

ČEZ, a. s.

SEPARATE FINANCIAL STATEMENTS

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

PRELIMINARY UNAUDITED ACCOUNTS
Prepared as of March 11, 2026

(Translation of Separate Financial Statements Originally Issued in Czech)

ČEZ, a. s.
BALANCE SHEET
AS OF DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024
ASSETS:			
Plant in service		570,019	562,571
Less accumulated depreciation and impairment		(355,528)	(330,620)
Net plant in service		214,491	231,951
Nuclear fuel		20,531	20,574
Construction work in progress		23,820	19,684
Total property, plant and equipment	3	258,842	272,209
Restricted financial assets	6.1	22,070	20,049
Other non-current financial assets	6.4	201,242	195,499
Intangible assets	4	2,335	1,969
Investment properties	5	656	440
Total other non-current assets		226,303	217,957
Total non-current assets		485,145	490,166
Cash and cash equivalents	6.2	10,625	32,868
Trade and other receivables	6.3	47,050	56,047
Income tax receivable		5,350	-
Materials and supplies	9	13,697	11,853
Fossil fuel stocks		370	1,180
Emission rights	10	25,033	24,532
Derivatives and other current financial assets	6.4	59,400	59,780
Other current assets	11	8,096	14,859
Assets classified as held for sale	12	-	1,356
Total current assets		169,621	202,475
Total assets		654,766	692,641

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

ČEZ, a. s.
BALANCE SHEET
AS OF DECEMBER 31, 2025

continued

	Note	2025	2024
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		110,578	113,335
Total equity	13	163,043	165,800
Long-term debt, net of current portion	6.5	144,060	148,667
Provisions	14	160,582	159,707
Other long-term financial liabilities	6.8	7,388	7,982
Deferred tax liability	28	2,184	18,582
Total non-current liabilities		314,214	334,938
Short-term loans	6.6	10,223	2,199
Current portion of long-term debt	6.5	23,340	24,173
Trade payables	6.7	27,728	30,723
Income tax payable		-	852
Provisions	14	28,676	26,349
Derivatives and other short-term financial liabilities	6.8	86,322	106,649
Other short-term liabilities	15	1,220	958
Total current liabilities		177,509	191,903
Total equity and liabilities		654,766	692,641

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

ČEZ, a. s.
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024
Sales of electricity, heat and gas		170,269	182,643
Sales of services and other revenues		7,188	7,987
Other operating income		1,606	946
Total revenues and other operating income	17	179,063	191,576
Gains and losses from commodity derivative trading	18	1,888	6,059
Purchase of electricity, gas and other energies	19	(37,225)	(39,636)
Fuel and emission rights	20	(41,327)	(42,098)
Services	21	(15,942)	(16,162)
Salaries and wages	22	(12,579)	(11,551)
Materials and supplies		(2,469)	(2,762)
Capitalization of expenses to the cost of assets and change in own inventories		270	229
Depreciation and amortization	3, 4, 5	(27,666)	(22,347)
Impairment of property, plant and equipment and intangible assets		(7)	(6)
Impairment of trade and other receivables		22	(240)
Other operating expenses	23	(350)	(1,400)
Income before other income (expenses) and income taxes		43,678	61,662
Interest on debt		(7,366)	(8,162)
Interest on provisions	14	(6,884)	(7,033)
Interest income	24	4,998	5,190
Impairment of financial assets	25	4,231	5,051
Other financial expenses	26	(1,497)	(806)
Other financial income	27	12,713	10,519
Total other income (expenses)		6,195	4,759
Income before income taxes		49,873	66,421
Income taxes	28	(26,837)	(46,736)
Net income		23,036	19,685
Net income per share (CZK per share):	31		
Basic		42.9	36.7
Diluted		42.9	36.7

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

ČEZ, a. s.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024
Net income		23,036	19,685
Change in fair value of cash flow hedges	8.3	4,702	(4,645)
Cash flow hedges reclassified to statement of income	8.3	(14,330)	(15,249)
Cash flow hedges reclassified to assets	8.3	620	40
Change in fair value of debt financial instruments		(556)	(571)
Deferred tax related to other comprehensive income	28	8,687	11,716
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		<u>(877)</u>	<u>(8,709)</u>
Change in fair value of equity instruments		-	953
Re-measurement gains (losses) on defined benefit plans		316	158
Deferred tax related to other comprehensive income	28	(66)	(33)
Net other comprehensive income not to be reclassified from equity		<u>250</u>	<u>1,078</u>
Total other comprehensive income, net of tax		<u>(627)</u>	<u>(7,631)</u>
Total comprehensive income, net of tax		<u><u>22,409</u></u>	<u><u>12,054</u></u>

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, 2025

In CZK Millions

	Stated capital	Treasury shares	Cash flow hedge reserve	Debt financial instruments	Equity financial instruments and other reserves	Retained earnings	Total equity
Balance as at January 1, 2024	53,799	(1,334)	8,478	301	(2,195)	122,533	181,582
Net income	-	-	-	-	-	19,685	19,685
Other comprehensive income	-	-	(8,141)	(568)	953	125	(7,631)
Total comprehensive income	-	-	(8,141)	(568)	953	19,810	12,054
Effect of business combinations	-	-	-	-	-	39	39
Dividends	-	-	-	-	-	(27,875)	(27,875)
Balance as at December 31, 2024	<u>53,799</u>	<u>(1,334)</u>	<u>337</u>	<u>(267)</u>	<u>(1,242)</u>	<u>114,507</u>	<u>165,800</u>
Net income	-	-	-	-	-	23,036	23,036
Other comprehensive income	-	-	(438)	(439)	-	250	(627)
Total comprehensive income	-	-	(438)	(439)	-	23,286	22,409
Dividends	-	-	-	-	-	(25,166)	(25,166)
Transfer of re-measurement of equity instruments on sale	-	-	-	-	1,375	(1,375)	-
Balance as at December 31, 2025	<u>53,799</u>	<u>(1,334)</u>	<u>(101)</u>	<u>(706)</u>	<u>133</u>	<u>111,252</u>	<u>163,043</u>

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

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

In CZK Millions

	Note	2025	2024
OPERATING ACTIVITIES:			
Income before income taxes		49,873	66,421
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	3, 4, 5	27,666	22,347
Amortization of nuclear fuel	3, 20	3,921	3,821
(Gains) and losses on non-current asset retirements		(176)	(83)
Foreign exchange rate loss (gain)		306	(833)
Interest expense, interest income and dividend income		(10,152)	(6,284)
Provisions		3,739	10,026
Impairment of property, plant and equipment and intangible assets		7	6
Other non-cash expenses and income	32	(19,122)	(17,285)
Changes in assets and liabilities:			
Receivables and contract assets		14,463	21,151
Materials, supplies and fossil fuel stocks		(1,076)	(504)
Receivables and payables from derivatives		232	36,957
Other assets		(14,564)	206
Trade payables		(4,057)	(14,594)
Other liabilities		262	2,019
Cash from operations		51,322	123,371
Income taxes paid		(40,815)	(44,095)
Interest paid, net of capitalized interest		(7,306)	(7,511)
Interest received		4,954	5,273
Dividends received	6.4	12,519	9,256
Net cash flow from operating activities		20,674	86,294
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures		(13,327)	(24,371)
Proceeds from disposal of subsidiaries, associates and joint-ventures and original investments repayments		21	1,003
Additions to non-current assets before deducting grants, including capitalized interest		(19,464)	(22,544)
Proceeds from grants to non-current assets		279	487
Proceeds from sale of non-current assets		1,515	208
Loans made		(148)	(80)
Repayment of loans		2,474	2,574
Change in restricted financial assets		(2,583)	(2,267)
Net cash flow from investing activities		(31,233)	(44,990)

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

ČEZ, a. s.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

continued

	Note	2025	2024
FINANCING ACTIVITIES:			
Proceeds from borrowings		448,333	315,535
Payments of borrowings		(437,610)	(304,329)
Payments of lease liabilities	16	(342)	(321)
Proceeds from other long-term liabilities		2	6
Payment of other long-term liabilities		(1,040)	(908)
Change in payables/receivables from Group cash pooling		5,149	4,025
Dividends paid		(25,195)	(27,935)
Net cash flow from financing activities		<u>(10,703)</u>	<u>(13,927)</u>
Net effect of currency translation and allowances in cash		(981)	(189)
Net increase (decrease) in cash and cash equivalents		(22,243)	27,188
Cash and cash equivalents at beginning of period		<u>32,868</u>	<u>5,680</u>
Cash and cash equivalents at end of period	6.2	<u><u>10,625</u></u>	<u><u>32,868</u></u>
Supplementary cash flow information:			
Total cash paid for interest		7,960	8,005

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

ČEZ, a. s.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2025

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ČEZ, a. s.

NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2025

1. Description of the Company

ČEZ, a. s. (ČEZ or the Company), company reg. No. 45274649, is a Czech joint-stock company, in which at December 31, 2025, 69.8% of the share capital (69.9% of voting rights) owned the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are held by legal persons and individuals and they are traded on stock exchange markets in Prague and Warsaw. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The company 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 generation of electricity, trade in electricity, gas and other commodities and generation and distribution of heat. 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 6,873 and 6,698 in 2025 and 2024, 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, responsible and sustainable business, the fulfillment of the growth strategy while maintaining the set level of debt and achievement of full climate neutrality by 2040. The strategy includes a commitment to fundamentally limit the generation of heat and electricity from coal by 2030. In areas of distribution and sales, the basic goal is to provide the most advantageous energy solutions and the best customer experience on the market. The strategy also includes the goal to develop CEZ Group responsibly and sustainably in accordance with ESG principles.

The impacts of climate changes, but also a number of other factors, are evaluated in the various estimates and accounting judgments that the preparation of financial statements according to IFRS requires (see Note 2.3). Mainly it relates to determination of recoverable amount of property, plant and equipment and intangible assets (Note 3), of the provision for demolition and dismantling of fossil-fuel power plants (Note 14.2) and of remaining useful life and depreciation methods used for depreciation of property, plant and equipment (Note 3).

2. Summary of the Most Significant General Accounting Policies

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

2.1. Financial Statements

These separate financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (hereinafter IFRS).

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

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.

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

Explanation Added for English Translation

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 2025

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, 2025:

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

The application of this amendment did not have a significant impact to the 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, 2026, or later:

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

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

2.3. Estimates and Accounting Judgments

In applying accounting policies, the Company makes judgments (other than judgments requiring estimates) that have a significant effect on the amounts reported in the separate financial statements, and further makes estimates and assumptions in determining the carrying amounts of assets and liabilities when an adequate value for such estimates or assumptions is not readily available from other sources. These estimates and related assumptions are based on historical experience and other factors that are considered to be relevant. The Company makes significant estimates when determining the recoverable amounts of property, plant and equipment and non-current financial assets (see Notes 3 and 6), for

nuclear provisions (see Note 14.1), provision for demolition and dismantling of fossil-fuel power plants and provision for waste storage restoration (see Note 14.2), when determining the fair value of commodity and non-commodity derivatives (see Note 7), incremental interest rates and lease terms to measure lease liabilities (see Note 16) and deferred tax calculation (see Notes 28). Actual outcome may vary from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis using available data, including macroeconomic data. Changes in these accounting estimates are recognized in the period in which the accounting estimate is revised. A change in estimate may affect the profit or loss of the current or future periods.

The most significant changes in estimates in 2025 related to the provision for nuclear decommissioning due to the change of the discount rate and also related to provision for the long-term spent fuel storage due to 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 most significant changes in estimates in 2024 related to the provision for long-term spent fuel storage due to the increase of expected contribution to the nuclear account depending on electricity generated in nuclear power plants and to the change of the discount rate and provision for nuclear decommissioning due to the change of the discount rate.

