation related to nuclear energy

The Czech Republic is a member of the International Atomic Energy Agency (the "*IAEA*") and, as a result, our NPPs have been subject to a number of on-site IAEA assessments. For more information, please see "*Description of ČEZ—Safety and Quality Management—IAEA*".

Compliance with the EURATOM framework for nuclear safety

Pursuant to the Directive 2014/87/EURATOM, which revised the EURATOM framework governing nuclear safety, Member States are required to give the highest priority to nuclear safety at all stages of the life of a NPP. This includes carrying out safety assessments before the construction of new NPPs and ensuring significant safety enhancements for old reactors. The Directive was partly transposed into Czech law with effect from January 1, 2017, by the Czech Nuclear Act 2016 and partly by SONS' Decrees, including Decree No. 378/2016 Coll., on the location of the nuclear installation; Decree No. 359/2016 Coll., on details on how to manage the radiation emergency; Decree No. 408/2016 Coll., on the requirements of the management system; Decree No. 21/2017 Coll., on the nuclear safety of the nuclear installation; Decree No. 162/2017 Coll., on requirements for safety assessment under the Czech Nuclear Act 2016; and Decree No. 329/2017 Coll., on requirements for a nuclear installation project.

Low-Carbon Act

In accordance with the decarbonization policy of the Czech Republic the Low-Carbon Act specifies measures for the transition of the Czech Republic to a law carbon energy, The Low-Carbon Act applies to low-carbon power plant, which is defined as a power generating plant on the territory of the Czech Republic with a nuclear reactor with a minimum installed capacity of 100 MW connected to the electricity grid after 2030. The Low-Carbon Act creates a broad framework for support for nuclear investment; sets forth rules for an offtake contract, as of January 1, 2024 a contract for difference can also be concluded; conditions of a repayable financial assistance with a low interest rate, covering, in principle, 100% of the construction costs and principles for determination of the strike price and its change.

Renewable Energy Sources

History of Renewable Energy Sources

In 2005, the Czech Parliament enacted Act No. 180/2005 Coll., on the promotion of production of electricity from renewable energy resources ("*Czech Renewable Energy Act*"), as a means of implementing the first renewable energy directive, 2001/77/EC. Under the provisions of this statute, total energy consumption had to comprise of at least 8% renewable energy by 2010. This statute also allowed support for power plant operators, consisting of

- priority access to the distribution grid; and
- financial support by means of either (x) fixed feed-in tariffs (meaning a guaranteed minimum purchase price for generated electricity), or (y) "green bonuses" representing a certain amount in excess of the market price of electricity.

A high number of new solar power plants have been built on agricultural land in the Czech Republic. The legal obligation to support the owners of these solar power plants caused an increase in total electricity prices for end-consumers. As a result, in 2010 the Czech Parliament approved significant changes to the rules on support of solar power plants, including:

- significant limits on eligibility of new solar power plants (e.g. support was only provided for small solar power plants on rooftops of buildings);
- in relation to facilities put into operation on or after January 1, 2011, the authority of the ERO to decrease fixed feed-in tariffs by more than 5%, provided that the investment repayment period is shorter than 11 years;
- withholding tax imposed on operators of solar facilities put into operation between January 1, 2009 and December 31, 2010, in the amount of (i) 26% of the income corresponding to the feed-in tariff or (ii) 28% of the income corresponding to the "green bonus," as applicable. This tax has been amended and prolonged with effect from January 1, 2014 (see below "*—Current Legislation—The Czech Promoted Energy Sources Act*");
- abolition of the exemption from income tax;
- increased fee for solar facilities being built on agricultural land; and
- state subsidies introduced as financial support for renewable energy (as other means of financial support).

Under the provisions of the Renewable Energy Directive, the Czech Republic had to increase the share of renewable sources (composed of renewable energy for heat, renewable energy for electricity and the use of biofuels in transport) in the total gross energy consumption from 6.1% (the share in 2005) to 13% by 2020.

The Czech Promoted Energy Sources Act (No. 165/2012 Coll.), that came into force on January 1, 2013, implementing the Renewable Energy Directive, repealed the Czech Renewable Energy Act. The Czech Promoted Energy Sources Act only applies to new power plant constructions and power plants, which commenced operation prior to January 1, 2013, are subject to the former regime described above.

The Czech Promoted Energy Sources Act regulated:

- support for electricity, heat and bio methane from renewable energy sources, secondary energy sources, high-efficiency co-generation of electricity and heat and decentralized generation (an amendment to the Czech Promoted Energy Sources Act adopted in October 2013 stopped the support for (a) bio methane and electricity from bio liquids with effect from January 1, 2014 and (b) electricity from renewable energy sources set into operation on or after January 1, 2014, with the exception of (i) plants up to 10 MW of installed capacity producing energy from water and (ii) plants using the energy of wind, water, biomass or geothermal energy set into operation until December 31, 2015, for which the operator obtained the relevant permits before said amendment);

- financing of the above-mentioned support;

- the "National Action Plan" (which mirrors the targets set by the European Commission relating to the share of renewable resources in total energy consumption and the reduction of greenhouse gas emissions. The National Action Plan will require different types of renewable energy sources to contribute different shares of total consumption);

- guarantee of origin of electricity generated from renewable energy sources;

- certificates of origin of electricity generated from high-efficiency co-generation of electricity and heat or secondary energy sources; and

- withholding tax imposed on operators of solar facilities.

The Czech Promoted Energy Sources Act differs from previous legislation in that only some renewable energy sources are eligible for support and the support of new power plants depends on compliance with the National Action Plan. The Czech Promoted Energy Sources Act provides, among other things, that the subsidies paid to the power plant operators (including subsidies to the co-generation of electricity and heat) are predominantly in the form of green bonuses. The option to sell the electricity under feed-in tariffs is granted only to an extremely limited group of very small producers of renewable energy sources. The investment repayment period is 15 years.

For the sake of completeness, promotion of new solar power plants was terminated in 2014. As for other renewables, only some of them were promoted (e.g. small water, wind or geothermal power plants) and only under specific conditions.

With effect from January 1, 2016 Bio Methane and electricity decentralized generation is not further promoted under the Czech Promoted Energy Sources Act and the ERO is empowered to decrease fixed feed-in tariffs for the following year by more than 5%.

Producers of electricity from renewable sources are obliged to install new output meters as a result of which the ERO's controlling mechanism will be strengthened.

Pursuant to EU state aid rules, national renewables support schemes are subject to approval by the European Commission. Accordingly, the Czech Republic notified existing support schemes to the European Commission, and received approval in the course of 2014 to 2017:

- State aid SA.35177 (2014/NN) – Czech Republic – Promotion of electricity production from renewable energy sources;
- State Aid SA.43451 (2015/N) – Czech Republic – Operating support for small scale biogas installations with capacity of up to 500 kW;
- State Aid SA.40171 (2015/NN) – Czech Republic – Promotion of electricity production from renewable energy sources;
- State Aid SA.43182 (2015/N) – Czech Republic – Promotion of electricity production from small hydro power plants;
- State Aid SA.45768 (2016/N) – Czech Republic – Promotion of electricity from high-efficiency combined heat and power generation installations commissioned since 1 January 2016;
- State Aid SA.45182 (2016/N) – Czech Republic - State aid scheme for supporting the deployment of publicly accessible recharging and refueling stations for vehicles running on alternative fuels in the Czech Republic.

As part of the approval granted by the European Commission, the Czech Republic was obliged to prevent overcompensation by pursuing a revision procedure of granted support and its proportionality within 10 years following the start of operations at renewable power plants which have been granted state aid.

Current Legislation - The Czech Promoted Energy Sources Act

The Czech Promoted Energy Sources Act was substantially amended by Act No. 382/2021 Coll., which entered into force on January 1, 2022. Amended Act aims to implement the Directive (EU) 2018/2001. The general purpose of this amendment is to (i) in accordance with the above-mentioned European regulations, set up measures and tools which shall be applied from the beginning of 2022 to secure new renewable energy sources targets, (ii) ensure the adequacy of the aid granted in accordance with the requirements set out in the above-listed six European Commission decisions declaring support schemes to be compatible with the EU internal market (so-called notification decision). Act No. 382/2021 Coll. introduces, among other things, the following:

- obligation of the Government of the Czech Republic to pass government regulation on a yearly basis, that determines among other things categories of promoted energy sources, the amount of their installed power eligible to support, and forms of support for a period of up to at least next three calendar years;
- new support scheme, that is focused on sources of electricity, heat and biomethane put into operation after January 1, 2022, on sources of electricity that undergo modernization after January 1, 2022, on sources of electricity and heat receiving support for continuing their operation, and on sources of heat in central heat supplying systems receiving temporary transformation support;
- new forms of support to ensure the attainment of the sectoral targets for renewable energy sources, such as support for preservation of operation, temporary transformation support, auction bonus and green bonuses;
- new rules for support of biomethane. According to the new rules, production of biomethane is supported in a form of green bonuses, whereas the support is provided only on biomethane produced on the territory of the Czech Republic, if stated requirements are met; and
- changes to the previous system of subsidies provided under the Czech Promoted Energy Sources Act to make it compatible with the EU internal market and the notification decisions of the European Commission in respect thereof (*i.e.* rules to avoid overcompensation). Changes consist of new taxes on sources of electricity put into operation from January 1, 2009, to December 31, 2010, and new verification procedures of overcompensation of sources of energy. The government of the Czech Republic subsequently issued government regulation No. 300/2022 Coll., on determining the values of the internal return percentage of investments for individual types of renewable resources, which states maximal value of the internal rate of return (IRR) of investment for each type of source of energy, which shall be considered to be appropriate. Later in 2022, the Ministry of Industry and Trade issued a report on the results of the sector inquiry designed to determine the amount of the IRR of

investment in connection with the process of verifying the adequacy of the operating support provided for electricity sources put into operation from January 1, 2009, to December 31, 2010, in which the Ministry of Industry and Trade confirmed that no overcompensation of such sources of energy was identified.

Abovementioned new support schemes are subject to notification approval by the EU, whereas some support schemes for biomethane and sources of electricity and heat have already been approved.

As described above in "Czech Republic, General overview", in March 2025 the Czech Parliament enacted an amendment to the Czech Energy Act, that impacts the Czech Promoted Energy Sources Act. The amendment introduces, among other things, provisions regulating the adequacy of aid and transposition of the RED III directive.

Legislation Proposal - The Act on Acceleration of the Use of Renewable Energy Sources

In the first quarter of 2025, the Government of the Czech Republic discussed a new draft Act on the Acceleration of the Use of Renewable Energy Sources, implementing certain European directives (the RED III directive). The primary objective of the draft Act is to promote the faster adoption of renewable energy by designating specific areas for accelerated development. Projects in these areas will benefit from a special, simplified permission process. The Act will aim to support the expansion of installed (mainly) solar energy capacity. However, as of the date of this Base Prospectus, the proposal for this draft Act has not yet been submitted to the Czech Parliament for further legislative proceedings.

Electricity as Alternative Fuel

In order to transpose Directive 2014/94/EU of the European Parliament and of the Council on the Deployment of Alternative Fuels Infrastructure, Act No. 311/2006 Coll., on fuels and filling stations, as amended, was further amended in May 2017 so that certain legal duties of operators of charging stations for electric vehicles are set out in Czech law.

Coal Mining

Regulation of Mining

Mining is regulated by various statutes, but predominantly by (i) the Czech Mining Act, (ii) Act No. 61/1988 Coll., on Mining Activities, Explosives, as amended; and (iii) Act No. 157/2009 Coll., on Disposing of Mining Waste. The authority overseeing mining activities in the Czech Republic and issuing decisions and permits necessary for commencing mining activities is the Czech Mining Office and local mining authorities.

Generally, opening a mine and conducting mining activities requires a number of approvals, decisions and permits, including, but not limited to a decision from the Czech Ministry of Environment on designation of the potential mining area and a permit for exploration and assessment, an "EIA" and a mining permit and mining authorization from the competent mining authority.

With regard to the future use of coal (lignite) in the Czech Republic, including all related aspects, the Coal Commission ("*Uhelná komise*") was established as an advisory body to the Government of the Czech Republic, established by Government Resolution of July 30, 2019. Its role is to provide the government a complex recommendation on the phase-out of the use of coal, comprised of: (i) an assessment of the future needs of lignite; (ii) an analysis of the possibilities of future diversion from coal use in combustion sources; (iii) the diversion schedule; (iv) an outline of ways to achieve this diversion; (v) the expected cost and impacts of diversion from lignite; (vi) and an identification of diversion risks and tools to minimize these risks.

In December 2020, the Coal commission submitted to the government an analysis which advocated the year 2038 as the last year of a gradual process of the coal phase-out. Alternatively, there were also two additional options to the year 2038, which were proposed to the government as potentially viable dates of the coal phase-out – represented by years 2033 and 2043. The analysis also included recommendations on related aspects of the phase-out, for example the substitution of the current coal-fired energy sources by renewables and new nuclear sources in order to secure stability of the transmission and distribution networks and security of supply, cost impacts on the economy and social aspects in the affected regions.

The Czech Integrated National Energy and Climate Plan approved by the Czech Government in October 2023 stipulates year 2033 as the phase-out from the use of coal.

Coal Prices

Coal prices are liberalized and are determined on a contractual basis depending on market conditions. Coal "catalogue" price lists are regularly published by all coal-mining companies, but the final purchase prices are subject to negotiation between suppliers and purchasers with regard to the individual business relationship, quantities and duration of the contract.

Coal Mining Royalties

Coal mine operators are required to pay to the Czech Republic an (i) annual royalty calculated as a multiple of the size of the coal mine's area and rate in the amount of CZK 300, or CZK 1,000 in respect of an exclusive mineral deposit, and (ii) annual royalty calculated as a multiple of the amount of heat contained in the brown coal extracted (or of an amount of the black coal extracted) and a rate prescribed by a governmental decree.

Coal Mining Limits

Even though there are substantial coal reserves in the Czech Republic, coal mining has been restricted in order to protect health and property interests of people living in the brown coal regions, primarily in Northern Bohemia. In 1991, the Czech Government set down mining limits that represent an obstacle to the extension of mining in certain areas. In October 2015, the Czech Government approved the lifting of coal mining limits at the Bílina coal mine owned by the CEZ Group. The new available reserves are estimated to be 100 – 150 million tons of coal.

Reclamation of Mines and Redevelopment of Waste Dumps

Coal mine operators are responsible for decommissioning and reclamation of the mine as well as for damages caused by the operations of the mine. To cover the costs of reclamation of mines and mining damages, coal mine operators are required by law to contribute to a special escrow account. Coal mine operators are also required by law to set aside funds to cover the costs of reclamation and redevelopment of waste dumps by keeping certain amounts as restricted funds.

Final Disposal of Coal Waste

Act No. 185/2001 Coll., on waste, as amended, effective from January 1, 2002 (the "*Czech Waste Act*") emphasizes waste prevention, defines the hierarchy of waste handling, and promotes the fundamental principles of environmental and health protection in waste handling. Coal mine operators have a duty to dispose of coal ash which is considered waste under the Czech Waste Act, unless used for other purposes (e.g. construction or recultivation).

Environmental and Other Related Regulation

Integrated Pollution Prevention and Control (including the Integrated Pollutant Register)

The Czech IPPC Act has fully implemented IPPC Directive 2008/1/ES into the Czech legal system. The Czech IPPC Act is designed to limit industrial and other pollution according to the best available techniques. The users of certain installations must obtain an integrated permit prior to operation and comply with the conditions set out in applicable specific legislation. Unless specific reasons require otherwise, the conditions set in the integrated permit must reflect the best available techniques. In addition, the users of substances registered under the Czech IPPC Act must notify the appropriate administrative authority if the emissions of certain substances exceed regulatory limits, which are then registered in the publicly accessible Integrated Pollutant Register.

In November 2010, the EU adopted Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control) (the "*Industrial Emissions Directive*"). The Industrial Emissions Directive, among other things, provides that Member States shall set up a system of environmental inspections of the installations concerned and emphasizes the role of the BAT. An amendment to the Czech IPPC Act which, among other things, implemented certain parts of the Industrial Emissions Directive took effect as of March 19, 2013.

Water Act 2001

Under Act No. 254/2001 Coll., as amended, (the "*Czech Water Act*"), disposal of surface and underground water is subject to a permit with the exception of certain listed activities in the public interest. The Czech Water Act is based on the "user pays" and "polluter pays" principles. Off-take of more than 6,000 cubic meters of underground water per year or 500 cubic meters of underground water per month is subject to a fee determined pursuant to the relevant provisions of the Czech Water Act. Off-take of surface water is charged by the state-owned enterprises Vltava River Board, Labe River Board, Morava River Board, Odra River Board, Ohře River Board (depending on pump location). The price is set yearly and individually for every river basin and depends on the way of water use. The release of effluent into water is governed by the BAT principle and depending on its amount is charged as well. An important part of the Czech Water Act is setting conditions for combating water scarcity and drought. The Czech Water Act establishes acting groups on a regional level, which can adopt precautionary measures to low water in case of drought (e.g. limitation on pumping the water out of water bodies). There is a ranking assigned to activities to be limited in case of drought stated in the act, determining, which activity should be limited at what time depending on the level of water supply. Critical infrastructure (including energy and heat generation) is in the group of activities that should be limited as the very last. The last amendment focused on addressing industry's preparedness for accidents involving chemical spills into rivers and thus preventing adverse environmental impacts. One of the key measures is the introduction of observation of the quality (of certain indicative substances) of water discharged into watercourses. This regulation primarily targets the chemical industry and not the energy sector.

Waste Act 2020

The Czech Waste Act regulates all aspects of waste management. Installations for the storage, collection, treatment, recovery or disposal of waste may be operated only with a valid operating permit issued by the regional authority. Czech Waste Act is based on European Waste Framework Directive and respects its basic principles, especially waste management hierarchy.

Environmental Impact Assessment Act

Act No. 100/2001 Coll., on the Environmental Impact Assessment (the "Czech Environmental Impact Assessment Act") requires certain parties to conduct an EIA prior to the approval of a new investment project by the relevant authorities. The Czech Environmental Impact Assessment Act distinguishes projects which always fall within the scope of the EIA, projects which are always excluded and, finally, projects in which the state authorities decide, on an ad hoc basis, whether the EIA is to be performed or not. Members of the public are allowed to participate in the EIA process subject to conditions stipulated in the Czech Environmental Impact Assessment Act. The outcome of the EIA process provides a binding basis for the proceedings listed in the Czech Environmental Impact Assessment Act (for example, proceedings for building permits, mining permits, or integrated permits). With effect from November 2017, the EIA process has been streamlined so that, for example, public hearings within the EIA process are limited, participation of the general public is limited to certain stages of the EIA process and the Czech Government may, under exceptional circumstances of public interest, grant an exception from the requirement to undergo an EIA process.

Consolidated environmental statement

Act No. 148/2023 Coll., on consolidated environmental opinion is a new regulation effective from 2024, which aims to consolidate the number of individual environmental statements for construction purposes into a single administrative act. The streamlining should ensure that the building permitting processes are simplified and accelerated.

Czech Energy Management Act

The Czech Energy Management implements three directives of the European Parliament and the Council, namely Directive 2010/30/EU of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products (the "*EU Labelling Directive*"), Energy Performance of Buildings Directive and Energy Efficiency Directive. These directives set out the EU's legislative framework to improve energy savings and efficiency by laying down rules relating to, among other things, issuances of energy certificates, performance of energy audits and improvement of environmental performance of products, such as household appliances, information and communication technologies.

On January 25, 2020, an amendment to the Czech Energy Management Act became effective. The amendment, among other things, provides for:

- refinements of energy efficiency certificates;
- the requirement to carry out energy audits for entities having at least 250 employees or annual turnover of more than CZK 1.3 billion and annual balance sheet of more than CZK 1.1 billion;
- changes in authorization process for energy specialists entitled to carry out energy efficiency inspections and issue energy efficiency certificates.

Czech Integrated National Energy and Climate Plan

In December 2018, the Czech Ministry of Industry drew up a first draft of the Czech Integrated National Energy and Climate Plan contemplated by the Governance Regulation (2018/1999/EU) and, after having been approved by the Czech Government, submitted it to the European Commission at the end of January 2019. The draft contains main objectives and policies in all five dimensions of the EU for the period 2021-2030 with the outlook for the period up to the year 2050. Following the consultation process between the Czech Republic and the European Commission (in the first half of 2019), the Czech Republic accepted some of the European Commission's recommendations and reapproved the final plan on January 13, 2020 with the following main objectives:

- reduction of the total greenhouse gas emissions by 30% by 2030;
- attainment of a 22% share of renewable energy sources in gross final energy consumption (*i.e.* an increase of 9% compared to the national target of 13.0% set for the year 2020);
- setting an indicative target for the absolute value of primary energy sources, final consumption and energy intensity, and a binding target for energy savings in the buildings of public sector and annual savings on the level of final energy consumption;
- diversification of the energy mix, maintaining self-sufficiency in electricity consumption, ensuring sufficient development of energy infrastructure and preventing from significant increase in import dependency; and
- reaching 15% for electricity interconnectivity for the year 2030.

On October 18, 2023, the Government of the Czech Republic took note of the draft update of the Czech Integrated National Energy and Climate Plan, which outlines how the Czech economy will go through the decarbonization process and how it will meet the European climate and energy commitments in accordance with the revised European Climate Law regulation and the related implementing legislation of the "Fit for 55" package. A key part of the National Integrated Energy and Climate Plan was to set out the Czech Republic's contribution to the EU's climate and energy targets for reducing emissions, increasing the share of renewable energy sources and improving energy efficiency. A subsequent consultation with the European Commission took place in the first half of 2024.

After considering the European Commission's comments and recommendations, the Czech Government approved the final version of the Czech National Energy and Climate Plan on December 18, 2024, which is an update of the National Plan from January 2020. The document sets a target for the Czech Republic to reduce emissions in line with the "Fit for 55" package, to ensure at least a 30.1% share of renewable energy sources and to indicatively aim for a target of 852 PJ (petajoules) of final energy consumption.

General Liability

Potential liability can arise under criminal, administrative, civil law and environmental law. The Czech Republic has the ability to enforce environmental rules and regulations pursuant to administrative and criminal law whereas individuals may enforce environmental rules and regulations under civil law.

The "Polluter Pays" Principle

The "polluter pays" principle applies under administrative, criminal and civil law in the Czech Republic. The person responsible for environmental damage (the "*Polluter*") may face administrative fines, criminal sanctions and/or be ordered to compensate any affected third party, irrespective of whether the Polluter operates its own property or whether a third party operates the property. Polluters are liable for their own damages. A current lessee cannot be held liable for damages caused by former lessees or the owner.

Criminal Liability

Act No. 418/2011 Coll., on criminal liability of legal entities and proceedings against them (the "*Czech Legal Entity Criminal Act*"), has introduced a concept of corporate criminal liability. Claims for damages under the Civil Code may be made separately.

The Czech Legal Entity Criminal Act does not apply to natural persons. Under Czech criminal law, criminal acts of natural persons can be committed both intentionally and negligently and can result in fines or imprisonment.

Administrative Liability

Administrative liability for environmental and other administrative offences is primarily governed by the Czech Water Act, the Czech Waste Act, Act No. 289/1995 Coll., on Forests, the Czech IPPC Act, the Czech Nuclear Act 2016, the Czech Air Protection Act and the Czech Emission Allowances Act.

These acts contain environmental and other offences, which carry strict liability. The Czech Nuclear Act 2016 provides that the relevant administrative body is entitled to penalize the individual or entity with a fine of up to CZK 100 million in the event of utilization of nuclear energy for purposes that are not peaceful. Breach of the various statutes can result in fines ranging from CZK 5 thousand up to CZK 100 million. Generally, the relevant administrative body has the power to impose these penalties within one year from the occurrence of the offence or within three years in case of offences with upper penalty equal to at least CZK 100,000 but no later than three and five years from the occurrence thereof respectively. These penalties do not affect the liability to pay damages under the Civil Code, which may be claimed separately.

Remedial Measures Imposed by Administrative Authorities

Act No. 17/1992 Coll., the Environment Act, as amended (the "*Czech Environment Act*") has introduced into the Czech legal system a concept of "Environmental Damage (Loss)" in order to ensure that damage caused to the environment is repaired regardless of whether a private claim for damages has been brought against the Polluter. The competent administrative body is authorized to order the polluter to restore the natural functions of the impaired ecosystem.

Special statutes, e.g. the Czech Water Act and the Czech Waste Act, include provisions for remedial measures to be taken by administrative authorities in order to ensure the repair of environmental damage. In certain cases, the respective administrative authority is also entitled to shut down the business operations which are the source of environmental damage and to require the execution of specific remedial measures.

In addition, Act No. 167/2008 Coll., on Prevention of Ecological Losses, as amended (the "*Czech Ecological Losses Prevention Act*") authorizes the competent authorities to impose on Polluters preventive measures for impending ecological loss as well as all remedial measures necessary to restore an ecosystem. The proceedings for imposing preventive or remedial measures on Polluters may be initiated by a respective competent authority or based upon a petition of an individual or a legal entity (e.g. non-profit organizations). A polluter can be fined up to CZK 5 million for failure to perform preventive or remedial measures. The Czech Ecological Losses Prevention Act further broadens the scope of environmental laws as it focuses on the occurrence of an ecological loss, irrespective of which segment of the environment was damaged.

Holders of licenses relating to the electricity, gas or heating energy markets pursuant to the Czech Energy Act are also liable for administrative offences committed thereunder.

Civil Liability towards a Third Party

As well as general liability for damages, the New Czech Civil Code imposes, in certain circumstances, a "quasi strict liability" for most environmental damage cases. Such quasi strict liability is applied if the individual or legal entity causes damage to a third party in the course of the operation of its business. The individual or legal entity is only exempt from such liability if it can prove that it has exercised all reasonable care to avoid the damage. Compensation under civil law includes compensation for current and future damage, including lost profit.

The court is empowered to reduce damages due to a special cause, provided that the damage was not caused deliberately, e.g. by acting without due professional diligence. The statute of limitations generally applicable under Czech law applies to quasi-strict liability.

MANAGEMENT OF ČEZ

General Overview

We have a two-tier board system consisting of a Board of Directors and a Supervisory Board. The Board of Directors represents us in all matters and is responsible for our management, while the Supervisory Board is an independent body that oversees the Board of Directors and our business activities. The Board of Directors and Division Heads manage our day-to-day operations. Under the Czech Companies Act and our Articles of Association, the Supervisory Board may not make management decisions and such decisions are reserved for the Board of Directors. However, the Supervisory Board's approval is needed for certain key management decisions, such as those relating to our entry into specific transactions with a value greater than CZK 500 million, for the disposal of real estate with a value greater than CZK 100 million, or for our entry into long-term loans.

Board of Directors

The Board of Directors is a statutory body, which manages our operations and acts on our behalf. The powers and responsibilities of the Board of Directors are set forth in detail in our Articles of Association. For information on the availability of our Articles of Association, please see "*General Information—Documents Available*".

The Supervisory Board elects members of the Board of Directors. Members of our Board of Directors serve four-year terms and may be re-elected. The business address of each member of the Board of Directors is Duhová 2/1444, 140 53 Prague 4, Czech Republic.

Responsibilities of the Board of Directors primarily include:

- managing our day-to-day operations, including keeping of proper accounts;
- convening and organizing the General Meeting and submitting to the General Meeting certain information, including: draft company business policy and draft amendments thereto, at least once every four years, draft amendments to our Articles of Association; proposals to increase/decrease our share capital; annual, extraordinary, consolidated, and interim financial statements; income distribution proposals including stipulation of dividend amount, manner of pay-out, and due date, participation in our profit sharing by members of our Board of Directors, and amounts to be allocated to reserves or the manner of settling any losses; report on our business operations; remuneration policy and the report on remuneration
- carrying out General Meeting resolutions; and
- deciding on entering into agreements relating to the formation of business companies or acquisition of our ownership stakes in other legal entities, as well as winding up of business companies or disposing of our ownership stakes in other legal entities.

The Board of Directors makes decisions by a simple majority of the votes of all its members. A quorum is present when a simple majority of members of the Board of Directors is present at a meeting. Each member of the Board of Directors has one vote. When necessary in matters of urgency, a decision may be made by the Board of Directors without holding a meeting. The Board of Directors has discretion to invite to its meetings members of our other governing bodies, our employees, or other persons. In accordance with our Articles of Association, certain decisions of the Board of Directors require prior consent or opinion of the Supervisory Board before they can be implemented, and the Board of Directors is required to submit such decisions to the Supervisory Board for discussion and request its opinion.

Our Articles of Association provide that the Board of Directors shall comprise seven members. The Board of Directors is obliged to meet at least once a month. In practice, however, meetings are held almost weekly and a total of 40 meetings took place in 2024 (comprising 37 regular and three extraordinary meetings).

There are no conflicts of interest between the duties of the members of the Board of Directors to us and to their private interests or other duties.

Set out below are members of the Board of Directors as of the date of this Base Prospectus.

Name	Born	Position
Daniel Beneš	1970	Chairman of the Board of Directors
Pavel Cyrani	1976	Vice-Chairman of the Board of Directors
Martin Novák	1971	Member of the Board of Directors
Michaela Chaloupková	1975	Member of the Board of Directors
Tomáš Pleskač	1966	Member of the Board of Directors
Bohdan Zronek	1971	Member of the Board of Directors
Jan Kalina	1969	Member of the Board of Directors

Daniel Beneš

Chairman of the Board of Directors since September 15, 2011
Member of the Board of Directors continuously since December 15, 2005
Last re-elected with effect from December 20, 2025

A graduate of the Technical University of Ostrava, Faculty of Mechanical Engineering, and the Brno International Business School Nottingham Trent University (MBA). He gained managerial and professional experience in positions such as Procurement Director, Chief Administrative Officer, and Chief Operating Officer of ČEZ.

Before ČEZ, he had worked at various management positions in companies trading coal and fuel, namely (BOHEMIACOAL s.r.o., HEDVIGA GROUP, a.s.), and as a Chief Sales Officer in TCHAS spol. s r. o., dealing with fuel trade in the Czech Republic, Slovakia and Poland.

Daniel Beneš is a member of the Board of Directors at Czech Grid Holding, a.s, and a member of the Supervisory Board of ČEZ Distribuce, a.s. and Severočeské doly a.s. Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Confederation of Industry of the Czech Republic—member of the Board of Directors and Vice-President;
- Nadace ČEZ (CEZ Foundation) - Chairman and member of the Board of Trustees;
- Alliance for Zero-Emission Future - Vice-President;
- RELT Investments International Inc - owner and President; and
- RELT Investments, s.r.o.(formerly RELT CZ s.r.o.) - sole shareholder.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Technical University of Ostrava - member of the Board of Trustees;
- Reliqua s.r.o. - Trustee of the trust fund – Investing for the Future private trust fund, where he is in the position of a member;
- RELT Investments, a.s. - member of the Supervisory Board and the sole shareholder; and
- RELT INT s.r.o. - sole shareholder; and
- Ligera Czech s.r.o. - Trustee of the trust fund - Investing for the Future private trust fund, where he is in the position of a member.

Pavel Cyrani

Vice-Chairman of the Board of Directors since January 1, 2020 Last re-elected with effect from October 23, 2023
Member of the Board of Directors since October 20, 2011
Last re-elected with effect from October 23, 2023

A graduate of the University of Economics, Prague, majoring in international trade, and the Kellogg School of Management in Evanston, Illinois (USA), where he was awarded an MBA in Finance. He gained managerial and professional experience primarily at ČEZ, where he has served since 2006, first as Head of Planning & Controlling and

Head of Asset Management in the division of traditional and nuclear operations, and since 2011 as a member of the Board of Directors, Chief Strategy Officer, and then Chief Sales and Strategy Officer. Prior to joining ČEZ, he had worked at McKinsey & Company in the field of management consulting for seven years, specializing in the energy sector, including dealing with clients from the Czech Republic.

Pavel Cyrani is not, and has not in the past five years been, a member of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Martin Novák

Member of the Board of Directors since May 21, 2008
Last re-elected with effect from May 25, 2024

A graduate of the Faculty of International Relations, University of Economics, Prague, majoring in international trade and commercial law. In 2007, he completed an Executive Master of Business Administration (MBA) program at the KATZ School of Business, University of Pittsburgh, specializing in the energy sector. He has been a member of the Czech Chamber of Tax Advisers since 1996. He gained managerial and professional experience particularly during his almost ten-year career in the oil refining industry and fuel production and distribution. In recent years he served as manager in ConocoPhillips' global headquarters in Houston, Texas as well as its London regional office (covering markets in Western and Central Europe, including countries where the CEZ Group operates (Slovakia, Hungary, Poland, Germany, Austria and UK)). He also worked at ConocoPhillips Czech Republic s.r.o. where he served as Chief Financial Officer with responsibility for Central & Eastern Europe (in this position he also served as statutory representative for several regional branches of ConocoPhillips), and at ČEZ as Head of Accounting.

Martin Novák is not currently a member of any governing bodies outside the CEZ Group or in the CEZ Group’s affiliates and/or joint ventures.

Membership in governing bodies outside the CEZ Group or in the CEZ Group’s affiliates and/or joint ventures ended in the past five years:

- Burza cenných papírů Praha, a.s. (Prague Stock Exchange) - member of the Supervisory Board.

