

Strong in the Flow of Change

35

ČEZ ESCO offers a wide range of products and services in the field of modern energy related to energy efficiency, decarbonization, and mitigating climate change. These include, for example, construction and operation of combined heat and power units, implementation of measurement systems, renovation of heating systems, and installation of photovoltaic power plants. Last year, this included 35 products and combined solutions.

14,000,000,000

ČEZ ESCO had the most successful year in its history, with record-high results. Revenues from non-commodity products, which form the core of the company's business, grew by 47% year over year to CZK 14 billion.

15

We operate on the Czech and Slovak markets through subsidiaries, focusing on individual solutions or their combinations.

ČEZ ESCO's subsidiaries include AirPlus, AZ Klíma, Capexus, ČEZ Energetické služby, ČEZ Energo, Domat Control System, EP Rožnov, Enesa, Hormen, Kart, and the Slovakian company ESCO Slovensko. HA.EM, Pipe Systems, Ivtas, and Epigon are also part of ČEZ ESCO Group.

32,514

We focus on corporate customers, operators of administrative buildings and industrial sites, municipalities, and public administration. We provide modern energy solutions as well as electricity and gas supply. In 2023, the company had a total of 32,514 customers in both non-commodity products and commodity products and services.

18,000

In-house generation of green energy is a global and European trend. This is reflected in a growing demand for photovoltaic power plants. In 2023, we completed 96 photovoltaic projects with a total installed capacity of 25 MW. Photovoltaic power plants by ČEZ ESCO saved customers almost 18,000 tons of CO₂ in 2023.

75

End-to-end system solutions for public and industrial lighting constitute a major area of ČEZ ESCO's expertise. In 2023, we modernized public lighting in 63 municipalities and cities, which on average saved 75% of electricity.

2,771,349

There is a growing interest among companies dealing with decarbonization and their climate commitments. In 2023, we enabled customers to decarbonize electricity consumption through guarantees of origin of electricity from renewable energy sources or nuclear facilities in a total volume of 2,771,349 MWh on the Czech and European markets.

90,000

The Czech heating industry is undergoing a major transformation, abandoning coal combustion and moving toward more environmental sources. Combined heat and power production will therefore play an increasingly important role. Last year alone, combined heat and power by ČEZ ESCO saved almost 90,000 tons of CO₂.

1,300

In 2023, we commissioned the largest Czech battery; it can hold enough energy to cover the daily consumption of 1,300 households, while at the same time it contributes to stabilizing the grid and ensuring the required electricity parameters.

393,000,000

In total, 34 guaranteed energy-saving projects by ČEZ ESCO helped cities, hospitals, cultural institutions, and industrial enterprises to reduce their energy costs by CZK 393 million in 2023. These savings are equivalent to reducing CO₂ emissions by 43,000 tons.

We have the determination, the team, a clear vision, and above all the energy to fulfill the goals defined in the strategic VISION 2030. Our invested energy and patient work are producing results. We safely supply energy to our customers, develop new technologies, build new energy sources, invest in the development of new products and services, and introduce innovations. The implemented measures contribute to the sustainable growth of CEZ Group's value. We look to the future with optimism, which is a basic prerequisite for ensuring Clean Energy of Tomorrow.

economically
professionally
without emissions
self-sufficiently
safely

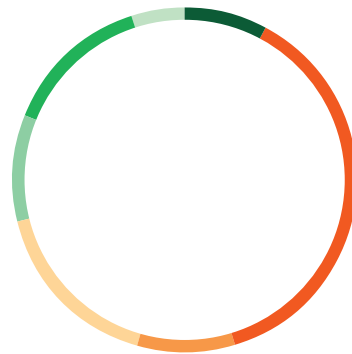
CEZ Group Profile

CEZ Group is a stable energy group, one of the largest economic entities in Czechia and Central Europe, contributing significantly to the development of the region's energy sector in compliance with the European Union's sustainability targets. In 2023, CEZ Group proved that it remains a safe and reliable harbor for its customers and was able to ensure maximum energy supply for Czechia and its neighboring countries. In its activities, CEZ Group emphasizes the implementation of global climate goals, decarbonization, and the environment in general. It focuses on developing nuclear and renewable energy and innovation in the energy sector to provide reliable and sustainable services to its customers. The core value arises from emission-free generation and the distribution and sale of electricity and heat. Other important activities are commodity trading, distribution and sale of natural gas, mining, and especially the provision of complex energy and technological services.

CEZ Group employs nearly 31,000 people and supplies power and modern energy solutions to millions of customers in Czechia, Germany, Poland, and Slovakia. It also operates in particular in Hungary, France, Italy, Austria, and the Netherlands.

Share of CEZ Group's Main Activities in EBITDA in 2023

	%
● GENERATION – Trading	8
● GENERATION – Nuclear Sources	39
● GENERATION – Renewable Sources	9
● GENERATION – Emission Sources	17
● MINING	10
● DISTRIBUTION	14
● SALES	4
Total	100



Vision and Corporate Social Responsibility

The long-term vision of CEZ Group is to bring innovations for addressing energy needs and contribute to higher quality of life. The "VISION 2030 – Clean Energy of Tomorrow" strategy is aimed at a dynamic transformation of the generation portfolio to low-emission and achieving full climate neutrality by 2040. An integral part is the commitment to fundamentally limit the generation of heat and electricity from coal by 2030. The massive development of nuclear power and the construction of new renewable energy facilities are fundamental to the zero-emission vision and the priority of energy self-sufficiency. CEZ Group continues to invest in the development of electromobility and in the field of batteries, including the extraction of critical raw materials for their production. The overall goal is to ensure safe and competitive energy for customers.

In distribution and sales, the core objective is to provide the most advantageous energy solutions and the best customer experience on the market. Therefore, CEZ Group invests significantly in modernizing and digitizing its distribution grids, aims to be the most reliable supplier of energy and modern comprehensive energy services, and intends to be a leader in the energy transformation and decarbonization of industry in Czechia and Central Europe.

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

CEZ Group supports energy efficiency and effectiveness, promotes new technologies and innovations, and focuses on investments into modern technology, science, and research. The corporate culture emphasizes safety, internal efficiency in order to promote the growth of CEZ Group's value, and creating a safe and stimulating environment for its employees' career development based on the principle of equal opportunities for everyone. One of its priorities is close cooperation with communities and the most customer-friendly approach. A comprehensive goal for CEZ Group is to remain among the top 20% in ESG rankings.

The largest shareholder of the parent company ČEZ is the Czech Republic, with a nearly 70% stake in the company's stated capital. ČEZ shares are traded on the Prague and Warsaw stock exchanges and included in the PX and WIG-CEE exchange indices. The market capitalization of ČEZ as at December 31, 2023 amounted to CZK 515 billion and during its existence the company has paid CZK 446 billion to its shareholders in dividends.

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



economically

All the solutions you get from us are designed with your savings in mind. We will help you finance the project through a loan or subsidy.