Another significant change in estimates in 2024 related to adjustment of depreciations and depreciating methods of certain asset classes. Regarding the effects of decarbonization and the assumptions of further market development, the Company reassessed 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).

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:

	<u>Q4</u> <u>2024</u>	<u>Year</u> <u>2025</u>	<u>Year</u> <u>2026</u>	<u>Year</u> <u>2027</u>	<u>Year</u> <u>2028</u>	<u>Year</u> <u>2029</u>	<u>Year</u> <u>2030</u>	<u>Total</u>
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 years due to the existence of the windfall tax until December 31, 2025, the deferred tax liability increased by 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.

2.4. 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 other comprehensive income.

The Company used the following exchange rates to translate assets and liabilities in foreign currencies at December 31, 2025 and 2024:

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

3. Property, Plant and Equipment

Property, Plant and Equipment and Construction Work in Progress

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

Self-constructed property, plant and equipment are measured at the cost of constructing them. Expenditures on the repair, maintenance and replacement of minor asset items are recognized as repair and maintenance expenses in the period when such repair is carried out. 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.

During the construction phase the property, plant and equipment is reported as construction work in progress. When construction is complete, the Company brings the property, plant and equipment into use and starts the depreciation. The Company depreciates the cost of property, plant and equipment (adjusted for impairment losses, if any) 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, 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, 2025, is determined as follows:

	Useful lives (years)
Buildings and structures	13–60
Machinery and equipment	4–47
Vehicles	4–37
Furniture and fixtures	4–15

The average depreciation period depending on useful life as at December 31, 2025, is determined as follows:

	Average life (years)
Hydro plants	
Buildings and structures	48
Machinery and equipment	17
Fossil fuel plants	
Buildings and structures	30
Machinery and equipment	18
Nuclear power plant	
Buildings and structures	50
Machinery and equipment	38

Right-of-use Assets

Right-of-use assets (see Note 16) are also part of property, plant and equipment. These 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.

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	4–13
Vehicles, machinery and equipment	3–29
Furniture and fixtures and other tangible assets	12–14

Plant in service, including own tangible assets and right-of-use assets, is subject of lease (see Note 16).

Nuclear Fuel

The Company presents nuclear fuel as part of property, plant and equipment because the period for which it is used for electricity generation exceeds 1 year. Nuclear fuel is measured at cost less accumulated depreciation and, if applicable, impairments. Nuclear fuel includes a capitalized portion of the provision for interim storage of spent nuclear fuel. The depreciation of nuclear fuel in a reactor is determined on the basis of the amount of energy generated and presented in the statement of income in the line item Fuel and emission rights (see Note 20). The depreciation of nuclear fuel includes additions to the provision for interim storage of spent nuclear fuel (see Note 14).

The overview of property, plant and equipment at December 31, 2025 and 2024, is as follows (in CZK millions):

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2025	140,783	419,558	2,230	562,571	26,652	19,723	608,946
Additions	109	106	65	280	-	18,643	18,923
Disposals	(396)	(2,168)	(13)	(2,577)	(2,661)	(151)	(5,389)
Bring into use	2,507	7,612	329	10,448	3,586	(14,034)	-
Change in capitalized part of the provision	(758)	75	-	(683)	-	-	(683)
Other	(26)	-	6	(20)	-	(322)	(342)
Cost at December 31, 2025	142,219	425,183	2,617	570,019	27,577	23,859	621,455
Accumulated depreciation and impairment at January 1, 2025	(76,157)	(254,275)	(188)	(330,620)	(6,078)	(39)	(336,737)
Depreciation and amortization of nuclear fuel ¹⁾	(7,469)	(19,934)	(48)	(27,451)	(3,629)	-	(31,080)
Net book value of assets disposed	(73)	(6)	(1)	(80)	-	-	(80)
Disposals	396	2,168	9	2,573	2,661	-	5,234
Other	12	-	-	12	-	-	12
Impairment losses recognized	(3)	(1)	(1)	(5)	-	-	(5)
Impairment losses reversed	6	1	36	43	-	-	43
Accumulated depreciation and impairment at December 31, 2025	(83,288)	(272,047)	(193)	(355,528)	(7,046)	(39)	(362,613)
Property, plant and equipment at December 31, 2025	58,931	153,136	2,424	214,491	20,531	23,820	258,842

¹⁾ The amortization of nuclear fuel as at December 31, 2025, also includes charges in respect of additions to the provision for interim storage of spent nuclear fuel in the amount of CZK 292 million.

	Buildings	Plant and equipment	Land and other	Total plant in service	Nuclear fuel	Construction work in progress	Total
Cost at January 1, 2024	141,558	402,606	1,782	545,946	23,314	13,496	582,756
Additions	500	101	38	639	-	21,788	22,427
Disposals	(493)	(3,131)	(48)	(3,672)	(4,478)	(41)	(8,191)
Bring into use	1,758	5,466	509	7,733	7,816	(15,549)	-
Change in capitalized part of the provision	(2,580)	14,337	-	11,757	-	-	11,757
Effect of business combinations	-	183	-	183	-	-	183
Other	40	(4)	(51)	(15)	-	29	14
Cost at December 31, 2024	140,783	419,558	2,230	562,571	26,652	19,723	608,946
Accumulated depreciation and impairment at January 1, 2024	(70,484)	(241,194)	(175)	(311,853)	(7,312)	(39)	(319,204)
Depreciation and amortization of nuclear fuel ¹⁾	(6,131)	(16,013)	(25)	(22,169)	(3,244)	-	(25,413)
Net book value of assets disposed	(7)	(51)	(32)	(90)	-	-	(90)
Disposals	493	3,131	40	3,664	4,478	-	8,142
Effect of business combinations	-	(148)	-	(148)	-	-	(148)
Other	(44)	-	-	(44)	-	-	(44)
Impairment losses recognized	(8)	(1)	-	(9)	-	-	(9)
Impairment losses reversed	24	1	4	29	-	-	29
Accumulated depreciation and impairment at December 31, 2024	(76,157)	(254,275)	(188)	(330,620)	(6,078)	(39)	(336,737)
Property, plant and equipment at December 31, 2024	64,626	165,283	2,042	231,951	20,574	19,684	272,209

¹⁾The amortization of nuclear fuel as at December 31, 2024, also includes charges in respect of additions to the provision for interim storage of spent nuclear fuel in the amount of CZK 577 million.

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

In 2025 and 2024, capitalized interest costs amounted to CZK 664 million and CZK 530 million, respectively, and the interest capitalization rate was 3.4% and 3.4%, respectively.

Construction work in progress contains mainly investments related to the acquisition of nuclear fuel, photovoltaic power plants and waste-to-energy facilities in Mělník, the modernization of hydroelectric power plants, and investments in the Temelín and Dukovany nuclear power plants.

The Company drew in 2025 and 2024 grants related to the property, plant and equipment in the amount of CZK 483 million and CZK 279 million, respectively.

Company as a Lessee

The following table shows selected information as at December 31, 2025, and for the year ended 2025, respectively, relating to right-of-use assets according to the classes of leased tangible fixed assets (in CZK millions):

	2025			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	104	15	65	184
Depreciation charge for right-of-use assets	(160)	(64)	(17)	(241)
Carrying amounts as at December 31	701	145	142	988

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

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, 2025	2,411	337	202	2,950
Carrying amount as at December 31, 2024	2,230	358	151	2,739

Testing Assets for Impairment

The Company's generation assets are tested for potential impairment as a single cash-generating unit. The cash-generating unit of the Company's generation assets is characterized by portfolio management in the deployment and maintenance of various power plants 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, 2025.

The test is based on the business plan of ČEZ for 2026–2030 and on the assumptions of long-term development of relevant electricity prices. The business plan was prepared in the fourth quarter of 2025 whereas the plan was based on the active market parameters observed in September 2025 (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.

The Company did not recognize any impairment losses on generation assets in 2025 and 2024. A change in the assumed EE prices as per models by 1%, while other parameters remain unchanged, has an impact of approximately CZK 5.8 billion on the ČEZ value test result (an increase in the price of electricity has a positive effect on the ČEZ value). Future cash flows were discounted at a rate of 8.0%. A change of 0.1 percentage point in the discount factor, while other parameters remain unchanged, would change the ČEZ value by approximately CZK 2.5 billion (reducing the discount factor has a positive effect on the ČEZ value). A 1% change in the CZK/EUR exchange rate, while other parameters remain unchanged, would result in a change of approximately CZK 6.4 billion in the ČEZ value (a depreciation of CZK against EUR has a positive effect on the ČEZ value). Above-mentioned changes in ČEZ value would not lead to an impairment of assets.

4. Intangible Assets

Intangible assets are measured at cost, including the purchase price and related expenses.

At each reporting date, the Company assesses whether there are any indicators that a intangible asset may have been impaired. Intangible assets in progress 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.

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, 2025, is determined as follows:

	Average life (years)
Software	3–24
Rights	6–29
Easements	6

Intangible assets at December 31, 2025 and 2024, are as follows (in CZK millions):

	Software	Rights and other	Intangibles in progress	Total
Cost at January 1, 2025	3,714	1,955	539	6,208
Additions	-	-	572	572
Disposals	(49)	(22)	-	(71)
Bring to use	391	76	(467)	-
Other	-	-	(4)	(4)
Cost at December 31, 2025	<u>4,056</u>	<u>2,009</u>	<u>640</u>	<u>6,705</u>
Accumulated amortization at January 1, 2025	(3,204)	(1,035)	-	(4,239)
Amortization	(160)	(42)	-	(202)
Disposals	49	22	-	71
Accumulated amortization at December 31, 2025	<u>(3,315)</u>	<u>(1,055)</u>	<u>-</u>	<u>(4,370)</u>
Intangible assets at December 31, 2025	<u><u>741</u></u>	<u><u>954</u></u>	<u><u>640</u></u>	<u><u>2,335</u></u>

	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	<u>3,714</u>	<u>1,955</u>	<u>539</u>	<u>6,208</u>
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	<u>(3,204)</u>	<u>(1,035)</u>	<u>-</u>	<u>(4,239)</u>
Intangible assets at December 31, 2024	<u>510</u>	<u>920</u>	<u>539</u>	<u>1,969</u>

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 423 million and CZK 415 million in 2025 and 2024, respectively.

5. Investment Properties

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 50 years.

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

	Buildings	Land	Construction work in progress	Total
Cost at January 1, 2025	674	90	20	784
Additions	-	-	17	17
Disposals	(28)	(4)	-	(32)
Bring into use	103	152	(255)	-
Reclassification	26	(6)	223	243
Cost at December 31, 2025	<u>775</u>	<u>232</u>	<u>5</u>	<u>1,012</u>
Accumulated depreciation at January 1, 2025	(342)	(2)	-	(344)
Depreciation	(13)	-	-	(13)
Net book value of assets disposed	(18)	-	-	(18)
Disposals	28	-	-	28
Reclassification	(12)	-	-	(12)
Impairment losses reversed	3	-	-	3
Accumulated depreciation and impairment at December 31, 2025	<u>(354)</u>	<u>(2)</u>	<u>-</u>	<u>(356)</u>
Investment properties at December 31, 2025	<u><u>421</u></u>	<u><u>230</u></u>	<u><u>5</u></u>	<u><u>656</u></u>

	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	<u>674</u>	<u>90</u>	<u>20</u>	<u>784</u>
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	<u>(342)</u>	<u>(2)</u>	<u>-</u>	<u>(344)</u>
Investment properties at December 31, 2024	<u>332</u>	<u>88</u>	<u>20</u>	<u>440</u>

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, 2025 and 2024, is by CZK 190 million and CZK 48 million, respectively, higher compared to their book value. Therefore, the best estimate of the fair value of investment property is CZK 831 million and CZK 488 million as at December 31, 2025 and 2024, 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):

	2025	2024
Rental income from investment properties	47	43
Direct operating expenses (including repairs and maintenance) related to investment properties generating rental income	<u>(47)</u>	<u>(43)</u>
Total profit arising from investment properties	<u>-</u>	<u>-</u>

6. Financial Assets and Liabilities

Financial Assets

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

Financial assets are classified as current if the 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. Assets held for trading are also presented as current.

