

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING
STANDARDS AS ADOPTED BY EUROPEAN UNION
AS OF SEPTEMBER 30, 2024

CEZ GROUP CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2024

In CZK Millions

	Note	September 30, 2024	December 31, 2023
ASSETS:			
Plant in service		1,057,760	947,745
Less accumulated depreciation and impairment		(547,861)	(538,500)
Net plant in service		509,899	409,245
Nuclear fuel		15,914	16,228
Construction work in progress		40,815	26,659
Total property, plant and equipment		566,628	452,132
Investments in associates and joint-ventures		3,634	3,737
Restricted financial assets		27,971	25,229
Other non-current financial assets	5	24,106	30,379
Intangible assets		30,693	27,801
Deferred tax assets		1,269	1,380
Total other non-current assets		87,673	88,526
Total non-current assets		654,301	540,658
Cash and cash equivalents		38,361	10,892
Trade and other receivables		60,423	84,759
Income tax receivable		459	942
Materials and supplies		23,173	20,255
Fossil fuel stocks		1,687	2,857
Emission rights	6	4,138	30,819
Derivatives and other current financial assets	5	61,772	111,714
Other current assets		19,575	22,869
Assets classified as held for sale	7	2,761	-
Total current assets		212,349	285,107
Total assets		866,650	825,765

**CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2024**

continued

	Note	September 30, 2024	December 31, 2023
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		184,745	191,587
Total equity attributable to equity holders of the parent		237,210	244,052
Non-controlling interests		12,551	1,549
Total equity		249,761	245,601
Long-term debt, net of current portion	9	210,360	131,042
Provisions		170,282	165,440
Other long-term financial liabilities	10	11,688	6,104
Deferred tax liability		45,965	43,888
Other long-term liabilities		31	31
Total non-current liabilities		438,326	346,505
Short-term loans	11	2,734	7,314
Current portion of long-term debt	9	25,035	30,554
Trade payables		38,767	59,869
Income tax payable		13,890	2,268
Provisions		24,881	31,113
Derivatives and other short-term financial liabilities	10	42,338	82,540
Other short-term liabilities		28,337	20,001
Liabilities associated with assets classified as held for sale	7	2,581	-
Total current liabilities		178,563	233,659
Total equity and liabilities		866,650	825,765

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

In CZK Millions

	Note	1-9/2024	1-9/2023	7-9/2024	7-9/2023
Sales of electricity, heat, gas and coal		167,712	182,813	53,998	54,955
Sales of services and other revenues		73,200	60,414	26,426	21,229
Other operating income		3,231	3,239	2,002	585
Total revenues and other operating income	12	244,143	246,466	82,426	76,769
Gains and losses from commodity derivative trading	13	4,885	11,303	1,438	5,372
Purchase of electricity, gas and other energies		(44,945)	(60,486)	(15,438)	(19,319)
Fuel and emission rights		(28,905)	(28,614)	(9,622)	(9,006)
Services		(30,061)	(26,966)	(11,599)	(10,427)
Salaries and wages		(30,132)	(26,380)	(10,559)	(9,396)
Material and supplies		(15,555)	(13,092)	(5,787)	(4,770)
Capitalization of expenses to the cost of assets and change in own inventories		3,877	4,722	1,384	1,689
Depreciation and amortization		(27,501)	(26,153)	(9,585)	(9,139)
Impairment of property, plant and equipment and intangible assets		(1,840)	(1,991)	(1,812)	(1,770)
Impairment of trade and other receivables		18	(78)	(47)	(31)
Other operating expenses	14	(3,083)	(11,598)	(1,231)	1,843
Income before other income (expenses) and income taxes		70,901	67,133	19,568	21,815
Interest on debt		(4,288)	(5,048)	(1,575)	(1,290)
Interest on provisions		(6,051)	(5,470)	(2,016)	(1,823)
Interest income		2,651	5,402	909	1,381
Share of profit (loss) from associates and joint-ventures		(32)	556	(1)	63
Impairment of financial assets		(11)	(174)	(5)	(208)
Other financial expenses		(1,556)	(1,645)	(369)	(969)
Other financial income		2,061	2,653	381	367
Total other income (expenses)		(7,226)	(3,726)	(2,676)	(2,479)
Income before income taxes		63,675	63,407	16,892	19,336
Income taxes		(40,256)	(33,584)	(14,530)	(11,794)
Net income		23,419	29,823	2,362	7,542
Net income attributable to:					
Equity holders of the parent		23,437	29,762	2,344	7,532
Non-controlling interests		(18)	61	18	10
Net income per share attributable to equity holders of the parent (CZK per share):					
Basic		43.7	55.4	4.4	14.0
Diluted		43.7	55.4	4.4	14.0