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Statutory Declaration by the Persons Responsible for ČEZ ESCO's 2023 Annual Financial Report

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

Prague, July 12, 2024



Kamil Čermák

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



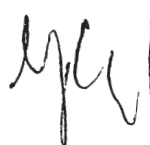
Ondřej Šišpela

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



Radek Doubek

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



Vlastimil Vyskočáni

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



1. ČEZ ESCO Group Profile

Introduction by the Chairman of the Board of Directors

Dear shareholders, ladies and gentlemen,

The year 2023 brought a rapid development of renewable energy sources across Europe and the related importance of decentralized energy. More and more companies, large industrial enterprises and cities became interested in decarbonization and in how to operate in a more sustainable way and strengthen their energy security. Growing demand for energy savings was also an important part of the trend.

Even though we faced a number of challenges caused by high inflation and supply problems, ČEZ ESCO had the most successful year in its history, bringing record-high results and a number of business achievements. Revenues from non-commodity products, which form the core of our business, grew by 47% year over year to CZK 14 billion. In terms of commodity products and services, revenues increased by 57% compared to the previous year 2022.

The continued decarbonization reflected in growing demand for photovoltaic power plants. In 2023 alone, our company completed 96 photovoltaic projects, with a total installed capacity of 25 MW; these included both rooftop and production site installations. Among the largest were rooftop photovoltaic installations for the automobile manufacturer Škoda Auto (2.2 MW) and for the property developer CTP (2 MW). We also commissioned the largest photovoltaic power plant in the center of Prague on the roof of the Prague Congress Center (PCC), complementing one of our large energy-saving projects in Czechia which we had implemented at the PCC.

Energy-saving projects in the form of EPC also moved forward significantly. The pressure for decarbonization and the price of energy increased interest in investing into projects implemented using energy services with guaranteed savings. Our guaranteed energy-saving projects helped cities, hospitals, cultural institutions, as well as industrial enterprises to reduce their energy costs by almost CZK 400 million in 2023. Last year, for example, we established cooperation with the Na Homolce Hospital in Prague on one of the most complex energy-saving projects in Czechia, and with the Thomayer University Hospital, we successfully completed the largest energy-saving project among Czech university hospitals.

The importance of issues, such as secure energy supply and grid stability, came to the forefront once again. Customer demands for capacities for reliable storage or, on the other hand, fast delivery of energy were growing. Proof of this is that last year we installed the largest Czech battery in Vítkovice, where we had previously modernized the operation of the energy source. Similar storage systems support the transformation of the Czech energy industry and contribute to the stabilization of the grid thanks to the provision of power balance services.

Modernization of the Czech heating industry is a big task for us, as it is shifting away from coal. The heating industry is on the brink of a major transformation toward decarbonization and a profound change of the entire industry, and we expect further growth in cooperation with entities involved in heat generation and supply.

In the area of electricity and gas supplies, ČEZ ESCO managed to achieve a significant increase in its market share last year. We won a number of tenders and acquired a large number of new customers. The main reason for this were significant acquisitions, closely related to the energy crisis during which some energy suppliers in Czechia ceased their operations. We managed to make use of efficiently set processes and business channels to the maximum extent possible and acquire a significant part of customers who did not have a secured supplier for 2023. Since our customers perceive us as a reliable and stable partner in energy supply, the South Bohemian Region and the multinational Lasselsberger Group are some examples of our new customers.

Business interest in green electricity from renewable energy sources and nuclear power also increased. We delivered 2 TWh of green electricity to customers last year, which marked an increase of 10%. At the same time, we noticed an elevated interest of companies in electricity from nuclear facilities; last year, we supplied customers with 630 GWh of electricity from nuclear facilities, which was 13% more year over year.

We celebrate success in innovations. The Ivančice Energocenter project won first place in the 2023 Smart Cities competition. The Ivančice innovation site is the first ever where ČEZ ESCO uses and tests technologies related to modern low-emission heating and their interconnection and synergies.

Last year, we welcomed a new member to our ČEZ ESCO family. The acquisition of IVITAS significantly strengthened one of our most important capabilities, which is to offer end-to-end services and solutions to industrial customers and cities. In addition, it will help us fulfill the plan to modernize the heating industry, which we are working on in various places in Czechia.

The transformation of the Czech energy industry is in full swing, and we are participating in this historic transformation at all levels. Thanks to the diversity of ideas, the ability to turn them into reality, and excellent team spirit, ČEZ ESCO has a unique chance to use this transformation as a significant business opportunity.

Within ČEZ ESCO Group, we will continue to deepen commercial and internal synergies among subsidiaries. We also want to develop new products and services tailored to the specific needs of our customers.

During the eight years of its operation, ČEZ ESCO has developed into the market leader in sustainable energy, and we have become the first choice for customers from the public sector and for large enterprises. I would therefore like to thank all of our employees for how they handled this challenging but very successful year. Our joint efforts made it possible to move the achieved strategic goals of the company to a higher level. And despite another difficult year ahead of us, we are well-positioned to meet new key goals. This will contribute to the further growth and development of our company.



Kamil Čermák

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

ČEZ ESCO Group Highlights

ČEZ ESCO Group Highlights

	Unit	2023
Workforce headcount, December 31	Number	2,152
Operating revenues	CZK thousands	96,551,665
of which: Revenues from electricity sales	CZK thousands	87,044,610
Total sales of services and other revenues	CZK thousands	9,356,629
EBITDA	CZK thousands	2,764,105
Net income	CZK thousands	1,609,345
Total assets	CZK thousands	30,477,519
Equity	CZK thousands	9,305,266
Operating cash flow	CZK thousands	2,238,276
Net debt	CZK thousands	2,600,663
Net debt / EBITDA	1	0.94

professionally

We provide you with professional and comprehensive care and service for all the products and services you choose from us. You can go about your business with peace of mind.





Significant Events

Selected Events of 2023

January

- With effect from January 1, 2023, there was a merger between ČEZ Energetické služby, s.r.o. and ČEZ LDS s.r.o., the successor company being ČEZ Energetické služby, s.r.o.

March

- On the basis of an agreement, an additional payment was made into the equity of Solární servis, s.r.o.

June

- Acquisition of IVITAS, a.s. into ČEZ ESCO Group.
- On the basis of an agreement, an additional payment was made into the equity of AirPlus, spol. s r.o.

July

- Acquisition of a 10% stake in PIPE SYSTEMS s.r.o. (100% in total) into ČEZ ESCO Group.

October

- Change of the name of Green energy capital, a.s. to Green Energy Capital, a.s.

December

- On the basis of an agreement, an additional payment was made into the equity of Green Energy Capital, a.s.
- Change of the registered office of ENESA a.s. to Českomoravská 2532/19b, Libeň, 190 00 Prague 9.