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

Measurement of Financial Assets

Financial assets are classified into the 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 and at cost.

The Company classifies assets into the following categories:

a) Financial assets measured 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, cash and cash equivalents, trade receivables.

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

b) Financial assets measured at fair value through other comprehensive income

This category comprises financial assets where the 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 reclassification to profit or loss – used for equity financial assets

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

- With future reclassification to profit or loss – used for debt financial assets

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

c) Financial assets measured at fair value through profit or loss

A category of financial assets for which the 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 assets measured at cost

This category of financial assets comprises investments in subsidiaries, associates and joint-ventures.

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 evaluates whether the recoverable amount of the item of financial asset is lower than its carrying amount. The recoverable amount is the higher of the fair value less cost 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.

Impairment of Financial Assets Other Than Financial Assets at Cost

The impairment of financial assets other than financial assets at cost 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.

Restricted Financial Assets

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

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

Cash and Cash Equivalents

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

Financial Liabilities

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

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

Measurement of Financial Liabilities

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

a) Financial liabilities measured at amortized cost

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

- financial liabilities where the Company has an obligation or has irrevocably decided to measure liabilities at fair value through profit or loss,

- financial guarantee contracts,
- loan commitments with an interest rate lower than market interest rates.

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

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

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

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

Financial liabilities are initially measured at fair value, transaction costs are recognized directly in profit or loss. Subsequently, changes in the fair value that are not attributable to changes in credit risk are recognized in profit or loss. Foreign exchange differences and interest are included in fair value changes and are recognized in profit or loss.

The change in fair value attributable to changes in credit risk is recognized in other comprehensive income. However, if recognizing changes in fair value attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, the entity recognizes all gains and losses on such liability in profit or loss.

Long-term Debt

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

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

Derivatives

Derivatives are a special category of financial assets and liabilities. Derivatives within the scope of IFRS 9 are measured at fair value. The 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 non-hedging derivatives within the scope of IFRS 9, the change in the fair value of the derivatives is recognized directly in profit or loss. The accounting for derivatives classified as hedging instruments is described in Note 8.3.

Some derivatives are not within the scope of IFRS 9. It relates to most commodity purchases and sales carried out by the Company where there is an assumption of physical delivery of the commodity in amounts intended for use or sale in the course of the Company's ordinary activities. Such contracts are called "own-use" contracts and are specifically registered to allow distinction from contracts within the scope of IFRS 9.

Forward purchases and sales with physical delivery of energy are not within the scope of IFRS 9 as long as the contract is made in the course of the 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 also concludes trades to hedge gross margin from generation of electricity, where fair value changes do not qualify for hedge accounting mainly due to fact that forecast transaction of sale of generated electricity is not highly probable because forecast physical electricity generation might not happen eventually, but instead the trading positions on electricity might be closed financially by additional deals as well as for other related trading positions on emission rights and fuels, e.g., generation from CCGT Počerady. As a result, these commodity contracts are within scope of IFRS 9.

Commodity contracts that are within the scope of IFRS 9 and that do not hedge cash flows are revalued to fair value, with changes in fair value recognized in profit or loss. The 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.

Gains and losses from financial derivatives that are not classified as hedging instruments are presented in the line item Other financial expenses and Other financial income in the statement of income.

Derivatives are recognized as part of non-current and current other financial assets and liabilities in the balance sheet.

6.1. Restricted Financial Assets

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

	2025	2024
Czech government bonds	21,956	19,910
Cash in banks	114	139
Total restricted financial assets	<u>22,070</u>	<u>20,049</u>

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

At December 31, 2025 and 2024, the most significant restricted financial assets are the financial assets to cover the costs of nuclear decommissioning totaling CZK 21,971 million and CZK 19,924 million, respectively, and financial assets to cover the costs for waste storage reclamation totaling CZK 72 million and CZK 70 million, respectively.

6.2. Cash and Cash Equivalents

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

	2025	2024
Current accounts with banks	133	498
Term deposits	6,498	32,370
Reverse repurchase agreements	3,994	-
Total	<u>10,625</u>	<u>32,868</u>

At December 31, 2025 and 2024, cash and cash equivalents included balances in foreign currencies in the amount of CZK 115 million and CZK 17,810 million, respectively.

At December 31, 2025 and 2024, weighted average interest rate for term deposits including transactions of reverse repurchase agreements was 3.3% and 3.4%, respectively. For the years 2025 and 2024, the weighted average interest rate was 3.4% and 4.8%, respectively.

6.3. Trade and Other Receivables

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

	<u>2025</u>	<u>2024</u>
Trade receivables	37,339	38,522
Margin calls	8,693	17,089
Collaterals	1,458	910
Allowances	(440)	(474)
Total	<u>47,050</u>	<u>56,047</u>

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

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

	<u>2025</u>	<u>2024</u>
Not past due	46,832	55,947
Past due:		
less than 3 months	52	79
3–6 months	10	2
6–12 months	156	19
Total	<u>47,050</u>	<u>56,047</u>

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 is as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Balance at January 1	(474)	(246)
Additions	(39)	(294)
Reversals	62	59
Effect of business combinations	-	7
Exchange rate difference	11	-
Balance at December 31	<u>(440)</u>	<u>(474)</u>

6.4. Derivatives and Other Financial Assets

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

	2025			2024		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Loans provided	33,501	2,037	35,538	35,276	2,633	37,909
Receivables from Group cash pooling	-	6,224	6,224	-	3,878	3,878
Receivables from the sale of subsidiaries	-	3,603	3,603	-	10	10
Sublease receivables	251	130	381	283	132	415
Other financial receivables ¹⁾	3,693	79	3,772	411	83	494
Total financial assets at amortized cost	37,445	12,073	49,518	35,970	6,736	42,706
Equity financial assets (Inven Capital, SICAV, a.s., ČEZ sub-funds)	5,110	-	5,110	5,244	-	5,244
Commodity and other derivatives	-	22,501	22,501	-	32,918	32,918
Total financial assets at fair value through profit or loss	5,110	22,501	27,611	5,244	32,918	38,162
Cash flow hedge derivatives	5,101	7,265	12,366	8,699	17,049	25,748
Debt financial assets	-	17,561	17,561	-	3,077	3,077
Total financial assets at fair value through other comprehensive income	5,101	24,826	29,927	8,699	20,126	28,825
Financial assets at cost – share on subsidiaries, associates and joint-ventures	153,586	-	153,586	145,586	-	145,586
Total	201,242	59,400	260,642	195,499	59,780	255,279

¹⁾ As at December 31, 2025, other financial receivables include advances of CZK 3,219 million relating to the acquisition of 100% equity interests in SPV companies that are constructing office buildings in Prague. The Company intends to utilize these properties for its own use and use of its subsidiaries.

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

	<u>2025</u>	<u>2024</u>
Delivery in 2025	-	27,771
Delivery in 2026	18,264	4,378
Delivery in 2027	3,406	713
Delivery in 2028 and thereafter	831	56
Total commodity and other derivatives	<u>22,501</u>	<u>32,918</u>

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

	<u>2025</u>	<u>2024</u>
Electricity including cross-border capacities	5,864	12,221
Gas	14,075	16,182
Emission rights, guarantees of origin	1,961	3,595
Financial derivatives	601	920
Total commodity and other derivatives	<u>22,501</u>	<u>32,918</u>

The decrease of total receivables from commodity and other derivatives in 2025 is caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year total decrease is also influenced by volatility of the market prices and total year-to-year decrease of market prices of electricity, gas and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 6.8.

Movements in impairment provisions of financial assets at amortized cost and equity interests at cost are as follows (in CZK millions):

	<u>2025</u>	<u>2024</u>
Balance at January 1	(23,063)	(28,334)
Additions (see Note 25)	(13)	(79)
Reversals (see Note 25)	4,236	5,138
Derecognition of financial assets	110	212
Balance at December 31	<u>(18,730)</u>	<u>(23,063)</u>

The contractual maturity of loans provided and other financial assets at December 31, 2025, is shown in the following table (in CZK millions):

	Loans provided	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Due in 2026	2,037	6,224	3,603	130	17,561	79
Due in 2027	1,896	-	-	99	-	67
Due in 2028	19,007	-	-	72	-	3,275
Due in 2029	1,882	-	-	66	-	65
Due in 2030	1,447	-	-	4	-	32
Thereafter	9,269	-	-	10	-	254
Total	35,538	6,224	3,603	381	17,561	3,772

The contractual maturity of loans provided and other financial assets at December 31, 2024, is shown in the following table (in CZK millions):

	Loans provided	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 structure of provided loans and other financial assets, according to effective interest rates as at December 31, 2025, is shown in the following table (in CZK millions):

	Loans provided	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
Less than 2.00%	-	-	3,603	-	5,332	182
2.00% to 2.99%	3,914	3,868	-	-	19	-
3.00% to 3.99%	17,040	2,311	-	202	6,396	3,272
4.00% to 4.99%	7,834	45	-	83	4,534	-
5.00% to 5.99%	6,750	-	-	93	1,280	106
6.00% to 6.99%	-	-	-	2	-	102
From 7.00%	-	-	-	1	-	110
Total	35,538	6,224	3,603	381	17,561	3,772

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 provided	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
2.00% to 2.99%	5,205	-	-	-	-	-
3.00% to 3.99%	17,045	1,613	-	-	1,178	78
4.00% to 4.99%	7,854	2,265	-	192	721	-
5.00% to 5.99%	7,640	-	-	186	1,178	64
6.00% to 6.99%	-	-	-	27	-	66
From 7.00%	-	-	-	8	-	103
Total	<u>37,909</u>	<u>3,878</u>	<u>10</u>	<u>415</u>	<u>3,077</u>	<u>494</u>

The structure of provided loans and other financial assets by currency as at December 31, 2025, is shown in the following overview (in CZK millions):

	Loans provided	Receivables from Group cash pooling	Receivables from the sale of subsidiaries	Sublease receivables	Debt financial assets	Other financial receivables
CZK	35,538	2,318	3,603	151	17,561	3,754
EUR	-	3,868	-	230	-	18
USD	-	38	-	-	-	-
Total	<u>35,538</u>	<u>6,224</u>	<u>3,603</u>	<u>381</u>	<u>17,561</u>	<u>3,772</u>

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 provided	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	<u>37,909</u>	<u>3,878</u>	<u>10</u>	<u>415</u>	<u>3,077</u>	<u>494</u>

The investments in subsidiaries, associates and joint-ventures and other equity interests at December 31, 2025 and 2024, are shown in the following overview:

Company	Country	% Interest ¹⁾	2025		2024	
			Interest, net in CZK millions	Dividends in CZK millions	Interest, net in CZK millions	Dividends in CZK millions
CEZ Holdings B.V.	NL	100.00	35,182	-	24,160	-
ČEZ Distribuce, a. s.	CZ	100.00	32,742	5,026	32,742	2,235
Energotrans, a.s.	CZ	100.00	16,659	-	16,659	-
Severočeské doly a.s.	CZ	100.00	14,344	1,816	14,344	3,106
Czech Gas Networks S.à r.l.	LU	55.21	13,727	1,527	13,727	548
ČEZ ESCO, a.s.	CZ	100.00	11,943	-	10,234	-
ČEZ OZ uzavřený investiční fond a.s.	CZ	99.57	9,621	1,410	9,621	1,120
ČEZ ICT Services, a. s.	CZ	100.00	6,578	-	6,578	-
ČEZ Invest Slovensko, a.s.	CZ	100.00	2,598	-	2,598	-
Elektrárna Temelín II, a. s.	CZ	100.00	2,119	-	2,044	-
ČEZ Prodej, a.s.	CZ	100.00	1,396	2,550	1,396	1,812
ČEZ PV & Wind a.s.	CZ	100.00	1,004	-	596	-
ŠKODA JS a.s.	CZ	100.00	925	-	925	-
Elektrárna Dukovany II, a. s.	CZ	20.02	873	-	3,683	-
Nuclear Property Services, s.r.o.	CZ	100.00	778	-	678	-
ÚJV Řež, a. s.	CZ	80.55	712	-	424	-
ČEZ Energetické produkty, s.r.o.	CZ	100.00	472	5	472	15
MARTIA a.s.	CZ	100.00	358	-	358	-
ČEZ Obnovitelné zdroje, s.r.o.	CZ	100.00	333	-	78	-
CEZ MH B.V.	NL	100.00	251	-	251	-
CEZ Hungary Ltd.	HU	100.00	233	177	233	309
Ústav aplikované mechaniky Brno, s.r.o.	CZ	100.00	175	-	175	-
LOMY MOŘINA spol. s r.o.	CZ	51.05	133	4	133	4
ČEZ ENERGOSERVIS spol. s r.o.	CZ	100.00	121	-	121	-
OSC, a.s.	CZ	100.00	66	-	66	-
FVE Mydlovary	CZ	100.00	56	-	8	-
VLTAVOTÝNSKÁ TEPLÁRENSKÁ a.s.	CZ	41.87	55	-	55	-
ČEZ Teplárenská, a.s.	CZ	100.00	-	-	3,167	-
Other			132	5	60	106
Total financial assets at cost			153,586	12,520	145,586	9,255
Inven Capital, SICAV, a.s., ČEZ sub-fund (A)	CZ	99.84	3,113	-	3,173	-
Inven Capital, SICAV, a.s., ČEZ sub-fund (C)	CZ	99.95	1,997	-	2,071	-
Total financial assets at fair value			5,110	-	5,244	-
Total			158,696	12,520 ²⁾	150,830	9,255

¹⁾ Equity interest is equal to voting rights as at December 31, 2025.

²⁾ The value of the dividend differs from the dividends received reported in the cash flow statement by realized exchange rate differences.

Used country abbreviations: CZ – Czech Republic, HU – Hungary, LU – Luxembourg, NL – Netherlands.

Movements in investments in share of subsidiaries, associates and joint-ventures at cost in 2025 and 2024 are as follows (in CZK millions):

Net investments at January 1, 2025	145,586
Additions – cash and non-monetary contributions to equity:	
CEZ Holdings B.V.	8,498
Elektrárna Dukovany II, a. s.	676
ČEZ PV & Wind a.s.	408
ÚJV Řež, a. s.	288
ČEZ Obnovitelné zdroje, s.r.o.	255
Nuclear Property Services, s.r.o.	100
Other	205
	<hr/>
Total additions	10,430
Disposals – sale:	
Elektrárna Dukovany II, a. s.	(3,486)
Disposals – non-monetary contributions to equity:	
ČEZ Teplárenská, a.s.	(3,167)
Other	(6)
	<hr/>
Total disposals	(6,659)
Impairment provisions – additions (see Note 25)	(4)
Impairment provisions – reversals (see Note 25):	
CEZ Holdings B.V.	2,524
ČEZ ESCO, a.s.	1,709
	<hr/>
Total impairment provisions	4,229
	<hr/>
Net investments at December 31, 2025	<u><u>153,586</u></u>

The reversal of impairment loss related to interest in the company CEZ Holdings B.V. in 2025 was mainly due to the year-on-year increase in the recoverable amount with regard to the improvement in economic performance especially in the indirectly owned cash-generating units Belectric, Metrolog, Hermos, Instal Bud Pecyna and Project X.

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
Disposals – decrease of equity with payment:	
ČEZ OZ uzavřený investiční fond a.s.	(924)
CEZ Bulgarian Investments B.V.	(48)
Total disposals	(972)
Impairment provisions – additions (see Note 25):	
Ústav aplikované mechaniky Brno, s.r.o.	(45)
MARTIA a.s.	(15)
Elektrárna Temelín II, a. s.	(10)
Impairment provisions – reversals (see Note 25):	
Energotrans, a.s.	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

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.

6.5. Long-term Debt

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

	2025	2024
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,591	1,866
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,062	1,245
4.875% Eurobonds, due 2025 (EUR 750 million)	-	19,540
4.375% Eurobonds, due 2042 (EUR 50 million)	1,218	1,265
4.500% Eurobonds, due 2047 (EUR 50 million)	1,216	1,262
4.383% Eurobonds, due 2047 (EUR 80 million)	1,967	2,044
3.000% Eurobonds, due 2028 (EUR 725 million)	17,987	18,731
0.875% Eurobonds, due 2026 (EUR 750 million)	18,168	18,840
2.375% Eurobonds, due 2027 (EUR 600 million)	14,774	15,323
4.250% Eurobonds, due 2032 (EUR 750 million)	18,526	19,230
4.125% Eurobonds, due 2031 (EUR 800 million) ¹⁾	19,628	17,759
4.125% Eurobonds, due 2033 (EUR 750 million)	18,521	-
5.625% U.S. bonds, due 2042 (USD 300 million)	6,233	7,319
4.500% Registered bonds, due 2030 (EUR 40 million)	967	1,003
4.700% Registered bonds, due 2032 (EUR 40 million)	1,002	1,040
4.270% Registered bonds, due 2047 (EUR 61 million)	1,466	1,522
3.550% Registered bonds, due 2038 (EUR 30 million)	745	774
	<hr/>	<hr/>
Total bonds and debentures	125,071	128,763
Less: Current portion	(20,151)	(21,071)
	<hr/>	<hr/>
Bonds and debentures, net of current portion	104,920	107,692
Long-term bank loans and lease liabilities:		
Less than 2% p.a.	3,729	4,703
2.00% to 2.99% p.a.	31,701	16
3.00% to 3.99% p.a.	5,594	23,084
4.00% to 4.99% p.a.	1,067	15,775
5.00% to 5.99% p.a.	136	328
From 6.00% p.a.	102	171
	<hr/>	<hr/>
Total long-term bank loans and lease liabilities	42,329	44,077
Less: Current portion	(3,189)	(3,102)
	<hr/>	<hr/>
Long-term bank loans and lease liabilities, net of current portion	39,140	40,975
Total long-term debt	167,400	172,840
Less: Current portion	(23,340)	(24,173)
	<hr/>	<hr/>
Total long-term debt, net of current portion	144,060	148,667

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

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.

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

	2025	2024
Within 1 year	23,340	24,173
Between 1 year and 2 years	18,674	21,815
Between 2 and 3 years	22,677	19,341
Between 3 and 4 years	6,805	23,570
Between 4 and 5 years	12,722	9,558
Thereafter	83,182	74,383
Total long-term debt	167,400	172,840

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

	2025		2024	
	Foreign currency	CZK	Foreign currency	CZK
EUR	6,517	158,001	6,427	161,874
USD	302	6,233	302	7,319
JPY	20,140	2,653	20,138	3,111
CZK		513		536
Total long-term debt		167,400		172,840

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

	2025	2024
Floating rate long-term debt with interest rate fixed from 3 months to 1 year	37,202	37,804
Fixed rate long-term debt	130,198	135,036
Total long-term debt	167,400	172,840

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 7 and 8.

The following table analyses changes in liabilities and receivables arising from financing activities in 2025 and 2024 (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
Liabilities / assets from financing activities at January 1, 2024	159,340	1,166	56,852	(6,527)	210,831
Cash flows	10,885	5	(27,363)	2,546	(13,927)
Additions and modifications of leases	823	-	-	-	823
Foreign exchange movement	168	-	(25)	-	143
Changes in fair values ¹⁾	3,166	-	-	-	3,166
Approved dividends	-	-	27,875	-	27,875
Reclassification	-	(1,019)	1,019	-	-
Other ²⁾	657	600	(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	<u>175,039</u>	<u>7,982</u>	<u>106,649</u>	<u>(59,780)</u>	
Less: Liabilities / assets from other than financing activities	-	7,230	48,477	(55,819)	
Liabilities / assets arising from financing activities at January 1, 2025	175,039	752	58,172	(3,961)	230,002
Cash flows	10,381	(56)	(18,681)	(2,347)	(10,703)
Additions and modifications of leases	205	-	-	-	205
Foreign exchange movement	(2,633)	(2)	(181)	-	(2,816)
Changes in fair values ¹⁾	(5,195)	-	-	-	(5,195)
Approved dividends	-	-	25,166	-	25,166
Reclassification	-	(953)	953	-	-
Other ²⁾	(174)	594	(911)	5	(486)
Liabilities / assets from financing at December 31, 2025	177,623	335	64,518	(6,303)	236,173
Liabilities / assets arising from other than financing activities	-	7,053	21,804	(53,097)	
Total amount on balance sheet at December 31, 2025	<u>177,623</u>	<u>7,388</u>	<u>86,322</u>	<u>(59,400)</u>	

¹⁾ The item Changes in fair values includes foreign exchange movements on debt that are designated as non-derivative cash flow hedge of highly probable future net revenue in EUR (see Note 8.3).

²⁾ The item Other includes accrued interest, transfer of liability from Group cash pooling to former subsidiary Elektrárna Dukovany II, a. s., and transfer of interest paid on leases to operating activities and non-cash additions and decreases of liabilities.

The column Debt consists of balance sheet items Long-term debt, net of current portion, Current portion of long-term debt and Short-term loans. In terms of financing activities, item 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.

6.6. Short-term Loans

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

	2025	2024
Bank loans	9,792	2,092
Bank overdrafts	431	107
Total	<u>10,223</u>	<u>2,199</u>

Most short-term loans bear interest at fixed interest rates. The weighted average interest rate was 2.3% and 4.3% at December 31, 2025 and 2024, respectively. For the years 2025 and 2024, the weighted average interest rate was 2.4% and 2.9%, respectively.

6.7. Trade Payables

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

	2025	2024
Payables to suppliers, excluding payables from non-current assets purchase	15,591	19,899
Accruals	5,585	5,681
Collaterals	2,704	1,596
Payables from non-current assets purchase	2,203	1,961
Payables to employees	549	498
Other trade payables	1,096	1,088
Total	<u>27,728</u>	<u>30,723</u>

6.8. Derivatives and Other Financial Liabilities

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

	2025		
	Long-term liabilities	Short-term liabilities	Total
Payables from Group cash pooling	-	62,842	62,842
Payables from acquisition of subsidiaries and from outstanding equity contributions	83	115	198
Other	335	1,676	2,011
Financial liabilities at amortized cost	418	64,633	65,051
Cash flow hedge derivatives	6,970	3,817	10,787
Commodity and other derivatives	-	17,872	17,872
Financial liabilities at fair value	6,970	21,689	28,659
Total	<u>7,388</u>	<u>86,322</u>	<u>93,710</u>

The overview of derivatives and other financial liabilities at December 31, 2024, is 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

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

	2025	2024
Delivery in 2025	-	33,458
Delivery in 2026	13,801	7,356
Delivery in 2027	2,356	1,847
Delivery in 2028 and thereafter	1,715	748
Total commodity and other derivatives	17,872	43,409

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

	2025	2024
Electricity including cross-border capacities	5,825	20,313
Gas	9,076	20,576
Emission rights, guarantees of origin	956	999
Oil	31	8
Financial derivatives	1,984	1,513
Total commodity and other derivatives	17,872	43,409

The decrease of liabilities from commodity and other derivatives in 2025 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 and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 6.4.