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

In CZK Millions

	Note	1-9/2024	1-9/2023	7-9/2024	7-9/2023
Net income		23,419	29,823	2,362	7,542
Change in fair value of cash flow hedges		5,066	62,039	267	8,209
Cash flow hedges reclassified to statement of income		(13,701)	18,565	(3,886)	3,253
Change in fair value of debt instruments		60	535	621	(525)
Disposal of debt instruments		5	25	-	1
Translation differences – subsidiaries		414	302	121	424
Translation differences – associates and joint-ventures		55	(251)	18	76
Disposal of translation differences		(26)	(20)	2	(5)
Share on other equity movements of associates and joint-ventures		(1)	(65)	1	(5)
Deferred tax related to other comprehensive income	15	5,726	(58,339)	1,897	(8,791)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		<u>(2,402)</u>	<u>22,791</u>	<u>(959)</u>	<u>2,637</u>
Total comprehensive income, net of tax		<u>21,017</u>	<u>52,614</u>	<u>1,403</u>	<u>10,179</u>
Total comprehensive income attributable to:					
Equity holders of the parent		21,012	52,541	1,377	10,142
Non-controlling interests		5	73	26	37

**CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

In CZK Millions

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings			Total
Balance as at January 1, 2023		53,799	(1,334)	(5,177)	(22,258)	(1,675)	(2,020)	237,551	258,886	1,375	260,261
Net income		-	-	-	-	-	-	29,762	29,762	61	29,823
Other comprehensive income		-	-	20	22,411	414	-	(66)	22,779	12	22,791
Total comprehensive income		-	-	20	22,411	414	-	29,696	52,541	73	52,614
Dividends		-	-	-	-	-	-	(77,810)	(77,810)	(9)	(77,819)
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	122	122
Changes of non-controlling interests without loss of control		-	-	1	-	-	-	(13)	(12)	(15)	(27)
Put options held by non-controlling interests		-	-	3	-	-	-	10	13	(12)	1
Balance as at September 30, 2023		<u>53,799</u>	<u>(1,334)</u>	<u>(5,153)</u>	<u>153</u>	<u>(1,261)</u>	<u>(2,020)</u>	<u>189,434</u>	<u>233,618</u>	<u>1,534</u>	<u>235,152</u>

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

continued

	Note	Attributable to equity holders of the parent						Total	Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves				Retained earnings
Balance as at January 1, 2024		53,799	(1,334)	(3,468)	8,382	284	(2,324)	188,713	244,052	1,549	245,601
Net income		-	-	-	-	-	-	23,437	23,437	(18)	23,419
Other comprehensive income		-	-	419	(2,782)	(60)	-	(2)	(2,425)	23	(2,402)
Total comprehensive income		-	-	419	(2,782)	(60)	-	23,435	21,012	5	21,017
Dividends	8	-	-	-	-	-	-	(27,875)	(27,875)	(35)	(27,910)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	4	4
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	11,000	11,000
Changes of non-controlling interests without loss of control		-	-	-	-	-	-	(7)	(7)	5	(2)
Put options held by non-controlling interests		-	-	7	-	-	-	21	28	23	51
Balance as at September 30, 2024		<u>53,799</u>	<u>(1,334)</u>	<u>(3,042)</u>	<u>5,600</u>	<u>224</u>	<u>(2,324)</u>	<u>184,287</u>	<u>237,210</u>	<u>12,551</u>	<u>249,761</u>

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

In CZK Millions

	Note	1-9/2024	1-9/2023
OPERATING ACTIVITIES:			
Income before income taxes		63,675	63,407
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization		27,501	26,153
Amortization of nuclear fuel		2,694	2,726
(Gains) and losses on non-current asset retirements		(237)	(19)
Foreign exchange rate loss (gain)		(1,052)	(658)
Interest expense, interest income and dividend income		1,549	(366)
Provisions		(329)	(3,677)
Impairment of property, plant and equipment and intangible assets		1,840	1,991
Other non-cash expenses and income		(11,498)	19,982
Share of (profit) loss from associates and joint-ventures		32	(556)
Changes in assets and liabilities:			
Receivables and contract assets		29,546	86,479
Materials, supplies and fossil fuel stocks		(1,767)	713
Receivables and payables from derivatives		23,177	(11,888)
Other assets		27,529	26,324
Trade payables		(20,046)	(40,498)
Other liabilities		5,250	6,650
Cash from operations		147,864	176,763
Income taxes paid		(37,840)	(43,117)
Interest paid, net of capitalized interest		(4,077)	(5,294)
Interest received		2,659	5,362
Dividends received		240	33
Net cash flow from operating activities		108,846	133,747
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	4	(20,354)	(1,575)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of		32	11
Additions to non-current assets, including capitalized interest		(36,079)	(29,570)
Proceeds from sale of non-current assets		347	354
Loans made		(16)	(153)
Repayment of loans		89	30
Change in restricted financial assets		(2,554)	(1,402)
Net cash flow from investing activities		(58,535)	(32,305)