Selected Events of 2024 until the Annual Financial Report Closing Date

January

- With effect from the reference date of January 1, 2024, the share of ESCO Slovensko, a.s. was divided by spin-off and merger and its transfer from the split company ČEZ ESCO, a.s. to the successor company ČEZ Invest Slovensko, a.s. On the basis of the approved project, an opening balance sheet was drawn up as at January 1, 2024, including additional information.
- With effect from the reference date of January 1, 2024, the part of heat management business of ENESA a.s. was divided by spin-off and merger and the transfer of the split part to the successor company ČEZ Energo, s.r.o.
- The shares of HORMEN CE a.s. were dematerialized.

June

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

July

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

Strategic Plans

The year 2023 was marked by an increased emphasis of customers on savings and energy independence, leading to decentralized, economically advantageous, and environmentally friendly energy sources. Growing pressure on climate protection and rising electricity prices resulted in higher demand for renewable energy sources from both the private and public sectors. In the past year, we implemented 96 photovoltaic power plant projects with a total installed capacity of 25 MW. The most significant installations included investment projects of our clients and the innovative product "Photovoltaics for a Crown" for Škoda Auto, with an output of 2.2 MW. Another significant installation was the second largest carport in Czechia, built at the Česká zbrojovka site with an output of 474 kW.

The market in energy solutions was growing in 2023, and ČEZ ESCO continued to consolidate its leading position in it. In the field of energy savings, we implemented 34 projects of energy-saving measures (EPC), which helped cities, hospitals, cultural institutions, and industrial enterprises to reduce their energy costs by almost CZK 400 million. These savings are equivalent to reducing CO₂ emissions by 43,000 tons. For a number of facilities, we achieved energy savings that regularly exceed contractually guaranteed values.

In the industrial sector, we focused on savings and energy self-sufficiency, developing opportunities in the field of heat pumps and decarbonization. We implemented demanding projects in the area of clean room construction and transformation projects in thermal management, with the aim of using modern technologies with a lower environmental footprint. We optimized the operation of existing cogeneration units and effectively used power balancing services.

We also focused on the development of resource accumulation and put into operation the largest battery system in Czechia with a capacity of 10 MW, which is able to cover the daily consumption of 1,300 households and contributes to stabilizing the grid and ensuring the required electricity parameters.

We won several innovation awards. In the 2023 Smart Cities competition, our Ivančice Smart EnergoCenter project won the category of projects for cities with up to 10,000 inhabitants. The Ivančice innovation site is the first site where ČEZ ESCO uses and tests technologies related to modern low-emission heating and their interconnection and synergies. The data obtained will then be used for the modernization of heating plants in other cities in Czechia. Specifically, this involves the simultaneous use of gas boilers, a cogeneration unit, electric boilers, heat pumps, photovoltaics, battery storage, a charging station for electric cars and elements of smart grid management. It is the optimal combination of these technologies that promises the highest efficiency of electricity and heat generation and a lower environmental impact. In electricity and gas supplies, ČEZ ESCO managed to achieve a significant increase in market share in 2023. The main reason for this were significant acquisitions, closely related to the energy crisis during which some energy suppliers in Czechia ceased their operations. The company thus managed to make use of efficiently set processes and business channels to the maximum extent possible and help customers who did not have a secured supplier for 2023. We do not expect such significant acquisitions in the period to follow; we are focused on expanding our portfolio with new and safe products that would bring more synergies with ESCO services, such as Power Purchase Agreements (PPA). We continued our strategic cooperation with Škoda Auto, the goal of which is the decarbonization of energy and transport. A key element of this cooperation is the involvement of electric cars in modern grid management and smart charging. In this way, we want to support innovative solutions for energy self-sufficiency, savings, and circular economy. Together, we develop batteries for the energy industry from used electric car batteries. The first such projects were launched in Ivančice and EP Rožnov. Reducing the climate footprint has become a key priority for businesses and the industry. We have developed a decarbonization strategy for our subsidiary EP Rožnov, which will lead to the reduction of greenhouse gas emissions to zero,

and we continue pursuing these activities with our subsidiaries. We are actively involved in the activities of the Alliance for Zero-Emission Future, as we are one of its founding members. The Alliance emphasizes the importance of transitioning to a zero-emission and low-emission economy while maintaining competitiveness.

After three years of operation on the Slovak market, ESCO Slovensko has considerably expanded its activities in the provision of energy services. All CEZ Group activities on the Slovak market will be covered by ČEZ Invest Slovensko starting from 2024.

Our strategic plans for 2024 and beyond focus on deepening synergies and integration among our subsidiaries. We seek to increase efficiency and performance across the Group in order to maximize financial results and turn business opportunities into new contracts. Our efforts will be directed toward analyzing and evaluating new market opportunities, developing existing products, and creating new solutions to meet the individual needs of our customers.

One of the key strategic intentions is to continue expanding our activities in the field of renewable energy sources and energy savings. We will continue to focus on photovoltaics, battery systems, and other modern technologies and bring our customers solutions that enable as much synergy as possible among commodity products and ESCO services. Our projects will continue to emphasize reducing CO₂ emissions and increasing energy self-sufficiency.

2. Corporate Governance

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

Ownership Structure

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

Ownership Interests

As at December 31, 2023, ČEZ ESCO, a.s. held ownership interests in the following companies:

- AZ KLIMA a.s. (with effect from September 30, 2016), share in stated capital: 100%;
- Solární servis, s.r.o. (with effect from February 10, 2016), share in stated capital: 100%;
- ENESA a.s. (with effect from January 2, 2018), share in stated capital: 100%;
- ČEZ Energo, s.r.o. (with effect from June 30, 2020), share in stated capital: 100%;
- ČEZ Energetické služby, s.r.o. (with effect from July 3, 2015), share in stated capital: 100%;
- ŠKO-ENERGO, s.r.o. (with effect from March 13, 2017), share in stated capital: 12%;
- KART, spol. s r.o. (with effect from September 4, 2017), share in stated capital: 100%;
- AirPlus, spol. s r.o. (with effect from November 1, 2017), share in stated capital: 100%;
- HORMEN CE a.s. (with effect from June 1, 2022), share in stated capital: 100%;
- Bytkomfort, s.r.o. (with effect from September 18, 2018), share in stated capital: 49%;
- Domat Control System s.r.o. (with effect from October 1, 2019), share in stated capital: 100%;
- ESCO Slovensko, a.s. (with effect from February 25, 2020), share in stated capital: 50%;
- (share in stated capital 100% until February 15, 2021); ENVEZ, a. s. (with effect from June 22, 2020), share in stated capital: 51%;
- EP Rožnov, a.s. (with effect from July 15, 2021), share in stated capital: 100%;
- Green Energy Capital, a.s. (with effect from December 7, 2021), share in stated capital: 100%;
- CAPEXUS s.r.o. (with effect from December 13, 2021), share in stated capital: 100%.