7. 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 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.

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

	Carrying amount	Fair value	Level 1	Level 2	Level 3
<u>Assets measured at fair value:</u>					
Commodity derivatives	21,900	21,900	5,270	16,229	401
Cash flow hedge derivatives	12,366	12,366	9,152	3,214	-
Other derivatives	601	601	-	601	-
Restricted debt financial assets	21,956	21,956	21,956	-	-
Debt instruments at fair value through other comprehensive income	17,561	17,561	17,561	-	-
Equity financial assets at fair value through profit or loss	5,110	5,110	-	-	5,110
<u>Liabilities measured at fair value:</u>					
Commodity derivatives	(15,888)	(15,888)	(7,595)	(8,216)	(77)
Cash flow hedge derivatives	(10,787)	(10,787)	(8,858)	(1,929)	-
Other derivatives	(1,984)	(1,984)	-	(1,984)	-
<u>Assets and liabilities for which fair value is disclosed:</u>					
Loans provided	35,538	35,916	-	35,916	-
Receivables from sale of subsidiaries	3,603	3,603	-	3,603	-
Other financial receivables	10,377	10,317	-	10,317	-
Long-term debt ¹⁾	(165,996)	(167,948)	(122,816)	(45,132)	-
Short-term loans	(10,223)	(10,223)	-	(10,223)	-
Other financial liabilities	(65,051)	(65,051)	-	(65,051)	-

¹⁾ The value of long-term debt is disclosed without lease liabilities, whose fair value is not disclosed (carrying amount as at December 31, 2025, is CZK (1,404) million).

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

	<u>Carrying amount</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Assets measured at fair value:</u>					
Commodity derivatives	31,997	31,997	16,859	14,293	845
Cash flow hedge derivatives	25,748	25,748	19,266	6,482	-
Other derivatives	921	921	-	921	-
Restricted debt financial assets	19,910	19,910	19,910	-	-
Debt instruments at fair value through other comprehensive income	3,077	3,077	3,077	-	-
Equity financial assets at fair value through profit or loss	5,244	5,244	-	-	5,244
Equity financial assets classified as held for sale at fair value through other comprehensive income	1,356	1,356	-	1,356	-
<u>Liabilities measured at fair value:</u>					
Commodity derivatives	(41,896)	(41,896)	(19,735)	(20,846)	(1,315)
Cash flow hedge derivatives	(8,945)	(8,945)	(2,569)	(6,376)	-
Other derivatives	(1,513)	(1,513)	-	(1,513)	-
<u>Assets and liabilities for which fair value is disclosed:</u>					
Loans provided	37,909	38,751	-	38,751	-
Receivables from sale of subsidiaries	10	10	-	10	-
Other financial receivables	4,787	4,806	-	4,806	-
Long-term debt ¹⁾	(171,262)	(172,551)	(125,682)	(46,869)	-
Short-term loans	(2,199)	(2,199)	-	(2,199)	-
Other financial liabilities	(62,277)	(62,277)	-	(62,277)	-

¹⁾ The value of long-term debt is disclosed without lease liabilities, whose fair value is not disclosed (carrying amount as at December 31, 2025, is CZK (1,578) million).

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

The overview of the financial assets and liabilities measured at fair value – Level 3, for the years ended December 31, 2025 and 2024 (in CZK millions):

	Equity financial assets at fair value through profit or loss	Equity financial assets at fair value through other comprehensive income	Commodity derivatives
Balance at January 1, 2024	5,624	403	(249)
Additions	-	-	-
Disposals	-	-	(6,661)
Revaluation	(380)	-	6,440
Reclassification to level 2	-	(403)	-
Balance at December 31, 2024	<u>5,244</u>	<u>-</u>	<u>(470)</u>
Additions	-	-	-
Disposals	-	-	(5,310)
Revaluation	(134)	-	5,622
Reclassification to level 2	-	-	482
Balance at December 31, 2025	<u>5,110</u>	<u>-</u>	<u>324</u>

In 2025, a transfer from Level 3 to Level 2 of financial instruments measured at fair value occurred, relating to gas commodity contracts with delivery in the Czech Republic, where market inputs are now applied. In 2024, a transfer from Level 3 to Level 2 of financial instruments measured at fair value occurred, relating to a 15% equity interest in Veolia Energie ČR, a.s., included in the portfolio of equity instruments measured at fair value through other comprehensive income. The fair value as at December 31, 2024, was determined based on the market price – the signed sale agreement.

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 6.4). The fair value of the investments as at December 31, 2025 and 2024, was determined by a valuation expert. The determination of fair value takes into consideration, in particular, capital contributions and other forms of 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.

7.1. Offsetting of Financial Instruments

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

	2025		2024	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	34,867	(28,659)	58,666	(52,354)
Other financial instruments ¹⁾	36,073	(41,378)	43,048	(44,240)
Collaterals paid (received) ²⁾	1,458	(2,704)	910	(1,596)
Gross financial assets / liabilities	72,398	(72,741)	102,624	(98,190)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	72,398	(72,741)	102,624	(98,190)
Effect of master netting agreements	(48,136)	48,136	(73,393)	73,393
Net amount after master netting agreements	<u>24,262</u>	<u>(24,605)</u>	<u>29,231</u>	<u>(24,797)</u>

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.

8. Financial Risk Management

Risk Management Approach

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

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

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

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

Since 2021, a new uniform Enterprise Risk Management scheme is adopted by the Group to be applied to all group-level significant risks. For this level of risks, the scheme integrates, across the process areas of the whole Group, all decentral risk management activities into one, uniform and centrally coordinated process of 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 in ČEZ, a. s., is the CFO, except for approval of the aggregate annual risk capital (Profit@Risk) within the competence of the ČEZ, a. s., Board of Directors. CFO decides, based on the recommendation of the Risk Management Committee, on the development of a system of risk management and on an overall allocation of risk capital to the individual risks and organizational units. He approves obligatory rules, responsibilities and limit structure for the management of partial risks.

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

Overview and Methods of Risk Management

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

1. Market risks	2. Credit risks	3. Operation risks	4. Business risks
1.1 Financial (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 rights, coal, gas, crude oil), volume (volume of electricity produced by wind power plants),
- credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk,
- operational risks: risks of nuclear and emission sources power plants operation.

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).

8.1. Qualitative Description of ČEZ, a. s., Risks Associated with Financial Instruments

Commodity Risks

The development of electricity, emission rights, 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 generation sales, i.e., from trades resulting in optimizing the sales of ČEZ's generation and in optimizing the emission rights position for generation (the potential risk is managed on the EaR, VaR and the EBITDA@Risk bases), and (ii) the margin from the proprietary trading of commodities (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, 2025 and 2024, is the carrying value of each class of financial assets except for financial guarantees.

Credit risk from balances with banks and financial institutions is managed by the Group's 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.

8.2. 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 statement of income.

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

	2025	2024
Monthly VaR (95%) – impact of changes in commodity prices	2,294	2,922

Currency Risks

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

- the indicator of currency risk is defined as the monthly VaR (95% confidence),
- for the calculation of VaR, which is based on volatility and internal correlations of each considered currency, the method of historical simulation VaR is applied to 90 daily historical time series,
- the relevant currency position is defined mainly as a value of foreign currency cash flows from all contracted financial instruments, from expected foreign currency operational revenues and costs in 2026 and from highly probable forecasted foreign currency revenues, costs or capital expenditures that are being hedged by financial instruments etc.,
- the relevant currency positions reflect all significant foreign-currency flows 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):

	2025	2024
Monthly currency VaR (95% confidence)	560	289

Interest Risks

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

	2025	2024
IR sensitivity to parallel yield curve shift (+10bp)	(27)	(34)

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):

	2025	2024
Guarantees provided to subsidiaries not recorded on balance sheet	12,616	11,141

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. The latest date for exercise as at December 31, 2025 and 2024, was not contractually limited.

Liquidity Risk

Maturity profile of financial liabilities based on contractual undiscounted payments as at December 31, 2025 (in CZK millions):

	Bonds and debentures	Loans and lease liabilities	Derivatives ¹⁾	Other financial liabilities	Trade payables	Guarantees issued ²⁾
Due in 2026	22,317	3,932	516,733	64,638	27,728	12,616
Due in 2027	18,521	5,034	112,358	327	-	-
Due in 2028	21,342	5,797	27,360	89	-	-
Due in 2029	3,128	7,540	3,587	3	-	-
Due in 2030	4,091	12,265	2,578	-	-	-
Thereafter	84,046	12,095	31,127	2	-	-
Total	153,445	46,663	693,743	65,059	27,728	12,616

Maturity profile of financial liabilities based on contractual undiscounted payments as at December 31, 2024 (in CZK millions):

	Bonds and debentures	Loans and lease liabilities	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

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 7.

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 trading horizon (in CZK millions):

Year	Maximum net amount of margin calls and collaterals	Peak day	Average daily net amount of margin calls and collaterals	Market price ¹⁾ (EUR/MWh)	
				Electricity CAL DE BL Y+1	Gas TTF Y+1
2021	60,816	December 27, 2021	3,680	271	98
2022	195,240	August 29, 2022	86,612	985	312
2023	76,737	January 2, 2023	30,681	214	78
2024	23,986	September 20, 2024	19,137	82	35
2025	23,382	May 7, 2025	13,891	86	33

¹⁾ Market price is stated for the trading day preceding the indicated day of the maximum. The product for electricity is calendar baseload with delivery in Germany for following year (Y+1) - at December 31, 2025, the price of this product CAL 2026 DE BL was 84 EUR/MWh, the price of gas relates to natural gas at the trade point TTF with delivery following year - at December 31, 2025, the price of TTF 2026 was 27 EUR/MWh.

The committed credit facilities available to the Company as at December 31, 2025 and 2024, amounted to CZK 73.6 billion and CZK 57.5 billion, respectively. In addition, from the committed loan facility agreements with the European Investment Bank to support financing of the program of renewal and further development of the distribution grid in the Czech Republic the amount of EUR 800 million and EUR 400 million remained available to be drawn down as at December 31, 2025 and 2024, respectively.

8.3. Hedge Accounting

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 related to a balance sheet asset or liability or to a highly probable forecast transaction.

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

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

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

The 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 or 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 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 reclassified to profit or loss.

The Company hedges cash flows arising from highly probable future sales of electricity in the Czech Republic. Hedging instruments are forward and futures contracts for electricity sales (or purchase) in Germany. The result of own-use presales (Note 6) and this hedging strategy as at December 31, 2025, is that for 2026 approximately 87% of expected generation in the Czech Republic was hedged at an average price of EUR 95 per MWh, for 2027 approximately 59% of expected generation at an average price EUR 85 per MWh, for 2028 approximately 29% of expected generation at an average price EUR 78 per MWh and for 2029 approximately 7% at an average price of EUR 75 per MWh.

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

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

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

The following tables provide an overview of the fair value of hedging derivatives as at December 31, 2025 and 2024 (in CZK millions):

2025				
	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:				
2026	GWh	(8,141)	3,269	1,409
2027	GWh	(12,914)	(1,214)	(1,208)
2028 and thereafter	GWh	(10,779)	(1,411)	(1,449)
Commodity risk – electricity, total	GWh	(31,834)	644	(1,248)
Commodity risk – purchase of emission rights in years 2026–2028	thousands tons	2,776	696	696
Commodity risk total			1,340	(552)
Foreign currency risk in years 2026–2042	mil. EUR	(5,836)	(152,996)	(163)
Foreign currency risk in years 2026–2042	mil. USD	(300)	772	715
Interest rate risk in years 2026–2032		-	-	(128)
Foreign currency and interest rate risk total			(152,224)	424
Total cash flow hedge			(150,884)	(128)
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 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		-	-	(184)
Foreign currency and interest rate risk total			(157,735)	(6,034)
Total cash flow hedge			(141,578)	8,880

1) Positive values represent purchase, negative values represent sale.