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

continued

	Note	1-9/2024	1-9/2023
FINANCING ACTIVITIES:			
Proceeds from borrowings		251,835	79,969
Payments of borrowings		(245,323)	(127,578)
Payments of lease liabilities		(738)	(545)
Proceeds from other long-term liabilities		146	96
Payments of other long-term liabilities		(1,005)	(2,417)
Dividends paid to Company's shareholders		(27,805)	(77,082)
(Dividends paid) contributions received – owners of noncontrolling interests, net		(32)	(12)
Acquisition of non-controlling interests		(1)	(28)
Net cash flow from financing activities		<u>(22,923)</u>	<u>(127,597)</u>
Net effect of currency translation and allowances in cash		102	(385)
Net increase in cash and cash equivalents		27,490	(26,540)
Cash and cash equivalents at beginning of period		<u>10,892</u>	<u>36,609</u>
Cash and cash equivalents at end of period ¹⁾		<u><u>38,382</u></u>	<u><u>10,069</u></u>

Supplementary cash flow information:

Total cash paid for interest	4,470	5,673
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¹⁾ Amounts of cash and cash equivalents contain also cash and cash equivalents included in the balance sheet item Assets classified as held for sale.

CEZ GROUP

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2024

1. The Company

ČEZ, a. s. ("ČEZ" or "the Company") is a Czech joint-stock company, owned 69.8% (69.9% of voting rights) at September 30, 2024 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are held by legal persons and individuals and they are traded on stock exchange markets in Prague and Warsaw. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

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

The "VISION 2030 – Clean Energy of Tomorrow" strategy is focused on dynamic transformation of the generation portfolio to low-emission one and achievement of full climate neutrality already by 2040. The strategy includes a commitment to end the production of heat from coal and fundamentally limit the production of 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.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

The interim consolidated financial statements for the nine months ended September 30, 2024 have been prepared in accordance with IAS 34 and have not been audited by an independent auditor. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statement as of December 31, 2023.

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2024

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statement as of December 31, 2023.

As of January 1, 2024, the Group did not adopt any new or amended accounting standard IFRS that would have a significant impact on Group's interim consolidated financial statements.

2.3. Estimates and Accounting Judgments

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

Regarding the effects of decarbonization and the assumptions of further market development, the Group examined depreciation methods. The result is a change in the accounting estimate for the

depreciation method for coal generation resources¹⁾ and for assets used in lignite mining (collectively "coal assets"). Up to September 30, 2024, coal assets were depreciated on a linear basis over the expected remaining useful life. From October 1, 2024, the Group will depreciate coal assets using a method in which depreciation decreases evenly over the remaining useful life (the so-called sum-of-years' digits method). This method for coal assets better captures the expected way of consumption of economic benefits in the future, when the gradually decreasing usage of these assets is expected.

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

	<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	7 %	26 %	22 %	18 %	13 %	9 %	5 %	100 %

Compared to the linear method of depreciation previously used, there is therefore a significant change in the distribution of depreciation over time. With regard to the different effective income tax rate in individual future years, which is affected by the windfall tax, which applies in the Czech Republic until December 31, 2025 and is relevant for ČEZ, a. s., there is a change in the estimate of when the taxable temporary differences related to the different net book value for accounting and tax purposes of the coal assets will be realized (tax-deductible depreciation does not change). Higher temporary differences realized in periods with a higher effective tax rate lead to an increase in the deferred tax liability in the amount of CZK 4,885 million as of September 30, 2024. The related deferred income tax expense was reported as a one-off item in the line Income tax in the statement of income as of September 30, 2024. Due to further depreciation during fourth quarter 2024, the impact of the change in estimate related to the change in the depreciation method to the deferred tax liability in the amount of CZK 3,221 million is expected as of December 31, 2024, i. e. there will be a decrease of the deferred tax liability in the fourth quarter 2024 in the amount of CZK 1,664 million in this respect.