Corporate Management

Corporate bodies as at December 31, 2023

Supervisory Board

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

Board of Directors

Position	Name
Chairman	Kamil Čermák
Vice-Chairman	Radek Doubek
Member	Vlastimil Vyskočání
Member	Ondřej Šišpela

Top Management

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

3. ČEZ ESCO Group's Business – Financial Performance

ČEZ ESCO Group Operations

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

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

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

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

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

Financial Management of ČEZ ESCO Group

Revenues, Expenses, and Income

Earnings before interest, taxes, depreciation, and amortization (EBITDA) in ČEZ ESCO Group reached CZK 2,764 million in 2023. The reported profit was CZK 1,609 million. Total expenses reached CZK 95,512 million, with the purchase of electricity, gas, and other energies in the amount of CZK 80,224 million constituting a major portion, while services amounted to CZK 5,529 million. In contrast, sales and other revenues amounted to CZK 97,121 million, consisting mainly of revenues from the sales of electricity, gas, and heat in the amount of CZK 87,045 million.

Profit Generation (CZK thousands)

	2023
Total revenues	97,121,288
Total expenses	95,511,943
EBITDA	2,764,105
Net income	1,609,345

Total Assets

The value of assets in the total amount of CZK 30,478 million mainly comprises current assets in the total volume of CZK 23,634 million, as well as net plant in service and intangible assets in use amounting to CZK 6,218 million.

Structure of Assets (CZK thousands)

	2023
Net plant in service and intangible assets in use	6,217,872
Fixed financial assets	397,072
Current assets	23,634,180
Total assets	30,477,519

Equity and Liabilities

The equity of ČEZ ESCO Group was reported in the amount of CZK 9,305 million as at December 31, 2023. A significant component of the equity in the amount of CZK 2,803 million is the stated capital, as well as retained earnings and capital funds of CZK 5,614 million, which increase the total liabilities.

In 2023, the share of equity in total liabilities was 31%. Other significant components of liabilities include current liabilities in the amount of CZK 18,503 million, which mainly consist of trade payables of CZK 9,846 million.

Structure of Equity and Liabilities (CZK thousands)

	2023
Stated capital	2,803,000
Equity	9,305,266
Noncurrent liabilities	2,669,429
Current liabilities	18,502,824
Total equity and liabilities	30,477,519



free from emissions

Our products and services are more than just economical – they also respect the environment in which we live. Our goal is to provide energy without emissions.



Economic and Financial Outlook for 2024

In 2024, we expect the situation on the commodity market to stabilize. We plan to continue maintaining strong organic growth, also with the contribution of synergies among ČEZ ESCO Group companies. Emphasis will also be placed on internal process efficiency.

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

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

4. Company Business Activities – Other Areas Human Resources

Employment Changes

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

ČEZ ESCO Group physically employed 2,152 people as at December 31, 2023. FTE reached 2,036 employees as at December 31, 2023.

Training Program

ČEZ ESCO Group emphasizes employee development. In general, this includes development activities in the areas of hard and soft skills, coaching, training, seminars, and external and CEZ Group conferences.

In 2023, the Group implemented development and training both online and face-to-face. The Group offers internal open courses and allows employees to use a whole range of courses offered by external providers. Employees also had the opportunity to attend lectures with inspirational personalities.

A whole series of lectures were free for employees, and the employees also took advantage of the optional e-courses. The succession program continued in 2023, focusing on the implementation of employee development plans.

The Group's employees also participated in internal development activities, particularly regarding the product portfolio of ČEZ ESCO. In the last two years, the Group has focused more intensively on university and high school students. As part of its Trainee Program, the Group trains and mentors selected students each year.

Welfare Policy

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

The employer contributes in particular to the employees' pension and life insurance plans, meals, and healthcare. All employees have a personal account set up, which is primarily intended for their relaxation – recreation and leisure activities provided by Pluxee Česká republika a.s. (formerly Sodexo), with a wide choice of personal account drawing options.

We offer employees healthcare benefits. They can also draw sick days and get influenza vaccination. As part of supporting the health of employees and their family members, they can use the uLékaře.cz benefit program with unlimited access to healthcare through the online medical consultation service and doctor appointments.

In the area of benefits, we constantly map the market and try to reflect the needs of our employees. Electronic meal vouchers are also one of the benefits; they are faster than paper vouchers, are easier to "charge" to employees' accounts, and have unlimited validity.

Relations with Labor Unions

There were a total of 7 labor unions operating at ČEZ ESCO, a.s. in 2023. A total of 4 local trade unions operated in selected major subsidiaries of ČEZ ESCO Group in Czechia.

Regular meetings were held between the employer and labor union representatives in the course of 2023, at which information was presented to the labor organizations and topics set down by the Labor Code and the collective agreement were discussed.

At ČEZ ESCO, a.s., a collective agreement valid until 2024 is concluded. In 2023, collective bargaining was concluded on Amendment No. 8, relating in particular to wages and benefits. In selected major subsidiaries, collective bargaining was also successfully completed by concluding amendments to collective agreements.

Environment

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

Research, Development, and Innovation

The Group carries out no research and development activities.

An aerial, high-angle photograph of a large, multi-story industrial building. The roof is covered with a grid of dark solar panels. The building has a light-colored facade with numerous windows. In the foreground, a parking lot contains several vehicles, including a white truck and a blue car. The overall scene is brightly lit, suggesting a sunny day.

self-sufficiently

We offer you a wide range of products and services.
Choose the most efficient tailor-made solution which will
enable you to be self-sufficient in energy.



5. Related Parties Report

Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the Accounting Period of January 1, 2023 to December 31, 2023

The Board of Directors of ČEZ ESCO, a.s., Company Reg. No.: 03592880, with its registered office at Duhová 1444/2, Michle, 140 00 Praha 4, registered in the Commercial Register maintained by the Municipal Court in Prague, file No. B 20240, has drawn up, in accordance with Section 82 of Act No. 90/2012 Coll., on business corporations, as amended, the following Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (hereinafter referred to as the "Related Parties Report") for the Accounting Period of January 1, 2023 to December 31, 2023 (hereinafter referred to as the "Relevant Period").

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

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

ČEZ ESCO, a.s.

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

Controlling/Managing Entity:

ČEZ, a. s.

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

As at December 31, 2023, the Managing Entity owned shares of stock corresponding to a 100% share in the stated capital of ČEZ ESCO, a.s. As at December 31, 2023, Czech Republic – Ministry of Finance owned shares of stock corresponding to a 69.78% share in the stated capital of the Managing Entity, ČEZ, a. s.