Tomáš Pleskač

Member of the Board of Directors since January 26, 2006
Last re-elected with effect from January 30, 2022

A graduate of the Faculty of Business and Economics, University of Agriculture, Brno; MBA from Prague International Business School. He gained managerial and professional experience in positions such as Chief Financial Officer for Severomoravská energetika, a. s. and Deputy Director for Finance for the Dukovany NPP. He gained experience in foreign energy markets at ČEZ as the Director of the International Division, and later as the Director of the Distribution and Foreign Division.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Akenerji Elektrik Üretim A.S. (Türkiye) - Vice-chairman of the Board of Directors; and
- South Bohemian Nuclear Park, s.r.o. - Vice-chairman of the Supervisory Board.

Membership in governing bodies outside the CEZ Group or in the CEZ Group’s affiliates and/or joint ventures ended in the past five years:

- Akcez Enerji A.S. (Türkiye) - Vice-chairman of the Board of Directors; and
- Sakarya Elektrik Perakende Satıs Anonim Sirketi (SEPAS) (Turecko) - Member of the Board of Directors.

Michaela Chaloupková

Member of the Board of Directors from October 20, 2011 to October 20, 2019
Last re-elected with effect from January 2, 2024

A graduate of the Faculty of Law, University of West Bohemia, Plzeň, and an Executive Master of Business Administration (MBA) program at the KATZ School of Business, University of Pittsburgh, specializing in the energy sector. She gained managerial and professional experience, in particular at Stratego Invest a.s. (later i-Tech Capital, a.s.), where she served as Head of Controlling and Vice-Chairwoman of the Board of Directors, as well as in managerial positions in Procurement and Human Resources at ČEZ.

As the Chief Sustainability Officer (CSO) she leads the ESG department, where she coordinates a wide range of sustainability initiatives, manages working groups focused on key ESG topics, and participates in setting up processes that support the long-term and sustainable development of the CEZ Group.

She is also a member of the expert sustainability team at the Confederation of Industry and Transport of the Czech Republic, which discusses and prepares positions on sustainability and ESG-related legislation that affects the business sector in the Czech Republic.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Nadace ČEZ (ČEZ Foundation) - member of the Supervisory Board;
- Nadační fond SENIOŘI SKUPINY ČEZ (ČEZ GROUP SENIORS Endowment Fund) - Chairwoman of the Supervisory Board;
- Nadační fond Revenium (Revenium Endowment Fund) —member of the Board of Trustees;
- Západočeská univerzita v Plzni (University of West Bohemia in Plzeň) - member of the Board of Trustees;
- Odyssey, z.s. - member of the Board of Trustees;
- Czech Business Council for Sustainable Development - member of Presidium; and
- Asociace personalistů České republiky, z.s. (Association of HR Managers of the Czech Republic) - vice-chairwoman of the Board.

Besides the current membership stated above Micheala Chaloupková is not, and has not in the past five years been, a member of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Bohdan Zronek — *Member of the Board of Directors since May 18, 2017*
Last re-elected with effect from May 18, 2025

A graduate of electrical engineering at the Czech Technical University in Prague and the development programme InterLeader 2002®. He gained managerial and professional experience in various positions at the Temelín NPP where he started his professional career and was later appointed as Chief Security Officer for all ČEZ power plants and the Director of the Temelín NPP. He is also a Vice-chairman of the Board of Management in the World Nuclear Association, which promotes the use of nuclear energy, and is a member of the Executive Board of NuclearEurope, which aims to support the use of nuclear energy in Europe. He also serves as the president of the Nuclear Safety Advisory Committee of the company MVM (owner of Paks power plant) and as a member of the Nuclear Safety Advisory Committee of the company Slovenske elektrarne, a.s. (owner of Jaslovske Bohunice NPP and Mochovce NPP in Slovakia). He represents ČEZ in WANO (World Association of Nuclear Operators), where he also serves as the Chairman of the Global CNO Advisory Committee.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group’s affiliates and/or joint ventures:

- Správa úložišť radioaktivních odpadů (Radioactive Waste Repository Authority) - Vice-Chairman.

Besides the current membership stated above, Bohdan Zronek is not, and has not in the past five years been, a member of any governing bodies outside the CEZ Group or in the CEZ Group’s affiliates and/or joint ventures.

Jan Kalina — *Member of the Board of Directors since June 29, 2021*
Last re-elected with effect from June 29, 2025

A graduate of electroenergetics of the Faculty of electrical engineering at the University of West Bohemia in Plzeň. He gained managerial and professional experience in various positions at Procurement department and the property management in ČEZ, CEO of the ČEZ Správa majetku company, member of the Board, CFO and CSO of Severočeské doly, Managing Director of CEZ RES International B.V. and the Chairman of the Board and CEO ČEZ Obnovitelné zdroje. S.r.o.

Jan Kalina is not currently a member of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- ČEZ Recyklace s.r.o. - Chairman of the Board.

Chief Executive Officer and Division Heads

At the executive employees' level, we are managed by the Chief Executive Officer and the Division Heads. The business address of our Chief Executive Officer and Division Heads is Duhová 2/1444, 140 53 Prague 4, Czech Republic.

There are no conflicts of interest between the duties of our Chief Executive Officer and our Division Heads to us and to their private interests or other duties.

Set out below are our Division Heads as of the date of this Base Prospectus.

Name	**Born**	**Position**	**Date of the most recent appointment**
Daniel Beneš	1970	Chief Executive Officer	December 20, 2025
Martin Novák	1971	Chief Financial Officer	May 25, 2024
Tomáš Pleskač	1966	Chief New Energy Officer	January 30, 2022
Michaela Chaloupková	1975	Chief Administrative Officer	January 2, 2024
Pavel Cyrani	1976	Chief Sales and Strategy Officer	October 23, 2023
Bohdan Zronek	1971	Chief Nuclear Officer	May 19, 2025
Jan Kalina	1969	Chief Renewable and Conventional Energy Officer	June 29, 2025

Daniel Beneš. Mr. Beneš has been our Chief Executive Officer since September 16, 2011. For more information on Mr. Beneš, please see "*—Board of Directors*" above.

Michaela Chaloupková. Ms. Chaloupková has been our Chief Administrative Officer (formerly Chief Purchasing Officer) since January 1, 2012. Ms. Chaloupková is also our Chief Sustainability Officer. For more information on Ms. Chaloupková, please see "*—Board of Directors*" above.

Pavel Cyrani. Mr. Cyrani has been our Chief Sales and Strategy Officer since January 1, 2016, and appointed Deputy CEO for Strategic Development since 2020. For more information on Mr. Cyrani, please see "*—Board of Directors*" above.

Martin Novák. Mr. Novák has been our Chief Financial Officer since January 1, 2008, and appointed Deputy CEO for Operations since 2020. For more information on Mr. Novák, please see "*—Board of Directors*" above.

Tomáš Pleskač. Mr. Pleskač has been our Chief Foreign Assets Officer since May 1, 2014, and appointed Deputy CEO for New Energy since 2020. For more information on Mr. Pleskač, please see "*—Board of Directors*" above.

Bohdan Zronek. Mr. Zronek has been our Chief Nuclear Officer since June 1, 2017. For more information on Mr. Zronek, please see "*—Board of Directors*" above.

Jan Kalina. Mr. Kalina has been our Chief Renewable and Conventional Energy Officer since June 29, 2021. For more information on Mr. Kalina, please see "*—Board of Directors*" above.

Committees of the Board of Directors

The *Corporate Compliance Committee* of ČEZ was established as an advisory body of the Board of Directors in order to contribute to professional and effective decisions and support the Board of Directors in applying the Compliance Management System Policy. The tasks of the Corporate Compliance Committee include, in particular, the assessment of potential compliance risks, their impact and evaluation of the level of the compliance risk management and assessing significant findings related to compliance incidents, events or facts with a potential significant compliance effect.

The *ESG Strategic Steering Committee* was established by the Board of Directors in order to ensure the highest level of governance the ESG agenda within the CEZ Group. The ESG Strategic Steering Committee determines the overall direction and priorities of the ESG strategy, evaluates the efficiency and performance of ESG activities within ČEZ and the CEZ Group, and oversees the achievement of objectives and the overall progress of the ESG agenda. The Committee also has advisory, consultative and informative functions in relation to the ČEZ Board of Directors and the statutory bodies of CEZ Group Companies.

The *NJZ EDU Strategic Steering Committee* represents the highest level of management of the new nuclear unit preparation and construction project in Dukovany area. In relation to the Board of Directors and the statutory bodies of relevant CEZ Group Companies the Committee has recommendative, advisory and informative functions.

Committees of Members of the Board of Directors

Each member of the Board of Directors may set up working commissions, teams, and committees in their appointed area. Other members of the Board of Directors involved in the matters in question and relevant CEZ Group employees may participate in their work.

The following were the key committees in the CEZ Group as of the date of this Base Prospectus:

Crisis Staff of ČEZ, which coordinates preparation to manage crisis situation, managing crisis situations and applying measures in accordance with the Act No. 240/2000 Coll., the Crisis Act. It is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).

The ČEZ Plant Safety Committee, which, among other things, deals with matters related to safety at ČEZ nuclear facilities, especially in the field of fulfilment of the integrated nuclear safety requirements, radiation protection and technical safety, monitoring of the radiation status, dealing with radiation emergency situations, assessment of legal and regulatory changes and their impact on nuclear safety management, monitoring of safety of NPPs and safe allocation of resources for ensuring appropriate level of nuclear safety. The committee is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).

The CEZ Group Security Committee, which, among other things, deals with the CEZ Group´s security policies, strategies, and objectives; threats; risks; analysis of security incidents; and proposed security requirements, corrective measures, and the priorities/conditions for their implementation. The committee is an advisory body to the Chairman of the Board of Directors (Chief Executive Officer).

The Risk Committee, which deals with matters concerning CEZ Group's risk management; in particular, it adopts recommendations and opinions on the risk management system, venture capital management, the oversight of internal risk management, and the monitoring of the overall impact of risks on the CEZ Group's value. The Risk Committee is an advisory body to the Member of the Board of Directors in charge of the Finance Division (Chief Financial Officer).

The Nuclear Division Energy Safety Committee, which provides support to the safety management of the operation of the NPPs of ČEZ. The committee is an advisory body to the Member of the Board of Directors being responsible for operation of the CEZ Group´s nuclear assets (Chief Nuclear Officer).

The Nuclear Division Energy Risk Committee, which debates significant risks that might have impact on achievement of strategy and objectives of the Nuclear Energy Division. The committee is an advisory body to the Member of the Board of Directors being responsible for operation of the CEZ Group´s nuclear assets (Chief Nuclear Officer).

The Strategic IT Committee, which was established due to increasing importance of IT technologies for the future development of the CEZ Group's business and resulting requirements for coordination of development of IT within the CEZ Group. The Strategic IT Committee deals with strategy and overall architecture of key IT platforms. The

Strategic IT Committee is an advisory body to the Member of the Board of Directors in charge of the Finance Division (Chief Financial Officer).

The Investment Committee for the Development and Implementation of RES Projects, which, in accordance with the approved Strategic Plan for RES Development in the Czech Republic, assesses new projects of RES activities, issues opinions on their development or implementation, continuously evaluates the fulfilment of the set tasks and milestones, and proposes corrective measures. The Committee is a joint project body of the Member of the Board of Directors managing the Renewable and Conventional Division (Chief Renewable and Conventional Officer).

Supervisory Board

As of the date of this Base Prospectus and in accordance with our Articles of Association, the Supervisory Board comprises 12 members. Pursuant to the Czech Companies Act and our Articles of Association, two thirds of the members of the Supervisory Board are elected by the General Meeting of the shareholders and the remaining one third of the members are elected by our employees. If the number of the members of the Supervisory Board has not dropped by more than a half, the Supervisory Board may appoint substitute members until the next General Meeting session.

The Supervisory Board's powers include, among other powers, the power to:

- elect and remove members of our Board of Directors;
- approve the management contracts and remuneration of the members of our Board of Directors, and, in case they are not members of our Board of Directors, also those of the Chief Executive Officer and the Division Heads;
- check compliance with generally binding legal regulations, our Articles of Association and General Meeting resolutions;
- inspect all documents and records relating to our business and to inquire into our financial matters and informs the General Meeting of the results of its inspection activities;
- supervise the execution of our Board of Directors' ownership rights in legal entities that ČEZ has an ownership interest in;
- review our annual, extraordinary, consolidated, interim financial statements and income distribution proposals, including power to stipulate the amount and manner of payment of bonuses to members of our Board of Directors, dividends and loss settlement proposals;
- discuss our quarterly financial results, half-year and yearly reports; and
- establish an internal procedure enabling the regular assessment of whether the conditions under Section 121v(1) of the Czech Act No. 15/1998 Coll., on Capital Markets Supervision, as amended, are met.

Generally, the Supervisory Board makes decisions by a simple majority of all its members. Under our Articles of Association, the Supervisory Board makes decisions by a majority of two thirds of its members in certain circumstances, such as decisions to adopt procedural rules of the Supervisory of Directors. The quorum for a meeting of the Supervisory Board is a simple majority of its members. Each Supervisory Board member has one vote. When necessary in matters of urgency, a decision may be made by the Supervisory Board without holding a meeting (such decisions are referred to as *per rollam*). At its discretion, the Supervisory Board may invite members of our other governing bodies, our employees, or other persons to its meetings.

In accordance with our Articles of Association, the Supervisory Board meets usually once a month. In 2024, there were 11 regular a two extraordinary meetings. The Chairman of the Board of Directors regularly attends the meetings. The business address of each member of the Supervisory Board is Duhová 2/1444, 140 53 Prague 4, Czech Republic.

There are no conflicts of interest between the duties of the members of the Supervisory Board to us and to their private interests or other duties.

Set out below are the members of the Supervisory Board as of the date of this Base Prospectus.

Name	Born	Position
Radim Jirout	1971	Chairman of the Supervisory Board
Roman Binder	1982	Vice Chairman of the Supervisory Board
Marta Ctiborová	1971	Vice Chairwoman of the Supervisory Board
František Novotný	1958	Member of the Supervisory Board
Vít Doležálek	1982	Member of the Supervisory Board
Eva Hanáková	1977	Member of the Supervisory Board
Jiří Kadrnka	1970	Member of the Supervisory Board
Milan Wagner	1974	Member of the Supervisory Board
Radek Mucha	1961	Member of the Supervisory Board
Vratislav Košťál	1976	Member of the Supervisory Board
Václav Kučera	1987	Member of the Supervisory Board
Martin Půta	1971	Member of the Supervisory Board

Radim Jirout

Chairman of the Supervisory Board since June 29, 2022;
Member of the Supervisory Board elected by the General meeting from June 29, 2022 (term ending June 29, 2026)

In 1995, he graduated from the Technical University in Liberec (Ing.). He completed his Master of Business Administration (MBA) studies in 2010 at Nottingham Trent University / Brno University of Technology and his Master of Laws in Corporate Law (LL.M.) studies in 2016 at Nottingham Trent University / Masaryk University in Brno.

He gained professional and managerial experience as a financial specialist at GE Power s.r.o. (formerly ABB Energetické systémy s.r.o. / ABB Alstom Power s.r.o., Brno), as head of the finance & administration department at Rieter CZ s.r.o. and also in the capacity of financial director of the company Šumperská provozní vodohospodářská společnost, a.s. (part of SUEZ GROUPE).

Currently, he is the general director and Deputy Chairman of the Board of Directors of Šumperská provozní vodohospodářská společnost, a.s.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Šumperská provozní vodohospodářská společnost, a.s. - Vice-Chairman of the Board of Directors;
- KORADO a. s. - member of the Supervisory Board; and
- Okresní hospodářská komora Šumperk - member of the Board of Directors.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Okresní hospodářská komora Šumperk - member of the Board of Directors;
- EAST BOHEMIAN AIRPORT a.s. - member of the Board of Directors; and
- Hernychova vila o.p.s. - member of the Supervisory Board.

Roman Binder

Vice-Chairman of the Supervisory Board since February 24, 2022, re-elected with effect from June 29, 2022
On February 24, 2022 appointed as a substitute-member of the Supervisory Board until the next General meeting – confirmed by the General meeting as a member of the Supervisory Board on June 29, 2022 (term ending February 24, 2026)

A graduate of the Faculty of Social sciences of the Masaryk University v Brno, in the field of international relations (Mgr.).

He gained managerial and professional experience in positions as a Senior Account Director of AMI Communications (its industry team); Manager of Media and the Analytic Department of the ODS political party and as a Deputy Minister of Finance of the Czech Republic.

Roman Binder is not and has not been a member, of any other governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures in the past five years.

Marta Ctiborová — *Vice-Chairwoman of the Supervisory Board effective as of March 1, 2025*
Elected directly by the employees as an employee representative on the Supervisory Board (term ending January 24, 2026)

A graduate of the Economical Faculty of Czech Agriculture University, in the field of Economic management and administration (Ing.).

She gained professional experience in positions such as a journalist of regional media and a specialist of internal communication of Mostecká uhelná společnost, a.s. and of ČEZ – Elektrárna Tušimice; Chairwoman of Labour union of the Tušimice a Prunéřov power plants.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Český odborový svaz energetiků (Czech Trade Union of Energy Workers) - Chairwoman;
- Asociace samostatných odborů (Association of Independent Trade Unions) - member of the Board;
- Hospodářská a sociální rada Ústeckého kraje, z.s. (Economic and Social Council of the Ústí Region) - member of the Board; and
- Základní organizace Českého odborového svazu energetiků Elektrárny Tušimice a Prunéřov (Local Labour Organization od Power Engineers of Tušimice and Prunéřov Power Plants) - Chairwoman.

Other than that, Marta Ctiborová is not a member, and has not in the past five years been a member, of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

František Novotný — *Member of the Supervisory Board since January 24, 2022*
Vice-Chairman of the Supervisory Board since April 17, 2024 until February 28, 2025
Elected directly by the employees as an employee representative on the Supervisory Board (term ending January 24, 2026)

A graduate of a grammar school in Třebíč and a specialized high school of fire protection. He gained professional experience in positions such as a miner and a microclimate measurement specialist in OKD mine company, as a fireman, fireman leader and an operation officer of the Fire Rescue Corps of Dukovany NPP and as Chairman of the Labour union of the Dukovany power plant.

No current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures. Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- CEZ Group European Labour Committee – member.

Vít Doležálek — *Member of the Supervisory Board elected by the General meeting from June 29, 2022 (term until June 29, 2026)*

He graduated from the Faculty of Law of Masaryk University in Brno (Mgr.).

He gained professional and managerial experience as a legal specialist at CE WOOD, a.s.; he also worked as a consultant in the engineering industry. He also held the position of director of the department of the minister's office at the Ministry of Agriculture of the Czech Republic. Currently, he works as a consultant in the field of industry - he leads cooperation projects with industrial producers from various EU countries (mainly Italy).

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Nové Slovácko o.p.s. - member of the Supervisory Board.

Eva Hanáková — *Member of the Supervisory Board elected by the General meeting from June 29, 2022 (term ending June 29, 2026)*

She graduated from the University of Economics in Prague, Faculty of International Relations (Ing.).

She gained professional and managerial experience in various leadership positions at the Economia publishing house, where she also worked as editor-in-chief of the Ekonom weekly. She was also the editor-in-chief and co-founder of the tablet publishing house Tablet Media or the deputy general director for content strategies at the publishing house Vltava Labe Media. She currently holds the position of executive director of SingularityU Czech Summit and works as a chief advisor at the Ministry of Industry and Trade of the Czech Republic.

Eva Hanáková is not and has not been a member, of any other governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures in the past five years.

Jiří Kadrnka — *Member of the Supervisory Board elected by the General meeting from June 29, 2022 (term ending June 29, 2026)*

In 1993, he graduated from the Technical University, Faculty of Engineering, in Brno (Ing.).

He gained professional and managerial experience as an assistant to the CEO of PM holding a.s. He also worked as an economic consultant in the field of setting up company processes and was a member of the Supervisory Board of Energo Hustopeče s.r.o. (in charge of production and distribution of heat). In the past, he was elected as a member of the South Moravian Regional Council and a member of the City Council of Hustopeče, serving as the Chairman of the Finance Committee. He was also a member of the ČEZ Supervisory Board and Chairman of the Personnel Committee of the ČEZ Supervisory Board. For more than 25 years he has acted as a Managing Director at MOSS logistics s.r.o. Since 2016, he has been lecturing on the subject of Market Organization and Industry from the Managers' Perspective at the Faculty of Economics, University of Economics in Prague.

Current membership in governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures:

- MOSS logistics s.r.o. - shareholder and Managing Director;
- Terminál 1 Hustopeče s.r.o. - shareholder and Managing Director;
- Janáčkova akademie múzických umění - member of the Board of Trustees; and
- Pradlenka Hustopeče, s.r.o. - shareholder and Managing Director.

Other than that, Jiří Kadrnka is not a member, and has not in the past five years been a member, of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Milan Wagner — *Member of the Supervisory Board since January 24, 2022*
Vice-Chairman of the Supervisory Board since June 29, 2022 until May 15, 2023
Elected directly by the employees as an employee representative on the Supervisory Board (term ending January 24, 2026)

A graduate of the Mechanical Engineering Faculty of the Jan Evangelista Purkyně University in Ústí nad Labem, in the field of Energy and Heating industry.

He gained managerial and professional experience in positions such as engineer of energy facilities of Teplárna Trmice, a.s., as a representative in the municipal council and as the mayor of a municipality Zubrnice, member of the Supervisory Board of Teplárna Trmice, a.s., Chairman of Labour union of the Teplárna Trmice.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- CEZ Group European Labour Committee – member.

Other than that, Milan Wagner is not a member, and has not in the past five years been a member, of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Radek Mucha

Member of the Supervisory Board since January 24, 2022
Vice-Chairman of the Supervisory Board since May 16, 2023 until April 16, 2024
Elected directly by the employees as an employee representative on the Supervisory Board (term ending January 24, 2026)

A graduate of Business law at Jan Amos Komenský University of Prague (Bc.).

He gained managerial and professional experience in positions such as a work health and safety coordinator in CEZ Group, member of the Supervisory Board of ČEZ, a member of a Personnel Committee of the Supervisory Board of ČEZ and as a member of CEZ Group European Labour Committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- CEZ Group European Labour Committee - member.

Other than that, Radek Mucha is not a member, and has not in the past five years been a member, of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Vratislav Košťál

Originally appointed as a substitute-member of the Supervisory Board on November 24, 2022 until the next General meeting– confirmed by the General meeting as a member of the Supervisory Board on June 26, 2023 (term ending November 24, 2026)

In 2021, he completed postgraduate studies at the Department of Administrative Law and Administrative Science of the Faculty of Law of Charles University in Prague (Ph.D.). In 2000, he graduated in international relations at the Faculty of Social Sciences of Charles University (M.Sc.) and in 2010, a subsequent rigorous course (PhDr.) at the same faculty. In 1999, he graduated in law (M.Sc.) at the Faculty of Law of the Masaryk University in Brno, and in 2001, a subsequent rigorous procedure (JUDr.) at the same faculty.

He gained professional and managerial experience in the field of providing legal services at RWE Transgas, a.s., Prague; NAFTA a.s., Gbely; E.ON Czech Republic, s.r.o., České Budějovice; ČEPS, a.s., Prague. He served as a member and Chairman of the Council of the Energy Regulatory Office (Prague, Jihlava).

He has also worked in academia as a lecturer and has publications in energy law relating to electricity and gas industries. He is a member of the Review Commission of the Energy Regulatory Office, which primarily deals with consumer law in the energy sector, and a member of the expert advisory body of the Technology Agency of the Czech Republic. He has gained experience in the Czech, Slovak, and Austrian gas industries, including oil and gas extraction. He has occasionally worked in the EU in relation to electricity and its transformation.

Vratislav Košťál is not and has not been a member, of any other governing bodies outside the CEZ Group or in CEZ Group's affiliates and/or joint ventures in the past five years.

Václav Kučera

Originally appointed as a substitute-member of the Supervisory Board on November 24, 2022 until the next General meeting – confirmed by the General meeting as a member of the Supervisory Board on June 26, 2023 (term ending November 24, 2026)

He graduated from the Faculty of Law of Charles University in Prague and the Department of Political Science and International Relations at the Faculty of Social Sciences (Mgr.). In 2007, he completed a one-year course in Communication and PR at the University of Oklahoma in the United States of America.

He gained professional and managerial experience in the field of legal services and advisory at the company TOMAN, DEVÁTÝ & PARTNEŘI advokátní kancelář, s.r.o. Subsequently, he also conducted independent legal practice. He was a member of the supervisory board of the company Pražská plynárenská, a.s. and a member and chairman of the supervisory board at the company Technologie hlavního města Prahy, a.s. Currently, he is active as a lawyer, managing director and managing partner of KKL PARTNERS, advokátní kancelář s.r.o.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- GetAdvice s.r.o. - shareholder and Managing Director;
- KKL PARTNERS, advokátní kancelář s.r.o. - shareholder and Managing Director;
- MAVAPE group s.r.o. - shareholder and Managing Director;
- SKIAREÁL Špindlerův Mlýn, a.s. - member of the Supervisory Board; and
- I. Český Lawn – Tennis Klub Praha - member of executive committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Pražská plynárenská, a.s. - member of the Supervisory Board;
- Technologie hlavního města Prahy, a.s. - chairman of the Supervisory Board; and
- Automotive Business Solutions s.r.o. – shareholder and Managing Director.

Martin Půta — *Member of the Supervisory Board elected by the General meeting from June 24, 2024 (term ending June 24, 2028)*

A graduate of the Metropolitan university in Prague, in the field of public administration (Bc).

He gained professional and managerial experience as the long-term serving mayor of the municipality Hrádek nad Nisou, as the governor of the Liberec Region, the Chairman of the Euroregion Nisa Association and the Czech representative in the European Committee of the Regions.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Geopark Ralsko o.p.s. - member of the Board of Trustees;
- Ještěd 73, z.s. - representative of the legal entity Liberec region within the statutory body of the association;
- Horská služba ČR, o.p.s. (Mountain Rescue Service) - member and Chairman of the Supervisory Board;
- Dopravní podnik měst Liberce a Jablonce nad Nisou, a.s. (Public transport operator) - member of the Supervisory Board;
- Technická univerzita v Liberci (Technical university in Liberec) - member and Vice-chairman of the Board of Trustees;
- Euroregion Nisa - Chairman of the Association; and
- Evropský výbor regionů (EU) (European Committee of the Regions) - representative of the Czech Republic.
- Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- “Spacium, o.p.s.” v likvidaci - member of the Board of Trustees; the liquidation has been completed and the company has been removed from the commercial register;
- BENEFIČNÍ KONCERTY GRABŠTEJN o.p.s. – v likvidaci - member of the Board of Trustees; the liquidation has been completed and the company has been removed from the commercial register;
- Krajská nemocnice Liberec, a.s.(Regional Hospital Liberec) - member of the Supervisory Board;
- JEŠTĚD, z.s.p.o., v likvidaci - Chairman of the Association the liquidation has been completed and the company has been removed from the commercial register; and
- Technická univerzita v Liberci - member of the Board of Trustees.

Committees of the Supervisory Board

The Supervisory Board has the power to establish committees and to elect and remove their members.

In 2024, there were no Supervisory Board Committees operating at the Issuer. Their tasks were assumed by work groups, which operate based on the current needs of the Supervisory Board.

Audit Committee

The Audit Committee is a stand-alone corporate body of ČEZ. Its powers and responsibilities and decision-making process of the Audit Committee are stipulated by our Articles of Association and Czech Act No. 93/2009 Coll., on auditors, as amended and include:

- Monitoring the process of compiling financial statements and consolidated financial statements and presenting recommendations to the Board of Directors and/or the Supervisory Board in order to ensure integrity of accounting and financial reporting systems (if necessary);
- Monitoring the efficiency of internal controls and risk management systems;
- Monitoring the efficiency of internal audit and its functional independence;
- Recommending an auditor to conduct a statutory audit to the Supervisory Board, duly justifying such a proposal;
- Monitoring the statutory audit process;
- Reviewing the independence of the statutory auditor and audit firm and the provision of non-audit services to ČEZ by the statutory auditor and audit firm;
- Discussing with the auditor risks to the auditor's independence and safeguards applied by the auditor in order to mitigate such risks;
- Giving its opinion on release from an obligation under a statutory audit contract or termination of a statutory audit contract pursuant to the Auditors Act;
- Informing the Supervisory Board of the result of a statutory audit and its findings obtained monitoring the statutory audit process;
- Informing the Supervisory Board how a statutory audit contributed to ensuring the integrity of accounting and financial reporting systems;
- Approving the provision of other non-audit services; and

- Exercising other powers pursuant to the Auditors Act or directly applicable EU legislation setting down specific requirements for the statutory audit of public-interest entities.

Pursuant to our Articles of Association, the Audit Committee has five members, which are elected and removed by the General Meeting from among members of the Supervisory Board or third parties. Members of the Board of Directors and our procura holders are not eligible to be members of the Audit Committee. The majority of the Audit Committee members (including the Chairman) must be independent and professionally qualified, and at least one of the professionally qualified members must be an independent individual qualified in the area of audit and/or accounting. Members of the Audit Committee serve a four-year term. Members of the Audit Committee attend the General Meeting and are required to report to the General Meeting on the results of their activities. The Audit Committee held five regular meetings in 2024. The Audit Committee makes decisions by a simple majority of the votes of all its members.

The business address of each member of the Audit Committee is Duhová 2/1444, 140 53 Prague 4, Czech Republic.

There are no conflicts of interest between the duties of the members of the Audit Committee to us and to their private interests or other duties.

Set out below are the members of the Audit Committee as of the date of this Base Prospectus.

Name	Born	Position
Otakar Hora	1960	Chairman of the Audit Committee
Jiří Pelák	1977	Vice Chairman of the Audit Committee
Andrea Lukasíková	1980	Member of the Audit Committee
Tomáš Vyhnánek	1977	Member of the Audit Committee
Petr Šobotník	1954	Member of the Audit Committee

Otakar Hora

Chairman of the Audit Committee since July 3, 2024
Chairman of the Audit Committee since June 29, 2022 until July 2, 2024
Vice-Chairman of the Audit Committee since September 27, 2016 until July 1, 2020; Re-elected as Vice-Chairman since July 2, 2020
Member of the Audit Committee since June 3, 2016 until July 1, 2020; Re-elected with effect from July 2, 2020; Re-elected with effect from July 3, 2024 (term ending July 3, 2028)

A graduate of an Economic Reporting and Audit program, University of Economics, Prague. He completed his research assistantship at the Department of Accounting of the University of Economics.

He gained managerial and professional experience in such positions as lecturer and later deputy head of the Department of Accounting and the Department of Management Accounting and member of the Scientific Board of the Faculty of Finance and Accounting, University of Economics, Prague; Vice-President of the Czech Chamber of Auditors; partner in KPMG Česká republika Audit, s.r.o.; and partner in charge of the management of operations of KPMG group companies in the Czech Republic. He served as a member and Chairman of the Supervisory Board while in CEZ Group.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- ABArent s. r. o. - Managing Director and shareholder;
- České dráhy, a.s. - Vice-Chairman of the Audit Committee;
- Severomoravské vodovody a kanalizace Ostrava a.s. - Chairman of the Audit Committee;
- ABAconcept s.r.o. - Managing Director and partner;
- Správa železnic, státní organizace - member of the Audit Committee; and

- Ředitelství silnic a dálnic s.p. - Vice-Chairman of the Audit Committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- DZD, v.o.s. - shareholder and statutory representative;
- VODÁRNA PLZEŇ a.s. - Chairman of the Audit Committee;
- DZD, v.o.s. - liquidator (liquidation completed);
- SAZKA Group, a.s. - Chairman of the Audit Committee;
- Stálý výbor pro výstavbu nových jaderných zdrojů v ČR (Standing Committee on the Construction of New NPPs in Czechia) - member of the committee;
- Rada pro veřejný dohled and auditem (Public Audit Oversight Board) - member of the Disciplinary Committee;
- Severomoravské vodovody a kanalizace Ostrava a.s. - Vice-Chairman of the Audit Committee; and
- Chamber of Auditors of the Czech Republic - Vice-President.

Jiří Pelák — *Vice -Chairman of the Audit Committee since June 29, 2022*
Member of the Audit Committee since June 21, 2017 until June 21, 2021
Re-elected with effect from June 28, 2021 (term ending June 28, 2025)

A graduate of the Faculty of Finance and Accounting, University of Economics in Prague, where he studied the programme of Accounting and Financial Management of Business. He also studied at Copenhagen Business School in Denmark for half a year and St. Marks International College in Australia also for half a year.