3. Seasonality of Operations

The seasonality within the segments Generation, Distribution and Sales usually takes effect in such a way that the revenues and operating profits of these segments for the 1st and 4th quarters of a calendar year are slightly higher than the revenues and operating profits achieved in the remaining period.

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

4. Changes in the Group Structure

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

Cash outflow on acquisition of the subsidiaries	22,839
Cash contributions to joint-ventures	47
Payments of payables from acquisitions of previous periods	250
Less:	
Cash and cash equivalents acquired on acquisition of the subsidiaries	<u>(2,782)</u>
Total acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	<u><u>20,354</u></u>

4.1. Acquisitions of Subsidiaries in the First Nine Months of 2024

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

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

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

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

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

	GasNet Group	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	Other	Total
Share being acquired	55.21%	100%	100%	100%		
Property, plant and equipment	111,705	11	153	121	-	111,990
Intangible assets	637	131	-	284	-	1,052
Other long-term financial assets	1,840	24	-	6	-	1,870
Other non-current assets	-	5	-	-	-	5
Cash and cash equivalents	2,530	77	150	5	20	2,782
Other short-term financial assets	1,438	-	-	46	-	1,484
Materials and supplies	242	-	1	10	-	253
Trade and other receivables	72	70	-	5	-	147
Contract assets	1,903	31	-	-	-	1,934
Another current assets	27	1	3	1	-	32
Bonds payable, net of current portion	(41,053)	-	-	-	-	(41,053)
Other long-term debt, net of current portion	(25,270)	(1)	(147)	(41)	-	(25,459)
Long-term provision	(4)	(11)	-	-	-	(15)
Other long-term financial liabilities	(5,136)	(14)	-	-	-	(5,150)
Deferred tax liability	(17,507)	(25)	(12)	(64)	-	(17,608)
Trade payables	(1,508)	(50)	(54)	(7)	-	(1,619)
Other short-term financial payables	(1,749)	-	-	(46)	-	(1,795)
Another current liabilities	(3,628)	(41)	(42)	(17)	(3)	(3,731)
Total net assets	24,539	208	52	303	17	25,119
Share of net assets acquired	13,548	208	52	303	8	14,119
Repayment of the loan to the former shareholder	7,840	-	-	-	-	7,840
Goodwill	-	243	460	269	1	973
Total purchase consideration	21,388	451	512	572	9	22,932
Liabilities from acquisition of the subsidiary	-	(73)	-	(20)	-	(93)
Cash outflow on acquisition in 2024	21,388	378	512	552	9	22,839
Less: Cash and cash equivalents in the subsidiary acquired	(2,530)	(77)	(150)	(5)	(20)	(2,782)
Cash outflow in 2024, net	18,858	301	362	547	(11)	20,057

If the acquisitions had taken place at the beginning of the year 2024, net income for CEZ Group as of September 30, 2024 would have been CZK 23,868 million and the revenues and other operating income from continuing operations would have been CZK 258,757 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

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

	GasNet Group	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	Other	Total
Revenues and other operating income	1,119	129	39	73	5	1,365
Income (loss) before other income (expense) and income taxes	211	2	12	1	(29)	197
Net income (loss)	51	-	10	-	(31)	30
Net income (loss) attributable:						
Equity holders of the parent	28	-	10	-	(29)	9
Non-controlling interests	23	-	-	-	(2)	21

5. Derivatives and Other Financial Assets

The overview of derivatives and other financial assets at September 30, 2024 and December 31, 2023 is as follows (in CZK millions):

	September 30, 2024			December 31, 2023		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Term deposits	68	59	127	66	-	66
Other financial receivables	4,630	162	4,792	4,912	128	5,040
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	-	-	31	31
Investment in finance lease	205	46	251	213	49	262
Total financial assets at amortized cost	4,903	267	5,170	5,191	208	5,399
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,506	-	3,506	3,746	-	3,746
Commodity and other derivatives	1,514	36,316	37,830	62	82,465	82,527
Total financial assets at fair value through profit or loss	5,020	36,316	41,336	3,808	82,465	86,273
Veolia Energie ČR, a.s.	403	-	403	403	-	403
Other financial assets	362	6	368	271	6	277
Total equity financial assets	765	6	771	674	6	680
Cash flow hedge derivatives	13,418	21,079	34,497	20,706	22,378	43,084
Debt financial assets	-	4,104	4,104	-	6,657	6,657
Total financial assets at fair value through other comprehensive income	14,183	25,189	39,372	21,380	29,041	50,421
Total	24,106	61,772	85,878	30,379	111,714	142,093

The decrease of short-term commodity derivatives in the first nine months of 2024 is caused by physical delivery of the commodity or by the financial settlement. The decrease in the first nine months of 2024 is also influenced by volatility of the market prices of emission rights, electricity and gas. With this decrease is connected the decrease of payables from commodity and other derivatives, which is disclosed in Note 10.