Entities Controlled by ČEZ ESCO, a.s.:

As at December 31, 2023, ČEZ ESCO, a.s., was the controlling entity of the following companies:

- AZ KLIMA a.s. (with effect from September 30, 2016), share in stated capital: 100%;
- Solární servis, s.r.o. (with effect from February 10, 2016), share in stated capital: 100%;
- ENESA a.s. (with effect from January 2, 2018), share in stated capital: 100%;
- ČEZ Energo, s.r.o. (with effect from June 30, 2020), share in stated capital: 100%;
- ČEZ Energetické služby, s.r.o. (with effect from July 3, 2015), share in stated capital: 100%;
- KART, spol. s r.o. (with effect from September 4, 2017), share in stated capital: 100%;
- AirPlus, spol. s r.o. (with effect from November 1, 2017), share in stated capital: 100%;
- HORMEN CE a.s. (with effect from June 1, 2022), share in stated capital: 100%;
- ŠKO-ENERGO s.r.o. (with effect from March 13, 2017), share in stated capital: 12%;
- Domat Control System s.r.o. (with effect from October 1, 2019), share in stated capital: 100%;
- ESCO Slovensko, a.s. (with effect from February 25, 2020), share in stated capital: 50%;
- ENVEZ, a. s. (with effect from June 22, 2020), share in stated capital: 51%;
- EP Rožnov, a.s. (with effect from July 15, 2021), share in stated capital: 100%;
- Green Energy Capital, a.s. (with effect from December 7, 2021), share in stated capital: 100%;
- CAPEXUS s.r.o. (with effect from December 13, 2021), share in stated capital: 100%.

With effect from December 5, 2020, ČEZ ESCO, a.s., became the controlling entity of AZ KLIMA SK, spol. s r.o., through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital: 100%).

With effect from December 17, 2020, ČEZ ESCO, a.s., became the controlling entity of SPRAVBYTKOMFORT, a.s., Prešov, through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital: 55%).

With effect from December 11, 2020, ČEZ ESCO, a.s., became the controlling entity of ČEZ SERVIS, s.r.o., through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital: 100%).

With effect from November 30, 2020, ČEZ ESCO, a.s., became the controlling entity of e-Dome a.s., through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital with effect from June 19, 2023: 100%).

With effect from November 30, 2020, ČEZ ESCO, a.s., became the controlling entity of ČEZ Distribuční systavy a.s. (formerly TMT Energy, a.s.), through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital: 100%).

With effect from December 13, 2021, ČEZ ESCO, a.s., became the controlling entity of CAPEXUS SK s. r. o., specifically through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital: 100%).

With effect from February 14, 2022, ČEZ ESCO, a.s., became the controlling entity of BIOPEL, a.s., specifically through the controlled entity ESCO Slovensko, a.s. (share in the company's stated capital with effect from September 14, 2023: 55.43%).

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

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

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

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

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

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

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

CEZ Group also includes the CEZ Concern, which is headed by ČEZ, a. s., as the managing entity. With effect from January 1, 2016, ČEZ ESCO, a.s., became member of the CEZ Concern as a managed entity. In 2023, other members of the CEZ Concern included the following managed entities: AirPlus, spol. s r.o., Areál Třeboradice, a.s., AZ KLIMA a.s., ČEZ Energetické produkty, s.r.o., ČEZ Energo s.r.o., ČEZ ENERGOSERVIS spol. s r.o., ČEZ ESCO, a.s., ČEZ ICT Services, a. s., ČEZ Invest Slovensko, a.s., ČEZ Obnovitelné zdroje, s.r.o., ČEZ Prodej, a.s., ČEZ Teplárenská, a.s., ČEZ, a. s., Elektrárna Dukovany II, a. s., Elektrárna Temelín II, a. s., Energetické centrum s.r.o., Energotrans, a.s., ENESA, a.s., HA.EM OSTRAVA, s.r.o., in PROJEKT LOUNY ENGINEERING s.r.o., KART, spol. s r.o., MARTIA a.s., OSC, a.s., RODECO, a.s., Revitrans, a.s., SD – Kolejová doprava, a.s., Severočeské doly a.s., Telco Infrastructure, s.r.o., Telco Pro Services, a. s., TENAUR, s.r.o., and Ústav aplikované mechaniky Brno, s.r.o.

ČEZ Distribuce, a. s., and ČEZ Energetické služby, s.r.o., are subject to concern management in full compliance with all requirements of unbundling rules resulting from the Energy Act and Directive 2009/72/EC of the European Parliament and of the Council.

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

Other Entities Controlled by the Same Controlling Entity:

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

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

2. Role of the Controlled/Managed Entity

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

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

3. Manner and Means of Control/Management

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

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

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

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

In the Relevant Period, ČEZ ESCO, a.s., did not perform any acts that would have been performed at the instigation or in the interest of the controlling entity or entities controlled by it and concerned assets exceeding 10% of the equity of ČEZ ESCO, a.s., as identified in its latest financial statements.

5. List of Mutual Contracts

The Board of Directors of ČEZ ESCO, a.s., has prepared a list of mutual contracts effective in 2023 and made between ČEZ ESCO, a.s., and the controlling entity and other entities controlled by the same controlling entity, which constitutes Annex 2 to the Related Parties Report. The list does not include further details on contractual relations in order to keep trade secrets and meet the contractual obligation of confidentiality of information.