He gained managerial and professional experience as an auditor and the first Vice-President of the Chamber of Auditors of the Czech Republic and also has an engagement with the Department of Financial Accounting and Auditing at the Faculty of Finance and Accounting, the University of Economics in Prague. He worked for three years as a methodology specialist in Global Payments Europe, where he was responsible for managing the financial reporting of the subsidiaries, consolidation and reporting to the parent company. Being an expert in his field, he composed a range of interpretations of the Czech National Accounting Council, application clauses of the Chamber of Auditors of the Czech Republic and was a contributor to translations of the International Financial Reporting Standards. As a member of an advisory committee cooperated on preparation of the Czech Code of Corporate Governance. Currently he is a Director of Accounting, Valuation and Related Professions Section at the Ministry of Finance of the Czech Republic.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- AFC CENTER, spol. s r.o. - Managing Director and shareholder;
- Nadační fond Hippokrates (Endowment Fund) - Controller;
- ŠAKAL Kbely – školní atletický klub Albrechtická, z.s. (School Athletic Club) - Vice-Chairman of the Executive Board;
- PRISKO a.s.—Chairman of the Audit Committee; and
- STÁTNÍ TISKÁRNA CENIN, státní podnik - member of the Audit Committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Pražské vodovody a kanalizace, a.s. - member of the Supervisory Board;
- ZOOT, a.s. — member of the Audit Committee;
- Chamber of Auditors of the Czech Republic - member of the Executive Committee;
- Pražská plynárenská, a.s. - member of the Supervisory Board;
- Pražská vodohospodářská společnost, a.s. - member of the Supervisory Board; and
- AFC CENTER, spol. s r.o. - Managing Director.

Andrea Lukasíková

Member of the Audit Committee since June 27, 2014
Re-elected by the General meeting with effect from June 28, 2018 and June 29, 2022 (term ending June 29, 2026)

A graduate of the Faculty of International Relations, University of Economics, Prague.

She gained managerial and professional experience in such positions as Head of Risk Management at Deloitte Audit s.r.o. and in the independent European Affairs department of the Chancellery of the Senate of the Parliament of the Czech Republic; financial management and accounting at Olife Corporation, a.s.; now a head of internal audit at Česká televize.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Letiště Praha, a.s. - Chairman of the Audit Committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Letiště Praha a.s. - Vice-Chairman of the Audit Committee.

Tomáš Vyhnánek

Member of the Audit Committee since June 21, 2017
Re-elected by the General meeting with effect from June 28, 2021 (term ending June 28, 2025)

A graduate of the Faculty of Social Studies, Charles University in Prague.

He gained managerial and professional experience in various in consultancy companies Deloitte and ČSOB Advisory and in various positions at the Ministry of Finance of the Czech Republic. Before that, he worked at the Ministry of Finance of the Czech Republic (a head of the department of the Central Harmonization Unit, a deputy of the Minister for the division of the Financial Management and Audit).

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- České dráhy, a.s. - Chairman of the Audit Committee;
- MERO ČR, a.s. - member of the Audit Committee; and
- Sociální služby Praha 9, z.ú. – Chairman of the Supervisory Board.

Beside his current membership stated above, Tomáš Vyhnánek is not, and has not in the past five year been, a member of any governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures.

Petr Šobotník *Member of the Audit Committee elected by the General meeting from June 29, 2022 (term until June 29, 2026)*

He graduated from the University of Economics in Prague, Faculty of Management, majoring in automated management systems.

He gained professional and managerial experience as head of the department of accounting methodology and statistics of the Federal Ministry of Communications and worked as a partner and member of the management of audit companies Coopers and Lybrand and PricewaterhouseCoopers. He was the president of the Chamber of Auditors of the Czech Republic for two terms.

Current membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures:

- Letiště Praha, a.s. - member of the Supervisory Board and Vice-Chairman of the Audit Committee;
- ČEPRO, a.s. - Chairman of the Audit Committee;
- Kofola Československo, a.s. - Vice-Chairman of the Audit Committee;
- MERO, a.s. - Vice-Chairman of the Audit Committee;
- Severomoravské vodovody a kanalizace Ostrava, a.s. - Vice-Chairman of the Audit Committee; and
- Philip Morris ČR a.s. – member of the Audit Committee.

Membership in governing bodies outside the CEZ Group or in the CEZ Group's affiliates and/or joint ventures ended in the past five years:

- Šobotník and Partners, s.r.o. (subsequently as AFITEC s.r.o.) - Managing Director and shareholder;
- Severomoravské vodovody a kanalizace Ostrava a.s. - Chairman of the Audit Committee;
- Československá obchodní banka, a. s. - Chairman of the Audit Committee;
- ČSOB Stavební spořitelna (formerly Českomoravská stavební spořitelna, a.s.) - chairman of the Audit Committee;
- ČSOB Penzijní společnost, a.s. - Chairman of the Audit Committee;
- Letiště Praha, a.s. – Vice-Chairman of the Supervisory Board; and
- Kofola Československo, a.s. - Chairman of the Audit Committee.

Compensation

Remuneration of members of the Supervisory Board and Audit Committee, including all benefits, is approved by the General Meeting of the shareholders. In accordance with resolutions passed by the General Meeting, we enter into a management contract with each member of these bodies. Remuneration of members of the Board of Directors, including all benefits, is approved by the Supervisory Board. In accordance with resolutions passed by the Supervisory Board, we enter into a membership contract with members of the Board of Directors.

All components of remuneration of the Supervisory Board and Board of Directors members are described in the Remuneration Policy of ČEZ, a. s., that is prepared on the basis of Section 121l of the Capital Market Act. The Remuneration Policy was approved by the general meeting of ČEZ held on June 24, 2024.

Specific values of all remuneration components of members of ČEZ's Board of Directors and the Supervisory Board are published in the Remuneration Report of ČEZ, a. s. for the accounting period ending December 31, 2023. This Report was approved by the general meeting of ČEZ on June 24, 2024, in accordance with the Capital Markets Act.

Remuneration and benefits received by members of ČEZ's Audit Committee include fixed remuneration and travel expenses.

Share Options of Senior Management

The Share Option Plan has been discontinued as of December 31, 2019. For members of the Board of Directors, it was replaced by the long-term performance bonus described in the Remuneration Policy.

Since January 1, 2020, members of the Board of Directors and selected managers have been in the new long-term bonus program. The program of long-term performance bonus is based on performance units that are allocated to each beneficiary every year. The number of performance units allocated is based on the defined yearly value of a given long-term bonus and the price of share before the allocation. The long-term performance bonus is paid three years after the initial allocation, and the amount paid is based on the adjusted number of performance units as well as on the share price at the end of the holding period and the amount of dividends distributed during the holding period.

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

For further information please see Note 31 to the 2024 Financial Statements.

Corporate Governance

Our corporate governance is based on the rules and provisions of the Czech Companies Act, in particular with respect to its provisions regarding shareholder rights, convening our General Meetings and ensuring equal treatment of our shareholders.

As an issuer of securities admitted to trading on the Prague Stock Exchange (ISIN CZ0005112300) and the Warsaw Stock Exchange, we also comply with the requirements of the Warsaw Stock Exchange Code and report regularly any slight deviations in our annual report.

Further, we also comply with all the substantive recommendations of the Czech 2018 Corporate Governance Codex (issued by the Czech Institute of Directors) which is based on the 2015 edition of the G20/OECD Principles of Corporate Governance, while taking into account the Czech legal environment and banking regulations.

For information on our governing bodies, a description of how they are established, their current composition, a description of how their members are remunerated, please see "*—Supervisory Board*", "*—Board of Directors*", "*—Chief Executive Officer and Division Heads*", "*—Audit Committee*" and "*—Compensation*" above.

PRINCIPAL SHAREHOLDERS

As of December 31, 2024, the registered capital of ČEZ as recorded in the Commercial Register was CZK 53,798,975,900, comprising 537,989,759 shares, each with a nominal value of CZK 100. The issue price of all shares had been fully paid up and all the shares were booked to owner and listed.

The registered capital of ČEZ is comprised exclusively of common shares, with no special rights attached. All of the shares of ČEZ are admitted to trading on the Prague Stock Exchange and the Warsaw Stock Exchange and are freely transferable without any restrictions. No other securities issued by ČEZ are limited in their transferability, nor are there any special rights attached thereto.

In accordance with Section 309 of the Czech Companies Act, the voting rights attached to treasury shares acquired by ČEZ on the basis of a General Meeting resolution are not exercised by ČEZ. As of December 31, 2024, ČEZ held 1,179,512 treasury shares.

The following table sets forth the shareholdings of the Czech Republic as of December 31, 2024.

	As of December 31, 2024	
Shareholder	**% of share capital**	**% of voting rights**
Ministry of Finance of the Czech Republic	69.78	69.93

The Czech Republic, through the Ministry of Finance, owns approximately 69.78% of the share capital of ČEZ a. s., the parent company of the CEZ Group. As our controlling shareholder, the Ministry of Finance of the Czech Republic exercises shareholder rights provided for in our Articles of Association and applicable laws (including the Czech Companies Act and the Capital Market Act), which include the power to elect two thirds of members of our Supervisory Board, who in turn appoint all members of our Board of Directors. There are no mechanisms in place to prevent abuse of control over the CEZ Group by the Ministry of Finance of the Czech Republic except for provisions contained in our Articles of Association and applicable laws (including the Czech Companies Act and the Capital Market Act). For information on certain Czech statutory mechanisms which are currently in effect and preventing abuse of control by the Ministry of Finance of the Czech Republic, please see "Related Party Transactions").

As of December 31, 2024, besides the Ministry of Finance of the Czech Republic, there were five shareholders holding more than 1% of the share capital or of the voting rights of the shares of ČEZ. The following table sets forth their shareholdings.

	As of December 31, 2024	
Shareholder	**% of share capital**	**% of voting rights**
Belviport Trading Limited	2.86	2.87
Abaretia Holdings Limited	1.41	1.41
Clearstream Banking S.A.	1.39	1.40
PPF banka a.s.	1.37	1.37
Chase Nominees Limited	1.37	1.37

Data in the table above is based on the information provided by the Czech Central Securities Depository (the "CSD"). The shareholders holding more than 1% of the share capital or of the voting rights of the shares of ČEZ mentioned in the table above might hold the shares of ČEZ on behalf of other entities or individuals.

On November 22, 2024, BlackRock, Inc. filed notification of voting rights pursuant to Section 122(1) of the Act on Capital Market Business. Share on the voting rights under this notification is 1.31%.

On March 5, 2025, the companies TARMILON INVESTMENTS LIMITED, VRISILIA INVESTMENTS LIMITED, SALIMON TRADING LIMITED and MELADAN TRADING LIMITED, as persons acting in concert, filed notification of voting rights pursuant to Section 122(1) of the Act on Capital Market Business. Share on the voting rights under this notification is 1.22%.

To the best of our knowledge, as of the date of this Base Prospectus, no other agreements exist that could change the control structure of the Issuer at any date.

RELATED PARTY TRANSACTIONS

The relationships between us and our related parties, identified according to the principles of International Accounting Standard 24 ("*IAS 24*"), primarily consist of business transactions relating to the sale and purchase of products, goods and services. They fall within the activities carried out by us in the ordinary course of our business. Please see Note 37 to the 2024 Financial Statements, included in this Base Prospectus, for information on our related party transactions.

Our transactions with the related parties are regulated by the Czech Companies Act, which provides for comprehensive regulation of rules concerning related party transactions and conflicts of interest between a company and members of its board of directors or supervisory board (and persons close to such members). The Czech Companies Act provides the following rules for joint stock companies (such as ČEZ):

- if the value of the assets to be acquired by a joint stock company, within two years of its incorporation, from its shareholder or founder exceeds one tenth of the company's registered capital, the price for the transferred assets shall not exceed the value determined by an independent expert and the transfer shall be approved by a general meeting, unless such transaction is entered into in the ordinary course of a company's business or on a regulated market or supervised by a state authority;

- members of a board of directors and a supervisory board and a procurist are obliged to notify the supervisory board or the general meeting that such members (or persons close to them) have or could have a conflict of interest; the notification obligation also exists if the joint stock company is to secure or affirm debts, or to become a co-debtor in relation to a member of the board of directors or the supervisory board or a procurist (or a person close to such member);

- the supervisory board (or the general meeting) is entitled, depending on the circumstances, to either suspend the execution of the post of the relevant member of the board of directors or the supervisory board or procurist or prohibit the legal steps (such as the conclusion of an agreement or the provision of security) in connection with which the conflict of interest occurred or threatens to occur; and

- a failure to notify a potential conflict of interest, or conduct that is in conflict with a supervisory board or general meeting decision on a suspension of the execution of a post or a prohibition of carrying out legal steps, constitutes a breach of due managerial care and the relevant member of the board of directors or the supervisory board or procurist would be liable to the joint stock company for such breach.

Our Related Party Transactions

We conduct transactions with the following related parties:

- our joint ventures;

- our affiliates;

- the Ministry of Finance of the Czech Republic and companies controlled by it; and

- certain members of our senior management or with certain companies over which we or our senior management may have a significant influence.

We believe that we conduct our business with these companies and individuals in the normal course and on terms equivalent to those that would exist if they did not have equity holdings in us, if we did not have equity holdings in them, if they were not members of our senior management, or if we or our senior management did not have significant influence over them, as the case may be. With the exception of transactions with our joint ventures and other affiliates, none of these transactions is or was material to us or, to our knowledge, to the other party.

In our opinion, all agreements with related parties are conducted on an arm's length basis and we believe that all of the transactions between us and the related parties take place at market prices.

Transactions with Joint Ventures and Other Affiliates

We enter into transactions with joint ventures and affiliates. The profits from such transactions are eliminated in proportion to the share that we have in such joint ventures and affiliated companies. We believe that all of these transactions take place on an arm's length basis. For a list of our joint ventures, please see Note 37 to the 2024 Financial Statements, included in this Base Prospectus.

The following table summarizes the sales to and purchases from the related parties for the years ended December 31, 2024 and 2023.

	Sales to Related Parties for the year ended December 31		Purchases from Related Parties for the year ended December 31	
	2024	**2023**	**2024**	**2023**
Joint ventures and other affiliates:	*(CZK millions)*			
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	10	23	224	35
Bytkomfort, s.r.o.	96	-	-	-
in PROJEKT LOUNY ENGINEERING s.r.o.	-	41	46	40
IVITAS, a.s.	-	1	30	19
Jadrová energetická spoločnosť Slovenska, a. s.	18	16	-	-
LOMY MOŘINA spol. s r.o.	209	184	430	368
RadioMedic s.r.o.	20	12	-	2
Tepelné hospodářství města Ústí nad Labem s.r.o.[1]	-	240	-	1
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	30	29	-	-
Výzkumný a zkušební ústav Plzeň s.r.o.	14	9	81	90
VUHU a.s.	3	-	21	22
Other	19	14	38	19
Total	**419**	**569**	**870**	**596**

[1] The company was a related party until June 30, 2023. From July 1, 2023, the company is a subsidiary.

The following table summarizes the receivables from, and payables to, the related parties as of December 31, 2024 and 2023.

	Receivables as of December 31		Payables as of December 31	
	2024	**2023**	**2024**	**2023**
Joint ventures and other affiliates:	*(CZK millions)*			
ČEZ Recyklace, s.r.o.	152	144	-	-
GEOMET s.r.o.	1	126	-	-
GP JOULE PP1 GmbH & Co. KG	5	56	-	-
in PROJEKT LOUNY ENGINEERING s.r.o.	-	16	6	16
IVITAS, a.s.	-	-	11	5
LOMY MOŘINA spol. s r.o.	41	52	23	40
Výzkumný a zkušební ústav Plzeň s.r.o.	1	8	23	18
VUHU a.s.	-	-	9	10
Windpark Berka GmbH & Co. KG	15	11	-	-
Other	45	46	18	75
Total	**260**	**459**	**90**	**164**

The following table summarizes the dividend income, interest and other financial income from the related parties as of December 31, 2024 and 2023.

	Interest and other financial income as of December 31		Dividend income as of December 31	
	2024	**2023**	**2024**	**2023**
Joint ventures and other affiliates:	*(CZK millions)*			
Bytkomfort, s.r.o.	-	-	9	23

GEOMET s.r.o.	11	6	-	-
Others	7	16	10	13
Total	**18**	**22**	**19**	**36**

As of December 31, 2024 and 2023, guarantees provided to joint ventures and not recognized on the balance sheet amounted to CZK 0 million and CZK 0 million, respectively (see Note 20.2 to the 2024 Financial Statements, included in this Base Prospectus).

Transactions with the Ministry of Finance of the Czech Republic and the companies controlled by it

The Czech Republic, through the Ministry of Finance, owns approximately 69.8% of the share capital of ČEZ. For detailed information on the interest held by the Czech Republic in our share capital, please see "*Principal Shareholders*".

In the ordinary course of business, we enter into transactions with the Ministry of Finance of the Czech Republic, its subsidiaries and state-owned companies or enterprises. Due to the large number of such entities and of transactions carried out by them, the limitations of the reporting system adopted by the CEZ Group and the immateriality of such transactions to our results, we believe that the presentation of such transactions is not necessary for an accurate view of the financial situation of the CEZ Group. However, we believe that all of the transactions between us and the Ministry of Finance of the Czech Republic, its subsidiaries state-owned companies or enterprises take place on an arm's length basis. For a more comprehensive description of the transactions with the Ministry of Finance of the Czech Republic and the companies controlled by it, please see our *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, 2023, to December 31, 2023* included in the Annual Report of the CEZ Group for the year ended December 31, 2023, incorporated into this Base Prospectus by reference.

TAXATION

Potential investors and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary taxes or fiscal duties or charges in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In addition, payments of interest on the Notes, or income derived from the Notes, may be subject to taxation, including withholding taxes, in the jurisdiction of the Issuer, in the jurisdiction of the holder of Notes, or in other jurisdictions in which the holder of Notes is required to pay taxes. Any such tax consequences may have an impact on the net income received from the Notes.

The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of any Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities and commodities) may be subject to special rules.

Prospective investors should carefully consider the tax consequences of investing in the Notes and consult their own tax adviser about their own tax situation. Potential investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time, with or without retroactive effect. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. Finally, prospective investors are advised to consult their own tax advisors as to the tax consequences, under the tax laws of each country of which they are residents, and the Czech Republic, of a purchase of Notes including, without limitation, the consequences of receipt of interest and sale or redemption of the Notes or any interest therein.

Czech Taxation

1. Disclosure of information in connection with payments

General Information

Pursuant to the Czech withholding tax rules applicable to the Notes under the Czech Income Taxes Act as amended by Act No. 609/2020 Coll. and Act No. 353/2021 Coll., unless exempt from tax or unless a Tax Treaty states otherwise, income payable by an issuer in respect of the Notes may be subject to the Withholding Tax and the Tax Security (as the case may be).

As a Withholding Agent, the Issuer is liable, on a strict-liability basis, for (i) a proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source at an appropriate rate under any applicable law by or within the Tax Jurisdiction (as defined in Condition 7) from any payment of interest or principal in respect of the Notes as well as (ii) the granting of any relief therefrom (whether in the form of an exemption or application of a reduced rate) (a **Tax Relief**). The Issuer also bears the related burden of proof vis-à-vis the tax authorities which necessitates, before any Tax Relief can be granted, collection of certain information and documentation concerning, in particular, the identity and country of tax residence of the recipient of a payment of principal or interest in respect of the Notes (together with relevant evidence thereof) which would enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that it meets all conditions for any applicable Tax Relief to be granted (the **Beneficial Ownership Information**).

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg which are designed to facilitate collection of the Beneficial Ownership Information are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time (the **Certification Procedures**). Noteholders must seek their own professional advice to satisfy themselves that they comply with all the applicable procedures and any requirements thereunder (whether documentary or otherwise) to ensure a tax treatment of their Notes which duly reflects their particular circumstances for the purposes of applying any Withholding Tax, Tax Security and Tax Relief (as the case may be) and should consult the latest announcements in relation to the Certification Procedures on the websites of Euroclear and Clearstream, Luxembourg (https://my.euroclear.com/[14] and www.clearstream.com) and on the website of the International Capital Market Services Association (www.icmsa.org). None of the Issuer, the Joint Arrangers, the Dealers, the Paying Agents or the ICSDs (or any other clearing system) assumes any responsibility therefor.

Quick Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest and/or principal in respect of the Notes have been made net of any Withholding Tax or Tax Security, because the Beneficial Ownership Information under the Relief at Source Procedure could not, for any reason, be duly or timely collected, may be entitled

[14] Only Euroclear participants will have access to the website.

to a refund of the amounts so withheld pursuant to the quick refund procedure as set out in the Certification Procedures (the **Quick Refund Procedure**).

Standard Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest in respect of the Notes have been made net of any Withholding Tax, because the Beneficial Ownership Information under the Relief at Source Procedure or the Quick Refund Procedure could not, for any reason, be duly or timely collected, may deliver correct, complete and accurate Beneficial Ownership Information to the Issuer no later than **three years** from the end of a calendar year in which the payments which were subject to any relevant withholdings with respect to Withholding Tax were made (the **Standard Refund Procedure**).

The Beneficial Ownership Information shall be delivered to the address of the registered office of the Issuer, in person or by first class mail or (if posted from an address overseas) by airmail and marked for the attention of:

ČEZ, a. s.
Attn. Tax Department
Duhová 2/1444
140 53 Prague 4
Czech Republic

and shall include the Beneficial Owner's up-to-date contact details together with evidence of the Beneficial Owner's holding of or interest in the relevant Notes, which shall be used by the Issuer for the purposes of any refund-related communication.

The Issuer shall proceed in accordance with the then applicable laws of the Czech Republic and shall use its reasonable endeavours to obtain the refund or will inform the Beneficial Owner that it is not in position to process such request. Subject to the due and timely receipt of the Beneficial Ownership Information, if the Issuer in its sole and absolute discretion determines that it is entitled to file a refund claim with the Czech tax authorities for any previously withheld Withholding Tax and obtains a refund of any amounts so withheld, it shall pay any such amounts to the Beneficial Owner within ten Business Days of receipt thereof from the Czech tax authorities, net of a fee payable to the Issuer and calculated as the sum of (a) a fixed amount of **EUR 1,000** and (b) any administrative fees, penalties, interest or similar costs the Issuer may incur in connection with the refund (in each case plus VAT, if any).

Any communication in respect of the Standard Refund Procedure shall be made directly between the Issuer and the relevant Beneficial Owner as Euroclear and Clearstream, Luxembourg and the Principal Paying Agent are not engaged in the Standard Refund Procedure.

The Issuer may publish additional information in relation to the Standard Refund Procedure (including a change in contact details for delivery of the Beneficial Ownership Information) on the website of the Issuer.

In case of any withholding for or on account of the Tax Security, the relevant Beneficial Owner must directly approach the Czech tax authorities.

Bearer Notes and the Certification Procedures

In addition, a concept of the Entitlement Date is reflected in the Terms and Conditions of the Notes in respect of Notes represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and this concept will also be taken into account for the purposes of the Certification Procedures and may adversely affect the Beneficial Owner's eligibility for any Tax Relief to be granted under these procedures.

2. Taxation in the Czech Republic

The following is a general discussion of certain Czech tax consequences of the acquisition, ownership and disposition of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. As each Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Tranche of Notes as set out in the respective Final Terms, the following section only provides some very general information on the possible tax treatment. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This overview is based on the laws of the Czech Republic currently in force and as applied on the date of this Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect. The information contained within this section are limited to taxation issues, and

prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Notes in the Czech Republic. The summary is mainly based on the Act No. 586/1992 Coll., on Income Taxes, as amended (**Income Taxes Act**), and on other related laws which are effective as of the date of this Base Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Base Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or pension funds) and may change in the future depending on changes in the relevant laws that may occur after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Notes has been significantly affected by the Act No. 609/2020 Coll. (**2021 ITA Amendment**) and Act No. 353/2021 Coll. (**2022 Banking Act Amendment**), which amends some acts in the field of taxes and some other acts. The 2021 ITA Amendment has significantly changed the tax regime of notes issued after December 31, 2020. Subsequently, the 2022 Banking Act Amendment has reintroduced some provisions abolished by 2021 ITA Amendment. The new rules are quite controversial. Therefore, the tax regime of notes (including the Notes) is currently associated with many ambiguities. In the Issuer's opinion, the summary below represents a rational interpretation of the relevant provisions of the Income Taxes Act in relation to notes.*

The following summary assumes that the person to whom any income is paid in connection with the Notes is a beneficial owner of such income (within the OECD Model Tax Convention on Income and on Capital meaning of this term), i.e. it does not act, for example, as a proxy, agent, depositary or in any other similar position in which any such payments would be received on account of another person or entity.

For the purposes of this section "*Taxation*", the following terms have the following meaning:

Beneficial Owner means a holder of a Note if such holder is also a beneficial owner (within the OECD Model Tax Convention on Income and on Capital meaning of this term) in respect of income paid on or in connection with such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning, in each case under the Income Taxes Act as well as for the purposes of a relevant Tax Treaty (if any).

Czech Permanent Establishment means a permanent establishment in the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty, if any.

Coupon means any note yield other than a note yield that is determined by reference to the difference between the nominal value of a note and its issue price (i.e. yield determined as the Discount). For the avoidance of doubt, the Coupon also includes the Early Redemption Premium.
Coupon Note means a note that has the issue price equal to its nominal value. For the avoidance of doubt, the Coupon Note is not a note with a yield that is determined by reference to the combination of the Discount and the Coupon.

Czech Tax Non-Resident means a taxpayer who is a tax resident of the Czech Republic neither under the Income Taxes Acts nor under any Tax Treaty.

Czech Tax Resident means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Acts as well as under a relevant Tax Treaty, if any.

Discount means a positive difference between the nominal value of a note and its lower issue price.

Discounted Note means a note that has the issue price lower than the nominal value. For the avoidance of doubt, the Discounted Note is also a note with a yield that is determined by the combination of the Discount and the Coupon.

Early Redemption Premium means any extraordinary yield paid by an issuer in the event of early redemption of a note.

Legal Entity means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality).

Non-Qualifying Czech Tax Non-Resident means the Czech Tax Non-Resident other than the Qualifying Czech Tax Non-Resident.

Person Related Through Capital means every person (whether an individual or a Legal Entity) in a situation where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25% of the registered capital of, or 25% of the voting rights in, such other person/persons.

Relief at Source Procedure means a procedure whereby income proceeds are paid taking into account exemption and/or applicable reduced rate as foreseen by the applicable tax laws or under any applicable Tax Treaty.

Qualifying Czech Tax Non-Resident means the Czech Tax Non-Resident (whether an individual or a Legal Entity) who (i) is not the Person Related Through Capital to the Issuer and (ii) has not created a legal relationship with the Issuer mainly for tax reasons (i.e. with the aim to reduce a tax base or to increase a tax loss).

Tax Security means a special amount collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of a note or by the buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability).

Tax Treaty means a valid and effective tax treaty concluded between the Czech Republic and another country or jurisdiction under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the elimination of double taxation in relation to Taiwan, as amended.

Withholding Agent means a payer of (taxable) income who is responsible for making the deduction of (i) the Withholding Tax or (ii) the Tax Security, as applicable, and their remittance to the tax authorities.

Withholding Tax means a tax collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of the note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

Interest Income

Czech Tax Residents

(a) Individuals

The yield in the form of the Coupon paid to an individual is subject to the Czech Withholding Tax at a rate of 15%. This tax represents final taxation of the Coupon in the Czech Republic.

The yield in the form of the Discount paid to an individual is not subject to the Czech Withholding Tax or Tax Security. Instead, it is included in the general tax base of the individual, which is subject to Czech personal income tax at a rate of 15% and a progressive rate of 23% for the part of the tax base exceeding the stated threshold (the threshold is stated as 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. If an individual holds the Note, which is the Coupon Note, until its maturity (or early redemption) and this individual acquired such Note on a secondary market at an amount below the nominal value of the Note (or below other amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any), such (positive) difference is also included in the individual's general tax base.

(b) Legal Entities

The yield (whether in the form of the Discount or the Coupon) paid to a Legal Entity is not subject to the Czech Withholding Tax, but it is rather included in the general tax base of the Legal Entity, which is subject to Czech corporate income tax at a rate of 21%. The Legal Entity which is an accounting unit is generally required to recognise the yield in its profit and loss statement on an accrual basis.

Qualifying Czech Tax Non-Residents

The yield from the Note (whether in the form of the Discount or the Coupon) paid to a Qualifying Czech Tax Non-Resident (whether an individual or a Legal Entity) is exempt from Czech taxation.

Non-Qualifying Czech Tax Non-Residents

(a) Individuals

The yield in the form of the Coupon paid to an individual is subject to the Czech Withholding Tax at a rate of 15% or 35%. The 35% Czech Withholding Tax rate applies to recipients, who do not have Czech Permanent Establishment to which the Notes are attributable and, at the same time, are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective Tax Treaty or an effective bilateral (or multilateral) treaty on the exchange of income tax-related information. The 15% Czech Withholding Tax rate applies to all other recipients. This tax generally represents a final taxation of the Coupon in the Czech Republic. However, an individual who is a tax resident of an EU/EEA member state may decide to include the Coupon in his/her tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Czech Withholding Tax represents an advance payment which is credited against the final Czech tax liability as declared in the tax return.

The yield in the form of the Discount paid to an individual is not subject to the Czech Withholding Tax. Instead, it is included in the general tax base of the individual, which is subject to Czech personal income tax at a rate of 15% and a progressive rate of 23% for the part of the tax base exceeding the stated threshold (the threshold is stated as 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. However, if the Notes are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, then only the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1% applicable to a gross amount paid (i.e. the nominal value of the Note upon the maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) an individual holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this individual acquired such Note on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that individual's Czech Permanent Establishment, such (positive) difference is also included in the individual's general tax base.

(b) Legal Entities

The yield in the form of the Coupon paid to a Legal Entity, where the Note is not attributable to its Czech Permanent Establishment, is subject to the Czech Withholding Tax at a rate of 15% or 35%. The 35% Czech Withholding Tax rate applies to recipients, which are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective Tax Treaty or an effective bilateral (or multilateral) treaty on the exchange of income tax-related information. The 15% Czech Withholding Tax rate applies to all other recipients, which do not have Czech Permanent Establishment to which the Notes are attributable. This Withholding Tax generally represents final taxation of the Coupon in the Czech Republic. However, the Legal Entity who is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of the Coupon paid to a Legal Entity, where the Note is attributable to its Czech Permanent Establishment, is not subject to the Czech Withholding Tax. Instead, it is included in the general tax base of the Legal Entity, which is subject to Czech corporate income tax at a rate of 21%. Furthermore, if the Legal Entity holding the Notes through its Czech Permanent Establishment is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10% applicable to the amount of the Coupon (on a gross basis). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

The yield in the form of the Discount paid to the Legal Entity is not subject to the Czech Withholding Tax. Instead, it is included in the general tax base of the Legal Entity, which is subject to corporate income tax at a rate of 21%. However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and the price at which the Legal Entity acquired the Note. However, if the Notes are not attributable to Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, then only the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1% applicable to gross amount (i.e. the nominal value of the Note at maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable). If (i) a Legal Entity holds the Note, which is the Coupon Note, until its maturity (or its early redemption),

(ii) this Legal Entity acquired such Note on a secondary market for an amount below the nominal value of the Note (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and (iii) such Note is attributable to that Legal Entity's Czech Permanent Establishment, such (positive) difference is also included in its general tax base.

A Legal Entity which is considered as an accounting unit in accordance with the Czech Accounting Act No.563/1991 Coll., as amended and where the Notes are attributable to its Czech Permanent Establishment, is generally required to recognise the yield (whether in the form of the Discount or the Coupon) in its profit and loss statement on an accrual basis.

Capital gains

Czech Tax Residents

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from Czech personal income tax if:

- total annual (worldwide) gross income (i.e. not only capital gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000; or
- such capital gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes), and shares in companies, and crypto-assets in the aggregate amount of CZK 40,000,000.

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains from the sale of the Notes realised by an individual are included in the general tax base of the individual, which is subject to Czech personal income tax at a rate of 15% and a progressive rate of 23% for the part of the tax base exceeding the stated threshold (the threshold is stated as 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions in the Czech Republic. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

(b) Legal Entities

Capital gains from the sale of the Notes are included in the general tax base, which is subject to Czech corporate income tax at a rate of 21%. Losses from the sale of the Notes realised by Legal Entities are generally tax deductible.

Czech Tax Non-Residents

Capital gains from the sale of the Notes realised by a Czech Tax Non-Resident are subject to taxation in the Czech Republic provided that:

- the Notes are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling these Notes, or
- the Notes are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Notes through his/her/its Czech Permanent Establishment.

Therefore, capital gains realised by a Czech Tax Non-Resident where the Notes are sold to another Czech Tax Non-Resident and where such Notes are attributable to neither (i) a Czech Permanent Establishment of the seller nor (ii) a Czech Permanent Establishment of the buyer, are out of scope of Czech taxation.

(a) Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from Czech personal income tax if:

- total annual (worldwide) gross income (i.e. not only capital gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000; or
- such capital gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes), shares in companies, and crypto-assets in the aggregate amount of CZK 40,000,000.