2) Positive values represent receivables, negative values represent payables.

3) The value in the column Effective hedge amount before tax also includes values in equity related to terminated hedging instruments (until the realization of the cash flow).

In 2025 and 2024, the amounts removed from equity in respect of cash flow hedges were recognized in profit or loss and included in the line items Sales of electricity, heat and gas, Gains and losses from commodity derivative trading, Other financial expenses and Other financial income. In 2025 and 2024, the Company recognized gain from the ineffectiveness of cash flow hedging in the amount of CZK 2,211 million and CZK 2,505 million, respectively. The ineffectiveness in 2025 and 2024 was primarily caused by the volatility of electricity price on Czech / German market and unequal price increase / decrease of the electricity on Czech and German market.

The following tables provide an overview of movements in equity before tax, which is related to cash flow hedge in 2025 and 2024 (in CZK millions):

	2025		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	1,976	(15,928)	(2,210)
Commodity risk – purchase of emission rights	696	-	-
Foreign currency risk – presale of electricity, purchase of emission rights	4,241	2,162	(1)
Interest rate risk – interest costs from issued bonds	-	56	-
Total cash flow hedge	6,913	(13,710)	(2,211)
	2024		
	Change in fair value of financial instruments recorded in equity, gross	Reclassification of effective part of hedge to profit or loss / assets	Transfer of ineffective part of hedge to profit or loss
Commodity risk – presale of electricity	1,452	(14,230)	(2,506)
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)

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

	2025	2024
Change in fair value of financial instruments recorded in equity, gross	6,913	(2,140)
Transfer of ineffective part of hedge to profit or loss	(2,211)	(2,505)
Change in fair value of cash flow hedges	4,702	(4,645)
Cash flow hedges reclassified to profit or loss	(14,330)	(15,249)
Cash flow hedges reclassified to assets	620	40
Total reclassifications of effective part of hedge	(13,710)	(15,209)

9. Materials and Supplies

Purchased inventories (except for gas intended for trading – see the following paragraph) are measured at actual cost, using the weighted average cost method. Upon use, they are recognized in expenses or capitalized as non-current assets. Work in progress is measured at actual cost. The costs include, primarily, direct material and labor costs. The value of unusable inventories for which the net simple value is less than their carrying amount, is reduced by means of allowances charged to expenses to the level of net realizable value, which represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Gas inventories are acquired for purpose of trading. Gas in a gas storage 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.

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

	<u>2025</u>	<u>2024</u>
Material in stock	9,593	8,293
Gas storage for trading	3,835	3,190
Advances paid on inventory	313	395
Other supplies	24	41
Allowances for obsolescence	<u>(68)</u>	<u>(66)</u>
Total	<u><u>13,697</u></u>	<u><u>11,853</u></u>

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). 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 rights 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.

The following table summarizes the movements in the quantity (in thousand tons) and book value of emission rights held by the Company during 2025 and 2024 (in CZK millions):

	2025		2024	
	in thousands tons	in CZK millions	in thousands tons	in CZK millions
<u>Emission rights for own use:</u>				
Emission rights for own use at January 1	11,504	22,151	12,661	17,575
Emission rights granted	111	-	105	-
Settlement with register	(11,193)	(21,547)	(11,175)	(15,507)
Emission rights purchased	10,695	22,460	9,913	20,083
Emission rights for own use at December 31	<u>11,117</u>	<u>23,064</u>	<u>11,504</u>	<u>22,151</u>
<u>Emission rights held for trading:</u>				
Emission rights held for trading at January 1	1,329	2,375	2,930	5,595
Settlement with register	(604)	(978)	(596)	(963)
Emission rights purchased	6,823	13,078	7,900	12,916
Emission rights sold	(6,598)	(12,641)	(8,905)	(13,934)
Fair value adjustment	-	132	-	(1,239)
Emission rights held for trading at December 31	<u>950</u>	<u>1,966</u>	<u>1,329</u>	<u>2,375</u>

At December 31, 2025 and 2024, guarantees of origin are part of the line item Emission rights in the amount of CZK 3 million and CZK 6 million, respectively.

11. Other Current Assets

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

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

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

	2025	2024
Prepayments	667	638
Grants, taxes and fees, except income tax	2,177	2,275
Advances paid	1,594	1,700
Other contract assets	3,658	10,246
Total	<u>8,096</u>	<u>14,859</u>

12. 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 in order to complete the sale within one year from the date of the classification of the assets or group of assets as held for sale.

On 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. As at December 31, 2024, the Company classified this interest as asset held for sale. The transaction was settled on April 17, 2025, for the sale price of CZK 1,356 million.

13. Equity

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

The Company's stated capital registered in the Commercial Register is CZK 53,798,975,900 as at December 31, 2025 and 2024. It consists of 537,989,759 shares with a nominal value of CZK 100. All shares are fully paid, they are dematerialized, bearer, quoted shares. As at December 31, 2025 and 2024, the Company held 1,179,512 pieces of treasury shares.

The rights and obligations attached to the Company's shares are governed by applicable law as set down in Section 210 et seq. of Act No. 89/2012 Coll., Civil Code and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act. No special rights or restrictions are attached to the Company's shares. Pursuant to Section 256(1) of the Business Corporations Act, shareholder rights attached to the shares are to participate, in compliance with the 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.

The payment of dividends of CZK 47 and CZK 52 per share, before tax, was approved in 2025 and 2024, respectively. Dividends for 2025 will be approved at the Company's General Meeting that will be held in the first half of 2026.

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. These calculations always include items relating to assets held for sale, which are reported separately in the balance sheet.

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

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

14. Provisions

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

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

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 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. Initial discounted costs are capitalized as part of property, plant and equipment and then depreciated for the duration of time for which power plants will generate electricity in the case of nuclear provisions and provisions for demolition and dismantling of fossil-fuel power plants, or over the expected remaining period of active operation of the landfill in the case of the provision for waste storage, if this period is shorter than the life of the power plant.

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

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

Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation. These expenses are recognized in the statement of income in the line item Interest on provisions.

Changes in estimates concerning the provisions 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.

Although the Company has made the best estimate of the amount of provisions, potential changes in technology, changes in safety and environmental requirements, changes of legislation, increases in personnel costs and costs of materials and equipment and changes in the duration of such activities may result in actual costs varying substantially from the current estimates.

Provision for Employee Benefits

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

The provision for employee benefits represents a liability for defined benefits and other long-term employee benefits, 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 following basic assumptions were used to calculate the present value of the provision:

	2025	2024
The most significant assumptions:		
Average turnover rate	1.9%	2.0%
Expected increase in the nominal average wages	3.6%	5.4%
Nominal corporate discount rate	6.3%	6.0%

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

Provision for CO₂ Emissions

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, and also reflecting the effect of hedge accounting (see Note 8.3). The provision for released emissions exceeding such rights is measured at the market price effective at the end of the reporting period.

The overview of the provisions at December 31, 2025 and 2024 (in CZK millions):

	2025			2024		
	Long-term	Short-term	Total	Long-term	Short-term	Total
Nuclear provisions	142,687	3,556	146,243	126,226	3,031	129,257
Provision for demolition and dismantling of fossil-fuel power plants	14,835	467	15,302	13,659	125	13,784
Provision for waste storage reclamation	484	6	490	488	8	496
Provision for CO ₂ emissions ¹⁾	-	23,705	23,705	-	16,645	16,645
Provision for employee benefits	2,542	173	2,715	2,567	222	2,789
Provision for legal and commercial disputes	-	741	741	-	617	617
Other provisions	34	28	62	69	29	98
Total	160,582	28,676	189,258	143,009	20,677	163,686

In 2025 and 2024, total emissions of greenhouse gases made by the Company amounted to an equivalent of 11,430 thousand tons and 11,797 thousand tons of CO₂, respectively.

14.1. 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.

The Company operates two nuclear power plants. The Dukovany Nuclear Power Plant comprises four units commissioned for continuous operation between 1985 and 1987. The Temelín Nuclear Power Plant consists of two units that were commissioned for continuous operation in 2002 and 2003. The Nuclear Energy Act sets down obligations for nuclear facility decommissioning and disposal of radioactive waste and spent nuclear fuel. In accordance with the Nuclear Energy Act, all the nuclear parts and equipment of a nuclear power plant must be disposed of after the end of operation. For the purpose of determining the amount of nuclear provisions, it is estimated that the Dukovany Nuclear Power Plant will stop generating electricity in 2047, the Temelín Nuclear Power Plant in 2062. The decommissioning of nuclear power plants is expected to continue for approximately 45 years after electricity generating would end. Decommissioning cost studies for Dukovany Nuclear Power Plant from 2022 and for Temelín Nuclear Power Plant from 2023 assume that the total costs of decommissioning of so-called nuclear island and conventional part of these power plants will reach the amount of CZK 45.3 billion and CZK 36.9 billion, respectively. The Company makes contributions to a restricted bank accounts in the amount of the nuclear provisions recorded under the Nuclear Energy Act. These funds can be invested in government bonds in accordance with legislation. These restricted financial assets are reported in the balance sheet as part of the line item Restricted financial assets (see Note 6.1).

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

The Ministry of Industry and Trade established the Radioactive Waste Repository Authority (SÚRAO) as the central organizer and operator of facilities for the final disposal of radioactive waste and spent fuel. The SÚRAO operates, supervises and is responsible for disposal facilities and for disposal of radioactive waste and spent fuel therein. The activities of the SÚRAO are financed through a nuclear account funded by the originators of radioactive waste. Contribution to the nuclear account up to December 31, 2025, is stated by Nuclear Energy Act at CZK 55 per MWh produced at nuclear power plants. Starting in 2026, the Nuclear Energy Act only sets the maximum amount of this fee. Its specific amount is determined by government regulation, always for a five-year period. Between 2026 and 2030, the contribution is CZK 88 per MWh produced at nuclear power plants. In 2025 and 2024, the payments to the nuclear account amounted to CZK 1,764 million and CZK 1,633 million, respectively. The originator of radioactive waste and spent fuel directly covers all costs associated with interim storage of radioactive waste and spent fuel.

The overview of the nuclear provisions for the years ended December 31, 2025 and 2024 (in CZK millions):

	Accumulated provision			
	Nuclear decommis- sioning	Spent fuel storage		Total
		Interim	Long-term	
Balance at January 1, 2024	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
Discount accretion and effect of inflation	2,820	514	2,843	6,177
Provision charged in profit or loss	-	452	-	452
Effect of change in estimate recognized in profit or loss	-	(1,362)	-	(1,362)
Effect of change in estimate added to (deducted from) fixed assets	(5,020)	-	2,814	(2,206)
Current cash expenditures	-	(730)	(1,764)	(2,494)
Balance at December 31, 2025	64,793	11,129	70,321	146,243

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

In 2025, the Company recorded the change in estimated provision for interim storage of spent nuclear fuel. The change relates to the change in discount rate. The change in estimated provision for nuclear decommissioning is due to the change in the amount of costs for decommissioning of Dukovany Nuclear Power Plant and Temelín Nuclear Power Plant and due to the change in discount rate. The change in estimated provision for long-term spent fuel storage is connected with the modification of the expected output of the nuclear power plants, change of expected contribution to the nuclear account per MWh in future years and change in discount rate.