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

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

7. Conclusion

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

8. Annexes

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

Annex 2 List of Contractual Relations

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

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

Prague, July 12, 2024



Kamil Čermák

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



Radek Doubek

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

Annex 2 List of Contractual Relations

Party	Agreement registration number	Agreement title	
AirPlus, spol. s r.o.	1550010502	Service Agreement	
	4400049335	Framework Agreement	
	1550040244	Joint Administrators' Agreement	
	1550060569	Agreement on Cooperation	
		Agreement on the Assignment of Contract, FVE Hostovice s.r.o., of January 2, 2023	
		Agreement on the Assignment of Contract, FV Třebovice s.r.o., of January 2, 2023	
		Agreement on the Assignment of Contract, Juli Solar Jižní Čechy a.s., of February 23, 2023	
		Agreement on the Assignment of Contract and on the Amendment and Cancellation of Related Contracts, MyEnergy SPV 16, s.r.o., of January 2, 2023	
		Agreement on the Assignment of Contract and on the Amendment and Cancellation of Related Contracts, MyEnergy SPV 4, s.r.o., of January 2, 2023	
		Agreement on the Assignment of Contract, TURTLEN s.r.o., of January 2, 2023	
		Agreement on the Assignment of Contract, ACT FAST s.r.o., of May 26, 2023	
		Agreement on the Assignment of Contract, BESTUS s.r.o., of May 26, 2023	
		Agreement on the Assignment of Contract, Buzzing Pink Lines s.r.o., of May 26, 2023	
		Agreement on the Assignment of Contract, ENERGO Kačice s.r.o., of May 26, 2023	
AZ Klíma a.s.	1550040244	Joint Administrators' Agreement	
	1550010501	Service Agreement	
	1550010352	Data Provisions Consent	
	1550050372	Nondisclosure Agreement	
CAPEXUS s.r.o.	1550010566	Service Agreement	
	4102886030	Purchase Order – Reconstruction of Offices at Duhová	
ČEZ Distribuce, a. s.	4400050277 (1 10285_2020)	Lease Agreement	
	1550040066, P3A18000014207	Personal Data Processing Agreement to the Distribution System Service Agreement	
	1550040066, (14740354_RSD_2017_D_00)	Framework Distribution System Service Agreement Including Distribution Portal (DIP, personal data, OPM) Operation Rules	
	1550040181	Cooperation Agreement – Maintenance of SAP Licenses, of July 3, 2018	
		Agreement on Coordinated Action in the Award and Performance of a Public Contract (Fuel Supply for CEZ Group), of June 20, 2017	
	4400043306	Agreement on Customer Disconnection and Reconnection Services	
	14740354_PND_2022_D_00	Hourly Readings Service Agreement	
	1550010169	Framework Agreement on Cession of Receivables	
	ČEZ Energetické služby, s.r.o.	4102864084	Agreement on the Supply of PVPP Panels
		4102800610	Electricity Consumption Contract as Part of Implementation of Project CTP NU1
4102790572/7200015427		Purchase Agreement on the Supply of Charging Stations for Kladno Public Transport	
4102889944/7200018575		Agreement on the Supply of Charging Station, Axon Easy	
4400054145		Agreement on the Use of Services of Sales Representatives	
4102359128		Healthcare Agreement	
		Service Agreement of January 1, 2021	
15500040244		Joint Administrators' Agreement	
15410106		Data Provision Agreement	
22410167/1550040603		Agreement on the Granting of Consent to Data Provision	
16410120/1550040003		Framework Agreement on Inspection Activities	
23410010/4102704305		Agreement on PVPP Panels, Wienerberger	
23410027/4102685254		Agreement on Implementation of PVPP NU 1, Nupaky	
22410066/4102581324		Design Documentation Agreement	
22410234/4102679559		Design Documentation Agreement, PVPP CTPark Blatnice	
22410235/4102685254		Design Documentation Agreement, CTP Nupaky	
23410159/4102825186		Design Documentation Agreement, PVPP Ferona	
23410026/1201976969		Agreement on Proseničky PVPP	
4102802633		Agreement on Supplementation of Sensing of HV Disconnectors	
23410160/4102839265		Agreement on the Supply and Connection of Battery Storage	
23410158	Agreement for the Construction of PVPP CTP Hyundai, Steel, Brembo		
23410068/1202001580	Contract for Work, MS Utilities		
23410136/1202011220	Agreement on the Supply and Connection of Battery Storage		
23410184/4102817309	Service Agreement – OHS, FP		
23410185/4102817303	Service Agreement – Concern Documentation		
23410210/1202069626	Agreement on the Supply and Connection of Battery Storage		
23410219/1202035113	Agreement on the Supply and Connection of Battery Storage		
22410241/1201886258	Agreement on the Supply of PVPP		

Party	Agreement registration number	Agreement title
	22410231/1201919239	Agreement on the Replacement of Cable, Transformer and Power Evacuation of PVPP
	23410230/1202037928	Agreement on the Supply of PVPP
	23410294/1202121662	Agreement on the Supply of PVPP System
	23410304/1202064770	Contract for Work – PV Installation, Alliance Laundry
	23410209/1202068008	Purchase Agreement – Inverters, Huawei Wienerberger
	21410198/4400053820	Lease Agreement
ČEZ Energo, s.r.o.	4400020344	Service Agreement
	P3A20000000079	Personal Data Processing Agreement
	1550040244	Joint Administrators' Agreement
	1550010503	Service Agreement
	1550010630	Agreement on the Transfer of Part of an Employer's Activities
	1550010633	ISDA 2002 Master Agreement
	1550070716	Service Agreement for Power Balance Services
ČEZ ICT Services, a. s.	4400050314/57-2021	Framework Service Agreement
	4400050200/58-2021	SLA for the Provision of Services
	4102641929	Purchase Order – Smart Invoices 2023
	4102790408	Purchase Order – PowerApps Development
ČEZ Prodej, a.s.	1550030619/2022063	Agreement to Ensure the Safety Standard of Supply in 2022–2023
	1550070648	Electricity Trading License Holders' Agreement
	1550020497/2021220	Service Agreement
	1550080263/2019041	Service Agreement – DPI
	P3A0000000181 k SML č. 2019041	Personal Data Processing Agreement
	4400047284/2020144	Service Agreement – Call Centers, Customer Centers, Contractual Partners
	P3A0000000545/2020145 k SML č. 2020144	Personal Data Processing Agreement
	4400049056/2020165	Service Agreement – Process Automation, Provisions of SW Platform
	P3A0000000546/2020166 k SML č. 2020165	Personal Data Processing Agreement
	4400047049/2019119	SLA for the Purchase of Electricity and Natural Gas
	4400047052/2019120	SLA for the Prediction of Electricity and Natural Gas Consumption
	1550060357/2019107	Service Agreement – Invoicing, Balance, Methodical Support
	4400039785/2018007	Agency Agreement
ČEZ Recyklace, s.r.o.	4102553674	Agreement to Ensure the Fulfillment of Obligations of the Manufacturer of Electrical Equipment
ČEZ Teplárenská, a.s.	1550010169	Framework Agreement on Cession of Receivables
ČEZ, a. s.	4102318071	Lease Agreement
	4102325134	Agreement on Sublease for Further Business and on Business Sublease of Movable Property
	4400047502	Agreement on the Assignment of the Framework Agreement on the Implementation of Charging Station Sites
	5600010131	Service Agreement
	5600012650	License Agreement on the Provision of the Right to Use Trademarks
		Agreement on Coordinated Action in the Award and Performance of a Public Contract of June 18, 2019 (Supply of End-point Computer Equipment)
		Agreement on Cooperation in the Performance of a Public Contract of June 19, 2019 (CEZ Group Corporate Mobile Telephony 2019–2024)
		Agreement on Cooperation in the Performance of a Public Contract of December 20, 2019 (Framework Agreement for Xenergie System Development)
		Agreement on Cooperation in the Performance of a Public Contract of August 6, 2019 (Xenergie System Service)
		Agreement on Coordinated Action in the Award and Performance of a Public Contract of June 20, 2017
		Agreement on Coordinated Action in the Award and Performance of a Public Contract of August 26, 2019
		Agreement on Coordinated Action in the Award of a Public Contract of the "Operational Leasing of Passenger Vehicles for CEZ Group" of August 7, 2020
	4400046401	Provision of Services for Fast Rechargeable Battery Pilot Installation
		Agreement on Contracting Entities' Coordinated Action of February 21, 2022
		Agreement on Contracting Entities' Coordinated Action of October 17, 2022
	P3A18000001357	Personal Data Processing Agreement
	P3A190000034179	Personal Data Processing Agreement
	4102819628	Contract for Work – Ensuring the Supply of Electrical Installation Work
	4102854354	Contract for Work – Supply of Portable Cable AC Charging Stations
	4102906367	Contract for Work – Dismounting and Transport of UR117 Charging Station
	4102709937	Lease Agreement
	4102880827	Leasing Agreement – Charging Stations for Electromobility