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains (as defined above) from the sale of the Notes realised by an individual are included in the general tax base of the individual, which is subject to Czech personal income tax at a rate of 15% and a progressive rate of 23% for the part of the tax base exceeding the stated threshold (the threshold is stated as 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions in the Czech Republic. Losses from the sale of the Notes realised by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

Furthermore, if the Notes are sold by an individual who is not a tax resident of an EU/EEA member state, a buyer acting as a Withholding Agent may be required to withhold a Tax Security amounting to 1% of the gross purchase price. The buyer will be acting as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

(b) Legal Entities

Capital gains from the sale of the Notes, which are subject to Czech taxation (as discussed above), are included in the general tax base of the Legal Entity, which is subject to Czech corporate income tax at a rate of 21%. Losses from the sale of the Notes realised by the Legal Entities are generally tax deductible. However, according to certain interpretations, such losses are not tax deductible for a Czech Tax Non-Resident who does not keep its accounting books under the Czech accounting legislation.

Furthermore, if the Notes are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting to 1% of the gross purchase price. The buyer will be acting as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security overwithholding is generally refundable).

Benefits under Tax Treaties

A Tax Treaty may reduce or even fully eliminate Czech taxation of interest income from the Notes or capital gains from their sale (including a Tax Security withholding, if applicable). Such Tax Treaty relief is usually applicable on the condition that the income recipient who is a Czech Tax Non-Resident does not hold the Notes through his/her/its Czech Permanent Establishment. Furthermore, the entitlement to particular Tax Treaty benefits is generally conditional on presenting documents proving that the income recipient qualifies for the Tax Treaty benefits including, in particular (i) a tax residency certificate issued by the relevant tax authorities and (ii) a beneficial ownership declaration of the income recipient. Entitlement to particular Tax Treaty benefits may also be conditional on meeting further specific criteria under that Tax Treaty.

Reporting Obligation

An individual holding the Notes (whether a Czech Tax Resident or a Czech Tax Non-Resident) is obliged to report to the Czech tax authorities any income earned in connection with the Notes if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline

for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15% of a gross amount of the unreported income.

A Withholding Agent (including the Issuer) is obliged to file a formal notification to the relevant Czech tax authorities upon making a payment that (i) is subject to the Withholding Tax, (ii) would be subject to the Withholding Tax, but is not because the income is tax-exempt or a Tax Treaty prevents taxation of that income in the Czech Republic, subject to certain exemptions, or (iii) is subject to withholding of the Tax Security.

Value Added Tax

There is no Czech value added tax payable in respect of payments in consideration for the issue of the Notes, or in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

Other Taxes or Duties

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by a Czech Tax Resident or a Czech Tax Non-Resident in respect of or in connection with the purchase, holding or disposition of the Notes, save for disposition in certain cases upon donation or inheritance.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisors as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

Non-Resident Holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Resident Holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005 as amended (the "*Relibi Law*") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

FATCA Disclosure

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "*foreign financial institution*" (as defined by FATCA) may be required to withhold on certain payments it makes ("*foreign passthru payments*") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Czech Republic) have

entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("*IGAs*"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

The Dealers have, in an Amended and Restated Programme Agreement dated 16 April 2025 (as modified and/or supplemented and/or restated from time to time, the "*Amended and Restated Programme Agreement*"), agreed with the Issuer on the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Amended and Restated Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Amended and Restated Programme Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

United States

a) the Notes have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;

b) the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or applicable Pricing Supplement in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable;

c) each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Notes, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons;

d) until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the U.S. Securities Act; and

e) each issuance of Exempt Notes which are also Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Terms used in the preceding paragraphs have the meanings given to them by Regulation S under the U.S. Securities Act.

The Czech Republic

The Base Prospectus has not been and will not be approved by the Czech National Bank. No action has been taken in the Czech Republic (including the obtaining of the Base Prospectus approval from the Czech National Bank and the admission to trading on a regulated market (as defined in Section 55(1) of the Capital Market Act)) for the purposes

of any Notes to qualify as securities admitted to trading on the European regulated market within the meaning of the Capital Market Act.

Each Dealer will be required not to offer or sell any Notes in the Czech Republic through a public offering (in Czech *veřejná nabídka*), except if in compliance with the Prospectus Regulation.

Each Dealer will be required to represent and agree with the Issuer and each other Dealer that it has complied and will comply with all the requirements of the Prospectus Regulation and other applicable legislation and has not taken, and will not take, any action which would result in the Notes being deemed to have been issued pursuant to Czech law or in the Czech Republic, the issue of the Notes being classed as "accepting of deposits from the public" by the Issuer in the Czech Republic under Section 2(2) of the Czech Banks Act or requiring an approval or permit by, registration or filing with or notification to the Czech National Bank (including approval or passport of this Base Prospectus or other notifications beyond that described under "*General Information—Notification to the Czech National Bank*") or other authorities in the Czech Republic in respect of the Notes in accordance with the Prospectus Regulation, the Capital Market Act, the Czech Banks Act, the practice of the Czech National Bank or any other applicable legislation.

Each Dealer will be required to represent and agree with the Issuer and each other Dealer that it has complied and will comply with all the laws of the Czech Republic applicable to the conduct of business in the Czech Republic (including the laws applicable to the provision of investment services (within the meaning of the Capital Market Act) in the Czech Republic) in respect of the Notes.

Each Dealer will be required to represent and agree with the Issuer and each other Dealer that no action has been taken by it or will be taken by it which would result in the issue of any Notes being considered an intention to manage assets by acquiring funds from the public in the Czech Republic for the purposes of collective investment pursuant to a defined investment policy in favour of the investors under the MCIFA. Each Dealer will be required to represent and agree with the Issuer and each other Dealer that any issue, offer or sale of any Notes by it has been or will be carried out in strict compliance with the MCIFA.

Notwithstanding the foregoing, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the applicable Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any Czech Tax Resident individual or a Non-Qualifying Czech Tax Non-Resident (as these terms are defined in "*Taxation*").

Prohibition of Sales to EEA Retail Investors

Unless the applicable Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the applicable Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor within the meaning of the Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Public Offer Selling Restriction under the Prospectus Regulation

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA (each a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of sales to United Kingdom Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to United Kingdom Retail Investors" as "Not Applicable", in relation to the United Kingdom, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of current domestic law of the United Kingdom by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restriction under the UK Prospectus Regulation

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to United Kingdom Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes to the public which are the subject of the offering contemplated by this Base Prospectus

as completed by the Final Terms in relation thereto in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(i) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation as it forms part of the current domestic law of the United Kingdom by virtue of the EUWA;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949 as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not directly or indirectly offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except

under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, purchasers of the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. **References in this section to Notes should be deemed to refer to the Notes themselves and/or beneficial interests therein.**

By its purchase of Notes, each purchaser of Notes will be deemed to have acknowledged, represented and agreed with the Issuer that it agrees (on its own behalf and on behalf of any investor account for which it is purchasing Notes), and each subsequent holder of the Notes by its acceptance thereof will agree, not to offer, sell, transfer or otherwise make available any Notes to any person unless such person has first represented and agreed that the Notes are not being acquired by or on behalf of any Czech Tax Resident individual or a Non-Qualifying Czech Tax Non-Resident (as these terms are defined in "*Taxation*").

GENERAL INFORMATION

Authorization

The establishment and subsequent updates of the Programme and the issue of Notes have been duly authorized by resolutions of the Board of Directors of ČEZ dated May 28, 2007, February 14, 2011, April 10, 2012, September 16, 2019, March 8, 2021 and September 19, 2022 and November 18, 2024, and resolutions of the Supervisory Board of ČEZ dated June 28, 2007, February 24, 2011, September 26, 2019, March 25, 2021, September 27, 2022 and November 28, 2024.

Listing, Approval and Admission to Trading of Notes

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange in its capacity as competent authority to approve this Base Prospectus as a base prospectus in respect of Exempt Notes only and for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on its Official List. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU), as amended. Application has also been made to the Luxembourg Stock Exchange for the Exempt Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange and to listing on its Official List.

Notification to the Czech National Bank

Pursuant to Section 8a of Czech Act No. 15/1998 Coll., on Capital Markets Supervision, as amended, the issuance of each Series and/or Tranche of the Notes must be notified to the Czech National Bank no later than on the date of issue of the relevant Notes setting out the place of issue and amount of relevant Series or Tranche and the form, yield and maturity of the relevant Notes.

Documents Available

As long as the Notes (Exempt and Non-Exempt) are listed on the Luxembourg Stock Exchange, copies of the following documents will, when published, be available for inspection free of charge at the registered office of ČEZ and on the website of ČEZ at https://www.cez.cz/en/cez-group/cez.html:

(a) the Articles of Association (with an English translation thereof) of ČEZ;

(b) the consolidated audited financial statements of the CEZ Group in respect of the financial years ended December 31, 2024 and December 31, 2023;

(c) the separate audited financial statements of ČEZ in respect of the financial years ended December 31, 2024 and December 31, 2023;

(d) the most recently published audited annual consolidated financial statements of the CEZ Group and audited annual separate financial statements of ČEZ and the most recently published unaudited consolidated interim financial statements (if any) of the CEZ Group and unaudited separate interim financial statements (if any) of ČEZ (with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith;

(e) the Amended and Restated Agency Agreement and the Deed of Covenant, including the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(f) a copy of this Base Prospectus;

(g) the Previous Terms and Conditions; and

(h) any future offering circular, prospectuses, information memoranda, supplements to this Base Prospectus, Final Terms and Pricing Supplements (in the case of Exempt Notes) and any other documents incorporated herein or therein by reference.

ČEZ currently prepares audited consolidated and separate accounts on an annual basis and unaudited consolidated and separate interim accounts on a quarterly basis

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code, ISIN, CFI and FISN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant Change or Material Adverse Change

There has been no significant change in the financial performance and in the financial position of ČEZ and its subsidiaries since the later of (a) 31 December 2024, being the last day of the financial period in respect of the most recent audited or interim financial statements of ČEZ as of the date of this Base Prospectus and (b) the last day of the financial period in respect of which the most recent audited or interim financial statements of ČEZ have been published. There has been no material adverse change in the prospects of ČEZ and its subsidiaries since the later of (a) 31 December 2024, being the last day of the financial period in respect of the most recent audited financial statements of ČEZ as of the date of this Base Prospectus and (b) the last day of the financial period in respect of which the most recent audited financial statements of ČEZ have been published.

As of the date of this Base Prospectus, there are no recent events particular ČEZ which are to a material extent relevant to the evaluation of its solvency.

Litigation

Except as described in "*Legal Proceedings*" neither ČEZ nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ČEZ is aware (as applicable)) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of ČEZ or any of its respective subsidiaries.

Issuer's Website

ČEZ's website is https://www.cez.cz/en/cez-group/cez.html. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

Issuer's LEI

ČEZ's LEI is 529900S5R9YHJHYKKG94.

Independent Auditors

The 2024 Financial Statements, included in this Base Prospectus, have been audited by Deloitte Audit s.r.o. ("**Deloitte**"), independent auditors, as stated in their report appearing herein.

The 2023 Financial Statements, incorporated by reference in this Base Prospectus, have been audited by Deloitte, independent auditors, as stated in their report incorporated by reference herein.

The separate financial statements of ČEZ as of December 31, 2024, included in this Base Prospectus, have been audited by Deloitte, independent auditors, as stated in their report appearing herein.

The separate financial statements of ČEZ as of December 31, 2023, incorporated by reference in this Base Prospectus, have been audited by Deloitte, independent auditors, as stated in their report incorporated by reference herein.

Deloitte, with address at Italská 2581/67, Vinohrady, 120 00 Praha 2, Czech Republic, is a member of the Chamber of Auditors of the Czech Republic with Identification No. 49620592.

The auditors of ČEZ have no material interest in ČEZ.

Post-Issuance Information

In accordance with the Sustainability-Linked Financing Framework, ČEZ will annually make available an Annual Financial Report, Sustainability Report and/or any specific Sustainability-Linked Instrument Report. The report will include the following information:

(a) The performance of the KPI, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines where relevant.

(b) Any update in ČEZ's sustainability strategy or any recent announcements, strategic decisions and means mobilized that might impact the achievement of the SPT(s).

(c) Qualitatively or quantitatively explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI.

(d) When relevant, any re-assessments of KPI and/or restatement of the SPT(s) and/or pro-forma adjustments of KPI scope information on the products range/mix as evolution drivers of the KPIs.

(e) At its discretion, any examples of specific projects that have been implemented for the achievement of the performance against the SPT(s).

In accordance with the Green Financing Framework, ČEZ will make available a Green Bond Report within one-year post issuance and update it annually until full allocation or maturity of the Green Financing Instruments. The report will be issued either as stand-alone or as an annex to the Sustainability Report and/or a specific Sustainable Instruments Report and will include an allocation report and an impact report. The allocation report will detail:

(a) Total proceeds raised through green finance instruments.

(b) Total amount of proceeds allocated to eligible green projects.

(c) Proportion of proceeds allocated to financing vs. refinancing (i.e. the split between existing and future investments).

(d) Balance of unallocated proceeds.

(e) Allocations by eligible project green category.

(f) Geographical location of allocated proceeds.

ČEZ will also endeavour to report on qualitative and quantitative impact metrics on a best-efforts basis.

The reports will be made available on ČEZ's investor relations website (*www.cez.cz*).

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as of the Issue Date of the Notes and will not be an indication of future yield.

Dealers Transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

FINANCIAL STATEMENTS

Consolidated Financial Statements of the CEZ Group as of and for the year ended December 31, 2024

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Audited Consolidated Financial Statements of the CEZ Group as of and for the year ended December 31, 2024	F-10

Separate Financial Statements of ČEZ as of and for the year ended December 31, 2024

Independent Auditor's Report on the Separate Financial Statements	F-133
Audited Separate Financial Statements of ČEZ as of and for the year ended December 31, 2024	F-138

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The information below is a translation of the Independent Auditor's Report dated April 7, 2025. The Independent Auditor's Report was issued in connection with the audit of the Consolidated Financial Statements of the CEZ Group as of and for the year ended December 31, 2024, included herein. This report refers to these consolidated financial statements mentioned, but also, among others, relates to the content of the CEZ Group's Annual Financial Report, which is not available as of the date of this Base Prospectus and is planned to be made public on or around April 30, 2025; the Annual Financial Report does not form part of this Base Prospectus. For a full understanding of the Independent Auditor's Report, it should be read in conjunction with the Annual Financial Report, as and when published.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court in Prague, Section C, File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ČEZ, a. s.

Having its registered office at: Duhová 2/1444, 140 53 Praha 4

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of ČEZ, a. s. (the "Company") and its subsidiaries (the "Group") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (hereinafter also referred to as the "IFRS").

Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are matters that, in our professional judgment, were the most significant in the audit of the consolidated financial statements for the current period. We considered these matters in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on those consolidated financial statements. We do not provide a separate opinion on these matters.

Revenue recognition for unbilled supplies

As described in the Notes to the Consolidated Financial Statements, the Group uses significant estimates in accounting for unbilled electricity and natural gas supplies. The total revenue estimate is based on supplies in the relevant period less actual billing and an estimate of distribution network losses, taking into account historical consumption for individual consumption sites. The total amount of unbilled supplies is then presented in the consolidated balance sheet net of advances from customers. Given the estimates used and the materiality of the balance of unbilled supplies, we consider this to be a key audit matter.

We evaluated the system of internal controls relating to how consumption estimates are determined and the measurement of those estimates for the calculation of unbilled supplies. We performed audit procedures focusing on detailed tests of the measurement of unbilled supplies and their settlement at the date of the consolidated financial statements. We also focused on whether the information that the Group disclosed in the Notes to the Consolidated Financial Statements, specifically in Note 2.6. Unbilled Electricity and Gas, Note 14. Other Current Assets and Note 24. Other Short-term Liabilities, is in accordance with the IFRS requirements.

Classification and valuation of derivative transactions and commodity contracts

The Group uses financial derivatives to hedge the risks associated with its activities. In addition, the Group concludes commodity contracts relating primarily to trading in electricity, natural gas and emission allowances. Given the complexity of assessing these contracts, their measurement and subsequent recognition in the consolidated financial statements, we consider this area to be a key audit matter.

IFRS 9 Financial Instruments: Recognition and Measurement, distinguishes between contracts that are classified as derivatives measured at fair value and 'own use' contracts that are not within the scope of IFRS 9. 'Own use' contracts are those where the Group expects to physically deliver the commodity in quantities for consumption or sale in the ordinary course of the Group's business.

We evaluated the system of internal controls related to the initial recognition of derivatives and commodity contracts. We evaluated the system of internal controls related to measurement. For contracts classified as 'own use', we evaluated internal controls related to their classification, including the Group's ability to physically deliver the commodity during the contractual period, and verified that these internal controls were operating effectively. Our internal financial instrument specialists also participated in performing audit procedures.

We also performed audit procedures focusing on analysing and comparing the amount of commodities that were physically delivered in 2024 and the volume of the 'own use' contract portfolio. We verified the Group's ability to physically deliver the commodity for contracted future 'own use' sales as well as the stability of the portfolio to ensure that contracts are not reclassified during their term. We also focused on whether the information provided by the Group on the classification of commodity contracts in the Notes to the Consolidated Financial Statements, specifically in Note 2.14. Non-commodity Derivatives, Note 2.15. Commodity Contracts, Note 5. Derivatives and Other Financial Assets, Note 19. Fair Value of Financial Instruments, Note 22. Derivatives and Other Financial Liabilities and Note 27. Gains and Losses from Commodity Derivative Trading, is consistent with the IFRS requirements.

Asset retirement obligation

The Group establishes nuclear provisions, provisions for decommissioning and reclamation of mines and mining damages and provision for demolition and dismantling of fossil-fuel power plants. The establishment of these provisions requires significant judgments on the part of the Group, including the determination of long-term discount rates, estimates of inflation, estimates of future costs related to nuclear provisions, provisions for decommissioning and reclamation of mines and mining damages and the provision for demolition and dismantling of fossil-fuel power plants. Accordingly, we consider the establishment of these provisions and their recognition in the consolidated financial statements to be a key audit matter.

We evaluated the system of internal controls relating to the determination of the above provisions. We performed audit procedures focusing on an independent recalculation of the discount rates used in the calculation of these provisions, detailed testing of significant input parameters for the calculation of the provisions, recalculated the provisions, and developed an independent model to calculate the estimated amount of the selected provisions and compared the results of this model to the Group’s calculations. We also focused on whether the information that the Group provided in the

Notes to the Consolidated Financial Statements, specifically in Note 2.23 Nuclear Provisions, 2.24 Provisions for Decommissioning and Reclamation of Mines and Mining Damages, 2.25. Provision for Demolition and Dismantling of Fossil-fuel Power Plants and 21. Provisions, are consistent with the IFRS requirements.

Acquisition of the GasNet Group

On 28 August 2024, CEZ Group acquired control of the GasNet Group. The subject of the transaction was the acquisition of a 55.21% stake in Czech Gas Networks S.à r.l., which is the sole owner of Czech Gas Networks Investments S.à r.l., the owner of Czech Grid Holding, a.s., which owns GasNet, s.r.o., and GasNet Služby, s.r.o. Given the complexity of the transaction, the amount of newly consolidated net assets, and the related goodwill value, we have evaluated this area as a key audit matter.

We evaluated the Company's procedure in assessing the control and the related assessment of the method of consolidation of newly acquired subsidiaries and the valuation of their assets and liabilities. We have performed audit procedures focusing on assessing the valuation of assets and liabilities and their settlement at the date of acquisition. We also carried out audit procedures with a focus on assessing the method of consolidation of the GasNet Group in the consolidated financial statements as at 31 December 2024. We also focused on assessing whether the information provided by CEZ Group in the Notes to the Consolidated Financial Statements, specifically in Note 2.2. Consolidation Method and 8. Changes in the Group Structure, are in line with the IFRS requirements for disclosure in the notes to the consolidated financial statements.

Other information in the Annual Financial Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Financial Report other than the financial statements, consolidated financial statements and auditor's reports thereon. The Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the sustainability report has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information with the exception of the sustainability report complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e., whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information with the exception of the sustainability report is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Board of Directors, Supervisory Board and Audit Committee for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should

not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Information required by Regulation (EU) No. 537/2014 of the European Parliament and of the Council

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the auditor and the period of engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 28 June 2021 and our uninterrupted engagement has lasted for 2 years.

Consistency with the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 7 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings, and which have not been disclosed in the Annual Financial Report.

Report on compliance with the ESEF regulation

We have conducted a reasonable assurance engagement on the verification of compliance of the financial statements included in the annual financial report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation") that apply to the financial statements.

Responsibilities of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the financial statements in compliance with the ESEF Regulation. Inter alia, the Company's Board of Directors is responsible for:

- The design, implementation and maintenance of the internal control relevant for the application of the requirements of the ESEF Regulation;
- The preparation of all financial statements included in the annual financial report in the valid XHTML format; and
- The selection and use of XBRL mark-ups in line with the requirements of the ESEF Regulation.

Auditor's responsibilities

Our task is to express a conclusion whether the financial statements included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation, based on the audit evidence obtained. Our reasonable assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (hereinafter "ISAE 3000").

The nature, timing and scope of the selected procedures depend on the auditor's judgment. A reasonable assurance is a high level of assurance; however, it is not a guarantee that the examination conducted in accordance with the above standard will always detect a potentially existing material non-compliance with the requirements of the ESEF Regulation.

As part of our work, we performed the following procedures:

- We obtained an understanding of the requirements of the ESEF Regulation;
- We obtained an understanding of the Company's internal control relevant for the application of the requirements of the ESEF Regulation;
- We identified and evaluated risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- Based on this, we designed and performed procedures responsive to those risks and aimed at obtaining a reasonable assurance for the purposes of expressing our conclusion.

The aim of our procedures was to assess whether:

- The financial statements included in the annual financial report were prepared in the valid XHTML format;
- The disclosures in the consolidated financial statements were marked up where required by the ESEF Regulation and all mark-ups meet the following requirements:
  - XBRL mark-up language was used;
  - The elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
  - The mark-ups comply with the common rules for mark-ups pursuant to the ESEF Regulation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, the Company's financial statements for the year ended 31 December 2024 included in the annual financial report are, in all material respects, in compliance with the requirements of the ESEF Regulation.

In Prague on 7 April 2025

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Martin Tesař registration no. 2030

CEZ GROUP

CONSOLIDATED FINANCIAL STATEMENTS

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

(Translation of Consolidated Financial Statements Originally Issued in Czech)

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2024

In CZK Millions

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

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

CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2024

continued

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

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

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

In CZK Millions

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

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

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

In CZK Millions

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

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

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

In CZK Millions

	Note	Attributable to equity holders of the parent						
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	R e
Balance as at January 1, 2023		53,799	(1,334)	(5,177)	(22,258)	(1,675)	(2,020)	
Net income		-	-	-	-	-	-	
Other comprehensive income		-	-	1,698	30,640	1,959	(304)	
Total comprehensive income		-	-	1,698	30,640	1,959	(304)	
Dividends		-	-	-	-	-	-	
Contribution from owners of non-controlling interests		-	-	-	-	-	-	
Acquisition of subsidiaries	8	-	-	-	-	-	-	
Changes of non-controlling interests without loss of control	8	-	-	1	-	-	-	
Put options held by non-controlling interests		-	-	10	-	-	-	
Balance as at December 31, 2023		53,799	(1,334)	(3,468)	8,382	284	(2,324)	

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

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

continued

	Note	Attributable to equity holders of the parent						
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	R e
Balance as at January 1, 2024		53,799	(1,334)	(3,468)	8,382	284	(2,324)	
Net income		-	-	-	-	-	-	
Other comprehensive income		-	-	480	(8,013)	(651)	947	
Total comprehensive income		-	-	480	(8,013)	(651)	947	
Dividends		-	-	-	-	-	-	
Contribution from owners of non-controlling interests		-	-	-	-	-	-	
Acquisition of subsidiaries	8	-	-	-	-	-	-	
Changes of non-controlling interests without loss of control	8	-	-	-	-	-	-	
Put options held by non-controlling interests		-	-	10	-	-	-	
Balance as at December 31, 2024		53,799	(1,334)	(2,978)	369	(367)	(1,377)	

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

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

In CZK Millions

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

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

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

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

continued

	Note	2024	2023*
FINANCING ACTIVITIES:			
Proceeds from borrowings		317,300	114,195
Payments of borrowings		(304,903)	(150,442)
Payments of lease liabilities	25	(1,134)	(856)
Proceeds from other long-term liabilities		279	12
Payments of other long-term liabilities		(1,054)	(2,436)
Dividends paid to Company's shareholders		(27,935)	(77,435)
(Dividends paid) contributions received – owners of non-controlling interests, net		(475)	27
Acquisition of non-controlling interests		(262)	(28)
Sale of non-controlling interests		-	12
Net cash flow from financing activities		(18,184)	(116,951)
Net effect of currency translation and allowances in cash		(71)	(278)
Net increase (decrease) in cash and cash equivalents		29,527	(25,717)
Cash and cash equivalents at beginning of period		10,892	36,609
Cash and cash equivalents at end of period	10	40,419	10,892
Supplementary cash flow information:			
Total cash paid for interest		5,728	6,548

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

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

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

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

1. Description of the Company

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

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

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

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

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

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

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

As one of the tools for achieving these climate goals, which has a significant impact on the Company, is the emission rights market in Europe. The European Union influences the market for these emission rights,

for example by introducing a Market Stability Reserve (MSR), by reducing the total number of emission rights or by releasing them onto the market (back-loading). With increased decarbonization efforts, the market price of CO_2 emission rights receives a long-term growth stimulus; older, less efficient coal-fired power plants and heating plants or, in general, equipment cost-linked to the price of emission rights get under considerable economic pressure.

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

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

2. Summary of Significant Accounting Policies

2.1. Financial Statements

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

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

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

2.2.2. Subsidiaries

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

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

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

Business combinations are accounted for using the acquisition method. The cost of a business combination is the sum of the consideration transferred, measured at fair value at acquisition date, and the

amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized directly in profit or loss.

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

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

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

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

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

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

2.2.3. Associates

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

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

2.2.4. Joint-ventures

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

2.2.5. Transactions Involving Entities under Common Control of Majority Owner

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

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

2.3. Changes in Accounting Policies

2.3.1. Adoption of New IFRS Standards in 2024

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

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

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

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

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

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

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

2.3.3. Change of Presentation of Consolidated Statement of Cash Flows

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

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

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

2.4. Estimates and Accounting Judgments

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

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

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

Regarding the effects of decarbonization and the assumptions of further market development, the Group examined depreciation methods. The result is a change in the accounting estimate for the depreciation method for coal generation resources[1)] and for assets used in lignite mining (collectively "coal assets"). Up

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

to September 30, 2024, coal assets were depreciated on a linear basis over the expected remaining useful life. From October 1, 2024, the Group depreciates coal assets using a method in which depreciation decreases evenly over the remaining useful life (the so-called sum-of years' digits method). This method for coal assets appropriately captures the expected way of consumption of economic benefits in the future, when the gradually decreasing usage of these assets is expected.

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

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

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

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

2.5. Revenues

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

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

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

Revenues from the sales of gas
The Group sells and trades in gas. Revenues from the sale of gas are generated from sales to traders and to end consumers. Sales to end consumers are often in a form of combined supply of gas and distribution

services. To fulfill the obligation arising from the contract, i.e., revenue from the sale of gas is reported at the time of delivery of gas. Revenue from unbilled gas supplies is accounted for as an estimate using accruals (see Note 2.6). Invoicing to customers takes place according to the agreed contractual terms and volumes taken on a monthly, quarterly or annual basis, with the reconciliation of paid advances for the given period.

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

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

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

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

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

a) The buyer simultaneously receives and consumes benefits from the assets provided by the supplier.
b) The company delivers or raise the value of an asset that is controlled by the customer during the creation.
c) The company creates an asset that cannot be used for purposes other than delivery to this customer, and the company has an enforceable right for remuneration from performance so far performed.

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

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

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

2.6. Unbilled Electricity and Gas

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

2.7. Fuel Costs

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

2.8. Property, Plant and Equipment

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

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

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

plant and equipment is recognized in profit or loss and presented in the line item Impairments of property, plant and equipment and intangible assets.

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

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

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

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

2.9. Nuclear Fuel

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

2.10. Intangible Assets

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

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

2.11. Goodwill

Goodwill is initially measured at the amount of the difference between the consideration transferred plus the value of any non-controlling interest and the net amount of the identifiable assets acquired and liabilities assumed (see Note 2.2). Goodwill arising on the acquisition of subsidiaries is included in

intangible assets. Goodwill relating to associates and joint-ventures is recognized in the balance sheet as part of investments in associates and joint-ventures. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. The recognized goodwill is tested for possible impairment. The test is performed at least once a year or more frequently if there are indicators of possible impairment of goodwill.

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

2.12. Emission Rights

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

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

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

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

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

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

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

2.13. Classification of Financial Instruments

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

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

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

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

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

2.13.1. Financial Assets

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

The Group classifies assets into the following categories:

a) Financial asset measurement at amortized cost

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

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

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

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

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

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

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

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

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

2.13.2. Financial Liabilities

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

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

2.13.3. Derivatives

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

2.13.4. Impairment of Financial Assets

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

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

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

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

2.14. Non-commodity Derivatives

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

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

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

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

2.14.1. Fair Value Hedging Derivatives

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

2.14.2. Cash Flow Hedging Derivatives

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

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

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

2.14.3. Other Derivatives

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

2.15. Commodity Contracts

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

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

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

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

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

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

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

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

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

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

2.16. Cash and Cash Equivalents

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

2.17. Restricted Financial Assets

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

2.18. Contract Assets and Liabilities

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

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

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

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

2.19. Materials and Supplies

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

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

2.20. Fossil Fuel Stocks

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

2.21. Income Taxes

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

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

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

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

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

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

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

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

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

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

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

2.22. Long-term Debt

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

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

2.23. Nuclear Provisions

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

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

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

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

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

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

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

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

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

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

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

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

2.26. Exploration for and Evaluation of Mineral Resources

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

2.27. Leases

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

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

2.27.1. Group as a Lessee

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

a) Lease Liability

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

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

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

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

b) Right-of-use Assets

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

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

2.27.2. Group as a Lessor

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

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

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

2.28. Employee Benefits

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

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

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

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

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

2.29. Share-based Payments

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

2.30. Treasury Shares

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

2.31. Translation of Foreign Currencies

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

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

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

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

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

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

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

2.32. Assets Held for Sale

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

3. Property, Plant and Equipment

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

	Buildings	Plant and equipment	Land and other	Total plant in service
Cost at January 1, 2024	357,675	573,716	16,354	947,745
Additions	4,087	1,886	183	6,156
Disposals	(1,705)	(6,199)	(88)	(7,992)
Bring into use	15,903	15,541	667	32,111
Acquisition of subsidiaries	99,786	6,040	1,124	106,950
Transfer to assets classified as held for sale	(4,412)	(9,049)	(217)	(13,678)
Change in capitalized part of provisions	(2,532)	14,265	(34)	11,699
Reclassification and other	(5)	(43)	(5)	(53)
Currency translation differences	227	484	18	729
Cost at December 31, 2024	469,024	596,641	18,002	1,083,667
Accumulated depreciation and impairment at January 1, 2024	(168,931)	(362,958)	(6,611)	(538,500)
Depreciation and amortization of nuclear fuel[1)]	(13,876)	(24,567)	(485)	(38,928)
Net book value of assets disposed	(438)	(145)	(33)	(616)
Disposals	1,705	6,199	50	7,954
Transfer to assets classified as held for sale	4,361	8,826	179	13,366
Reclassification and other	-	(95)	7	(88)
Impairment losses recognized	(624)	(838)	(261)	(1,723)
Impairment losses reversed	34	46	5	85
Currency translation differences	(159)	(359)	(8)	(526)
Accumulated depreciation and impairment at December 31, 2024	(177,928)	(373,891)	(7,157)	(558,976)
Property, plant and equipment at December 31, 2024	291,096	222,750	10,845	524,691

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

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

	Buildings	Plant and equipment	Land and other	Total plant in service
Cost at January 1, 2023	339,869	549,019	14,657	903,545
Additions	1,375	1,145	109	2,629
Disposals	(2,134)	(6,186)	(70)	(8,390)
Bring into use	17,695	15,784	201	33,680
Acquisition of subsidiaries	300	389	20	709
Change in capitalized part of provisions	(275)	12,592	1,406	13,723
Reclassification and other	322	(80)	(2)	240
Currency translation differences	523	1,053	33	1,609
Cost at December 31, 2023	357,675	573,716	16,354	947,745
Accumulated depreciation and impairment at January 1, 2023	(157,102)	(343,677)	(4,785)	(505,564
Depreciation and amortization of nuclear fuel[1)]	(11,685)	(21,223)	(289)	(33,197
Net book value of assets disposed	(423)	(190)	(12)	(625)
Disposals	2,134	6,186	29	8,349
Reclassification and other	(21)	(835)	(8)	(864)
Impairment losses recognized	(1,939)	(2,629)	(1,979)	(6,547
Impairment losses reversed	529	311	453	1,293
Currency translation differences	(424)	(901)	(20)	(1,345
Accumulated depreciation and impairment at December 31, 2023	(168,931)	(362,958)	(6,611)	(538,500
Property, plant and equipment at December 31, 2023	188,744	210,758	9,743	409,245

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

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

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

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

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

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

Group as a Lessee

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

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

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

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

Group as a Lessor

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

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

4. Restricted Financial Assets

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

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

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

5. Derivatives and Other Financial Assets

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

	2024			
	Non-current assets	Current assets	Total	Non-curren assets
Term deposits	-	-	-	6
Other financial receivables	1,561	115	1,676	4,9
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	-	
Investment in finance lease	206	47	253	21
Total financial assets at amortized cost	1,767	162	1,929	5,1
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,501	-	3,501	3,7
Commodity and other derivatives	2,093	32,071	34,164	6
Total financial assets at fair value through profit or loss	5,594	32,071	37,665	3,8
Veolia Energie ČR, a.s. [1)]	-	-	-	40
Other equity financial assets	342	6	348	27
Total equity financial assets	342	6	348	67
Cash flow hedge derivatives	8,699	17,085	25,784	20,7
Debt financial assets	-	3,077	3,077	
Total financial assets at fair value through other comprehensive income	9,041	20,168	29,209	21,3
Total	16,402	52,401	68,803	30,3

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Intangible Assets

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

	Software	Rights and other	Emission rights	Goodwill
Cost at January 1, 2024	17,741	16,335	5	15,09
Additions	159	256	-	
Disposals	(1,017)	(264)	-	
Bring to use	3,062	553	-	
Acquisition of subsidiaries	645	1,001	-	2,22
Transfer to assets classified as held for sale	(38)	(2,421)	-	
Reclassification and other	182	(180)	(1)	
Currency translation differences	11	192	-	189
Cost at December 31, 2024	20,745	15,472	4	17,51
Accumulated amortization and impairment at January 1, 2024	(15,042)	(8,547)	-	
Amortization	(1,900)	(881)	-	
Net book value of assets disposed	(1)	(1)	-	
Disposals	1,017	264	-	
Transfer to assets classified as held for sale	17	2,421	-	
Impairment losses recognized	(13)	-	-	
Impairment losses reversed	-	-	-	
Reclassification and other	-	8	-	
Currency translation differences	(6)	(125)	-	
Accumulated amortization and impairment at December 31, 2024	(15,928)	(6,861)	-	
Intangible assets at December 31, 2024	4,817	8,611	4	17,51

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

	Software	Rights and other	Emission rights	Goodwill
Cost at January 1, 2023	16,508	14,359	-	13,37
Additions	68	115	-	
Disposals	(226)	(37)	-	
Bring to use	1,320	174	-	
Acquisition of subsidiaries	5	1,391	-	1,41
Transfer to non-current emission rights	-	-	5	
Reclassification and other	50	(42)	-	
Currency translation differences	16	375	-	304
Cost at December 31, 2023	17,741	16,335	5	15,09
Accumulated amortization and impairment at January 1, 2023	(13,806)	(7,584)	-	
Amortization	(1,402)	(737)	-	
Net book value of assets disposed	(5)	(2)	-	
Disposals	226	37	-	
Impairment losses recognized	(32)	-	-	
Impairment losses reversed	18	-	-	
Reclassification and other	(31)	31	-	
Currency translation differences	(10)	(292)	-	
Accumulated amortization and impairment at December 31, 2023	(15,042)	(8,547)	-	
Intangible assets at December 31, 2023	2,699	7,788	5	15,09

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The development of commodity prices and, in particular, the development of wholesale power prices in Germany, which has a major impact the development of wholesale power prices in the Czech Republic, are the key assumptions used for the ČEZ value model. The developments of wholesale prices are

primarily determined by the EU political decisions, the development of global demand and supply of commodities, a security situation in Europe and the technological progress.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The development of regulatory environment – Windfall tax.