6. Emission rights

The composition of emission rights and green and similar certificates at September 30, 2024 and December 31, 2023 (in CZK millions):

	September 30, 2024			December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Emission rights for own use	3	3,487	3,490	5	25,118	25,123
Emission rights held for trading	-	645	645	-	5,589	5,589
Green and similar certificates	-	6	6	-	112	112
Total	3	4,138	4,141	5	30,819	30,824

Non-current emission rights for own use are part of intangible assets.

7. Assets and Associated Liabilities Classified as Held for Sale

On November 11, 2024 (Note 17) the Group concluded the contract for sale of interest in Polish companies CEZ Polska sp. z o.o. (including its interest in CEZ Chorzów S.A. and CEZ Skawina S.A.) and CEZ Produkty Energetyczne Polska sp. z o.o. The Group classified assets and liabilities of these companies as assets and associated liabilities classified as held for sale as of September 30, 2024. Closing of the transaction, which is expected in first quarter of 2025, is subject to the approval of the Office of Competition and Consumer Protection in Poland.

The overview of assets classified as held for sale and associated liabilities as of September 30, 2024 (in CZK millions):

	September 30, 2024
Tangible assets	361
Intangible assets	20
Other non-current assets	9
Cash and cash equivalents	21
Trade and other receivables	1,288
Materials and fossil fuel stocks	500
Emission rights	359
Other current assets	203
Assets classified as held for sale	2,761
Long-term debt, net of current portion	97
Long-term provisions	27
Deferred tax liability	57
Trade payables	458
Short-term provisions	1,728
Other short-term liabilities	214
Liabilities associated with assets classified as held for sale	2,581
Associated foreign exchange rate differences (cumulated loss)	(1,626)

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

8. Dividends

On June 24, 2024, the Shareholders Meeting of ČEZ, a. s., approved the dividends per share before tax of CZK 52. The total amount of dividend approved for distribution to shareholders net of treasury shares amounts to CZK 27,914 million.

During the third quarter of 2024, the liability from the dividends distributed for the year 2019 in the amount of CZK 39 million expired.

9. Long-term Debt

Long-term debt at September 30, 2024 and December 31, 2023 is as follows (in CZK millions):

	September 30, 2024	December 31, 2023
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,890	1,910
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,261	1,274
4.875% Eurobonds, due 2025 (EUR 750 million)	19,302	19,173
4.375% Eurobonds, due 2042 (EUR 50 million)	1,250	1,241
4.500% Eurobonds, due 2047 (EUR 50 million)	1,247	1,238
4.383% Eurobonds, due 2047 (EUR 80 million)	2,021	2,006
3.000% Eurobonds, due 2028 (EUR 725 million)	18,601	18,433
0.875% Eurobonds, due 2026 (EUR 750 million)	18,952	18,464
2.375% Eurobonds, due 2027 (EUR 600 million)	15,224	15,020
4.250% Eurobonds, due 2032 (EUR 750 million)	19,023	-
4.125% Eurobonds, due 2031 (EUR 700 million)	17,577	-
5.625% U.S. bonds, due 2042 (USD 300 million)	6,887	6,754
4.500% Registered bonds, due 2030 (EUR 40 million)	1,037	984
4.700% Registered bonds, due 2032 (EUR 40 million)	1,028	1,021
4.270% Registered bonds, due 2047 (EUR 61 million)	1,571	1,493
3.550% Registered bonds, due 2038 (EUR 30 million)	768	760
1.000% Registered bonds, due 2027 (EUR 600 million)	13,962	-
0.875% Registered bonds, due 2031 (EUR 500 million)	10,166	-
0.450% Registered bonds, due 2029 (EUR 500 million)	10,510	-
1.000%+PRIBOR 6M bonds, due 2026 (CZK 6,750 million)	6,841	-
Total bonds and debentures	169,118	89,771
Less: Current portion	(20,609)	(1,469)
Bonds and debentures, net of current portion	148,509	88,302
Long-term bank and other loans, lease liabilities:	66,277	71,825
Less: Current portion	(4,426)	(29,085)
Long-term bank and other loans, lease payables, net of current portion	61,851	42,740
Total long-term debt	235,395	161,596
Less: Current portion	(25,035)	(30,554)
Total long-term debt, net of current portion	210,360	131,042