Party	Agreement registration number	Agreement title
	1550020724	Agreement on Coordinated Action in the Award and Performance of the Public Contract "Fuel Purchase Using Fuel Cards at Pump Stations" of December 21, 2023
	4102842772	Supply of AC Cable Charging Stations
	4102865542	Supply of AC Cable Charging Stations
	4102889043	Supply of AC Charging Station
	4102896139	Supply of AC Cable Charging Stations
	4102716725	Feasibility Study for Photovoltaic Power Plant
		Agreement on Mutual Credit Facilities following an agreement on the provision of multi-level flexi online cash-pooling, real, two-way, in EUR for an economically connected group
		Contract on Mutual Loan Arrangements in ČS CZK Cash Pooling
		Contract on Mutual Loan Arrangements in ČSOB CZK Cash Pooling
		Individual Agreement (Trading) Agreement on the Purchase of Electricity in 2023
	1550010188	Agreement on the Issuance of Guarantees
		Framework Agreement on Cession of Receivables
	4400051054	License Agreement on the Provision of the Right to Use a Trademark
		Consent Granting Agreement
Domat Control System s.r.o.	1550010506	Service Agreement
	4102719991	Purchase Order (PVPP Sviadnov)
	4102693055	Purchase Order (PVPP of the Brodek u Prostějova wastewater treatment plant)
	4102863128	Purchase Order (PVPP of the Brodek u Prostějova elementary school)
	4102890861	Purchase Order (PVPP Bernatice)
Energotrans, a.s.	790002_2022	Lease Agreement
ENESA, a.s.	2016_083_01	Agreement on the Issuance of Guarantees
	2016_082_04	Guarantee Agreement
	1550010146/17S0198-SR	Global Accounts Agreement
	1550040244	Joint Administrators' Agreement
	4102469358	Remediation of the PVPP Monor Transformer Station
	1550020435	Provision Agreement
	1550010507	Service Agreement
ENVEZ, a. s.	1550010727	Memorandum of Cooperation
	1550010721	Contribution Agreement
EP Rožnov, a.s.	1550010564	Service Agreement
ESCO Slovensko, a.s.	1550020635	Agreement on Business Cooperation
		Contract for Work of September 9, 2022
Green Energy Capital, a.s.	1550010565	Service Agreement
	7300023874	Contract for Work (PVPP of the Brodek u Prostějova elementary school)
	7300021655	Contract for Work (PVPP Webasto)
	7300010498	Contract for Work (PVPP MOSS)
	7300012373	Contract for Work (PVPP MOSS)
	7200016375	Contract for Work (PVPP Bernatice)
	7200016802	Contract for Work (PVPP Bernatice)
	7200016805	Contract for Work (PVPP Bernatice)
	7200016806	Contract for Work (PVPP Bernatice)
	7200016804	Contract for Work (PVPP Bernatice)
	7200016982	Contract for Work (PVPP Bernatice)
	7300009385	Agreement on the Assignment of Contracts
	7200013979	Contract for Work (PVPP DENSO)
		Contribution Agreement of December 21, 2023
	1550060568	Contribution Agreement
	7200011106	Contract for Work (PVPP Litultovice)
	7300013691	Contract for Work (PVPP Prague Congress Center)
	1806150032	Contract for Work (PVPP Zedom)
	7300014387	Contract for Work (PVPP of the Brodek u Prostějova wastewater treatment plant)
	7300008158	Contract for Work (PVPP Lichnov)
	7300009838	Contract for Work (PVPP Sklady Plus)
	7300009385	Contract for Work; Agreement on the Assignment of Contract (Komerční banka Stodůlky)
	7200010734	Contract for Work (PVPP RETEX)
HORMEN CE a.s.	1550040244	Joint Administrators' Agreement
	1550050083	Nondisclosure Agreement
	1550050365	Nondisclosure Agreement
	4102780530	Lamp Lease Agreement
	1550010567	Service Agreement
KART, spol. s r.o.	1550010508	Service Agreement
	1550040244	Joint Administrators' Agreement

Party	Agreement registration number	Agreement title
	4102832268	Purchase Order – Supply and Installation of Charging Stations for Electric Vehicles
	4102822371	Purchase Order – Feasibility Study DS KIA CZECH
	4102774531	Purchase Order – Installation of Electrical Equipment
	1710310010	Framework Agreement on the Provision of Inspection, Service and Related Services
Kongresové centrum Praha, a.s.	4102876520/2023-00148	Facility Lease
	4102833028/2023-00059	Accommodation
	4102770163/2023-09869	Facility Lease
	4102527182/2022-07958	Accommodation
	4102104586	Accommodation
	1550040593	Agreement on the Granting of Consent to Data Provision
OSC, a.s.	7300012409	Contract for Work – Designing
	7200014590/08500198	Contract for Work
Solární servis, s.r.o.	1550040244	Joint Administrators' Agreement
	1550050386	Agreement on Cooperation
	1550050326	Agreement on Cooperation
	15500204697/2021220	Service Agreement
	4400047502	Agreement on the Assignment of the Framework Agreement on the Implementation of Charging Station Sites
	1550010094	Agreement on Credit Facility
	1550020657	Contribution Agreement
		Purchase Agreement of January 2, 2023 – Small Assets
ŠKODA PRAHA a.s.	4400038957/20170426-108	Framework Agreement on the Provision of Specialized Engineering, Implementing and Related Services
ŠKO-ENERGO, s.r.o.		Agreement on Cooperation with an Agreement on a Future Contract for the Establishment of an Easement (U51) and Agreement on Electricity Supply from a Photovoltaic Power Plant.
		Agreement on Cooperation with an Agreement on a Future Contract for the Establishment of an Easement (U6C) and Agreement on Electricity Supply from a Photovoltaic Power Plant.
		Agreement on Cooperation with an Agreement on a Future Contract for the Establishment of an Easement (M 12L) and Agreement on Electricity Supply from a Photovoltaic Power Plant.
	7200018112	Contract for Work
ÚJV Řež, a. s.	22SML180/1550040602	Agreement on the Granting of Consent to Data Provision
	22SMP360/4102649743	Contract for Work (Energy Concept in Connection with the Decarbonization of Steel Production)

Other Contractual Relations with CEZ Group Companies

In addition to the aforementioned contractual relations, ČEZ ESCO, a.s., had effective contractual relationships with CEZ Group companies in 2023. These are services agreements on bundled gas supply and on bundled electricity supply. In these companies, ČEZ ESCO, a.s., acts as a supplier of electricity/gas, and the companies concerned act as customers receiving electricity/gas at their own supply points or supply points operated by them. Due to the large number of contracting parties and the number of agreements, the individual agreements and parties are not listed individually.