8. Changes in the Group Structure

8.1. Changes in the Group Structure in 2024

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

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

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

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

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

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

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

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

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

The fair values of acquired identifiable assets and liabilities and the purchase considerations have been stated provisionall
subsequent period. The following table presents the current best estimate of fair values of acquired identifiable assets and
(in CZK millions):

	GasNet Group	Instal Bud Pecyna	ACTHERM Distribuce	Group o of E
Share being acquired	55.21%	100%	100%	
Property, plant and equipment	108,297	11	134	
Intangible assets	792	131	577	
Other long-term financial assets	1,840	24	-	
Other non-current assets	-	5	-	
Cash and cash equivalents	2,530	77	150	
Other short-term financial assets	1,438	-	-	
Materials and supplies	50	-	1	
Trade and other receivables	72	70	-	
Contract assets	915	31	-	
Another current assets	27	1	3	
Bonds payable, net of current portion	(40,844)	-	-	
Other long-term debt, net of current portion	(24,910)	(1)	(129)	
Long-term provision	(4)	(11)	-	
Other long-term financial liabilities	(5,136)	(14)	-	
Deferred tax liability	(16,820)	(25)	(121)	
Trade payables	(1,508)	(50)	(54)	
Other short-term financial payables	(1,749)	-	-	
Another current liabilities	(2,827)	(41)	(42)	
Total net assets	22,163	208	519	
Share of net assets acquired	12,236	208	519	
Repayment of the loan to the former shareholder	7,785	-	-	
Goodwill	1,547	220	-	
Bargain purchase	-	-	(7)	
Total purchase consideration	21,568	428	512	
Liabilities from acquisition of the subsidiary	-	(72)	-	
Cash outflow on acquisition in 2024	21,568	356	512	
Less: Cash and cash equivalents in the subsidiary acquired	(2,530)	(77)	(150)	

Cash outflow in 2024, net	19,038	279	362	

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

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

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

8.1.2. Changes in Non-controlling Interests in 2024

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

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

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

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

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

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

8.2. Changes in the Group Structure in 2023

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

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

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

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

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

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

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

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

On April 20, 2023, the Group acquired a 100% interest in the German companies Elektro Hofmockel GmbH & Co. Elektroanlagen KG and Elektro Hofmockel Verwaltungsgesellschaft mit beschränkter

Haftung, managing company, which focus on services in the field of automatization of treatment of wastewater. Industrial companies and municipalities are the main customers.

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

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

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

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

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

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

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

The following table presents the fair values of acquired identifiable assets and liabilities as of the date of acquisition (in CZ

	Group SERCOO	Group Alexander Ochs	Hofmockel companies	Tepelné hospodářst města Úst nad Laben
Share of the Group being acquired	100%	100%	100%	55.83%
Property, plant and equipment	200	42	23	21
Intangible assets	690	105	110	
Another non-current assets	58	-	2	
Cash and cash equivalents	25	107	13	23
Another short-term financial assets	601	-	-	
Materials	228	3	11	
Trade receivables	134	44	5	3
Contractual assets	37	32	-	
Another current assets	18	1	3	
Long-term debt, net of current portion	(153)	(29)	(7)	(3
Deferred tax liability	(199)	(32)	(34)	(1
Long-term provisions	(11)	-	-	(2
Trade payables	(70)	(103)	(14)	(3
Short-term provisions	(167)	(17)	(10)	
Another short-term financial liabilities	(624)	-	(8)	(
Another short-term liabilities	(104)	(30)	(14)	(11
Total net assets	663	123	80	27
Share of net assets acquired	663	123	80	15
Goodwill	696	254	196	
Total purchase consideration	1,359	377	276	15
Liabilities from acquisition of the subsidiary	-	(54)	(34)	
Carrying amount of the previous investment in the joint-venture	-	-	-	(15
Cash outflow on acquisition in 2023	1,359	323	242	
Less: Cash and cash equivalents acquired	(25)	(107)	(13)	(23
Cash outflow on acquisition in 2023, net	1,334	216	229	(23

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

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

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

8.2.2. Changes in Non-controlling Interests in 2023

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

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

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

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

9. Investments in Subsidiaries, Associates and Joint-ventures

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

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

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

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

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

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

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

5) The company name Elektro Hofmockel GmbH & Co. Elektroanlagen KG was changed to Hofmockel Automatisierungs- und Prozesstechnik GmbH in 2024.

6) The company was an associate till December 31, 2023. The company is a subsidiary since January 1, 2024. The voting interest was increased by 50,00% simultaneously.

7) The company name Ferme Eolienne du Germancé SAS was changed to Ferme Eolienne du Germancé SAS, société en liquidation in 2024.

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

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

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

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

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

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

Subsidiaries	Country	Operating segment	% equity interest[1)] Change in 2024	% equity interest[1)] 2024	% voting interest 2024
Windpark Zagelsdorf GmbH & Co. KG	DE	G	-	100.00	100.00
ZOHD Groep B.V.	NL	S	-	66.00	66.00

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

Used shortcuts:

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

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

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

Subsidiaries with Non-controlling Interests

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

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

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

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

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

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

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

Interests in Associates and Joint-ventures

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

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

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

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

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

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

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

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

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

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

The following tables present summarized financial information of material associates and joint-ventures for the year ended

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

	Revenues and other operating income	Depre-ciation and amortization	Interest income	Interest expense	Income taxes
Akenerji Elektrik Üretim A.Ş.	17,149	(912)	108	(1,346)	(51
Jadrová energetická spoločnosť Slovenska, a. s.	27	(13)	28	(1)	(
GEOMET s.r.o.	1	-	2	(22)	
Bytkomfort, s.r.o.	468	(25)	2	(1)	(
LOMY MOŘINA spol. s r.o.	519	(20)	1	-	(

The following tables present summarized financial information of material associates and joint-ventures for the year ended

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

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

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

10. Cash and Cash Equivalents

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

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

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

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

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

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

11. Trade and Other Receivables

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

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

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

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

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

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

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

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

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

Movements in allowances (in CZK millions):

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

12. Materials and Supplies

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

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

13. Emission Rights

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

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

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

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

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

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

14. Other Current Assets

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

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

15. Assets and Associated Liabilities Classified as Held for Sale

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

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

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

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

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

16. Equity

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

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

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

Capital Structure Management

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

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

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

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

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

17. Long-term Debt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. Trade Payables

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

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

19. Fair Value of Financial Instruments

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

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

Cash, Cash Equivalents and Short-term Investments

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

Securities Held for Trading

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

Non-current Debt and Equity Financial Assets

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

Short-term Receivables and Payables

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

Short-term Borrowings

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

Long-term Debt

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

Derivatives

The fair value of derivatives corresponds to their market value.

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

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

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

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

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

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

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

19.1. Fair Value Hierarchy of Financial Instruments

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

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

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

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

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

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

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

Assets measured at fair value:

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

Liabilities measured at fair value:

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

Assets and liabilities for which fair values are disclosed:

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

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

Assets measured at fair value:

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

Liabilities measured at fair value:

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

Assets and liabilities for which fair values are disclosed:

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

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

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

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

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

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

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

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

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

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

19.2. Offsetting of Financial Instruments

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

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

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

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

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

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

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

20. Financial Risk Management

Risk Management Approach

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

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

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

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

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

Risk Management Organization

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

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

Overview and Methods of Risk Management

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

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

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

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

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

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

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

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

20.1. Qualitative Description of Risks Associated with Financial Instruments

Commodity Risks

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

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

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

Credit Risks

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

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

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

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

Liquidity Risks

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

evaluate the effects of the transactions of the sliding sale of electricity and the purchase of emission rights in the horizon of the next 6 years.

20.2. Quantitative Description of Risks Associated with Financial Instruments

Commodity Risks

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

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

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

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

Currency Risks

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

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

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

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

Interest Risks

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

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

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

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

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

Credit Exposure

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

Liquidity Risk

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

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

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

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

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

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

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

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

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

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

20.3. Hedge Accounting

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

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

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

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

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

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

Total cash flow hedge	(141,550)	8,921

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

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

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

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

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

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

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

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

21. Provisions

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

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

21.1. Nuclear Provisions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21.3. Provision for Employee Benefits

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

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

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

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

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

22. Derivatives and Other Financial Liabilities

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

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

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

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

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

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

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

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

23. Short-term Loans

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

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

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

24. Other Short-term Liabilities

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

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

25. Leases

25.1. Group as a Lessee

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

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

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

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

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

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

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

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

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

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

25.2. Group as a Lessor

Finance Lease

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

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

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

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

Operating Lease

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

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

26. Revenues and Other Operating Income

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

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

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

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

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

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

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

27. Gains and Losses from Commodity Derivative Trading

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

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

28. Purchase of Electricity, Gas and Other Energies

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

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

29. Fuel and Emission Rights

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

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

30. Services

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

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

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

31. Salaries and Wages

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

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

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

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

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

32. Other Operating Expenses

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

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

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

33. Interest Income

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

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

34. Other Financial Expenses

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

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

35. Other Financial Income

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

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

36. Income Taxes

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

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

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

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

Year 2025	72%
From 2026 and on	21%

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

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

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

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

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

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

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

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

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

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

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

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

37. Related Parties

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

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

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

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

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

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

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

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

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

38. Segment Information

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

- Generation
- Distribution
- Sales
- Mining

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

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

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

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

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

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

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

The following tables summarize segment information by operating segments for the years ended December 31, 2024 and

Year 2024:	Gene-ration	Distribu-tion	Sales	Mining	Co
Revenues and other operating income – other than intersegment	121,298	53,259	164,928	5,224	3
Revenues and other operating income – intersegment	91,340	617	14,097	11,121	1
Total revenues and other operating income	212,638	53,876	179,025	16,345	4
Thereof:					
Sales of electricity, heat, gas and coal	196,671	17	129,915	14,822	3
Sales of services and other revenues	14,166	53,232	46,675	1,392	1
Other operating income	1,801	627	2,435	131	
Revenues and other operating income, including result from commodity derivative trading	218,779	53,876	179,134	16,344	4
Total sales of electricity, including the result of electricity trading[1)]	177,875	17	106,946	3	2
Gross margin	124,096	40,715	29,591	16,008	2
EBITDA	92,640	27,162	8,969	8,829	1
Depreciation and amortization	(26,448)	(9,952)	(2,966)	(2,343)	(
Impairment of property, plant and equipment and intangible assets	(60)	(602)	(17)	(1,879)	
Income before other income (expenses) and income taxes	66,287	16,627	6,026	4,641	
Interest on debt and provisions	(12,461)	(2,205)	(513)	(732)	(
Interest income	2,659	448	1,049	650	
Share of profit (loss) from associates and joint-ventures	(38)	18	13	(72)	
Income taxes	(47,620)	(3,171)	(1,573)	(604)	(
Net income	17,356	12,417	4,596	4,139	
Identifiable assets	298,623	255,188	16,653	10,632	5
Investment in associates and joint-ventures	2,669	35	274	604	
Unallocated assets					
Total assets					
Capital expenditure	28,218	22,732	4,606	1,918	
Average number of employees	12,689	5,427	9,100	4,305	

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

Year 2023:	Gene-ration	Distribu-tion	Sales	Mining	Co
Revenues and other operating income – other than intersegment	103,994	35,828	193,015	7,748	3
Revenues and other operating income – intersegment	141,107	379	28,785	13,765	
Total revenues and other operating income	245,101	36,207	221,800	21,513	5
Thereof:					
Sales of electricity, heat, gas and coal	227,999	-	178,736	20,130	4
Sales of services and other revenues	15,126	35,870	40,680	1,310	
Other operating income	1,976	337	2,384	73	
Revenues and other operating income, including result from commodity derivative trading	259,869	36,207	222,802	21,512	5
Total sales of electricity, including the result of electricity trading[1)]	201,627	-	139,241	5	3
Gross margin	119,400	28,837	25,737	21,113	
EBITDA	90,445	17,431	6,317	12,251	
Depreciation and amortization	(23,301)	(7,305)	(2,348)	(2,382)	(
Impairment of property, plant and equipment and intangible assets	(263)	(29)	(23)	(4,985)	
Income before other income (expenses) and income taxes	67,079	10,149	3,974	4,915	
Interest on debt and provisions	(12,379)	(1,263)	(488)	(654)	(
Interest income	4,732	734	1,325	684	
Share of profit (loss) from associates and joint-ventures	(18)	612	391	(153)	
Income taxes	(42,491)	(3,078)	(1,153)	(2,920)	(
Net income	28,167	6,802	3,450	2,099	
Identifiable assets	288,800	135,516	15,104	12,977	4
Investment in associates and joint-ventures	2,773	-	284	680	
Unallocated assets					
Total assets					
Capital expenditure	22,305	17,008	4,776	2,480	
Average number of employees	12,005	4,621	8,606	4,331	

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

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

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

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

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

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

39. Net Income per Share

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

40. Other Non-cash Expenses and Income

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

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

41. Commitment and Contingencies

Investment Plans

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

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

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

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

Insurance Matters

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

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

42. Events after the Balance Sheet Date

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

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

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

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

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

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

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

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

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

Daniel Beneš
Chairman of the Board of Directors

Martin Novák
Member of the Board of Directors

INDEPENDENT AUDITOR'S REPORT ON THE SEPARATE FINANCIAL STATEMENTS

The information below is a translation of the Independent Auditor's Report dated April 7, 2025. The Independent Auditor's Report was issued in connection with the audit of the Separate Financial Statements of ČEZ as of and for the year ended December 31, 2024, included herein. This report refers to these financial statements mentioned, but also, among others, relates to the content of the CEZ Group's Annual Financial Report which is not available as of the date of this Base Prospectus and is planned to be made public on or around April 30, 2025; the Annual Financial Report does not form part of this Base Prospectus. For a full understanding of the Independent Auditor's Report, it should be read in conjunction with the Annual Financial Report, as and when published.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal Court in Prague, Section C, File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ČEZ, a. s.

Having its registered office at: Duhová 2/1444, 140 53 Praha 4

Report on the audit of the separate financial statements

Opinion

We have audited the accompanying separate financial statements of ČEZ, a. s. (hereinafter also the "Company"), prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the balance sheet as at 31 December 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements (hereinafter also the "financial statements") give a true and fair view of the financial position
of ČEZ, a. s. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (hereinafter also referred to as the "IFRS").

Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are matters that, in our professional judgement, were the most significant in the audit of the financial statements for the current period. We considered these matters in the context of our audit of the financial statements as a whole and in forming our opinion on those financial statements. We do not provide a separate opinion on these matters.

Classification and valuation of derivative transactions and commodity contracts

The Company uses financial derivatives to hedge the risks associated with its activities. In addition, the Company concludes commodity contracts relating primarily to trading in electricity, natural gas and emission allowances. Given the complexity of assessing these contracts, their measurement and subsequent recognition in the financial statements, we consider this area to be a key audit matter.

IFRS 9 Financial Instruments: Recognition and Measurement, distinguishes between contracts that are classified as derivatives measured at fair value and 'own use' contracts that are not within the scope of IFRS 9. 'Own use' contracts are those where the Company expects to physically deliver the commodity in quantities for consumption or sale in the ordinary course of the Company's business.

We evaluated the system of internal controls related to the initial recognition of derivatives and commodity contracts. We evaluated the system of internal controls related to measurement. For contracts classified as 'own use', we evaluated internal controls related to their classification, including the Company's ability to physically deliver the commodity during the contractual period, and verified that these internal controls were operating effectively. Our internal financial instrument specialists also participated in performing audit procedures.

We also performed audit procedures focusing on analysing and comparing the amount of commodities that were physically delivered in 2024 and the volume of the 'own use' contract portfolio. We verified the Company's ability to physically deliver the commodity for contracted future 'own use' sales as well as the stability of the portfolio to ensure that contracts are not reclassified during their term. We also focused on whether the information provided by the Company on the classification of commodity contracts in the Notes to the Financial Statements, specifically in Note 2.12. Non-commodity Derivatives, Note 2.13. Commodity Contracts, Note 5. Derivatives and Other Financial Assets, Note 19. Fair Value of Financial Instruments, Note 22. Derivatives and Other Financial Liabilities and Note 27. Gains and Losses from Commodity Derivative Trading, is consistent with the IFRS requirements.

Asset retirement obligation

The Company establishes nuclear provisions and a provision for demolition and dismantling of fossil-fuel power plants. The establishment of these provisions requires significant judgements on the part of the Company, including the determination of long-term discount rates, estimates of inflation, estimates of future expected costs associated with the nuclear provisions and the provision for demolition and dismantling of fossil-fuel power plants. Accordingly, we consider the establishment of these provisions and their recognition in the financial statements to be a key audit matter.

We evaluated the system of internal controls relating to the determination of the above provisions. We performed audit procedures focusing on an independent recalculation of the discount rates used in the calculation of these provisions, detailed testing of significant input parameters for the calculation of the provisions, recalculated the provisions and developed an independent model to calculate the estimated amount of the selected provisions and compared the results of this model to the Company's calculations. We also focused on whether the information that the Company provided in the Notes to the Financial Statements, specifically in Note 2.20. Nuclear Provisions, Note 2.21. Provision for Demolition and Dismantling of Fossil-fuel Power Plants and Note 21. Provisions, are consistent with the IFRS requirements.

Other information in the Annual Financial Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Financial Report other than the financial statements, consolidated financial statements and auditor’s reports thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information with the exception of the sustainability report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the sustainability report has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e., whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information with the exception of the sustainability report is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors, Supervisory Board and Audit Committee for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Information required by Regulation (EU) No. 537/2014 of the European Parliament and of the Council

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the auditor and the period of engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 28 June 2021 and our uninterrupted engagement has lasted for **2** years.

Consistency with the additional report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 7 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of non-audit services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings, and which have not been disclosed in the Annual Financial Report.

In Prague on 7 April 2025

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. registration no. 079	Martin Tesař registration no. 2030

ČEZ, a. s.

SEPARATE FINANCIAL STATEMENTS

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

(Translation of Separate Financial Statements Originally Issued in Czech)

ČEZ, a. s.
BALANCE SHEET
AS OF DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
ASSETS:			
Plant in service		562,571	545,946
Less accumulated depreciation and impairment		(330,620)	(311,853)
Net plant in service		231,951	234,093
Nuclear fuel		20,574	16,002
Construction work in progress		19,684	13,457
Total property, plant and equipment	3	272,209	263,552
Restricted financial assets	4	20,049	18,224
Other non-current financial assets	5	195,499	182,991
Intangible assets	6	1,969	1,705
Investment properties	7	440	382
Total other non-current assets		217,957	203,302
Total non-current assets		490,166	466,854
Cash and cash equivalents	8	32,868	5,680
Trade and other receivables	9	56,047	86,885
Income tax receivable		-	2
Materials and supplies	10	11,853	10,488
Fossil fuel stocks		1,180	2,056
Emission rights	11	24,532	23,196
Derivatives and other current financial assets	5	59,780	126,010
Other current assets	12	14,859	4,795
Assets classified as held for sale	13	1,356	-
Total current assets		202,475	259,112
Total assets		692,641	725,966

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

ČEZ, a. s.
BALANCE SHEET
AS OF DECEMBER 31, 2024

continued

	Note	2024	2023
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		113,335	129,117
Total equity	16	165,800	181,582
Long-term debt, net of current portion	17	148,667	122,644
Provisions	21	159,707	143,009
Other long-term financial liabilities	22	7,982	4,363
Deferred tax liability	37	18,582	28,116
Total non-current liabilities		334,938	298,132
Short-term loans	23	2,199	7,240
Current portion of long-term debt	17	24,173	29,456
Trade payables	18	30,723	45,654
Income tax payable		852	356
Provisions	21	26,349	20,677
Derivatives and other short-term financial liabilities	22	106,649	139,881
Other short-term liabilities	24	958	2,988
Total current liabilities		191,903	246,252
Total equity and liabilities		692,641	725,966

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

ČEZ, a. s.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
Sales of electricity, heat and gas		182,643	206,998
Sales of services and other revenues		7,987	10,938
Other operating income		946	1,138
Total revenues and other operating income	26	191,576	219,074
Gains and losses from commodity derivative trading	27	6,059	16,499
Purchase of electricity, gas and other energies	28	(39,636)	(74,560)
Fuel and emission rights	29	(42,098)	(38,916)
Services	30	(16,162)	(14,377)
Salaries and wages	31	(11,551)	(10,828)
Materials and supplies		(2,762)	(2,526)
Capitalization of expenses to the cost of assets and change in own inventories		229	175
Depreciation and amortization	3, 6, 7	(22,347)	(19,670)
Impairment of property, plant and equipment and intangible assets		(6)	20
Impairment of trade and other receivables		(240)	97
Other operating expenses	32	(1,400)	(11,517)
Income before other income (expenses) and income taxes		61,662	63,471
Interest on debt		(8,162)	(9,611)
Interest on provisions	21	(7,033)	(6,300)
Interest income	33	5,190	8,114
Impairment of financial assets	34	5,051	140
Other financial expenses	35	(806)	(1,159)
Other financial income	36	10,519	15,257
Total other income (expenses)		4,759	6,441
Income before income taxes		66,421	69,912
Income taxes	37	(46,736)	(41,818)
Net income		19,685	28,094
Net income per share (CZK per share):	40		
Basic		36.7	52.3
Diluted		36.7	52.3

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

ČEZ, a. s.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023
Net income		19,685	28,094
Change in fair value of cash flow hedges	20.3	(4,645)	83,603
Cash flow hedges reclassified to statement of income	20.3	(15,249)	22,371
Cash flow hedges reclassified to assets	20.3	40	(131)
Change in fair value of debt financial instruments		(571)	1,925
Deferred tax related to other comprehensive income	37	11,716	(75,260)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(8,709)	32,508
Change in fair value of equity instruments		953	(305)
Re-measurement gains (losses) on defined benefit plans		158	-
Deferred tax related to other comprehensive income	37	(33)	-
Net other comprehensive income not to be reclassified from equity		1,078	(305)
Total other comprehensive income, net of tax		(7,631)	32,203
Total comprehensive income, net of tax		12,054	60,297

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

ČEZ, a. s.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Stated capital	Treasury shares	Cash flow hedge reserve	Debt financial instruments	Equity financ instrument and other reserves
Balance as at January 1, 2023	53,799	(1,334)	(22,429)	(1,300)	(1,98
Net income	-	-	-	-	
Other comprehensive income	-	-	30,907	1,601	(30
Total comprehensive income	-	-	30,907	1,601	(30
Effect of business combinations	-	-	-	-	9
Dividends	-	-	-	-	
Balance as at December 31, 2023	53,799	(1,334)	8,478	301	(2,19
Net income	-	-	-	-	
Other comprehensive income	-	-	(8,141)	(568)	95
Total comprehensive income	-	-	(8,141)	(568)	95
Effect of business combinations	-	-	-	-	
Dividends	-	-	-	-	
Balance as at December 31, 2024	53,799	(1,334)	337	(267)	(1,24

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

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

In CZK Millions

	Note	2024	2023*
OPERATING ACTIVITIES:			
Income before income taxes		66,421	69,912
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	3, 6, 7	22,347	19,670
Amortization of nuclear fuel	3	3,821	3,706
(Gains) and losses on non-current asset retirements		(83)	(1,484)
Foreign exchange rate loss (gain)		(833)	(899)
Interest expense, interest income and dividend income		(6,284)	(10,650)
Provisions		10,026	2,988
Impairment of property, plant and equipment and intangible assets		6	(20)
Other non-cash expenses and income	15	(17,285)	24,826
Changes in assets and liabilities:			
Receivables and contract assets		21,151	87,645
Materials, supplies and fossil fuel stocks		(504)	4,656
Receivables and payables from derivatives		36,957	(10,393)
Other assets		206	4,195
Trade payables		(14,594)	(31,757)
Other liabilities		2,019	(4,147)
Cash from operations		123,371	158,248
Income taxes paid		(44,095)	(56,307)
Interest paid, net of capitalized interest		(7,511)	(9,516)
Interest received		5,273	8,087
Dividends received	5, 36	9,256	12,147
Net cash flow from operating activities		86,294	112,659
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures		(24,371)	(10,927)
Proceeds from disposal of subsidiaries, associates and joint-ventures and original investments repayments	14	1,003	2,959
Additions to non-current assets before deducting grants, including capitalized interest		(22,544)	(20,337)
Proceeds from grants to non-current assets		487	28
Proceeds from sale of non-current assets		208	906
Loans made		(80)	(5,147)
Repayment of loans		2,574	8,813
Change in restricted financial assets		(2,267)	(1,484)
Net cash flow from investing activities		(44.990)	(25,189)

* The way of presentation of this statement was changed in 2024 (see Note 2.2.3). The prior year figures were changed accordingly to provide comparative information on the same basis and they do not fully correspond to the financial statements as at December 31, 2023.

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

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

continued

	Note	2024	2023*
FINANCING ACTIVITIES:			
Proceeds from borrowings		315,535	113,483
Payments of borrowings		(304,329)	(149,956)
Payments of lease liabilities	25	(321)	(259)
Proceeds from other long-term liabilities		6	5
Payment of other long-term liabilities		(908)	(1,822)
Change in payables/receivables from Group cash pooling		4,025	1,546
Dividends paid		(27,935)	(77,435)
Net cash flow from financing activities		(13,927)	(114,438)
Net effect of currency translation and allowances in cash		(189)	(364)
Net increase (decrease) in cash and cash equivalents		27,188	(27,332)
Cash and cash equivalents at beginning of period		5,680	33,012
Cash and cash equivalents at end of period	8	32,868	5,680
Supplementary cash flow information:			
Total cash paid for interest		8,005	9,959

* The way of presentation of this statement was changed in 2024 (see Note 2.2.3). The prior year figures were changed accordingly to provide comparative information on the same basis and they do not fully correspond to the financial statements as at December 31, 2023.

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

ČEZ, a. s.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024

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ČEZ, a. s.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024

1. Description of the Company

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

The company was incorporated by entry in the Commercial Register kept by the Municipal Court in Prague (section B, entry 1581) on May 6, 1992.

The main subject of the Company's business is the production of electricity, trade in electricity, gas and other commodities and production and distribution of thermal energy. ČEZ is a parent company of the CEZ Group, which is one of the largest economical entities in Central Europe.

The average full-time equivalent number of employees was 6,698 and 6,345 in 2024 and 2023, respectively.

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

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

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

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

As one of the tools for achieving these climate goals, which has a significant impact on the Company, is the emission rights market in Europe. The European Union influences the market for these emission rights, for example by introducing a Market Stability Reserve (MSR), by reducing the total number of

emission rights or by releasing them onto the market (back-loading). With increased decarbonization efforts, the market price of CO_2 emission rights receives a long-term growth stimulus; older, less efficient coal-fired power plants and heating plants or, in general, equipment cost-linked to the price of emission rights get under considerable economic pressure.

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

The impacts of climate changes, but also a number of other factors, are evaluated in the various estimates and accounting judgments that the preparation of financial statements according to IFRS requires (see Note 2.3). Mainly it relates to determination of recoverable amount of property, plant and equipment and intangible assets (see Note 3), of the provision for demolition and dismantling of fossil-fuel power plants (see Note 21.2) and of remaining useful life and depreciation methods used for depreciation of property, plant and equipment (see Note 2.6).

2. Summary of Significant Accounting Policies

2.1. Financial Statements

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

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

Due to the economic substance of transactions and the environment in which the Company operates, the Czech crowns (CZK) is used as the functional currency and reporting currency.

The Company has also prepared CEZ Group's consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union for the same period.

Explanation Added for Translation into English

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

2.2. Changes in Accounting Policies

2.2.1. 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 Company 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 those standards and amendments did not have significant impact to the Company's financial statements.

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

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

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

The Company assesses the impact of IFRS 18 to the financial statements. The Company does not expect early adoption of any other of the above-mentioned new or amended standards and does not expect any significant impact to the Company's financial statements.

2.2.3. The Change of Presentation of Statement of Cash Flows

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

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

	Adjustment 2023
Statement of cash flows:	
Receivables and contract assets	3,108
Other liabilities	(2,472)
Cash from operations	636
Net cash flow from operating activities	636
Additions to non-current assets before deducting grants, including capitalized interest	(664)
Proceeds from grants to non-current assets	28
Net cash flow from investing activities	(636)
Net increase in cash and cash equivalents	-

2.3. Estimates and Accounting Judgments

The Company makes significant estimates when determining the recoverable amounts of property, plant and equipment and non-current financial assets (see Notes 3 and 5), for nuclear provisions (see Notes 2.20 and 21.1), provision for demolition and dismantling of fossil-fuel power plants (see Notes 2.21 and 21.2), for provision for waste storage restoration (see Note 21.2), and when determining the fair value of commodity contracts (see Notes 2.13 and 19) and non-commodity derivatives (see Notes 2.12 and 19), incremental interest rates and lease terms to measure lease liabilities (see Notes 2.22 and 25) and deferred tax calculation (see Notes 2.18 and 37). Actual outcome may vary from these estimates.

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

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

Regarding the effects of decarbonization and the assumptions of further market development, the Company examined depreciation methods. The result is a change in the accounting estimate for the depreciation method for coal generation resources (collectively "coal assets"). Up to September 30, 2024, coal assets were depreciated on a linear basis over the expected remaining useful life. From October 1, 2024, the Company depreciates coal assets using a method in which depreciation decreases evenly over the remaining useful life (the so-called sum-of years' digits method). This method for coal assets appropriately captures the expected way of consumption of economic benefits in the future, when the gradually decreasing usage of these assets is expected.

The depreciable amount of the Company's coal assets was CZK 60.5 billion as at September 30, 2024. The following table shows the depreciation schedule as a percentage of the depreciable amount as at September 30, 2024, after the change in the depreciation method until 2030, which represents the currently expected end of operation of the coal assets:

	Q4 2024	Year 2025	Year 2026	Year 2027	Year 2028	Year 2029	Year 2030	Total
Share of depreciation on the depreciable amount after changing the depreciation method	8%	28%	23%	18%	13%	7%	3%	100%

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

The most significant changes in estimates in 2023 related to the provision for nuclear decommissioning due to update of the expert decommissioning studies for Dukovany and Temelín Nuclear Power Plants and to the change of the discount rate.