10. Derivatives and Other Financial Liabilities

Derivatives and other financial liabilities at September 30, 2024 and December 31, 2023 are as follows (in CZK millions):

	September 30, 2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	687	-	687
Payables to owners for profit distribution	-	1,012	1,012
Other	1,441	1,336	2,777
Financial liabilities at amortized cost	2,128	2,348	4,476
Cash flow hedge derivatives	4,231	2,852	7,083
Commodity and other derivatives	4,061	36,749	40,810
Liabilities from put options held by non-controlling interests	882	218	1,100
Contingent consideration from the acquisition of subsidiaries	386	171	557
Financial liabilities at fair value	9,560	39,990	49,550
Total	11,688	42,338	54,026

	December 31, 2023		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	318	-	318
Payables to owners for profit distribution	-	904	904
Other	1,381	1,162	2,543
Financial liabilities at amortized cost	1,699	2,066	3,765
Cash flow hedge derivatives	2,579	8,455	11,034
Commodity and other derivatives	430	71,613	72,043
Liabilities from put options held by non-controlling interests	933	203	1,136
Contingent consideration from the acquisition of subsidiaries	463	203	666
Financial liabilities at fair value	4,405	80,474	84,879
Total	6,104	82,540	88,644

The decrease of short-term commodity derivatives in the first nine months of 2024 is caused by physical delivery of the commodity or by the financial settlement. The decrease in the nine months of 2024 is also influenced by volatility of the market prices of emission rights, electricity and gas. With this decrease is connected the decrease of receivables from commodity and other derivatives, which is disclosed in Note 5.

11. Short-term Loans

Short-term loans at September 30, 2024 and December 31, 2023 are as follows (in CZK millions):

	September 30, 2024	December 31, 2023
Bank loans	2,169	7,214
Bank overdrafts	565	100
Total	2,734	7,314

12. Revenues and Other Operating Income

The composition of revenues and other operating income for the first nine months ended September 30, 2024 and 2023 is as follows (in CZK millions):

	1-9/2024	1-9/2023
<u>Sales of electricity:</u>		
Sales of electricity to end customers	54,463	86,106
Sales of electricity through energy exchange and other organized markets	31,153	40,031
Sales of electricity to traders	21,218	28,592
Sales to distribution and transmission companies	325	131
Other sales of electricity	23,317	11,022
Effect of hedging – presales of electricity	13,013	(21,262)
Effect of hedging – currency risk hedging	698	2,600
	144,187	147,220
<u>Sales of gas, coal and heat:</u>		
Sales of gas	10,887	21,459
Sales of coal	3,281	5,670
Sales of heat	9,357	8,464
	23,525	35,593
Total sales of electricity, heat, gas and coal	167,712	182,813
<u>Sales of services and other revenues:</u>		
Distribution services	34,780	26,434
Other services	36,034	30,031
Rental income	164	142
Revenues from goods sold	634	816
Other revenues	1,588	2,991
	73,200	60,414
<u>Other operating income:</u>		
Granted green and similar certificates	-	65
Contractual fines and interest fees for delays	871	784
Gain on sale of property, plant and equipment	197	265
Gain on sale of material	166	267
Other	1,997	1,858
	3,231	3,239
Total revenues and other operating income	244,143	246,466

Revenues from contracts with customers for the nine months ended September 30, 2024 and 2023 were CZK 227,037 million and CZK 261,747 million, respectively, and can be linked to the above figures as follows:

	1-9/2024	1-9/2023
Sales of electricity, heat, gas and coal	167,712	182,813
Sales of services and other revenues	73,200	60,414
Total revenues	240,912	243,227
Adjustments:		
Effect of hedging – presales of electricity	(13,013)	21,262
Effect of hedging – currency risk hedging	(698)	(2,600)
Rental income	(164)	(142)
Revenues from contracts with customers	<u>227,037</u>	<u>261,747</u>

13. Gains and Losses from Commodity Derivative Trading

The composition of gains and losses from commodity derivative trading for the nine months ended September 30, 2024 and 2023 is as follows (in CZK millions):

	1-9/2024	1-9/2023
Gain from electricity derivative trading	6,081	10,232
Gain (loss) from gas derivative trading	(517)	738
Gain (loss) from oil derivative trading	(63)	10
Gain from coal derivative trading	8	24
Gain (loss) from emission rights derivative trading	(624)	299
Total gains and losses from commodity derivative trading	<u>4,885</u>	<u>11,303</u>

Reported gains and losses from derivative trading consist of trades with commodities for the purpose of speculative trading, but also trades concluded for the purpose of hedging the gross margin from electricity generation, where changes in their fair value do not enter the hedge accounting scheme mainly due to the uncertainty of the hedged deliveries of electricity from generation sources (where the expected deliveries of electricity may not be produced eventually, but trading positions on electricity and related positions for emission allowances and fuels will be closed, e.g. for deliveries from the Počerady CCGT power plant). Given the high volatility of commodity market prices, these trades have a significant impact on reported gains and losses from derivative trading.