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

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

	Accumulated provision				Change in %	Effect of the change in the discount rate on the value of assets out of total change
	Nuclear decommissioning	Spent fuel storage		Total		
		Interim	Long-term			
Effect of discount rate decrease:						
(20)bp	6,954	434	2,130	9,518	+6.5%	9,084
(10)bp	3,381	213	1,053	4,647	+3.2%	4,434
Balance at December 31, 2025 – base scenario ¹⁾	64,793	11,129	70,321	146,243		
Effect of discount rate increase:						
+10bp	(3,200)	(205)	(1,031)	(4,436)	(3.0%)	(4,231)
+20bp	(6,230)	(402)	(2,040)	(8,672)	(6.0%)	(8,270)

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

14.2. Provisions for Demolition and Dismantling of Fossil-fuel Power Plants and Waste Storage Reclamation

The Company has recognized provision for demolition and dismantling of fossil-fuel power plants after their decommissioning.

The Company creates a provision for waste storage reclamation in order to ensure reclamation and subsequent care of the waste storage after its operation has ended. Its amount is estimated on the basis of the expenditures which would be most likely required for the land reclamation. The Company makes contributions to a restricted bank accounts in the amount of the provisions recorded under the Waste Act. These funds can be invested in government bonds in accordance with legislation. These restricted financial assets are reported in the balance sheet as part of the line item Restricted financial assets (see Note 6.1).

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

	Accumulated provision	
	Demolition and dismantling of fossil-fuel power plants	Waste storage reclamation
Balance at January 1, 2024	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
Discount accretion and effect of inflation	515	19
Change in estimate recognized in profit or loss	(163)	(15)
Change in estimate added to (deducted from) fixed assets	1,544	(21)
Current cash expenditures	(315)	(4)
Balance at December 31, 2025	15,302	490

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

14.3. Provision for 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 following table shows the movements of the provision for the years ended December 31, 2025 and 2024 (in CZK millions):

	<u>Employee benefits</u>
Balance at January 1, 2024	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	<u>2,832</u>
Interest costs incurred	170
Provision charged in profit or loss	163
Actuarial gains and losses booked to other comprehensive income	(316)
Current cash expenditures	(134)
Balance at December 31, 2025	<u>2,715</u>

Weighted average remaining due date of the provision at December 31, 2025 and 2024, was 10.0 years and 11.7 years, respectively.

15. Other Short-term Liabilities

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

	<u>2025</u>	<u>2024</u>
Taxes and fees, except income tax	886	701
Deferred income	13	3
Advances received	321	254
Total	<u>1,220</u>	<u>958</u>

16. Leases

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

The Company does not apply IFRS 16 to leases of intangible assets.

16.1. 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 that represent a right to use the underlying assets (see Note 3). 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 (see Note 3) at the commencement date of the lease (i.e., the date when the underlying assets are available for use). The cost of right-of-use assets comprises the amount of recognized lease liabilities, initial direct costs and lease payments made at or before the commencement date less any lease incentives received.

The 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 4–15 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 6.5).

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

	2025	2024
Payments of principal	342	321
Payments of interests	72	48
Lease payments not included in valuation of lease liability	1,300	1,460
Total cash outflow for leases	1,714	1,829

The following are the amounts related to leasing and recognized in profit or loss (in CZK millions):

	2025	2024
Expense relating to short-term leases	58	70
Expense relating to leases of low-value assets	6	7
Variable lease payments	1,300	1,460
Depreciation charge for right-of-use assets	241	210
Interest expenses	72	49

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 1,400 million.

16.2. 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.

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.

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.

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):

	2025	2024
Up to 1 year	143	151
Between 1 year and 2 years	107	140
Between 2 and 3 years	76	81
Between 3 and 4 years	68	47
Between 4 and 5 years	5	12
Thereafter	11	27
Total undiscounted lease payments	410	458
Unearned finance income	(29)	(43)
Net investment in the lease	381	415

The Company recognized interest income on net investments in the lease of CZK 20 million and CZK 22 million at December 31, 2025 and 2024, respectively.

Operating Lease

Rental income recognized by the Company during 2025 and 2024 was CZK 621 million and CZK 648 million, respectively. Investment property rental income is disclosed in the Note 5. In the following years, the Company expects similar rental income as in the year 2025.

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

17. Revenues and Other Operating 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.

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

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.

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

	<u>2025</u>	<u>2024</u>
<u>Sale of electricity, heat and gas:</u>		
Electricity sales – domestic:		
OTE, a.s.	66,038	46,269
ČEZ Prodej, a.s.	50,763	66,238
Pražská energetika, a.s.	4,238	5,412
E.ON Energie, a.s.	1,954	9,762
MVM ONEnergy Zrt..	1,361	1,678
Severočeské doly a.s.	1,213	1,360
Veolia Komodity ČR, s.r.o.	1,118	552
Entauri trading s.r.o.	745	777
SUAS Commodities s.r.o.	729	66
LAMA energy a.s.	375	579
Veolia Energie ČR, a.s.	275	670
Sokolovská uhelná, právní nástupce, a.s.	246	737
ARMEX ENERGY a.s.	226	536
Pražská plynárenská, a.s.	202	2,055
Other customers	578	3,175
Total sales of electricity – domestic	<u>130,061</u>	<u>139,866</u>
Sales of electricity – foreign	7,631	10,123
Effect of hedging – presales of electricity (Note 8.3)	15,928	14,230
Effect of hedging – currency risk hedging (Note 8.3)	(499)	431
Total sales of electricity	<u>153,121</u>	<u>164,650</u>
Sales of gas	13,697	14,802
Sales of heat	3,451	3,191
Total sales of electricity, heat and gas	<u>170,269</u>	<u>182,643</u>
<u>Sale of services and other revenues:</u>		
Sales of ancillary services to transmission grid	1,121	2,470
Sales of other services	5,184	4,631
Rental income	667	691
Other revenues	216	195
Total sales of services and other revenues	<u>7,188</u>	<u>7,987</u>
Other operating income	<u>1,606</u>	<u>946</u>
Total revenues and other operating income	<u><u>179,063</u></u>	<u><u>191,576</u></u>

Revenues from contracts with customers for the years ended December 31, 2025 and 2024, are CZK 161,361 million and CZK 175,278 million, respectively, and can be linked to the above-mentioned figures as follows:

	2025	2024
Sales of electricity, gas and heat	170,269	182,643
Sales of services and other revenues	7,188	7,987
Total revenues	177,457	190,630
Adjustments:		
Effect of hedging – presales of electricity	(15,928)	(14,230)
Effect of hedging – currency risk hedging	499	(431)
Rental income	(667)	(691)
Revenues from contracts with customers	<u>161,361</u>	<u>175,278</u>

18. Gains and Losses from Commodity Derivative Trading

Accounting rules and principles relating to commodity contracts under IFRS 9 are presented in the Note 6.

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

	2025	2024
Gain from electricity derivative trading	3,312	7,467
Loss from gas derivative trading	(1,806)	(994)
Gain (loss) from emission rights and guarantees of origin derivative trading	415	(391)
Loss from oil derivative trading	(32)	(35)
Gain (loss) from coal derivative trading	(1)	12
Total gains and losses from commodity derivative trading	<u>1,888</u>	<u>6,059</u>

19. Purchase of Electricity, Gas and Other Energies

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

	2025	2024
Purchase of electricity for resale	(22,521)	(23,485)
Purchase of gas for resale	(13,109)	(14,452)
Purchase of other energies	(1,595)	(1,699)
Total purchase of electricity, gas and other energies	<u>(37,225)</u>	<u>(39,636)</u>

20. Fuel and Emission Rights

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

	2025	2024
Emission rights for generation	(23,604)	(22,449)
Consumption of biomass and fossil fuel except gas	(10,299)	(12,105)
Amortization of nuclear fuel	(3,921)	(3,821)
Consumption of gas	(3,503)	(3,723)
Total fuel and emission rights	<u>(41,327)</u>	<u>(42,098)</u>

21. Services

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

	2025	2024
Repairs and maintenance	(6,424)	(6,466)
Rental, property management and security	(2,373)	(2,489)
IT related services	(1,474)	(1,334)
Technology and operation support services	(1,438)	(1,425)
Equipment operation services	(531)	(506)
Demolition	(502)	(206)
Other services	(3,200)	(3,736)
Total services	(15,942)	(16,162)

Information about fees charged by independent auditor is provided in the consolidated financial statements of CEZ Group.

22. Salaries and Wages

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.

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

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., approved by the Company's General Meeting on June 29, 2020.

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

	2025		2024	
	Total	Key management ¹⁾	Total	Key management ¹⁾
Salaries and wages including remuneration of board members	(9,087)	(190)	(8,362)	(195)
Social and health security	(2,878)	(28)	(2,620)	(26)
Other personal expenses	(614)	(15)	(569)	(14)
Total	(12,579)	(233)	(11,551)	(235)

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

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

23. Other Operating Expenses

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

	2025	2024
Change in provisions	4,074	2,832
Taxes and fees	(2,397)	(2,285)
Levy on revenues above price caps	-	46
Insurance	(546)	(534)
Costs related to trading of commodities	(466)	(582)
Gifts	(218)	(218)
Other	(797)	(659)
Total	<u>(350)</u>	<u>(1,400)</u>

The taxes and fees include payment the contributions to the nuclear account (see Note 14.1). 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.

24. Interest Income

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

	2025	2024
Bank accounts	1,541	1,568
Loans, receivables and other debt financial assets at amortized cost	1,755	1,761
Debt financial assets at fair value through other comprehensive income	1,066	1,052
CEZ Group cash pooling	616	787
Finance lease	20	22
Total	<u>4,998</u>	<u>5,190</u>

25. Impairment of Financial Assets

Additions and reversals of impairment of financial assets for each category for the years ended December 31, 2025 and 2024, are as follows (in CZK millions):

	2025	2024
Shares in subsidiaries, associates and joint-ventures (see Note 6.4)		
Additions	(4)	(70)
Reversals	4,233	5,132
Other	2	(11)
Total	<u>4,231</u>	<u>5,051</u>

26. Other Financial Expenses

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

	<u>2025</u>	<u>2024</u>
Loss from financial derivatives	(691)	-
Foreign exchange rate loss	(306)	-
Loss from revaluation of financial assets	(134)	(541)
Loss on sale of restricted debt instruments	(123)	(8)
Creation and settlement of provisions	(25)	(10)
Other	(218)	(247)
Total	<u>(1,497)</u>	<u>(806)</u>

27. Other Financial Income

Dividend income is recognized when the Company is awarded the right to the payment of the dividend.

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

	<u>2025</u>	<u>2024</u>
Dividends received (see Note 6.4)	12,520	9,255
Gain on sale of company Elektrárna Dukovany II, a. s.	132	-
Foreign exchange rate gain	-	833
Gain on revaluation of financial assets	-	162
Gain on sale of debt instruments	-	161
Gain on financial derivatives	-	62
Other	61	46
Total	<u>12,713</u>	<u>10,519</u>

28. Income Taxes

Corporate Income Tax

The amount of income tax is determined in accordance with Czech tax legislation and is based on the company's profit calculated under Czech accounting regulations, adjusted for permanently or temporarily non-deductible expenses and non-taxable revenues (e.g., the difference between tax and accounting depreciation of fixed assets). Current income tax as of December 31, 2025 and 2024, was calculated from profit before tax under Czech accounting regulations, adjusted for certain items that are non-deductible or non-taxable for tax purposes, using the standard rate of 21%.

Pursuant to Act No. 366/2022 Coll., the Company's taxable income in the years 2023–2025 is 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. The applicable tax rate including windfall tax of Company for 2025 and 2024 corresponds to a rate of 73% and 75%, respectively. The expected income tax rate applicable from 2026 is 21%.

The Company obligatorily applies the international tax reform – model rules of BEPS Pillar Two. The impact of this tax reform on the Company is not significant for the year 2025, especially with regard to the so-called safe harbors.