2.4. Revenues and Other Income

Revenue is recognized, when the Company has satisfied a performance obligation and the amount of revenue can be reliably measured. The Company 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 largest part of the Company's revenues is from the supply of electricity, heat and gas, which are charged (see also below) based on contractual terms at the time of delivery. Any deviations between the quantities specified in the contracts and actual deliveries are settled through the market operator.

Revenues from the sales of electricity
The Company generates, sells and trades in electricity. Revenues from the sale of electricity are generated from sales on organized markets and from sales to traders. Invoicing to customers takes place according to the agreed contractual terms and volumes taken mainly on monthly basis.

Revenues from the sales of gas
The Company sells and trades in gas. Revenues from the sale of gas are generated from sales to traders. Invoicing to customers takes place according to the agreed contractual terms and volumes taken mainly on monthly basis.

Revenues from the sale of heat
The Company generates heat mainly through cogeneration, which ensures efficient fuel use and lower pollutant emissions. The generation of heat energy and its subsequent sale are subject to regulation by the Energy Regulatory Office. The main customer of heat is the subsidiary ČEZ Teplárenská, a.s., which ensures the distribution of heat to end customers or other distributors. Invoicing to customers takes place according to the agreed contractual terms and volumes taken mainly on monthly basis.

Revenues from sales of services
The largest portion of revenue from the sale of services is generated by sales of ancillary services, services related to imbalance compensation and management and support services for the Group. Invoicing to customers takes place mainly on monthly basis.

Dividend income is recognized when the Company is awarded the right to the payment of the dividend.

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

2.5. Fuel Costs

Fuel is recognized as costs when it is consumed. Fuel costs include the depreciation of nuclear fuel (see Note 2.7).

2.6. 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. 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 Company assesses whether there are any indicators that an asset may have been impaired. Where there are such indicators of impairment, the Company 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 Company 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 Company 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 Company depreciates the cost of property, plant and equipment (if any, adjusted for impairment losses) less the residual value over the estimated useful life of the relevant asset. Coal assets are depreciated using the sum-of years' digits method (see Note 2.3). The Company depreciates other assets, except nuclear fuel (see Note 2.7), on a straight-line basis. Each part of an item of property, plant and equipment that is significant in relation to the total amount of the asset is recognized and depreciated separately.

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

	Useful lives (years)
Buildings and structures	13–60
Machinery and equipment	4–45
Vehicles	4–37
Furniture and fixtures	4–15

The average depreciation period depending on useful life as at December 31, 2024, is determined as follows:

	Average life (years)
Hydro plants	
Buildings and structures	48
Machinery and equipment	17
Fossil fuel plants	
Buildings and structures	29
Machinery and equipment	18
Nuclear power plant	
Buildings and structures	50
Machinery and equipment	38

2.7. Nuclear Fuel

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

2.8. Intangible Assets

Intangible assets are measured at costs, including the purchase price and related expenses.

At each reporting date, the Company assesses whether there are any indicators that a non-current intangible asset may have been impaired. 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.

Non-current intangible assets are amortized using the straight-line method over their estimated useful life.

The estimated useful life of intangible assets as at December 31, 2024, is determined as follows:

	Average life (years)
Software	3–24
Rights	6–29
Easements	6

2.9. Investment Property

Investment property is a property held to earn rentals or for capital appreciation, or both, rather than use for ordinary course of business. If the property is also used for ordinary business, it is an investment in property only if the owner-occupied portion is not significant.

Investment property is initially measured at cost, which consists of the purchase cost and any directly attributable transaction costs. After initial recognition, investment property is recognized in accordance with the cost model. The average depreciation period based on useful life is 49 years.

2.10. Emission Rights

The greenhouse gas emission right (hereinafter the emission right) represents the right of the operator of a facility that generates greenhouse gas emissions by its operation to emit the equivalent of a ton of carbon dioxide into the atmosphere in a given calendar year. The Company is obliged to determine and report the amount of greenhouse gas emissions from the facilities for each calendar year and this amount must be audited by an accredited person. The Company was allocated a certain amount of emission rights on the basis of the National Allocation Plan.

The Company 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 Company

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

At each reporting date, the Company assesses whether there are any indicators that emission allowances may have been impaired. Where there are such indicators, the Company 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 Company also purchases emission rights for the purpose of trading. The portfolio of emission rights held for trading is measured at fair value at the end of the reporting period, with any changes in fair value recognized in profit or loss and presented in the line item Gains and losses from commodity derivative trading. Emission rights purchased for the purpose of trading are recognized as current assets in the line item Emission rights.

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

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 Company intends to realize them within 12 months of the end of the reporting period or if there is not reasonable assurance that the Company 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 Company 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 in terms of measurement at amortized cost, at fair value depending on whether the financial assets are held for sale or whether they are held under a business model whose objective is to hold the assets to collect contractual cash flows and at cost.

The Company classifies assets into the following categories:

a) Financial asset measurement at amortized cost

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

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

d) Financial asset measurement at cost

This category of financial assets comprises investments in subsidiaries, associates and joint-ventures. Additions to impairment are recognized in profit or loss.

At each reporting date, the Company assesses whether there are any indicators that a financial asset measurement at cost may have been impaired. Where there are such indicators of impairment, the Company checks whether the recoverable amount of the item of financial asset is less than its net value. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Any impairment of financial asset is recognized in profit or loss and presented in the line item Impairment of financial assets.

2.11.2. Financial Liabilities

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

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

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

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

For hedge accounting purposes, hedging transactions are classified either as fair value hedges where the risk of change in the fair value of a balance sheet asset or liability is hedged or as cash flow hedges where the Company 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 Company prepares a documentation identifying the hedged item and the hedging instrument used, describes economic relationship between hedged item and the hedging instrument, evaluation of effectivity and also describes targets and strategy for managing risks for various hedging transactions.

The Company 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 recognized in other comprehensive income. The gain or loss attributable to the ineffective portion is presented in the statement of income in the line 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 Company assume physical delivery of the commodity in amounts intended for use or sale in the course of the Company's ordinary activities. Therefore, such contracts (so-called "own use" contracts) are not within the scope of IFRS 9 and are specifically registered to allow differentiation from contracts within the scope of IFRS 9.

Forward purchases and sales with physical delivery of energy are not within the scope of IFRS 9 as long as the contract is made in the course of the Company'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 Company's operating requirements,
- There is no practice of settlements of these contracts net in cash or another financial instrument or by exchanging financial instruments,
- The contract does not represent a sold option as defined by IFRS 9. In the specific case of electricity sales contracts, the contracts are substantially equivalent to firm forward sales or can be considered sales of generation capacity.

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

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

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

Commodity contracts that are within the scope of IFRS 9 and that do not hedge cash flow are revalued to fair value, with changes in fair value recognized in profit or loss. The Company 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 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. Foreign currency cash and cash equivalents are translated to the Czech crowns at the exchange rate applicable at the end of the reporting period.

2.15. Restricted Financial Assets

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

2.16. Materials and Supplies

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

Gas inventories are acquired mainly for purpose of trading. Gas in a gas storage, which is intended for trading, is measured at fair value less cost to sell at the date of the financial statements. Changes in fair value are recognized in the statement of income in the item Gains and losses from commodity derivative trading.

2.17. Fossil Fuel Stocks

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

2.18. Income Taxes

The amount of income taxes is determined in compliance with Czech tax laws and is based on the Company's profit or loss determined in accordance with Czech accounting regulations and adjusted for permanently or temporarily non-deductible expenses and untaxed income (e.g., a difference in the depreciation and amortization of non-current assets for tax and accounting purposes). The current income tax at December 31, 2024 and 2023, was calculated from income before tax in accordance with Czech accounting regulations, adjusted for some items that are non-deductible or non-taxable for tax purposes, using a base rate of 21% and 19%, respectively. In the period of 2023–2025 the taxable income of the Company (above the tax base derived from average tax base from years 2018–2021 increased by 20%) is, and will be, respectively, burdened by an increased tax rate of 60%, windfall tax (see Note 37). The applicable income tax rate including windfall tax is 75% for 2024. Expected tax rate from 2026 is 21%.

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

Deferred tax is calculated on the basis of the liability method based on a balance sheet approach. Deferred tax is calculated from temporary differences between accounting measurement and measurement for the purposes of determining the income tax base. Deferred tax is determined using rates and laws that have been enacted by the end of the reporting period and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled. The Company applies 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 asset is recognized when it is probable that the Company will generate sufficient taxable profit in the future against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. A deferred tax liability is recognized for all taxable temporary differences.

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.

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

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

2.19. 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. Nuclear Provisions

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

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

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

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

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

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

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

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

2.22. Leases

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

The Company does not apply IFRS 16 to leases of intangible assets.

2.22.1. Company as a Lessee

The Company uses a consistent approach to the reporting and measurement of all leases, except for short-term leases and leases of low-value assets. The Company accounts for future lease payments as lease liabilities and recognizes right-of-use assets, which 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 Company 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 Company uses an incremental interest rate at the commencement date of the lease. 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 Company 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 Company estimates the incremental interest rate using observable inputs, such as market interest rates.

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

b) Right-of-Use Assets

The Company 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 Company 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	4–30
Buildings	6–13
Vehicles, machinery and equipment	3–29
Furniture and fixtures and other tangible assets	12–14

2.22.2. Company as a Lessor

The Company leases out its tangible assets including own tangibles and right-of-use assets. The Company has classified the leases as financial or operating leases. Operating lease is a lease whereby the Company does not transfer substantially all the risks and rewards incidental to the ownership of 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 finance leases, the Company recognizes a 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 Company 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 Company uses the discount rate used for the head lease.

2.23. Employee Benefits

The Company 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 the Company in accordance with valid collective agreement.

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 the interest costs incurred. These expenses are recognized in the statement of income in the line item Interest on provision.

2.24. Share-based Payments

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

2.25. Treasury Shares

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

2.26. Foreign Currency Transactions

Assets and liabilities in foreign currencies are translated into the Czech currency at the exchange rate applicable at the date of the accounting transaction as published by the Czech National Bank for that date. In annual financial statements, such monetary assets and liabilities are translated at the exchange rate applicable at December 31. Exchange differences arising on the settlement of such transactions and from the translation of monetary assets and liabilities in foreign currencies are recognized in profit or loss, except when exchange differences arise in connection with a liability that is classified as an effective hedge of cash flows. Such exchange differences are recognized directly in equity.

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

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

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

2.27. Assets Classified as Held for Sale

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

3. Property, Plant and Equipment

The overview of property, plant and equipment at December 31, 2024 and 2023, was as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclea
Cost at January 1, 2024	141,558	402,606	1,782	545,946	2
Additions	500	101	38	639	
Disposals	(493)	(3,131)	(48)	(3,672)	(4
Bring into use	1,758	5,466	509	7,733	
Change in capitalized part of the provision	(2,580)	14,337	-	11,757	
Effect of business combinations	-	183	-	183	
Other	40	(4)	(51)	(15)	
Cost at December 31, 2024	140,783	419,558	2,230	562,571	2
Accumulated depreciation and impairment at January 1, 2024	(70,484)	(241,194)	(175)	(311,853)	(7
Depreciation and amortization of nuclear fuel[1)]	(6,131)	(16,013)	(25)	(22,169)	(3
Net book value of assets disposed	(7)	(51)	(32)	(90)	
Disposals	493	3,131	40	3,664	
Effect of business combinations	-	(148)	-	(148)	
Other	(44)	-	-	(44)	
Impairment losses recognized	(8)	(1)	-	(9)	
Impairment losses reversed	24	1	4	29	
Accumulated depreciation and impairment at December 31, 2024	(76,157)	(254,275)	(188)	(330,620)	(6
Property, plant and equipment at December 31, 2024	64,626	165,283	2,042	231,951	2

[1)] The amortization of nuclear fuel as at December 31, 2024, also includes the creation of a provision for temporary storage of spen CZK 577 million.

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclea
Cost at January 1, 2023	132,811	380,261	1,582	514,654	2
Additions	54	68	18	140	
Disposals	(1,097)	(3,081)	(15)	(4,193)	(4
Bring into use	4,351	5,876	123	10,350	
Change in capitalized part of the provision	990	12,689	-	13,679	
Effect of business combinations	4,331	6,789	69	11,189	
Other	118	4	5	127	
Cost at December 31, 2023	141,558	402,606	1,782	545,946	2
Accumulated depreciation and impairment at January 1, 2023	(62,519)	(224,489)	(163)	(287,171)	(8
Depreciation and amortization of nuclear fuel[1)]	(5,698)	(13,787)	(20)	(19,505)	(3
Net book value of assets disposed	(22)	(99)	(2)	(123)	
Disposals	1,097	3,081	9	4,187	
Effect of business combinations	(3,296)	(5,899)	-	(9,195)	
Other	(66)	-	-	(66)	
Impairment losses recognized	(1)	(1)	-	(2)	
Impairment losses reversed	21	-	1	22	
Accumulated depreciation and impairment at December 31, 2023	(70,484)	(241,194)	(175)	(311,853)	(7
Property, plant and equipment at December 31, 2023	71,074	161,412	1,607	234,093	1

[1)] The amortization of nuclear fuel as at December 31, 2023, also includes the creation of a provision for temporary storage of sper CZK 402 million.

In 2024 and 2023, a composite depreciation rate of plant in service was 4.0% and 3.7%, respectively.

In 2024 and 2023, capitalized interest costs amounted to CZK 530 million and CZK 447 million, respectively, and the interest capitalization rate was 3.4% and 3.3%, respectively.

Construction work in progress contains mainly investments related to the acquisition of nuclear fuel, photovoltaic power plants and refurbishments performed on Temelín, Dukovany and Tušimice power plants.

The Company drew in 2024 and 2023 grants related to the property, plant and equipment in the amount of CZK 279 million and CZK 664 million, respectively.

Company as a Lessee

The following table shows selected information as at December 31, 2024, and for the year ended 2024, respectively, relating to right-of-use assets according to the classes of leased tangible fixed assets (in CZK millions):

	2024			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	500	100	38	638
Depreciation charge for right-of-use assets	(140)	(54)	(16)	(210)
Carrying amounts as at December 31	830	194	95	1,119

The following table shows selected information as at December 31, 2023, and for the year ended 2023, respectively, relating to right-of-use assets according to the classes of leased tangible fixed assets (in CZK millions):

	2023			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	54	68	18	140
Depreciation charge for right-of-use assets	(134)	(32)	(17)	(183)
Carrying amounts as at December 31	470	149	99	718

Company as a Lessor

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

	Buildings	Vehicles	Land and other	Total plant in service
Carrying amount as at December 31, 2024	2,230	358	151	2,739
Carrying amount as at December 31, 2023	2,302	131	381	2,814

Testing Assets for Impairment

The Company's generation assets are tested for potential impairment as a single cash-generating unit at December 31, 2024. At December 31, 2023, Company's generation assets were divided to two cash generating units for purpose of testing for potential impairment - CCGT plant at Počerady and other generation assets. The cash-generating unit of the Company's generation assets is characterized by portfolio management in the deployment of generating facilities, in their maintenance and in the cash flows arising from this activity.

Testing of the recoverable amount of non-current assets of the ČEZ, a. s., cash-generating unit (hereinafter the ČEZ value) included an analysis of the sensitivity of test results to change in selected significant parameters of the model used – change in wholesale electricity prices (hereinafter the EE prices), the discount rate used in calculating the present value of future cash flows, and the CZK/EUR exchange rate.

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

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

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

The result of the sensitivity test shown below reflects an expert estimation of the status and changes of the above-mentioned factors within the modeled period time frame and the status of price and currency hedges for future generation as at December 31, 2024.

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

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

change of approximately CZK 6.1 billion in the ČEZ value. Above-mentioned changes in ČEZ value would not lead to an impairment of assets.

4. Restricted Financial Assets

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

	2024	2023
Czech government bonds	19,910	18,090
Cash in banks	139	134
Total restricted financial assets	20,049	18,224

The Czech government bonds are measured at fair value through other comprehensive income. At December 31, 2024 and 2023, the most significant restricted financial assets are the financial assets to cover the costs of nuclear decommissioning totaling CZK 19,924 million and CZK 18,103 million, respectively, and financial assets to cover the costs for waste storage reclamation totaling CZK 70 million and CZK 66 million, respectively.

5. Derivatives and Other Financial Assets

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

	2024			
	Non-current assets	Current assets	Total	Non-curre assets
Loans granted	35,276	2,633	37,909	29,7
Receivables from Group cash pooling	-	3,878	3,878	
Receivables from the sale of subsidiaries	-	10	10	1
Sublease receivables	283	132	415	25
Other financial receivables	411	83	494	4,3
Total financial assets at amortized cost	35,970	6,736	42,706	34,3
Equity financial assets (Inven Capital, SICAV, a.s., ČEZ sub-funds)	5,244	-	5,244	5,6
Commodity and other derivatives	-	32,918	32,918	12
Total financial assets at fair value through profit or loss	5,244	32,918	38,162	5,7
Equity financial assets (Veolia Energie ČR, a.s.)[1)]	-	-	-	40
Cash flow hedge derivatives	8,699	17,049	25,748	20,7
Debt financial assets	-	3,077	3,077	
Total financial assets at fair value through other comprehensive income	8,699	20,126	28,825	21,1
Financial assets at cost – share on subsidiaries, associates and joint-ventures	145,586	-	145,586	121,7
Total	195,499	59,780	255,279	182,9

[1)] The share in Veolia Energie ČR, a.s., was reclassified to assets classified as held for sale in 2024 (See Note 13).

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

	2024	2023
Delivery in 2024	-	72,803
Delivery in 2025	27,771	13,957
Delivery in 2026	4,378	1,039
Delivery in 2027	713	113
Delivery in 2028 and thereafter	56	63
Total commodity and other derivatives	32,918	87,975

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

	2024	2023
Electricity including cross-border capacities	12,221	48,698
Gas	16,182	35,612
Emission rights, guarantees of origin	3,595	1,541
Financial derivatives	920	2,124
Total commodity and other derivatives	32,918	87,975

The decrease of total 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 total decrease is also influenced by volatility of the market prices and total year-to-year decrease of market prices of electricity, gas, emission rights and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 22.

Movements in impairment provisions of financial assets at amortized cost and equity interests at cost were as follows (in CZK millions):

	2024	2023
Balance at January 1	(28,334)	(32,066)
Additions (see Note 34)	(79)	(79)
Reversals (see Note 34)	5,138	11
Derecognition of financial assets	212	3,800
Balance at December 31	(23,063)	(28,334)

In 2024, an impairment loss was derecognized in the amount of CZK 189 million and CZK 23 million in connection with the liquidation of company CEZ Bulgarian Investments B.V. and company CEZ Ukraine LLC, respectively.

In 2023, an impairment loss was derecognized in the amount of CZK 3,753 million due to sale of the company Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş. Further impairment loss was derecognized due to liquidation of the company CEZ Srbija d.o.o. – u likvidaciji and the company CEZ Finance B.V. in the amount of CZK 42 million and CZK 5 million, respectively.

The contractual maturity of loans granted and other financial assets at December 31, 2024, is shown in the following table (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Due in 2025	2,633	3,878	10	132	3,077	83
Due in 2026	1,914	-	-	128	-	36
Due in 2027	1,882	-	-	75	-	69
Due in 2028	18,880	-	-	45	-	57
Due in 2029	1,882	-	-	11	-	59
Thereafter	10,718	-	-	24	-	190
Total	37,909	3,878	10	415	3,077	494

The contractual maturity of loans granted and other financial assets at December 31, 2023, is shown in the following table (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Due in 2024	2,549	6,458	31	100	6,657	70
Due in 2025	2,302	-	10	103	-	2,935
Due in 2026	1,882	-	-	97	-	348
Due in 2027	1,882	-	-	23	-	854
Due in 2028	18,880	-	-	4	-	56
Thereafter	4,849	-	-	23	-	108
Total	32,344	6,458	41	350	6,657	4,371

The structure of provided loans and other financial assets, according to effective interest rates as at December 31, 2024, is shown in the following table (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Less than 2.00%	165	-	10	2	-	183
From 2.00% to 2.99%	5,205	-	-	-	-	-
From 3.00% to 3.99%	17,045	1,613	-	-	1,178	78
From 4.00% to 4.99%	7,854	2,265	-	192	721	-
From 5.00% to 5.99%	7,640	-	-	186	1,178	64
From 6.00% to 6.99%	-	-	-	27	-	66
From 7.00% to 7.99%	-	-	-	8	-	103
Total	37,909	3,878	10	415	3,077	494

The structure of provided loans and other financial assets, according to effective interest rates as at December 31, 2023, is shown in the following table (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Less than 2.00%	-	-	41	8	-	4,159
From 2.00% to 2.99%	6,637	-	-	-	-	-
From 3.00% to 3.99%	17,045	-	-	-	-	103
From 4.00% to 4.99%	-	2,493	-	191	-	-
From 5.00% to 5.99%	8,662	1,376	-	1	-	2
From 6.00% to 6.99%	-	-	-	11	6,633	11
From 7.00% to 7.99%	-	2,589	-	139	24	96
Total	32,344	6,458	41	350	6,657	4,371

The structure of provided loans and other financial assets by currency as at December 31, 2024, is shown in the following overview (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
CZK	37,909	1,914	10	207	3,077	477
EUR	-	1,940	-	208	-	17
USD	-	24	-	-	-	-
Total	37,909	3,878	10	415	3,077	494

The structure of provided loans and other financial assets by currency as at December 31, 2023, is shown in the following overview (in CZK millions):

	Loans granted	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
CZK	32,344	2,589	10	210	6,657	4,358
EUR	-	3,733	3	140	-	13
USD	-	136	-	-	-	-
RSD	-	-	28	-	-	-
Total	32,344	6,458	41	350	6,657	4,371

The investments in subsidiaries, associates and joint-ventures and other ownership interests at December 31, 2024 and 2023, are shown in the following overview:

			2024		2023	
Company	Country	% Interest[2)]	Interest, net in CZK millions	Dividends in CZK millions	Interest, net in CZK millions	Dividends in CZK millions
ČEZ Distribuce, a. s.	CZ	100.00	32,742	2,235	32,742	3,806
CEZ Holdings B.V.	NL	100.00	24,160	-	22,072	-
Energotrans, a.s.	CZ	100.00	16,659	-	13,370	-
Severočeské doly a.s.	CZ	100.00	14,344	3,106	14,344	3,850
Czech Gas Networks S.à r.l.	LU	55.21	13,727	548	-	-
ČEZ ESCO, a.s.	CZ	100.00	10,234	-	7,066	-
ČEZ OZ uzavřený investiční fond a.s.	CZ	99.57	9,621	1,120	10,545	2,115
ČEZ ICT Services, a. s.	CZ	100.00	6,578	-	6,007	-
Elektrárna Dukovany II, a. s.	CZ	100.00	3,683	-	2,563	-
ČEZ Teplárenská, a.s.	CZ	100.00	3,167	-	3,165	-
ČEZ Invest Slovensko, a.s.	CZ	100.00	2,598	-	2,598	-
Elektrárna Temelín II, a. s.	CZ	100.00	2,044	-	2,054	-
ČEZ Prodej, a.s.	CZ	100.00	1,396	1,812	1,396	2,344
ŠKODA JS a.s.	CZ	100.00	925	-	925	-
Nuclear Property Services, s.r.o.	CZ	100.00	678	-	678	-
ČEZ PV & Wind a.s.	CZ	100.00	596	-	-	-
ČEZ Energetické produkty, s.r.o.	CZ	100.00	472	15	472	10
ÚJV Řež, a. s.	CZ	69.85	424	-	424	-
MARTIA a.s.	CZ	100.00	358	-	373	-
CEZ MH B.V.	NL	100.00	251	-	251	-
CEZ Hungary Ltd.	HU	100.00	233	309	-	9
Ústav aplikované mechaniky Brno, s.r.o.	CZ	100.00	175	-	220	-
LOMY MOŘINA spol. s r.o.	CZ	51.05	133	4	133	-
ČEZ ENERGOSERVIS spol. s r.o.	CZ	100.00	121	-	121	2
ČEZ Obnovitelné zdroje, s.r.o.	CZ	100.00	78	-	78	-
OSC, a.s.	CZ	100.00	66	-	66	-
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	CZ	41.87	55	-	55	-
CEZ Bulgarian Investments B.V.	NL	-	-	-	48	-
Other			68	31	10	11
Total financial assets at cost			145,586	9,180	121,776	12,147
Inven Capital, SICAV, a.s., ČEZ sub-fund (A)	CZ	99.84	3,173	-	3,714	-
Inven Capital, SICAV, a.s., ČEZ sub-fund (C)	CZ	99.95	2,071	-	1,910	-
Veolia Energie ČR, a.s.[1)]	CZ	-	-	75	403	-
Total financial assets at fair value			5,244	75	6,027	-
Total			150,830	9,255	127,803	12,147

[1)] The share in Veolia Energie ČR, a.s., was reclassified to assets classified as held for sale in 2024 (see Note 13).

[2)] Equity interest is equal to voting rights as at December 31, 2024.

Used country shortcuts: CZ – Czech Republic, HU – Hungary, LU – Luxembourg, NL – Netherlands.

Movements in investments in share of subsidiaries, associates and joint-ventures at cost in 2024 and 2023 were as follows (in CZK millions):

Net investments at January 1, 2024	121,776
Additions – new companies:	
Czech Gas Networks S.à r.l.	13,727
ČEZ PV & Wind a.s.	596
ČEZ Trade, a.s.	50
FVE Mydlovary, s.r.o.	8
Additions – cash and non-monetary contributions to equity:	
ČEZ ESCO, a.s.	3,168
Elektrárna Dukovany II, a. s.	1,120
ČEZ ICT Services, a. s.	571
CEZ Holdings B.V.	480
Total additions	19,720
Decreases – decrease of equity with payment:	
ČEZ OZ uzavřený investiční fond a.s.	(924)
CEZ Bulgarian Investments B.V.	(48)
Total decreases	(972)
Impairment provisions – additions (see Note 34):	
Ústav aplikované mechaniky Brno, s.r.o.	(45)
MARTIA a.s.	(15)
Elektrárna Temelín II, a. s.	(10)
Impairment provisions – reversals (see Note 34):	
Energotrans, a.s.[1)]	3,289
CEZ Holdings B.V.	1,608
CEZ Hungary Ltd.	233
ČEZ Teplárenská, a.s.	2
Total impairment provisions	5,062
Net investments at December 31, 2024	145,586

1) The reversal of impairment loss related to interest in the company Energotrans, a.s., in 2024 was mainly due to the reduction in the discount rate from 8.3% to 7.3%, as a result of a change in the technical configuration of new combined cycle power sources, and also with regard to the positive outlook for future regulatory support for combined heat and power generation from combined cycle power plants.

Net investments at January 1, 2023	113,197
Additions – cash and non-monetary contributions to equity:	
CEZ Holdings B.V.	9,139
ČEZ ICT Services, a. s.	577
Elektrárna Dukovany II, a. s.	540
MARTIA a.s.	300
ÚJV Řež, a. s.	239
Other	171
Total additions	10,966
Decreases – decrease of equity with payment:	
CEZ Bulgarian Investments B.V.	(234)
Decreases – merger:	
Elektrárna Dětmarovice, a.s.	(2,046)
Decreases – liquidation:	
CEZ Srbija d.o.o. – u likvidaciji	(31)
CEZ Finance B.V.	(1)
Total decreases	(2,312)
Impairment provisions – additions (see Note 34):	
Ústav aplikované mechaniky Brno, s.r.o.	(28)
ČEZ Teplárenská, a.s.	(25)
CEZ Bulgarian Investments B.V.	(10)
Elektrárna Temelín II, a. s.	(9)
Other	(3)
Total impairment provisions	(75)
Net investments at December 31, 2023	121,776

6. Intangible Assets

Intangible assets at December 31, 2024 and 2023, are as follows (in CZK millions):

	Software	Rights and other	Intangibles in progress	Total
Cost at January 1, 2024	3,531	1,791	642	5,964
Additions	-	-	421	421
Disposals	(18)	(181)	-	(199)
Bring to use	178	344	(522)	-
Effect of business combinations	16	-	-	16
Other	7	1	(2)	6
Cost at December 31, 2024	3,714	1,955	539	6,208
Accumulated amortization at January 1, 2024	(3,073)	(1,186)	-	(4,259)
Amortization	(135)	(30)	-	(165)
Disposals	18	181	-	199
Effect of business combinations	(14)	-	-	(14)
Accumulated amortization at December 31, 2024	(3,204)	(1,035)	-	(4,239)
Intangible assets at December 31, 2024	510	920	539	1,969

	Software	Rights and other	Intangibles in progress	Total
Cost at January 1, 2023	2,381	1,726	318	4,425
Additions	-	-	506	506
Disposals	(13)	(8)	-	(21)
Bring to use	135	72	(207)	-
Effect of business combinations	1,006	1	25	1,032
Other	22	-	-	22
Cost at December 31, 2023	3,531	1,791	642	5,964
Accumulated amortization at January 1, 2023	(2,113)	(1,169)	-	(3,282)
Amortization	(126)	(24)	-	(150)
Disposals	13	8	-	21
Effect of business combinations	(847)	(1)	-	(848)
Accumulated amortization at December 31, 2023	(3,073)	(1,186)	-	(4,259)
Intangible assets at December 31, 2023	458	605	642	1,705

Research and development costs, net of grants and subsidies received, that are not eligible for capitalization have been expensed in the period incurred and amounted to CZK 415 million and CZK 383 million in 2024 and 2023, respectively.

7. Investment Properties

Investment properties at December 31, 2024 and 2023, are as follows (in CZK millions):

	Buildings	Land	Construction work in progress	Total
Cost at January 1, 2024	714	39	10	763
Additions	-	-	13	13
Disposals	(8)	-	-	(8)
Bring into use	2	-	(2)	-
Reclassification	(34)	51	(1)	16
Cost at December 31, 2024	674	90	20	784
Accumulated depreciation at January 1, 2024	(379)	(2)	-	(381)
Depreciation	(13)	-	-	(13)
Net book value of assets disposed	(4)	-	-	(4)
Disposals	8	-	-	8
Reclassification	44	-	-	44
Impairment losses reversed	2	-	-	2
Accumulated depreciation and impairment at December 31, 2024	(342)	(2)	-	(344)
Investment properties at December 31, 2024	332	88	20	440

	Buildings	Land	Construction work in progress	Total
Cost at January 1, 2023	820	44	10	874
Additions	-	-	16	16
Disposals	-	-	(1)	(1)
Bring into use	12	-	(12)	-
Reclassification	(118)	(5)	(3)	(126)
Cost at December 31, 2023	714	39	10	763
Accumulated depreciation at January 1, 2023	(435)	(2)	-	(437)
Depreciation	(15)	-	-	(15)
Reclassification	66	-	-	66
Impairment losses reversed	5	-	-	5
Accumulated depreciation and impairment at December 31, 2023	(379)	(2)	-	(381)
Investment properties at December 31, 2023	335	37	10	382

The most significant investments properties were subject to an expert assessment in order to determine their fair value. Considering the current situation on the real estate market, it was

determined using the income method that the fair value of the assessed investments as at December 31, 2024 and 2023, is by CZK 48 million and CZK 74 million, respectively, higher compared to their book value. Therefore, the best estimate of the fair value of investment property is CZK 488 million and CZK 456 million as at December 31, 2024 and 2023, respectively.

Investment properties mainly represent investments in buildings and land, where an insignificant part is used by the Company in the ordinary course of business, whereas these assets are leased to the Group's companies.

The following are the amounts related to investment properties and recognized in profit or loss (in CZK millions):

	2024	2023
Rental income from investment properties	43	51
Direct operating expenses (including repairs and maintenance) related to investment properties generating rental income	(43)	(41)
Total profit arising from investment properties	-	10

8. Cash and Cash Equivalents

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

	2024	2023
Current accounts with banks	498	1,256
Term deposits	32,378	2,473
Reverse repurchase agreements	-	1,952
Allowances	(8)	(1)
Total	32,868	5,680

At December 31, 2024 and 2023, cash and cash equivalents included balances in foreign currencies in the amount of CZK 17,810 million and CZK 3,363 million, respectively.

At December 31, 2024 and 2023, weighted average interest rate for term deposits including transactions of reverse repurchase agreements was 3.4% and 4.7%, respectively. For the years 2024 and 2023, the weighted average interest rate was 4.8% and 6.5%, respectively.

9. Trade and Other Receivables

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

	2024	2023
Trade receivables	38,522	65,336
Margin calls	17,089	19,926
Collaterals	910	1,869
Allowances	(474)	(246)
Total	56,047	86,885

The information about receivables from related parties is included in Note 38.

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

	2024	2023
Not past due	55,947	86,809
Past due:		
less than 3 months	79	71
3–6 months	2	2
6–12 months	19	3
Total	56,047	86,885

Receivables include impairment allowances based on the collective assessment of impairment of receivables that are not individually significant.