14. Other Operating Expenses

Other operating expenses for the nine months ended September 30, 2024 and 2023 are as follows (in CZK millions):

	1-9/2024	1-9/2023
Change in provisions	2,805	2,736
Levy on revenues above price caps	46	(8,528)
Other taxes and fees	(2,304)	(2,117)
Insurance	(987)	(803)
Costs related to trading of commodities	(662)	(729)
Cost of goods sold	(438)	(543)
Loss on sale of property, plant and equipment	(1)	(1)
Other	(1,542)	(1,613)
Total other operating expenses	<u>(3,083)</u>	<u>(11,598)</u>

15. Income Taxes

Tax effects relating to each component of other comprehensive income are the following (in CZK millions):

	1-9/2024			1-9/2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	5,066	(3,898)	1,168	62,039	(45,177)	16,862
Cash flow hedges reclassified to statement of income	(13,701)	9,749	(3,952)	18,565	(13,016)	5,549
Change in fair value of debt instruments	60	(124)	(64)	535	(134)	401
Disposal of debt instruments	5	(1)	4	25	(12)	13
Translation differences – subsidiaries	414	-	414	302	-	302
Translation differences – associates and joint-ventures	55	-	55	(251)	-	(251)
Disposal of translation differences	(26)	-	(26)	(20)	-	(20)
Share on other equity movements of associates and joint-ventures	(1)	-	(1)	(65)	-	(65)
Total	(8,128)	5,726	(2,402)	81,130	(58,339)	22,791

16. Segment Information

The Group reports its result using four reportable operating segments:

- Generation
- Distribution
- Sales
- Mining

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

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

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

The Group evaluates the performance of its segments based on earnings before interest, taxes, depreciation and amortization (EBITDA). The reconciliation of EBITDA to income before other income (expenses) and income taxes summarizes the following table (in CZK millions):

	1-9/2024	1-9/2023
Income before other income (expenses) and income taxes	70,901	67,133
Depreciation and amortization	27,501	26,153
Impairment of property, plant and equipment and intangible assets	1,840	1,991
Gains and losses on sale of property, plant and equipment, net ¹⁾	(196)	(264)
EBITDA	100,046	95,013

- 1) Gains on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating income (Note 12). Losses on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating expenses (Note 14).

The Group follows and analyses results of individual segments also based on the ratio of Gross margin, which is defined as follows (in CZK millions):

	1-9/2024	1-9/2023
Operating income	244,143	246,466
Gains and losses from commodity derivative trading	4,885	11,303
Purchase of electricity, gas and other energies	(44,945)	(60,486)
Fuel and emission rights	(28,905)	(28,614)
Services	(30,061)	(26,966)
Capitalization of expenses to the cost of assets and change in own inventories	3,877	4,722
Levy on revenues above price caps ¹⁾	46	(8,528)
Other ²⁾	(3,908)	(3,140)
Gross margin	145,132	134,757

- 1) Levy on revenues above price caps is part of the statement of income line-item Other operating expenses (Note 14).

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

The following tables summarize segment information by operating segments for the nine months ended September 30, 2024 and 2023 and at December 31, 2023 (in CZK millions):