Deferred Tax

Deferred tax is calculated on the basis of the liability method based on a balance sheet approach. Deferred tax is calculated from temporary differences between accounting measurement and measurement for the purposes of determining the income tax base. Deferred tax is determined using rates and laws that have been enacted by the end of the reporting period and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled. Increased tax rates for calculating deferred tax were determined in individual years as a share of the total corporate income tax, including tax on unexpected profits, and the tax base.

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.

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

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

	<u>2025</u>	<u>2024</u>
Current income tax charge	(33,709)	(44,594)
Adjustments in respect of current income tax of previous periods	(905)	-
Deferred income tax	<u>7,777</u>	<u>(2,142)</u>
Total	<u>(26,837)</u>	<u>(46,736)</u>

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

	2025	2024
Income before income taxes	49,873	66,421
Statutory income tax rate	73%	75%
“Expected” income tax expense	(36,557)	(49,550)
Adjustments:		
Non-tax-deductible allowances, net	3,100	3,766
Non-tax gains/losses associated with changes in shareholding interest	(98)	(283)
Non-taxable income from dividends	9,173	6,901
Reversal of non-tax-deductible provision	-	5
Tax incentives, tax discounts	2	2
Adjustments in respect of current income tax of previous periods	(905)	-
Effect of different tax rate for calculation of deferred tax	(2,125)	(3,310)
Change in depreciation method (see Note 2.3)	-	(4,885)
Interest income	778	790
Other non-tax-deductible items, net	(205)	(172)
Income tax	<u>(26,837)</u>	<u>(46,736)</u>
Effective tax rate	54%	70%

The overview of deferred income tax at December 31, 2025 and 2024 (in CZK millions):

	2025	2024
Nuclear provisions	26,989	28,513
Other provisions	9,061	20,413
Allowances	416	687
Lease liabilities	294	331
Revaluation of financial instruments	214	973
Other temporary differences	692	1,906
Total deferred tax assets	<u>37,666</u>	<u>52,823</u>
Difference between financial statement value and tax value of net book value of fixed assets	(34,252)	(44,892)
Emission rights	(4,982)	(16,264)
Revaluation of financial instruments	-	(9,446)
Right-of-use assets	(202)	(230)
Investment in finance lease – lessor	(80)	(87)
Other temporary differences	(334)	(486)
Total deferred tax liability	<u>(39,850)</u>	<u>(71,405)</u>
Total deferred tax liability, net	<u>(2,184)</u>	<u>(18,582)</u>

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

	<u>2025</u>	<u>2024</u>
Balance at January 1	(18,582)	(28,116)
Effect of business combinations	-	(7)
Deferred tax recognized in profit or loss	7,777	(2,142)
Deferred tax recognized in other comprehensive income	<u>8,621</u>	<u>11,683</u>
Balance at December 31	<u><u>(2,184)</u></u>	<u><u>(18,582)</u></u>

Tax impact related to individual items of other comprehensive income was as follows (in CZK millions):

	<u>2025</u>			<u>2024</u>		
	<u>Before tax amount</u>	<u>Tax effect</u>	<u>Net of tax amount</u>	<u>Before tax amount</u>	<u>Tax effect</u>	<u>Net of tax amount</u>
Change in fair value of cash flow hedges	4,702	(1,479)	3,223	(4,645)	367	(4,278)
Cash flow hedges reclassified to statement of income	(14,330)	10,504	(3,826)	(15,249)	11,376	(3,873)
Cash flow hedges reclassified to assets	620	(455)	165	40	(30)	10
Change in fair value of debt instruments	(556)	117	(439)	(571)	3	(568)
Change in fair value of equity instruments	-	-	-	953	-	953
Re-measurement gains (losses) on defined benefit plans	<u>316</u>	<u>(66)</u>	<u>250</u>	<u>158</u>	<u>(33)</u>	<u>125</u>
Total	<u><u>(9,248)</u></u>	<u><u>8,621</u></u>	<u><u>(627)</u></u>	<u><u>(19,314)</u></u>	<u><u>11,683</u></u>	<u><u>(7,631)</u></u>

29. Related Parties

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

The overview of receivables from related parties and payables to related parties as at December 31, 2025 and 2024 (in CZK million):

	Receivables		Payables	
	2025	2024	2025	2024
AZ KLIMA a.s.	133	216	33	-
BELECTRIC GmbH	28	117	1	64
CAPEXUS s.r.o.	-	-	135	94
CEZ Deutschland GmbH	-	-	129	123
CEZ Erneuerbare Energien Beteiligungs GmbH	588	558	-	-
CEZ Erneuerbare Energien Beteiligungs II GmbH	149	147	-	-
CEZ Holdings B.V.	-	-	3,152	150
CEZ Hungary Ltd.	1,351	1,882	605	999
CEZ Chorzów S.A.	-	88	-	97
CEZ MH B.V.	-	320	50	-
CEZ Polska sp. z o.o.	-	7	-	1,702
CEZ RES International B.V.	-	-	457	504
CEZ Skawina S.A.	-	102	-	39
Czech Gas Networks S.à r.l.	7,782	7,784	-	-
ČEZ Distribuce, a. s.	28,338	30,601	4,238	5,590
ČEZ Energetické produkty, s.r.o.	382	37	531	765
ČEZ Energo, s.r.o.	67	33	614	542
ČEZ ENERGOSEKVIS spol. s r.o. ¹⁾	361	437	955	1,371
ČEZ ESCO, a.s.	291	530	6,285	3,902
ČEZ ESL, s.r.o.	142	97	29	130
ČEZ ICT Services, a. s.	844	1,103	555	413
ČEZ Obnovitelné zdroje, s.r.o.	56	74	472	402
ČEZ OZ uzavřený investiční fond a.s.	350	122	3,097	3,219
ČEZ Prodej, a.s.	8,379	10,037	17,686	16,976
ČEZ PV & Wind a.s.	37	-	366	35
ČEZ Teplárenská, a.s.	551	433	760	623
Elektrárna Dukovany II, a. s.	12	19	1	456
Elevion Group B.V.	2,776	516	98	144
Energetické centrum s.r.o.	-	-	109	144
Energotrans, a.s.	3,257	3,661	7,102	9,135
ENESA a.s.	572	277	4	-
EP Rožnov, a.s.	-	-	235	304
Inven Capital, SICAV, a.s.	1	-	1,050	1,586
MARTIA a.s.	8	11	437	391
Nuclear Property Services, s.r.o.	1	1	16	218
PRODECO, a.s.	5	7	77	255
PV Design and Build s.r.o.	209	124	243	52
Revitrans, a.s.	2	2	172	154
SD - Kolejová doprava, a.s.	4	5	513	386
Severočeské doly a.s.	177	215	16,496	13,440
ŠKODA JS a.s.	1,168	1,112	1,546	750
ŠKODA PRAHA a.s. ²⁾	52	298	88	115
Telco Pro Services, a. s.	62	37	88	336
TENAUR, s.r.o.	2	13	101	251
ÚJV Řež, a. s.	12	26	439	539
Other	398	370	756	608
Total	58,547	61,419	69,721	67,004

The overview of total amount of transactions (sales and purchases), which were entered into with related parties in 2025 and 2024 (in CZK millions):

	Sales to related parties		Purchases from related parties	
	2025	2024	2025	2024
Akenerji Elektrik Enerjisi Ithalat Ihracat ve Toptan Ticaret A.Ş.	8	10	229	224
BELECTRIC GmbH	697	749	195	199
CE Insurance Limited	-	-	245	217
CEZ Hungary Ltd.	7,844	8,872	408	546
CEZ Chorzów S.A.	45	842	19	789
CEZ Skawina S.A.	58	1,134	24	1,078
Czech Gas Networks S.à r.l.	377	127	-	-
ČEZ Distribuce, a. s.	2,168	2,215	97	136
ČEZ Energetické produkty, s.r.o.	62	57	1,445	1,360
ČEZ Energo, s.r.o.	183	130	100	174
ČEZ ENERGOSERVIS spol. s r.o. ¹⁾	81	71	2,609	2,900
ČEZ ESCO, a.s. ³⁾	32,367	42,858	6,565	6,940
ČEZ ESL, s.r.o.	71	62	40	34
ČEZ ICT Services, a. s.	156	150	1,658	1,534
ČEZ Obnovitelné zdroje, s.r.o.	92	146	429	396
ČEZ OZ uzavřený investiční fond a.s.	173	137	1,201	1,371
ČEZ Prodej, a.s. ³⁾	38,329	48,914	5,147	9,382
ČEZ Teplárenská, a.s.	3,265	3,116	263	150
Elektrárna Dukovany II, a. s.	86	77	11	4
Elektrárna Temelín II, a. s.	4,064	7	3,802	1
Energotrans, a.s.	2	4,416	106	4,125
LOMY MOŘINA spol. s r.o.	-	-	399	404
MARTIA a.s.	28	28	1,014	1,256
OSC, a.s.	1	-	238	250
PV Design and Build s.r.o.	-	-	487	52
SD - Kolejová doprava, a.s.	16	15	428	427
Severočeské doly a.s.	1,345	1,478	7,948	9,122
ŠKODA JS a.s.	13	14	2,001	1,983
ŠKODA PRAHA a.s. ²⁾	25	8	546	402
Telco Pro Services, a. s.	66	67	-	-
ÚJV Řež, a. s.	11	10	907	969
Ústav aplikované mechaniky Brno, s.r.o.	-	-	131	125
Výzkumný a zkušební ústav Plzeň s.r.o.	4	4	87	78
Other	172	138	68	73
Total	91,809	115,853	38,847	46,706

1) The company SALLEKO, spol. s r.o., merged with the succession company ČEZ ENERGOSERVIS spol. s r.o. with the legal effective date of June 30, 2025.

2) The company name ŠKODA PRAHA a.s. has been changed to ENGINEERING PRAHA a.s. as of January 1, 2026.

3) Due to re-invoicing in the company ČEZ Prodej, a.s., in 2025 and 2024, the relevant part of sales was transferred to the company ČEZ ESCO, a.s., in the amount of CZK 25,376 million and CZK 32,113 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 6.4), 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 6.8).

Information about salaries and wages of key management is included in Note 22. Information about guarantees provided is included in Note 8.2.

30. 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.

31. Net Income per Share

	<u>2025</u>	<u>2024</u>
Numerator (in CZK millions)		
Basic and diluted:		
Net income	<u>23,036</u>	<u>19,685</u>
Denominator (in thousands shares)		
Basic:		
Weighted average shares outstanding	536,810	536,810
Dilutive effects	<u>-</u>	<u>-</u>
Diluted:		
Adjusted weighted average shares	<u>536,810</u>	<u>536,810</u>
Net income per share (CZK per share)		
Basic	42.9	36.7
Diluted	42.9	36.7

32. Other Non-cash Expenses and Income

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

	<u>2025</u>	<u>2024</u>
Cash flow hedges reclassified to statement of income except reclassification affecting foreign exchange gain (loss) and interest expenses	(15,429)	(14,684)
Impairment of non-current financial assets	(4,231)	(5,051)
Fair value adjustment of emission rights held for trading and guarantees of origin	(110)	1,293
Creation of long-term bonus recognized in profit or loss	531	515
Re-measurement of the investments in ČEZ's investment funds at Inven Capital, SICAV, a.s., at fair value	134	380
Impairment of trade and other receivables	(22)	240
Allowance for obsolescence of inventories	32	28
Other	<u>(27)</u>	<u>(6)</u>
Total	<u>(19,122)</u>	<u>(17,285)</u>

33. Commitments and Contingencies

Investment Plans

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

	<u>Capital expenditures related to investment plans</u>
2026	33.3
2027	44.8
2028	32.7
2029	30.9
2030	30.4
Total	<u><u>172.1</u></u>

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, 2025, 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.