The overview of movements in allowances for doubtful receivables was as follows (in CZK millions):

	2024	2023
Balance at January 1	(246)	(322)
Additions	(294)	(48)
Reversals	59	124
Effect of business combinations	7	-
Balance at December 31	(474)	(246)

10. Materials and Supplies

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

	2024	2023
Material in stock	8,293	7,319
Gas storage	3,190	3,098
Advances on inventory provided	395	86
Other supplies	41	28
Allowances for obsolescence	(66)	(43)
Total	11,853	10,488

11. Emission Rights

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

	2024		2023	
	in thousands tons	in CZK millions	in thousands tons	in CZK millions
Emission rights for own use:				
Emission rights for own use at January 1	12,661	17,575	12,644	14,789
Merger Elektrárna Dětmarovice, a.s.	-	-	1,515	2,289
Emission rights granted	105	-	157	-
Settlement with register	(11,175)	(15,507)	(12,220)	(15,101)
Emission rights purchased	9,913	20,083	10,565	15,598
Emission rights for own use at December 31	11,504	22,151	12,661	17,575
Emission rights held for trading:				
Emission rights held for trading at January 1	2,930	5,595	3,291	6,415
Settlement with register	(596)	(963)	(737)	(1,640)
Emission rights purchased	7,900	12,916	47,190	95,543
Emission rights sold	(8,905)	(13,934)	(46,814)	(94,458)
Fair value adjustment	-	(1,239)	-	(265)
Emission rights held for trading at December 31	1,329	2,375	2,930	5,595

At December 31, 2024 and 2023, guarantees of origin are part of the line item Emission rights in the amount of CZK 6 million and CZK 26 million, respectively.

In 2024 and 2023, total emissions of greenhouse gases made by the Company amounted to an equivalent of 11,797 thousand tons and 11,771 thousand tons of CO_2, respectively. At December 31, 2024 and 2023, the Company recognized a provision for CO_2 emissions in total amount of CZK 22,625 million and CZK 16,645 million, respectively (see Notes 2.10 and 21). As a result of the merger, the net assets of the defunct company Elektrárna Dětmarovice, a.s., were transferred to ČEZ, a. s., as the successor company on January 1, 2023. The Company merged a provision for CO_2 emissions in total amount of CZK 1,616 million and made settlement of emissions for 2022 in the amount of 1,072 thousand tons of CO_2.

12. Other Current Assets

Other current assets at December 31, 2024 and 2023, were as follows (in CZK millions):

	2024	2023
Prepayments	638	694
Grants, taxes and fees, except income tax	2,275	1,699
Advances paid	1,700	1,079
Accruals	10,246	1,323

Total	14,859	4,795

13. Assets Classified as Held for Sale

On February 4, 2025, an agreement with the company VEOLIA ENERGIE INTERNATIONAL S.A. on the sale of a 15% interest of the company Veolia Energie ČR, a.s., was signed. The book value of 15% interest held by the Company at December 31, 2024, is CZK 1,356 million.

14. Proceeds from Disposal of Subsidiaries, Associates and Joint-ventures and Original Investments Repayments

The following table summarizes total cash flows related to the proceeds from the sale of subsidiaries, associates and joint-ventures and the repayments of original investments at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Cash received from sale of share in company Elektrárna Počerady, a.s.	-	2,500
Cash received from sale of share in Akcez group	-	223
Repayments of original investments	1,003	235
Cash received from other sales	-	1
Total cash flow	1,003	2,959

15. Other Non-cash Expenses and Income

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

	2024	2023
Cash flow hedges reclassified to statement of income without effect of foreign exchange rate loss (gain)	(14,684)	22,230
Impairment of non-current financial assets	(5,051)	140
Fair value adjustment of emission rights held for trading and guarantees of origin	1,293	265
Creation of long-term bonus recognized in profit or loss	515	1,756
Revaluation of the investments in ČEZ's investment funds at Inven Capital, SICAV, a.s., to fair value	380	565
Impairment of trade and other receivables	240	(97)
Allowance for obsolescence	28	49
Other	(6)	(82)
Total	(17,285)	24,826

16. Equity

The Company's stated capital registered in the Commercial Register is CZK 53,798,975,900 as at December 31, 2024 and 2023. It consists of 537,989,759 shares with a par value of CZK 100. All shares are fully paid; they are dematerialized, bearer, quoted shares. The rights and obligations attached to the Company's shares are governed by applicable law as set down in Section 210 et seq. of Act No. 89/2012 Coll., Civil Code, as amended, and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act, as amended. No special rights or restrictions are attached to the

Company's shares. Pursuant to Section 256(1) of the Business Corporations Act, shareholder rights attached to the shares are to participate, in compliance with the Act and the Company's bylaws, in Company management and receive a portion of its profits or its liquidation surplus when wound up with liquidation.

As at December 31, 2024 a 2023, the Company held 1,179,512 pieces of treasury shares. Treasury shares are recognized at cost in the balance sheet as an item reducing equity.

The payment of dividends of CZK 52 and CZK 145 per share, before tax, was approved in 2024 and 2023, respectively. Dividends for 2024 will be approved at the Company's General Meeting that will be held in the first half of 2025.

Capital Structure Management

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

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

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

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

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

17. Long-term Debt

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

	2024	2023
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,866	1,910
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,245	1,274
4.875% Eurobonds, due 2025 (EUR 750 million)	19,540	19,173
4.375% Eurobonds, due 2042 (EUR 50 million)	1,265	1,241
4.500% Eurobonds, due 2047 (EUR 50 million)	1,262	1,238
4.383% Eurobonds, due 2047 (EUR 80 million)	2,044	2,006
3.000% Eurobonds, due 2028 (EUR 725 million)	18,731	18,433
0.875% Eurobonds, due 2026 (EUR 750 million)	18,840	18,464
2.375% Eurobonds, due 2027 (EUR 600 million)	15,323	15,020
4.250% Eurobonds. due 2032 (EUR 750 million)	19,230	-
4.125% Eurobonds. due 2031 (EUR 700 million)	17,759	-
5.625% U.S. bonds, due 2042 (USD 300 million)	7,319	6,754
4.500% Registered bonds, due 2030 (EUR 40 million)	1,003	984
4.700% Registered bonds, due 2032 (EUR 40 million)	1,040	1,021
4.270% Registered bonds, due 2047 (EUR 61 million)	1,522	1,493
3.550% Registered bonds, due 2038 (EUR 30 million)	774	760
Total bonds and debentures	128,763	89,771
Less: Current portion	(21,071)	(1,469)
Bonds and debentures, net of current portion	107,692	88,302
Long-term bank loans, other loans[1)] and lease liabilities:		
Less than 2% p.a.	4,703	5,439
2.00 to 2.99% p.a.	16	430
3.00 to 3.99% p.a.	23,084	24,943
4.00 to 4.99% p.a.	15,775	18,633
5.00 to 5.99% p.a.	328	12,584
From 6.00% p.a.	171	300
Total long-term bank loans, other loans and lease liabilities	44,077	62,329
Less: Current portion	(3,102)	(27,987)
Long-term bank loans, other loans and lease liabilities, net of current portion	40,975	34,342
Total long-term debt	172,840	152,100
Less: Current portion	(24,173)	(29,456)
Total long-term debt, net of current portion	148,667	122,644

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

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 Company.

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

Future maturities of long-term debt are as follows (in CZK millions):

	2024	2023
Current portion	24,173	29,456
Between 1 year and 2 years	21,815	23,020
Between 2 and 3 years	19,341	22,951
Between 3 and 4 years	23,570	20,346
Between 4 and 5 years	9,558	28,171
Thereafter	74,383	28,156
Total long-term debt	172,840	152,100

The following table analyses long-term debt by currency (in millions):

	2024		2023	
	Foreign currency	CZK	Foreign currency	CZK
EUR	6,427	161,874	5,730	141,673
USD	302	7,319	302	6,754
JPY	20,138	3,111	20,135	3,184
CZK		536		489
Total long-term debt		172,840		152,100

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

	2024	2023
Floating rate long-term debt with interest rate fixed from 3 months to 1 year	37,804	30,927
Fixed rate long-term debt	135,036	121,173
Total long-term debt	172,840	152,100

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

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

	Debt	Other long-term financial liabilities	Derivatives and other short-term financial liabilities	Derivatives and other current financial assets	Total liabilities / assets from financing activities
Amount at December 31, 2022	193,706	38,659	358,311	(304,894)	244,404
Less: Liabilities / assets from other than financing activities	-	(37,410)	(303,932)	299,964	
Liabilities / assets from financing activities at January 1, 2023	193,706	1,249	54,379	(4,930)	244,404
Cash flows	(36,732)	5	(75,857)	(1,854)	(114,438)
Additions of leases and premature termination	297	-	-	-	297
Foreign exchange movement	(1,517)	-	(30)	-	(1,547)
Changes in fair values	3,626	-	-	-	3,626
Effect of business combinations	(9)	-	(304)	269	(44)
Approved dividends	-	-	77,809	-	77,809
Reclassification	-	(935)	935	-	-
Other[1)]	(31)	847	(80)	(12)	724
Liabilities / assets from financing at December 31, 2023	159,340	1,166	56,852	(6,527)	210,831
Liabilities / assets arising from other than financing activities	-	3,197	83,029	(119,483)	
Total amount on balance sheet at December 31, 2023	159,340	4,363	139,881	(126,010)	
Less: Liabilities / assets from other than financing activities		(3,197)	(83,029)	119,483	
Liabilities / assets arising from financing activities at January 1, 2024	159,340	1,166	56,852	(6,527)	210,831
Cash flows	10,886	4	(27,363)	2,546	(13,927)
Additions of leases and premature termination	823	-	-	-	823
Foreign exchange movement	168	-	(25)	-	143
Changes in fair values	3,166	-	-	-	3,166
Approved dividends	-	-	27,875	-	27,875
Reclassification	-	(1,019)	1,019	-	-
Other[1)]	656	601	(186)	20	1,091
Liabilities / assets from financing at December 31, 2024	175,039	752	58,172	(3,961)	230,002
Liabilities / assets arising from other than financing activities	-	7,230	48,477	(55,819)	
Total amount on balance sheet at December 31, 2024	175,039	7,982	106,649	(59,780)	

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

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item Other long-term financial liabilities consists of long-term payables, which have the financing character, item Derivatives and other short-term financial liabilities consists of dividend payables, payables from Group cash pooling and other short-term financial payables including current portion of long-term financial liability, item Derivatives and other current financial assets consists of receivables from Group cash pooling and advanced payments to dividend administrator.

18. Trade Payables

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

	2024	2023
Payables to suppliers, excluding payables from non-current assets purchase	19,899	36,170
Accruals	5,681	3,377
Payables from non-current assets purchase	1,961	2,106
Collaterals	1,596	2,208
Payables to employees	498	448
Other trade payables	1,088	1,345
Total	30,723	45,654

19. Fair Value of Financial Instruments

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

The Company 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.

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets at amortized cost:				
Loans granted	35,276	36,118	29,795	29,668
Receivables from the sale of subsidiaries	-	-	10	10
Other financial receivables	694	713	4,551	4,551
Non-current assets at fair value through other comprehensive income:				
Restricted debt securities	19,910	19,910	18,090	18,090
Equity financial assets	-	-	403	403
Non-current assets at fair value through profit or loss:				
Equity financial assets	5,244	5,244	5,624	5,624
Current assets at fair value through other comprehensive income:				
Debt financial assets	3,077	3,077	6,657	6,657
Current assets at amortized cost:				
Cash and cash equivalents	32,868	32,868	5,680	5,680
Trade and other receivables	56,047	56,047	86,885	86,885
Loans granted	2,633	2,633	2,549	2,549
Receivables from the sale of subsidiaries	10	10	31	31
Other financial receivables	4,093	4,093	6,628	6,628
Assets classified as held for sale at fair value through other comprehensive income:				
Equity financial assets	1,356	1,356	-	-

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt[1)]	(171,262)	(172,551)	(151,035)	(149,974)
Other long-term financial liabilities	(830)	(830)	(1,166)	(1,166)
Short-term loans	(2,199)	(2,199)	(7,240)	(7,240)
Other short-term financial liabilities	(61,447)	(61,447)	(56,852)	(56,852)

[1)] The value of long-term debt is disclosed without lease liabilities, whose fair value is not disclosed (carrying amount as at December 31, 2024 and 2023, is CZK (1,578) million and CZK (1,065) million, respectively).

The overview of carrying amounts and the estimated fair values of derivatives at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash flow hedges:				
Short-term receivables	17,049	17,049	22,296	22,296
Long-term receivables	8,699	8,699	20,706	20,706
Short-term liabilities	(1,793)	(1,793)	(8,236)	(8,236)
Long-term liabilities	(7,152)	(7,152)	(2,578)	(2,578)
Commodity derivatives:				
Short-term receivables	31,997	31,997	85,850	85,850
Short-term liabilities	(41,896)	(41,896)	(73,655)	(73,655)
Other derivatives:				
Short-term receivables	921	921	1,999	1,999
Long-term receivables	-	-	126	126
Short-term liabilities	(1,513)	(1,513)	(1,138)	(1,138)
Long-term liabilities	-	-	(619)	(619)

19.1. Fair Value Hierarchy of Financial Instruments

The Company 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 Company reviews categorization in levels of the fair value hierarchy (according to the lowest input level that is significant to the measurement of fair value as a whole) at the end of each reporting period to determine whether there have been any transfers between levels of the fair value hierarchy.

In 2024, there was a transfer of financial instrument measured at fair value from level 3 to level 2, which was connected to a 15% interest in the company Veolia Energie ČR, a.s., in the portfolio of equity financial assets at fair value through other comprehensive income. At December 31, 2024, the

fair value was stated based on market price – concluded sales contract. There were no transfers between levels of financial instruments measured at fair value in 2023.

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

Assets measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	31,997	16,859	14,293	845
Cash flow hedge derivatives	25,748	19,266	6,482	-
Other derivatives	921	-	921	-
Restricted debt financial assets	19,910	19,910	-	-
Debt instruments at fair value through other comprehensive income	3,077	3,077	-	-
Equity financial assets classified as held for sale at fair value through other comprehensive income	1,356	-	1,356	-
Equity financial assets at fair value through profit or loss	5,244	-	-	5,244

Liabilities measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	(41,896)	(19,735)	(20,846)	(1,315)
Cash flow hedge derivatives	(8,945)	(2,569)	(6,376)	-
Other derivatives	(1,513)	-	(1,513)	-

Assets and liabilities for which fair value is disclosed:

	Total	Level 1	Level 2	Level 3
Loans granted	36,118	-	36,118	-
Receivables from the sale of subsidiaries	10	-	10	-
Other financial receivables	4,806	-	4,806	-
Long-term debt	(172,551)	(125,682)	(46,869)	-
Short-term loans	(2,199)	-	(2,199)	-
Other financial liabilities	(62,277)	-	(62,277)	-

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

Assets measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	85,850	10,831	70,830	4,189
Cash flow hedge derivatives	43,002	31,954	11,048	-
Other derivatives	2,125	-	2,125	-
Restricted debt securities	18,090	18,090	-	-
Debt instruments at fair value through other comprehensive income	6,657	6,657	-	-
Equity financial assets at fair value through profit or loss	403	-	-	403
Equity financial assets at fair value through profit or loss	5,624	-	-	5,624

Liabilities measured at fair value:

	Total	Level 1	Level 2	Level 3
Commodity derivatives	(73,655)	(36,700)	(32,517)	(4,438)
Cash flow hedge derivatives	(10,814)	(5,495)	(5,319)	-
Other derivatives	(1,757)	-	(1,757)	-

Assets and liabilities for which fair value is disclosed:

	Total	Level 1	Level 2	Level 3
Loans granted	29,668	-	29,668	-
Receivables from the sale of subsidiaries	41	-	41	-
Other financial receivables	11,179	-	11,179	-
Long-term debt	(149,974)	(84,395)	(65,579)	-
Short-term loans	(7,240)	-	(7,240)	-
Other financial liabilities	(58,018)	-	(58,018)	-

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

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

	Equity financial assets at fair value through profit or loss	Equity financial assets at fair value through other comprehensive income	Commodity derivatives
Balance at January 1, 2023	5,360	709	1,294
Additions	1,450	-	-
Disposals	(622)	-	(16,381)
Revaluation	(564)	(306)	14,838
Balance at December 31, 2023	5,624	403	(249)
Additions	-	-	-
Disposals	-	-	(6,661)
Revaluation	(380)	-	6,440
Reclassification to level 2[1)]	-	(403)	-
Balance at December 31, 2024	5,244	-	(470)

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

The most significant investment in the portfolio of Equity financial assets at fair value through other comprehensive income (including assets classified as held for sale) is a 15% interest in company Veolia Energie ČR, a.s. The company's shares are not traded in any market. The fair value at December 31, 2024, corresponds to the sale price of the asset according to the concluded sales contract (see Note 13). The fair value at December 31, 2023, was determined using available public information on EBITDA and usual EBITDA multiples which corresponds to the purchase price of a 100% stake in a company in transactions observed in the market in the industry in question before adjustment for the amount of debt. The fair value at December 31, 2023, was determined using 5 EBITDA multiple as the best estimate of the fair value.

Equity financial assets at fair value through profit or loss include an investment in ČEZ's investment funds at Inven Capital, SICAV, a.s. (see Note 5). The fair value of the investments as at December 31, 2024 and 2023, was determined by a valuation expert. The determination of fair value takes into consideration, in particular, capital contributions and other forms of funding recently provided by co-investors. In addition, the measurement takes into account future development and any subsequent significant events, such as received offers to buy a share.

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

19.2. Offsetting of Financial Instruments

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

	2024		2023	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	58,667	(52,353)	130,976	(86,226)
Other financial instruments [1)]	43,047	(44,241)	85,183	(55,325)
Collaterals paid (received) [2)]	910	(1,596)	1,869	(2,208)
Gross financial assets / liabilities	102,624	(98,190)	218,028	(143,759)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	102,624	(98,190)	218,028	(143,759)
Effect of master netting agreements	(73,393)	73,393	(114,414)	114,414
Net amount after master netting agreements	29,231	(24,797)	103,614	(29,345)

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

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

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

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

20. Financial Risk Management

Risk Management Approach

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

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

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

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

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

Risk Management Organization

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

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

Overview and Methods of Risk Management

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

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

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

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

For all risks quantified on a unified basis, a partial risk limit is set whose continuous utilization is evaluated on a monthly basis and is usually defined as a sum of the actual expected deviation of 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 allowances, coal, gas, crude oil), volume (volume of electricity produced by wind power plants);
- credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk;
- operational risks: risks of nuclear and fossil power plants operation, investment risks.

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

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

20.1. Qualitative Description of ČEZ, a. s., Risks Associated with Financial Instruments

Commodity Risks

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

Market Financial Risks (Currency and Interest Risks)

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

Credit Risks

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).

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

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

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

Liquidity Risks

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

20.2. Quantitative Description of ČEZ, a. s., Risks Associated with Financial Instruments

Commodity Risks

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

- the indicator of risk associated with financial instruments is defined as the monthly parametric VaR (95% confidence) which expresses a maximum potential decrease in fair value of contracts classified as derivatives under IFRS 9 (the underlying commodities in the Company's derivative transactions are: electricity, EUA emission rights, gas, coal ARA, Richards Bay, Newcastle and crude oil and crude oil products) on the given confidence level;
- highly probable forecasted future electricity generation sales with the delivery in the CZ power grid are included in the VAR calculation to reflect the hedging character of significant portion of the existing derivative sales of electricity with delivery in Germany;

- for the calculation of volatility and correlations (between commodity prices), the SMA (Simple Moving Average) method is applied to 60 daily time series;
- the source of market data is mainly EEX, PXE and ICE;
- the indicator VaR illustrates mainly the impact of revaluation of above-mentioned financial instruments to Income Statement.

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

	2024	2023
Monthly VaR (95%) – impact of changes in commodity prices	2,922	1,785

Currency Risks

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

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

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

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

Interest Risks

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

- parallel shift of the yield curves (+10bp) was selected as the indicator of interest risk;
- the Income Statement 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;
- the source of market interest rates is mainly IS Reuters and IS Bloomberg.

Potential impact of the interest rate risk as at December 31 (in CZK millions):

	2024	2023
IR sensitivity to parallel yield curve shift (+10bp)	(34)	(22)

Credit Exposure

The Company is exposed to credit risk on all financial assets presented in the balance sheet as well as credit risk from provided guarantees. Credit exposure from provided guarantees that are not included in the balance sheet, as at December 31 (millions of CZK):

	2024	2023
Guarantees provided to subsidiaries not recorded on balance sheet	11,141	10,363

Provided guarantees are, in particular, warranties for performed contracts and guarantees for bank loans and other liabilities of relevant companies. A beneficiary may only make a warranty claim under the conditions set out in the warranty document, usually following the nonpayment of an amount arising from the contract or on default. At present, companies whose obligations are covered by warranty meet their obligations. Warranties have various expiration dates. At December 31, 2024, there is no latest legal limitation for making a warranty claim and at December 31, 2023, the latest deadline is September 2053.

Liquidity Risk

Maturity profile of financial liabilities based on contractual undiscounted payments as at December 31, 2024 (in CZK millions):

	Bonds and debentures	Loans and lease payables	Derivatives[1)]	Other financial liabilities	Trade payables	Guarantees issued[2)]
Due in 2025	21,825	3,852	669,360	61,460	30,723	11,141
Due in 2026	20,844	3,992	133,461	607	-	-
Due in 2027	16,911	5,131	32,750	194	-	-
Due in 2028	19,911	5,755	999	31	-	-
Due in 2029	946	9,917	1,841	4	-	-
Thereafter	66,081	19,504	24,808	1	-	-
Total	146,518	48,151	863,219	62,297	30,723	11,141

Maturity profile of financial liabilities based on contractual undiscounted payments as at December 31, 2023 (in CZK millions):

	Bonds and debentures	Loans and lease payables	Derivatives[1)]	Other financial liabilities	Trade payables	Guarantees issued[2)]
Due in 2024	2,805	28,612	438,688	56,852	45,654	10,363
Due in 2025	21,339	5,571	71,023	727	-	-
Due in 2026	20,352	5,451	11,114	368	-	-
Due in 2027	16,500	6,390	1,286	55	-	-
Due in 2028	19,513	10,614	802	15	-	-
Thereafter	29,652	10,533	24,289	1	-	-
Total	110,161	67,171	547,202	58,018	45,654	10,363

1) Contractual maturities for derivatives represent contractual cash out-flows of these instruments, but at the same time the Company will receive corresponding consideration. For fair values of derivatives see Note 19.

2) Maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Following table shows the exposure to liquidity risk related to requirements for margin calls connected to existing contracts of electricity, gas and emission rights for next 6 years (in CZK millions):

Year	Maximum net amount of margin calls and collaterals	Peak day	Average daily net amount of margin calls and collaterals	Market price[1] (EUR/MWh) Electricity CAL DE BL Y+1	Market price[1] (EUR/MWh) Gas TTF Y+1
2021	60,816	December 27, 2021	3,680	271	98
2022	195,240	August 29, 2022	86,612	985	312
2023	76,737	January 2, 2023	30,681	214	78
2024	23,986	September 20, 2024	19,137	82	35

[1] Market price is stated for the trading day preceding the indicated day of the maximum. The product for electricity is calendar baseload with delivery in Germany for following year (Y+1) - at December 31, 2024, the price of this product CAL 2025 DE BL was 97 EUR/MWh, the price of gas relates to natural gas at the trade point TTF with delivery following year – at December 31, 2024, the price of TTF 2025 was 48 EUR/MWh.

The committed credit facilities available to the Company as at December 31, 2024 and 2023, amounted to CZK 57.5 billion and CZK 53.2 billion, respectively. In addition, from the committed loan facility agreements with the European Investment Bank to support financing of the program of renewal and further development of the distribution grid in the Czech Republic the amount of EUR 400 million and EUR 540 million remained available to be drawn down as at December 31, 2024 and 2023, respectively.

20.3. Hedge Accounting

The Company hedges cash flows arising from highly probable future sales of electricity in the Czech Republic. Hedging instruments are futures and forward contracts for electricity sales in Germany. The fair value of these derivatives hedging instruments amounted CZK 16,157 million and CZK 32,552 million at December 31, 2024 and 2023, respectively. The result of own-use presales (see Note 2.13) and this hedging strategy as at December 31, 2024, is that for 2025 approximately 90% of expected generation in the Czech Republic was hedged at an average price of EUR 117 per MWh, for 2026 approximately 60% of expected generation at an average price EUR 94 per MWh, for 2027 approximately 28% of expected generation at an average price EUR 80 per MWh and for 2028 approximately 7% at an average price of EUR 73 per MWh.

The Company also hedges cash flows arising from highly probable future revenue in EUR for the purposes of currency risk hedging. The hedged cash flows are expected to occur in 2025–2042. The relevant hedging instruments as at December 31, 2024 and 2023, are the EUR denominated liabilities from the issued Eurobonds and bank loans in the total amount of EUR 6.3 billion and EUR 5.6 billion, respectively, and currency forward contracts and interest rate swaps. The fair value of these derivatives hedging instruments amounted to CZK 648 million and CZK (364) million at December 31, 2024 and 2023, respectively.

In 2024 and 2023, the Company also hedged selected cash flows connected to purchase of emission rights, to cover its CO_2 emission for the year 2024 and 2023 for the purpose of hedging the currency risk associated with the time difference between the time when the emission rights are expensed and the payment for their purchase. The hedge was made by currency swaps. As at December 31, 2024 and 2023, the accumulated value of changes of fair value revaluation, transferred from the equity to the price of emission rights connected with the hedge for purchase of emission rights amounted to CZK 40 million and CZK (131) million, respectively.

The following tables provide an overview of the fair value of hedging derivatives as at December 31, 2024 and 2023 (in CZK millions):

	2024			
	Unit of measure	Quantity / nominal value[1)]	Carrying amount[2)] (in CZK millions)	Effective hedge amount before tax[3)] (in CZK millions)
Cash flow hedge				
Commodity risk – presale of electricity:				
2025	GWh	(13,061)	15,276	14,597
2026	GWh	(15,321)	1,708	1,075
2027 and thereafter	GWh	(12,639)	(827)	(758)
Commodity risk – electricity, total	GWh	(41,021)	16,157	14,914
Foreign currency risk in years 2025–2042	mil. EUR	(6,621)	(159,644)	(6,578)
Foreign currency risk in years 2025–2042	mil. USD	(300)	1,909	728
Interest rate risk in years 2025–2032	mil. EUR	-	-	(184)
Foreign currency and interest rate risk total			(157,735)	(6,034)
Total cash flow hedge			(141,578)	8,880

	2023			
	Unit of measure	Quantity / nominal value[1)]	Carrying amount[2)] (in CZK millions)	Effective hedge amount before tax[3)] (in CZK millions)
Cash flow hedge				
Commodity risk – presale electricity:				
2024	GWh	(12,033)	14,993	12,597
2025	GWh	(18,037)	14,144	14,170
2026 and thereafter	GWh	(10,706)	3,415	3,432
Commodity risk – electricity, total	GWh	(40,776)	32,552	30,199
Foreign currency risk in years 2025–2042	mil. EUR	(8,207)	(140,944)	(1,918)
Foreign currency risk in years 2025–2042	mil. USD	(300)	1,359	713
Interest rate risk in years 2025–2032	mil. EUR	(100)	(1)	(259)
Foreign currency and interest rate risk total			(139,586)	(1,464)
Total cash flow hedge			(107,034)	28,735

1) Positive values represent purchase, negative values represent sale.

2) Positive values represent receivables, negative values represent payables.

3) The value in the column Effective hedge amount before tax also includes values in equity related to terminated hedging instruments (until the realization of the cash flow).

In 2024 and 2023, the amounts removed from equity in respect of cash flow hedges were recognized in profit or loss and included in the line items Sales of electricity, heat and gas, Gains and losses from commodity derivative trading, Other financial expenses and Other financial income. In 2024 and 2023, the Company recognized in profit or loss the ineffectiveness that arises from cash flow hedges in the

amount of CZK 2,505 million and CZK (76) million, respectively. The ineffectiveness in 2024 and 2023 was primarily caused by the volatility of electricity price on Czech / German market and unequal price increase / decrease of the electricity on Czech and German market.

The following tables provide an overview of movements in equity before tax, which is related to cash flow hedge in 2024 and 2023 (in CZK millions):

	2024		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	1,452	(14,230)	(2,506)
Foreign currency risk – presale of electricity, purchase of emission rights	(3,611)	(1,036)	1
Interest rate risk – interest costs from issued bonds	19	57	-
Total cash flow hedge	(2,140)	(15,209)	(2,505)

	2023		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	87,735	25,487	92
Foreign currency risk – presale of electricity, purchase of emission rights	(4,206)	(3,305)	(16)
Interest rate risk – interest costs from issued bonds	(2)	58	-
Total cash flow hedge	83,527	22,240	76

The following table provides an overview of movements in equity before tax, which are related to cash flow hedge in 2024 and 2023 and their reconciliation to the statement of comprehensive income (in CZK millions):

	2024	2023
Change in fair value of financial instruments recorded in equity, gross	(2,140)	83,527
Transfer of ineffective part of hedge to profit or loss	(2,505)	76
Change in fair value of cash flow hedges	(4,645)	83,603
Cash flow hedges reclassified to statement of income	(15,249)	22,371
Cash flow hedges reclassified to assets	40	(131)
Total reclassifications of effective part of hedge	(15,209)	22,240

21. Provisions

The following is a summary of the provisions at December 31, 2024 and 2023 (in CZK millions):

	2024			2023		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Nuclear provisions	143,170	2,506	145,676	126,226	3,031	129,257
Provision for demolition and dismantling of fossil-fuel power plants	13,378	343	13,721	13,659	125	13,784
Provision for waste storage reclamation	503	8	511	488	8	496
Provision for CO_2 emissions (see Note 11)	-	22,625	22,625	-	16,645	16,645
Provision for employee benefits	2,621	211	2,832	2,567	222	2,789
Provision for legal and commercial disputes	-	627	627	-	617	617
Other provisions	35	29	64	69	29	98
Total	159,707	26,349	186,056	143,009	20,677	163,686

21.1. Nuclear Provisions

The Company operates two nuclear power plants. The Dukovany Nuclear Power Plant comprises four units commissioned for continuous operation between 1985 and 1987. The Temelín Nuclear Power Plant consists of two units that were commissioned for continuous operation in 2002 and 2003. The Nuclear Energy Act sets down obligations for nuclear facility decommissioning and disposal of radioactive waste and spent nuclear fuel. In accordance with the Nuclear Energy Act, all the nuclear parts and equipment of a nuclear power plant must be disposed of after the end of operation. For the purpose of determining the amount of nuclear provisions, it is estimated that the Dukovany Nuclear Power Plant will stop generating electricity in 2047, the Temelín Nuclear Power Plant in 2062. Decommissioning cost studies for Dukovany Nuclear Power Plant from 2022 and for Temelín Nuclear Power Plant from 2023 assume that the total costs of decommissioning of so-called nuclear island and conventional part of these power plants will reach the amount CZK 45.3 billion and CZK 36.9 billion, respectively. The Company makes contributions to a restricted bank accounts in the amount of the nuclear provisions recorded under the Nuclear Energy Act. These funds can be invested in government bonds in accordance with legislation. These restricted financial assets are reported in the balance sheet as part of the line item Restricted financial assets (see Note 4).

The Ministry of Industry and Trade established the Radioactive Waste Repository Authority (SÚRAO) as the central organizer and operator of facilities for the final disposal of radioactive waste and spent fuel. The SÚRAO operates, supervises and is responsible for disposal facilities and for disposal of radioactive waste and spent fuel therein. The activities of the SÚRAO are financed through a nuclear account funded by the originators of radioactive waste. Contribution to the nuclear account is stated by Nuclear Energy Act at CZK 55 per MWh produced at nuclear power plants. In 2024 and 2023, the payments to the nuclear account amounted to CZK 1,633 million and CZK 1,673 million, respectively. The originator of radioactive waste and spent fuel directly covers all costs associated with interim storage of radioactive waste and spent fuel.

The Company has established provisions for estimated future expenses on nuclear decommissioning and interim storage and permanent disposal of spent nuclear fuel in accordance with the principles described in Note 2.20.

The following is a summary of the nuclear provisions for the years ended December 31, 2024 and 2023 (in CZK millions):

	Accumulated provision			
	Nuclear decommis-sioning	Spent fuel storage		
		Interim	Long-term	Total
Balance at January 1, 2023	58,901	11,043	40,968	110,912
Discount accretion and effect of inflation	2,886	541	2,007	5,434
Provision charged in profit or loss	-	555	-	555
Effect of change in estimate recognized in profit or loss	-	579	-	579
Effect of change in estimate added to fixed assets	12,367	62	1,835	14,264
Current cash expenditures	-	(815)	(1,672)	(2,487)
Balance at December 31, 2023	74,154	11,965	43,138	129,257
Discount accretion and effect of inflation	3,560	573	2,071	6,204
Provision charged in profit or loss	-	784	-	784
Effect of change in estimate recognized in profit or loss	-	(459)	-	(459)
Effect of change in estimate added to (deducted from) fixed assets	(10,721)	-	22,852	12,131
Current cash expenditures	-	(608)	(1,633)	(2,241)

Balance at December 31, 2024	66,993	12,255	66,428	145,676

The use of the provision for permanent disposal of spent nuclear fuel in a current year comprises payments made to the government-controlled nuclear account and the use of the provision for interim storage represents, in particular, purchases of containers for spent nuclear fuel and other related equipment for these purposes.