September 30, 2024:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	88,142	34,663	117,611	3,727	244,143	-	244,143
Revenues and other operating income – intersegment	65,360	426	11,705	7,656	85,147	(85,147)	-
Total revenues and other operating income	153,502	35,089	129,316	11,383	329,290	(85,147)	244,143
Thereof:							
Sales of electricity, heat, gas and coal	141,905	-	94,243	10,344	246,492	(78,780)	167,712
Sales of services and other revenues	10,384	34,819	33,032	956	79,191	(5,991)	73,200
Other operating income	1,213	270	2,041	83	3,607	(376)	3,231
Revenues and other operating income, including result from commodity derivative trading	158,259	35,089	129,443	11,384	334,175	(85,147)	249,028
Total sales of electricity, including the result of electricity trading ¹⁾	130,380	-	79,344	-	209,724	(59,456)	150,268
Gross margin	93,385	24,610	20,805	11,310	150,110	(4,978)	145,132
EBITDA	71,370	16,008	6,421	6,340	100,139	(93)	100,046
Depreciation and amortization	(17,413)	(6,382)	(2,115)	(1,591)	(27,501)	-	(27,501)
Impairment of property, plant and equipment and intangible assets	(71)	(400)	-	(1,369)	(1,840)	-	(1,840)
Income before other income (expenses) and income taxes	54,017	9,245	4,340	3,392	70,994	(93)	70,901
Interest on debt and provisions	(9,227)	(1,118)	(348)	(549)	(11,242)	903	(10,339)
Interest income	1,844	347	842	521	3,554	(903)	2,651
Share of profit (loss) from associates and joint-ventures	(26)	-	19	(25)	(32)	-	(32)
Income taxes	(36,359)	(1,794)	(1,086)	(1,042)	(40,281)	25	(40,256)
Net income	18,219	6,683	3,378	2,488	30,768	(7,349)	23,419
Identifiable assets	285,979	254,022	15,788	11,198	566,987	(359)	566,628
Investment in associates and joint-ventures	2,682	-	302	650	3,634	-	3,634
Unallocated assets							296,388
Total assets							866,650
Capital expenditure	17,325	13,852	2,742	1,181	35,100	(340)	34,760

¹⁾ The item contains the line Total sales of electricity (Note 12) and the line Gain from electricity derivative trading (Note 13).

September 30, 2023:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	73,292	26,327	140,719	6,128	246,466	-	246,466
Revenues and other operating income – intersegment	102,381	246	21,167	9,086	132,880	(132,880)	-
Total revenues and other operating income	175,673	26,573	161,886	15,214	379,346	(132,880)	246,466
Thereof:							
Sales of electricity, heat, gas and coal	163,263	-	131,948	14,256	309,467	(126,654)	182,813
Sales of services and other revenues	10,998	26,358	27,887	904	66,147	(5,733)	60,414
Other operating income	1,412	215	2,051	54	3,732	(493)	3,239
Revenues and other operating income, including result from commodity derivative trading	187,147	26,572	162,591	15,214	391,524	(133,755)	257,769
Total sales of electricity, including the result of electricity trading ¹⁾	146,267	-	103,777	-	250,044	(92,592)	157,452
Gross margin	85,514	20,739	20,525	14,969	141,747	(6,990)	134,757
EBITDA	66,687	13,049	7,722	8,851	96,309	(1,296)	95,013
Depreciation and amortization	(17,226)	(5,411)	(1,722)	(1,794)	(26,153)	-	(26,153)
Impairment of property, plant and equipment and intangible assets	(3)	(14)	(2)	(1,972)	(1,991)	-	(1,991)
Income before other income (expenses) and income taxes	49,627	7,677	6,014	5,111	68,429	(1,296)	67,133
Interest on debt and provisions	(9,666)	(937)	(311)	(492)	(11,406)	888	(10,518)
Interest income	4,248	572	957	513	6,290	(888)	5,402
Share of profit (loss) from associates and joint-ventures	(32)	353	393	(158)	556	-	556
Income taxes	(30,067)	(1,384)	(1,215)	(1,015)	(33,681)	97	(33,584)
Net income	25,220	6,098	4,842	4,123	40,283	(10,460)	29,823
Capital expenditure	13,308	11,633	1,938	1,340	28,219	(300)	27,919
December 31, 2023:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Identifiable assets	288,800	135,516	15,104	12,977	452,397	(265)	452,132
Investment in associates and joint-ventures	2,773	-	284	680	3,737	-	3,737
Unallocated assets							369,896
Total assets							<u>825,765</u>

¹⁾ The item contains the line Total sales of electricity (Note 12) and the line Gain from electricity derivative trading (Note 13).

17. Events after the Balance Sheet Date

On October 29, 2024, the Group entered into an agreement to join Rolls-Royce SMR with the aim of creating the basis for long-term strategic cooperation in the development and construction of small modular nuclear reactors. During the year 2025, the Group will gradually acquire an approximately 20% interest, which will represent a substantial influence in Rolls-Royce SMR. The prerequisite for settlement of the Group's capital contribution is obtaining the customary regulatory clearances and security assessments. The size of the Group's total expected capital investment in Rolls-Royce SMR reaches the scale of units CZK billions.

On November 11, 2024, the Group concluded the contract for sale of interest in Polish entities CEZ Polska sp. z o.o. (including its interest in CEZ Chorzów S.A. and CEZ Skawina S.A.) and CEZ Produkty Energetyczne Polska sp. z o.o. Closing of the transaction is subject to the approval of the Office of Competition and Consumer Protection in Poland.