In 2024, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the change in expected future storage costs and change in discount rate. The change in estimated provision for nuclear decommissioning is due to the change in the amount of costs for decommissioning of Dukovany Nuclear Power Plant and Temelín Nuclear Power Plant and due to the change in discount rate. The change in estimated provision for long-term spent fuel storage is connected with the modification of the expected output of the nuclear power plants, change of expected contribution to the nuclear account per MWh in future years and change in discount rate.

In 2023, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the change in expected future storage costs and change in discount rate. The change in estimated provision for nuclear decommissioning is due to the update of the expert decommissioning studies for Dukovany Nuclear Power Plant and for Temelín Nuclear Power Plant and due to the change in discount rate. The change in estimated provision for long-term spent fuel storage is connected with the modification of the expected output of the nuclear power plants, change of expected contribution to the nuclear account per MWh in future years and change in discount rate.

The actual costs of nuclear decommissioning, interim storage, and permanent disposal of spent nuclear fuel may vary substantially from the above estimates due to changes in legislation or technology or increase in labor costs and the costs of materials and equipment, as well as due to a different timing of all activities relating to nuclear decommissioning and storage and disposal of spent nuclear fuel.

The following table shows the sensitivity of nuclear provisions to changes in the discount rate, keeping all other parameters unchanged as at December 31, 2024 (in CZK millions):

	Accumulated provision				
	Nuclear decommis-sioning	Spent fuel storage		Total	Change in %
		Interim	Long-term		
Effect of discount rate decrease:					
(20)bp	7,402	475	2,075	9,952	+6.8%
(10)bp	3,596	233	1,026	4,855	+3.3%
Balance at December 31, 2024 – base scenario[1)]	66,993	12,255	66,428	145,676	
Effect of discount rate increase:					
+10bp	(3,399)	(224)	(1,004)	(4,627)	(3.2%)
+20bp	(6,613)	(439)	(1,985)	(9,037)	(6.2%)

1) Base scenario as at December 31, 2024, corresponds to long-term risk-free real interest rate 1.9% and expected inflation rate 2.2% (see Note 2.20).

21.2. Provisions for Demolition and Dismantling of Fossil-fuel Power Plants and Waste Storage Reclamation

The following table shows the movements of the provisions for the years ended December 31, 2024 and 2023 (in CZK millions):

	Accumulated provision	
	Demolition and dismantling of fossil-fuel power plants	Waste storage reclamation
Balance at January 1, 2023	12,712	498
Discount accretion and effect of inflation	722	23
Change in estimate deducted from fixed assets	(514)	(9)
Effect of business combinations	2,424	-
Current cash expenditures	(1,560)	(16)
Balance at December 31, 2023	13,784	496
Discount accretion and effect of inflation	634	23
Change in estimate added to (deducted from) fixed assets	(378)	3
Current cash expenditures	(319)	(11)
Balance at December 31, 2024	13,721	511

The use of the provision for demolition and dismantling of fossil-fuel power plants in 2023 was related especially to generation unit Prunéřov I, whose demolition and dismantling was completed in 2023. For the next years, the use of provision is expected mainly in 2029–2030 for power plant Dětmarovice (CZK 2.3 billion in present value), in 2031–2034 for remaining coal-fired power plants (CZK 9.9 billion in present value) and in 2047–2048 for combined-cycle gas turbine in Počerady (CZK 0.5 billion in present value). This expected future time course of using the provision is uncertain and corresponds to the current strategy of the Company (Note 1.1). In 2024 and 2023, the Company recorded the change in estimate in provision for demolition and dismantling of fossil-fuel power plants due to the update of the amount and scope of the decommissioning costs and due to change in discount rate.

21.3. Provision for Employee Benefits

The following table shows the movements of the provision for the years ended December 31, 2024 and 2023 (in CZK millions):

	Employee benefits
Balance at January 1, 2023	2,405
Interest costs incurred	119
Provision charged in profit or loss	273
Effect of business combinations	109
Current cash expenditures	(117)
Balance at December 31, 2023	2,789
Interest costs incurred	169
Provision charged in profit or loss	167
Actuarial gains and losses booked to other comprehensive income	(158)
Current cash expenditures	(135)
Balance at December 31, 2024	2,832

The Company in accordance with the standard IAS 19 Employee Benefits created the provision for employee benefits agreed in the valid collective agreement. These are amounts paid for age of 50 years and for retirement. Weighted average remaining due date of the provision at December 31, 2024 and 2023, was 11.7 years and 12.1 years, respectively.

The following basic assumptions were used to calculate the present value of the provision:

	2024	2023
The most significant assumptions:		
Turnover rate	2.0%	2.0%
Expected increase in the nominal average wages	5.4%	6.1%
Nominal corporate discount rate	6.0%	6.1%

22. Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities at December 31, 2024, were as follows (in CZK millions)

	2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from Group cash pooling	-	56,360	56,360
Payables from acquisition of subsidiaries and from outstanding equity contributions	78	3,276	3,354
Other	752	1,811	2,563
Financial liabilities at amortized cost	830	61,447	62,277
Cash flow hedge derivatives	7,152	1,793	8,945
Commodity and other derivatives	-	43,409	43,409
Financial liabilities at fair value	7,152	45,202	52,354
Total	7,982	106,649	114,631

Derivatives and other financial liabilities at December 31, 2023, were as follows (in CZK millions):

	2023		
	Long-term liabilities	Short-term liabilities	Total
Payables from Group cash pooling	-	55,036	55,036
Other	1,166	1,816	2,982
Financial liabilities at amortized cost	1,166	56,852	58,018
Cash flow hedge derivatives	2,578	8,236	10,814
Commodity and other derivatives	619	74,793	75,412
Financial liabilities at fair value	3,197	83,029	86,226
Total	4,363	139,881	144,244

The following table analyses the value of liabilities from commodity and other derivatives by the period of delivery as at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Delivery in 2024	-	60,691
Delivery in 2025	33,458	13,284
Delivery in 2026	7,356	957
Delivery in 2027	1,847	56
Delivery in 2028 and thereafter	748	424
Total commodity and other derivatives	43,409	75,412

The following table provides an overview of the value of liabilities from commodity derivatives by the commodities and other derivatives at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Electricity including cross-border capacities	20,313	37,138
Gas	20,576	30,062
Emission rights, guarantees of origin	999	6,455
Oil	8	-
Financial derivatives	1,513	1,757
Total commodity and other derivatives	43,409	75,412

The decrease of liabilities from commodity and other derivatives in 2024 was caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year total decrease is also influenced by volatility of the market prices and total year-to year decrease of market prices of electricity, gas, emission rights and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 5.

23. Short-term Loans

Short-term loans as at December 31, 2024 and 2023, were as follows (in CZK millions):

	2024	2023
Bank loans	2,092	7,240
Bank overdrafts	107	-
Total	2,199	7,240

Short-term loans bear interest at fixed interest rates. The weighted average interest rate was 4.3% and 5.5% at December 31, 2024 and 2023, respectively. For the years 2024 and 2023, the weighted average interest rate was 2.9% and 8.2%, respectively.

24. Other Short-term Liabilities

Other short-term liabilities as at December 31, 2024 and 2023**,** were as follows (in CZK millions):

	2024	2023
Taxes and fees, except income tax	701	2,589
Deferred income	3	8
Advances received	254	391
Total	958	2,988

25. Leases

25.1. Company as a Lessee

The Company 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 3–4 years, while buildings and lands between 6–15 years.

The Company has entered into lease contracts with fixed and variable payments. The variable payments are regularly adjusted according to the inflation index or are based on use of the underlying assets.

The Company leases buildings, machinery or equipment with lease terms of 12 months or less or with low value. In this case the Company applies recognition exemption for these leases.

The net book values of the right-of-use assets presented under Property, plant and equipment are described in the Note 3.

The amounts of lease liability are presented under Long-term debt (see Note 17).

The following table sets out total cash outflows for lease payments (in CZK millions):

	2024	2023
Payments of principal	320	259
Payments of interests	49	39
Lease payments not included in valuation of lease liability	1,460	334
Total cash outflow for leases	1,829	632

The following are the amounts related to leasing and recognized in profit or loss (in CZK millions):

	2024	2023
Expense relating to short-term leases	70	90
Expense relating to leases of low-value assets	7	4
Variable lease payments	1,460	334
Depreciation charge for right-of-use assets	210	183
Interest expenses	49	39

The most significant part of variable lease payments are costs related to contract to rent of photovoltaic power plants with the company ČEZ OZ uzavřený investiční fond a.s.

Next year, the Company expects to pay lease payments that are not included in valuation of lease liability of CZK 1,485 million.

25.2. Company as a Lessor

Finance Lease

The most significant lease under finance lease is the lease of administrative premises to the Group's companies.

The following table sets out a maturity analysis of investment in finance lease, showing the undiscounted lease payments to be received after the reporting date (in CZK millions):

	2024	2023
Up to 1 year	151	117
Between 1 year and 2 years	140	115
Between 2 and 3 years	81	103
Between 3 and 4 years	47	26
Between 4 and 5 years	12	6
Thereafter	27	26
Total undiscounted lease payments	458	393
Unearned finance income	(42)	(43)
Net investment in the lease	416	350

The Company recognized interest income on net investments in the lease of CZK 22 million and CZK 16 million at December 31, 2024 and 2023, respectively.

Operating Lease

Rental income recognized by the Company during 2024 and 2023 was CZK 648 million and CZK 603 million, respectively. Investment property rental income is disclosed in the Note 7. In the following years, the Company expects similar rental income as in the year 2024.

The net book values of the property, plant and equipment leased out under operating lease are disclosed in the Note 3.

26. Revenues and Other Operating Income

The overview of revenues and other operating income for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Sale of electricity, heat and gas:		
Electricity sales – domestic:		
ČEZ Prodej, a.s.	66,238	100,504
OTE, a.s.	46,269	53,261
E.ON Energie, a.s.	9,762	3,056
Pražská energetika, a.s.	5,412	10,066
Pražská plynárenská, a.s.	2,055	966
MVM Partner Zrt.	1,678	3,428
Severočeské doly a.s.	1,360	2,674
Entauri trading s.r.o.	777	2,275
Sokolovská uhelná, právní nástupce, a.s.	737	-
Veolia Energie ČR, a.s.	670	493
LAMA energy a.s.	579	761
Veolia Komodity ČR, s.r.o.	552	118
ARMEX ENERGY a.s.	536	383
CENTROPOL ENERGY, a.s.	408	503
Energotrans, a.s.	347	513
Energie2, a.s.	313	-
TAURON Czech Energy s.r.o.	302	76
ČEZ ESCO, a.s.	299	75
VEMEX Energie a.s.	296	118
innogy Energie, s.r.o.	283	602
Uniper Global Commodities SE	229	73
TEDOM power s.r.o.	220	14
Teplárna Otrokovice a.s.	208	76
Slovenské elektrárne, a.s.	-	1,137
MND a.s.	-	933
Energy Financing Team	-	929
Other customers	336	2,193
Total sales of electricity – domestic	139,866	185,227
Sales of electricity – foreign	10,123	9,364
Effect of hedging – presales of electricity (Note 20.3)	14,230	(25,487)
Effect of hedging – currency risk hedging (Note 20.3)	431	3,276
Total sales of electricity	164,650	172,380
Sales of gas	14,802	32,034
Sales of heat	3,191	2,584
Total sales of electricity, heat and gas	182,643	206,998
Sale of services and other income:		
Sales of ancillary services for transmission grid	2,470	5,799
Sales of other services	4,631	4,317
Rental income	691	653
Other revenues	195	169
Total sales of services and other revenues	7,987	10,938
Other operating income	946	1,138
Total revenues and other operating income	191,576	219,074

Revenues from contracts with customers for the years ended December 31, 2024 and 2023, were CZK 175,278 million and CZK 239,494 million, respectively, and can be linked to the figures in the previous table as follows:

	2024	2023
Sales of electricity, gas and heat	182,643	206,998
Sales of services and other revenues	7,987	10,938
Total revenues	190,630	217,936
Adjustments:		
Effect of hedging – presales of electricity	(14,230)	25,487
Effect of hedging – currency risk hedging	(431)	(3,276)
Rental income	(691)	(653)
Revenues from contracts with customers	175,278	239,494

27. Gains and Losses from Commodity Derivative Trading

The overview of gains and losses from commodity derivative trading for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Gain from electricity derivative trading	7,467	17,472
Loss from gas derivative trading	(994)	(856)
Loss from emission rights and guarantees of origin derivative trading	(391)	(137)
Loss from oil derivative trading	(35)	-
Gain from coal derivative trading	12	20
Total gains and losses from commodity derivative trading	6,059	16,499

28. Purchase of Electricity, Gas and Other Energies

The overview of cost for the purchase of electricity, gas and other energies at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Purchase of electricity for resale	(23,485)	(44,575)
Purchase of gas for resale	(14,452)	(28,214)
Purchase of other energies	(1,699)	(1,771)
Total purchase of electricity, gas and other energies	(39,636)	(74,560)

29. Fuel and Emission Rights

The overview of fuel cost and emission rights as at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Emission rights for generation	(22,449)	(16,975)
Consumption of biomass and fossil energy fuel except gas	(12,105)	(14,541)
Amortization of nuclear fuel	(3,821)	(3,706)
Consumption of gas	(3,723)	(3,694)
Total fuel and emission rights	(42,098)	(38,916)

30. Services

The overview of services as at December 31, 2024 and 2023, is as follows (in CZK millions):

	2024	2023
Repairs and maintenance	(6,466)	(5,652)
Rental, property management and security	(2,489)	(1,203)
Technology and operation support services	(1,425)	(1,378)
IT related services	(1,334)	(1,095)
Equipment operation services	(506)	(451)
Demolition	(206)	(1,432)
Other services	(3,736)	(3,166)
Total services	(16,162)	(14,377)

Information about fees charged by independent auditor is provided in the annual financial report of CEZ Group.

31. Salaries and Wages

The overview of salaries and wages for the years ended December 31, 2024 and 2023, is as follows (in CZK millions):

	2024		2023	
	Total	Key management[1)]	Total	Key management[1)]
Salaries and wages including remuneration of board members	(8,362)	(195)	(7,808)	(136)
Social and health security	(2,620)	(26)	(2,348)	(21)
Other personal expenses	(569)	(14)	(672)	(13)
Total	(11,551)	(235)	(10,828)	(170)

1) Members of Supervisory Board and Board of Directors of the Company. The remuneration of former board members is also included in personal expenses.

The individual components of the remuneration of the members of the Board of Directors and Supervisory Board are described in the Remuneration Policy of ČEZ, a. s. The Remuneration Policy was approved by the Company's General Meeting on June 29, 2020.

Members of the Board of Directors and selected managers are in the new long-term bonus program since January 1, 2020. The program of long-term performance bonus is based on performance units that will be allocated to each beneficiary every year. The number of performance units allocated is based on the defined yearly value of a given long-term bonus and the price of share before the allocation. The Supervisory Board sets out the performance indicators for each year's allocation of the performance units. The defined performance indicators will be evaluated by the Supervisory Board and number of performance units allocated to a beneficiary will be adjusted accordingly. Then a two-year holding period will follow. The long-term performance bonus will be paid three years after the initial allocation, and the amount will be based on the adjusted number of performance units as well as on the share price at the end of the holding period and the amount of dividends distributed during the holding period.

Cost of cash-settled share-based payments related to the long-term performance bonus program for 2024 and 2023 was CZK 29 million and CZK 91 million, respectively. Liabilities from payments tied to shares as at December 31, 2024 and 2023, amounted to CZK 156 million and CZK 200 million, respectively.

32. Other Operating Expenses

Other operating expenses as at December 31, 2024 and 2023, were as follows (in CZK millions):

	2024	2023
Change in provisions	2,832	3,360
Taxes and fees	(2,285)	(2,084)
Levy on revenues above price caps	46	(10,065)
Costs related to trading of commodities	(582)	(1,152)
Insurance	(534)	(508)
Gifts	(218)	(167)
Other	(659)	(901)
Total	(1,400)	(11,517)

The taxes and fees include payment the contributions to the nuclear account (see Note 21.1). The settlement of the provision for long-term spent fuel storage is accounted for in the amount of

contributions to nuclear account. Settlement of provision for long-term spent fuel storage is included in Change in provisions.

33. Interest Income

Interest income for each category of financial instruments for the years ended December 31, 2024 and 2023, was as follows (in CZK millions):

	2024	2023
Bank accounts	1,568	3,927
Loans, receivables and other debt financial assets at amortized cost	1,761	2,156
Debt financial assets at fair value through other comprehensive income	1,052	1,192
CEZ Group cash pooling	787	823
Finance lease	22	16
Total	5,190	8,114

34. Impairment of Financial Assets

Additions and reversals of impairment of financial assets for each category for the years ended December 31, 2024 and 2023, were as follows (in CZK millions):

	2024	2023
Shares in subsidiaries, associates and joint-ventures (see Note 5)		
Additions	(70)	(75)
Reversals	5,132	-
Loans granted	(6)	3
Financial guarantee for Akcez group loans	-	208
Other	(5)	4
Total	5,051	140

The Company was a guarantor for the liabilities of companies within the joint-venture Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş. By the sale of company Akcez Enerji Yatirimlari Sanayi ve Ticaret A.Ş., the impairment was reversed.

35. Other Financial Expenses

Other financial expenses for the years ended December 31, 2024 and 2023, were as follows (in CZK millions):

	2024	2023
Loss from revaluation of financial assets	(541)	(583)
Loss on sale of restricted debt instruments	(8)	(312)
Creation and settlement of provisions	(10)	(36)
Other	(247)	(228)
Total	(806)	(1,159)

36. Other Financial Income

Other financial income as at December 31, 2024 and 2023, was as follows (in CZK millions):

	2024	2023
Dividends received (see Note 5)	9,255	12,147
Foreign exchange rate gain	833	899
Gain on sale of share in Akcez group	-	1,594
Gain on revaluation of financial assets	162	18
Gain on sale of debt instruments	161	9
Gain on financial derivatives	62	509
Other	46	81
Total	10,519	15,257

37. Income Taxes

The Company income tax for 2024 and 2023 corresponds to the rate of 75% and 71%, respectively, due to the application of windfall tax.

Pursuant to Act No. 366/2022 Coll., the Company's taxable income in the years 2023–2025 is burdened with an increased tax rate of 60%, windfall tax. It is a component of corporate income tax. The tax base for windfall tax is the difference between the comparative tax base and the average of the comparative tax bases from years 2018–2021 increased by 20%. The Company applies the legal ability to move tax bases within the group of companies with windfall profits.

This increased tax rate affects the calculation of deferred income tax. Tax rates for calculation of deferred tax in individual years were calculated as a share of total corporate income tax including windfall tax and tax base.

The estimated effective income tax rates for the calculation of deferred tax in the future years are as follows:

2025	72%
2026 and thereafter	21%

The Company's management believes that the tax expense was recognized in the financial statements in an appropriate amount. 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 were as follows (in CZK millions):

	2024	2023
Current income tax charge	(44,594)	(41,219)
Deferred income taxes	(2,142)	(599)
Total	(46,736)	(41,818)

The following table summarizes the differences between the income tax expense and accounting profit before taxes multiplied by the applicable tax rate (in CZK millions):

	2024	2023
Income before income taxes	66,421	69,912
Statutory income tax rate	75%	71%
"Expected" income tax expense	(49,550)	(49,393)
Adjustments:		
Non-tax-deductible allowances, net	3,766	(66)
Non-tax gains/losses associated with changes in shareholding interest	(283)	727
Non-taxable income from dividends	6,901	8,582
Reversal (creation) of non-tax-deductible provision	5	51
Tax incentives, tax discounts	2	1
Impact of different tax rate for calculation of deferred tax	(3,310)	(2,081)
Change in depreciation method (see Note 2.3)	(4,885)	-
Interest Income	790	821
Other non-tax-deductible items, net	(172)	(460)
Income tax	(46,736)	(41,818)
Effective tax rate	70%	60%

The overview of deferred income tax at December 31, 2024 and 2023 (in CZK millions):

	2024	2023
Nuclear provisions	28,513	27,228
Other provisions	20,413	16,341
Allowances	687	504
Revaluation of financial instruments	973	-
Lease liabilities	331	224
Other temporary differences	1,906	2,894
Total deferred tax assets	52,823	47,191
Difference between financial statement value and tax value of net book value of fixed assets	(44,892)	(43,001)
Revaluation of financial instruments	(9,446)	(20,257)
Right-of-use assets	(230)	(144)
Investment in finance lease – lessor	(87)	(74)
Emission rights	(16,264)	(11,649)
Other temporary differences	(486)	(182)
Total deferred tax liability	(71,405)	(75,307)
Total deferred tax liability, net	(18,582)	(28,116)

Movements of deferred tax in the balance sheet in 2024 and 2023 were as follows (in CZK millions):

	2024	2023
Balance at January 1	(28,116)	47,885
Effect of business combinations	(7)	(142)
Deferred tax recognized in profit or loss	(2,142)	(599)
Deferred tax recognized in other comprehensive income	11,683	(75,260)
Balance at December 31	(18,582)	(28,116)

Tax impact related to individual items of other comprehensive income was as follows (in CZK millions):

	2024			2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(4,645)	367	(4,278)	83,603	(59,224)	24,379
Cash flow hedges reclassified to statement of income	(15,249)	11,376	(3,873)	22,371	(15,805)	6,566
Cash flow hedges reclassified to assets	40	(30)	10	(131)	93	(38)
Change in fair value of debt instruments	(571)	3	(568)	1,925	(324)	1,601
Change in fair value of equity instruments	953	-	953	(305)	-	(305)
Re-measurement gains (losses) on defined benefit plans	158	(33)	125	-	-	-
Total	(19,314)	11,683	(7,631)	107,463	(75,260)	32,203

38. Related Parties

The Company purchases/sells products, goods and services from/to related parties in the ordinary course of business.

The following table shows receivables from related parties and payables to related parties as at December 31, 2024 and 2023 (in CZK million):

	Receivables		Payables	
	2024	2023	2024	2023
AZ KLIMA a.s.	216	216	-	-
BELECTRIC GmbH	117	44	64	3
CEZ Deutschland GmbH	-	-	123	117
CEZ Erneuerbare Energien Beteiligungs GmbH	558	336	-	-
CEZ Erneuerbare Energien Beteiligungs II GmbH	147	251	-	-
CEZ Holdings B.V.	-	-	150	166
CEZ Hungary Ltd.	1,882	2,038	999	1,035
CEZ Chorzów S.A.	88	1,351	97	69
CEZ MH B.V.	320	220	-	-
CEZ Polska sp. z o.o.	7	9	1,702	941
CEZ RES International B.V.	-	-	504	525
CEZ Skawina S.A.	102	1,952	39	117
Czech Gas Networks S.à r.l.	7,784	-	-	-
ČEZ Distribuce, a. s.	30,601	32,838	5,590	6,265
ČEZ Energetické produkty, s.r.o.	37	96	765	983
ČEZ ESL, s.r.o.	97	55	130	156
ČEZ Energo, s.r.o.	33	218	542	542
ČEZ ENERGOSERVIS spol. s r.o.[1)]	437	380	1,368	943
ČEZ ESCO, a.s.	530	2,507	3,902	772
ČEZ ICT Services, a. s.	1,103	689	413	197
ČEZ Invest Slovensko, a.s.	1	-	104	136
ČEZ Obnovitelné zdroje, s.r.o.	74	108	402	270
ČEZ OZ uzavřený investiční fond a.s.	122	16	3,219	3,569
ČEZ Prodej, a.s.	10,037	17,492	16,976	20,908
ČEZ Teplárenská, a.s.	433	404	623	997
Elektrárna Dukovany II, a. s.	19	21	456	89
Elevion Group B.V.	516	1,241	144	-
Energetické centrum s.r.o.	-	-	144	155
Energotrans, a.s.	3,661	3,689	9,135	8,307
ENESA a.s.	277	1	-	189
EP Rožnov, a.s.	-	-	304	447
Inven Capital, SICAV, a.s.	-	-	1,586	2,012
MARTIA a.s.	11	22	391	578
Nuclear Property Services, s.r.o.	1	-	218	-
PRODECO, a.s.	7	7	255	171
PV Design and Build s.r.o.	124	618	52	4
Revitrans, a.s.	2	45	154	2
SD - Kolejová doprava, a.s.	5	5	386	301
Severočeské doly a.s.	215	315	13,440	12,666
ŠKODA JS a.s.	1,112	766	750	823
ŠKODA PRAHA a.s.	298	32	115	25
Telco Infrastructure, s.r.o.	24	1	1	223
Telco Pro Services, a. s.	37	28	336	157
TENAUR, s.r.o.	13	1	251	122
ÚJV Řež, a. s.	26	29	539	442
Other	345	316	635	564
Total	61,419	68,357	67,004	65,988

The following table provides the total amount of transactions (sales and purchases), which were entered into with related parties in 2024 and 2023 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2024	2023	2024	2023
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	10	23	224	35
BELECTRIC GmbH	749	324	199	205
CAPEXUS s.r.o.	1	-	5	49
CE Insurance Limited	-	-	217	199
CEZ Hungary Ltd.	8,872	9,712	546	1,138
CEZ Chorzów S.A.	842	1,254	789	-
CEZ Skawina S.A.	1,134	1,818	1,078	2
Czech Gas Networks S.à r.l.	127	-	-	-
ČEZ Distribuce, a. s.	2,215	2,185	136	44
ČEZ Energetické produkty, s.r.o.	57	52	1,360	2,891
ČEZ ESL, s.r.o.	62	57	34	465
ČEZ Energo, s.r.o.	130	326	174	179
ČEZ ENERGOSERVIS spol. s r.o.[1)]	71	65	2,900	2,085
ČEZ ESCO, a.s.[2)]	42,858	67,007	6,940	23,644
ČEZ ICT Services, a. s.	150	142	1,534	1,292
ČEZ Obnovitelné zdroje, s.r.o.	146	59	396	502
ČEZ OZ uzavřený investiční fond a.s.	137	44	1,371	275
ČEZ Prodej, a.s.[2)]	48,914	95,170	9,382	29,192
ČEZ Teplárenská, a.s.	3,116	2,524	150	120
Elektrárna Dukovany II, a. s.	77	72	4	1
Elektrárna Temelín II, a. s.	7	7	1	34
Energotrans, a.s.	4,416	4,637	4,125	4,456
LOMY MOŘINA spol. s r.o.	-	-	404	362
MARTIA a.s.	28	26	1,256	852
OSC, a.s.	-	-	250	169
PV Design and Build s.r.o.	-	-	52	40
SD - Kolejová doprava, a.s.	15	14	427	379
Severočeské doly a.s.	1,478	2,780	9,122	11,638
ŠKODA JS a.s.	14	10	1,983	2,158
ŠKODA PRAHA a.s.	8	11	402	78
Telco Pro Services, a. s.	67	65	-	-
ÚJV Řež, a. s.	10	14	969	885
Ústav aplikované mechaniky Brno, s.r.o.	-	-	125	113
Výzkumný a zkušební ústav Plzeň s.r.o.	4	1	78	68
Other	138	145	73	64
Total	115,853	188,544	46,706	83,614

[1)] The company MD projekt, s.r.o., merged with the succession company ČEZ ENERGOSERVIS spol. s r.o. with the legal effective date of November 1, 2024.

[2)] Due to re-invoicing in the company ČEZ Prodej, a.s., in 2024 and 2023, the relevant part of sales was transferred to the company ČEZ ESCO, a.s., in the amount of CZK 32,113 million and CZK 43,819 million, respectively.

The Company and some of its subsidiaries are included in the cash pool system. Receivables from subsidiaries related to cash pooling are included in balance sheet on the line item Derivatives and other financial assets (see Note 5), payables to subsidiaries related to cash pooling and similar borrowings are included in balance sheet on the line item Derivatives and other financial liabilities (see Note 22).

Information about salaries and wages of key management is included in Note 31. Information about guarantees provided is included in Note 20.2.

39. Segment Information

The Company is mainly engaged in the generation of electricity and trade in electricity and other commodities, which is a separate operating segment. Most of the Company's activities take place in the markets of the European Union. The Company did not identify other separate operating segments.

40. Net Income per Share

	2024	2023
Numerator (in CZK millions)		
Basic and diluted:		
Net income	19,685	28,094
Denominator (in thousands shares)		
Basic:		
Weighted average shares outstanding	536,810	536,810
Dilutive effects	-	-
Diluted:		
Adjusted weighted average shares	536,810	536,810
Net income per share (CZK per share)		
Basic	36.7	52.3
Diluted	36.7	52.3

41. Commitments and Contingencies

Investment Plans

Capital expenditures for the next six years as at December 31, 2024, are estimated as follows (in CZK billion):

2025	30.4
2026	31.6
2027	37.1
2028	26.0
2029	26.6
2030	28.2
Total	179.9

The above-mentioned values do not include planned acquisitions of subsidiaries, associates and joint-ventures.

The Company reviews regularly investment plan and actual capital expenditures may vary from the above estimates. At December 31, 2024, significant purchase commitments were outstanding in connection with the investment plan.

Insurance Matters

The Nuclear Energy Act sets limits on liability for nuclear damages so that the operator of nuclear installations is liable for up to CZK 8 billion per incident. The Nuclear Energy Act limits the liability for damage caused by other activities (such as transportation) to CZK 2 billion. The Nuclear Energy Act also requires the operator to insure its liability in connection with the operation of a nuclear power plant up to a minimum of CZK 2 billion and up to a minimum of CZK 300 million for other activities (such as transportation). The Company has concluded the above insurance policies with company

Generali Česká pojišťovna a.s. (representing the Czech Nuclear Insurance Pool) and European Liability Insurance for the Nuclear Industry. The Company has taken out all insurance policies with the minimum limits as required by the law.

The Company also maintains the insurance policies covering the assets of its coal-fired, hydroelectric, CCGT and nuclear power plants, as well as general liability insurance in connection with the Company's main activities.

42. Events after the Balance Sheet Date

On January 2, 2025, a non-cash contribution of 100% interest in ČEZ Teplárenská, a.s., was made in the form of a contribution to equity other than the stated capital of the 100% subsidiary ČEZ ESCO, a.s. The book value of the contributed interest was CZK 3,167 million.

On January 13, 2025, the Company concluded committed loan facility agreement with European Investment Bank to support modernization and further development of the electricity distribution grid in the Czech Republic during years 2025 and 2026 in the amount of EUR 400 million. The drawing is expected in 2025.

On February 4, 2025, an agreement with the company VEOLIA ENERGIE INTERNATIONAL S.A. on the sale of a 15% interest in the company Veolia Energie ČR, a.s., was signed.

On February 26, 2025, the International Chamber of Commerce (ICC) arbitral tribunal fully upheld the claim of ČEZ, which in international arbitration sought compensation for damages exceeding CZK 1 billion from the Russian gas company Gazprom. The damage arose because Gazprom significantly reduced the supply of natural gas during 2022, which ČEZ had ordered from it before the Russian invasion of Ukraine, and ČEZ had to cover this shortfall with gas purchased at the then high prices. According to the ICC arbitral award, Gazprom must pay ČEZ not only the aforementioned damages, but also interest on late payment and compensation for the costs of the proceedings. If it does not do so voluntarily, ČEZ will proceed to enforce the arbitral award, i.e., it will enforce its claims by execution.

These separate financial statements have been authorized for issue on April 7, 2025.

_____ _____

Daniel Beneš
Chairman of the Board of Directors

Martin Novák
Member of the Board of Directors

ISSUER

ČEZ, a. s.
Duhová 2/1444
140 53 Prague 4
Czech Republic

AGENT AND OTHER PAYING AGENT

Deutsche Bank AG, London Branch
21 Moorfields
London EC2Y 9DB
United Kingdom

LISTING AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

LEGAL ADVISORS TO THE ISSUER

as to English law
White & Case LLP
5 Old Broad Street
London, EC2N 1DW
United Kingdom

as to Czech law
White & Case, s.r.o., advokátní kancelář
Na příkopě 14
110 00 Prague 1
Czech Republic

LEGAL ADVISORS TO THE ARRANGERS AND DEALERS

as to English law

Dentons UK and Middle East LLP
One Fleet Place
London, EC4M 7WS
United Kingdom

as to Czech law

Dentons Europe CS LLP, organizační složka
V Celnici 1034/6
110 00 Prague 1
Czech Republic

INDEPENDENT AUDITORS OF THE ISSUER

Deloitte Audit s.r.o.
Italská 2581/67
120 00 Prague 2
Czech Republic

ARRANGERS AND DEALERS

Citigroup Global Markets Europe AG
Börsenplatz 9
60313 Frankfurt am Main
Germany

Deutsche Bank Aktiengesellschaft
Deutsche Bank Aktiengesellschaft
Mainzer Landstr. 11-17
60329 Frankfurt am Main
Germany