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

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





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6. Financial Section

Consolidated Financial Statements Prepared in Accordance with IFRS Accounting Standards as Adopted by European Union as of December 31, 2023

CEZ ESCO Group

Consolidated Balance Sheet

as of December 31, 2023

In CZK Thousands

ASSETS:	Note	December 31, 2023	December 31, 2022	January 1, 2022
Property, plant and equipment	3	4,938,221	5,164,433	4,846,474
Investments in joint-ventures	8	-	284,190	248,058
Non-current financial assets	4	397,072	782,152	266,771
Intangible assets	5	1,279,651	1,966,613	1,834,644
Deferred tax assets	35	228,395	32,110	73,897
Total non-current assets		6,843,339	8,229,498	7,269,844
Cash and cash equivalents	9	138,315	726,584	1,111,727
Trade and other receivables	10	11,950,021	9,632,483	4,759,057
Income tax receivable		13,325	47,087	21,512
Materials and supplies	11	434,186	477,857	209,990
Emission rights and guarantees of origin	12	97,199	20,446	14,586
Derivatives and other current financial assets	4	2,392,289	3,510,522	2,138,958
Other current assets	13	5,426,142	3,354,603	2,576,738
Assets classified as held for distribution to owners	14	3,182,703	-	-
Total current assets		23,634,180	17,769,582	10,832,568
TOTAL ASSETS		30,477,519	25,999,080	18,102,412
EQUITY AND LIABILITIES:				
Stated capital		2,803,000	2,803,000	2,803,000
Retained earnings and other reserves		5,613,870	5,109,678	4,485,250
Total equity attributable to equity holders of the parent	15	8,416,870	7,912,678	7,288,250
Non-controlling interests	8	888,396	872,204	866,467
Total equity		9,305,266	8,784,882	8,154,717
Long-term debt, net of current portion	16	1,895,865	2,162,925	1,951,300
Provisions	19	355,542	192,668	185,211
Other long-term financial liabilities	20	173,475	188,006	299,899
Deferred tax liability	35	244,547	371,420	244,097
Total non-current liabilities		2,669,429	2,915,019	2,680,507
Short-term loans	21	-	54,184	76,199
Current portion of long-term debt	16	82,080	108,416	100,275
Trade payables	22	9,846,212	8,079,394	5,969,952
Income tax payable		381,431	19,513	53,462
Provisions	19	963,236	171,734	235,391
Derivatives and other short-term financial liabilities	20	3,123,767	4,336,216	506,758
Other short-term liabilities	23	2,795,918	1,529,722	325,151
Liabilities associated with assets classified as held for distribution to owners	14	1,310,180	-	-
Total current liabilities		18,502,824	14,299,179	7,267,188
TOTAL EQUITY AND LIABILITIES		30,477,519	25,999,080	18,102,412

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

CEZ ESCO Group

Consolidated Statement of Income

for the Year Ended December 31, 2023

In CZK Thousands

	Note	2023	2022
Sales of electricity, gas and heat		87,044,610	54,896,817
Sales of services and other revenues		9,356,629	6,791,054
Other operating income		150,426	81,386
Total revenues and other operating income	25	96,551,665	61,769,257
Gains and losses from commodity derivative trading	26	102,904	116,056
Purchase of electricity, gas and other energies	27	(80,223,741)	(53,151,551)
Fuel and emission rights	28	(2,591,931)	(1,736,658)
Services	29	(5,529,213)	(3,542,416)
Salaries and wages	30	(2,182,528)	(1,837,455)
Material and supplies		(2,031,218)	(1,658,801)
Capitalization of expenses to the cost of assets and change in own inventories		231,031	213,696
Depreciation and amortization	3, 5	(662,699)	(592,148)
Impairment of property, plant and equipment and intangible assets	6	9,436	(1,598)
Impairment of trade and other receivables		(61,918)	42,907
Other operating expenses	31	(1,490,786)	(252,412)
Income (loss) before other income (expenses) and income taxes		2,121,002	(631,123)
Interest expense		(206,015)	(153,895)
Interest income	32	103,374	52,154
Share of profit (loss) from joint-ventures	8	3,615	51,655
Other financial expenses	33	(94,293)	(148,506)
Other financial income	34	119,263	217,562
Total other income (expenses)		(74,056)	18,970
Income before income taxes		2,046,946	(612,153)
Income taxes	35	(437,601)	49,478
Net income (loss)		1,609,345	(562,675)
Net income (loss) attributable to:			
Equity holders of the parent		1,598,037	(551,157)
Non-controlling interests		11,308	(11,518)
Net income (loss) per share attributable to equity holders of the parent (thousand CZK per share):	38		
Basic		570.1	(196.6)
Diluted		570.1	(196.6)

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

CEZ ESCO Group

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2023

In CZK Thousands

	Note	2023	2022
Net income		1,609,345	(562,675)
Change in fair value of cash flow hedges		178,239	1,983,578
Cash flow hedges reclassified to statement of income		(1,541,556)	(496,124)
Translation differences – subsidiaries		39,246	(49,416)
Translation differences – joint-ventures		6,267	(8,176)
Disposal of translation differences		–	(7,931)
Share on other equity movements of joint ventures		(784)	236
Deferred tax related to other comprehensive income	35	255,635	(282,531)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		(1,062,953)	1,139,636
Change in fair value of equity instruments		1,127	569
Net other comprehensive income not to be reclassified from equity in subsequent periods		1,127	569
Total other comprehensive income, net of tax		(1,061,826)	1,140,205
Total comprehensive income, net of tax		547,519	577,530
Total comprehensive income attributable to:			
Equity holders of the parent		514,493	615,634
Non-controlling interests		33,026	(38,104)

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

CEZ ESCO Group

Consolidated Statement of Changes in Equity

for the Year Ended December 31, 2023

In CZK Thousands

	Note	Attributable to equity holders of the parent					Total	Noncontrolling interests	Total equity	
		Stated capital	Share premium	Translation difference	Cash flow hedge reserve	Equity instruments and other reserves				Retained earnings
Balance as at January 1, 2022		2,803,000	722	(33,932)	-	861,091	3,657,369	7,288,250	866,467	8,154,717
Net income		-	-	-	-	-	(551,157)	(551,157)	(11,518)	(562,675)
Other comprehensive income		-	-	(38,941)	1,204,923	569	240	1,166,791	(26,586)	1,140,205
Total comprehensive income		-	-	(38,941)	1,204,923	569	(550,917)	615,634	(38,104)	577,530
Dividends		-	-	-	-	-	-	-	(20,351)	(20,351)
Transfer of revaluation of equity instruments on sale		-	-	-	-	508	(508)	-	-	-
Acquisition of subsidiaries	7	-	-	-	-	-	-	-	36,606	36,606
Acquisition of noncontrolling interests	7	-	-	-	-	-	(99,898)	(99,898)	(9,762)	(109,660)
Put options held by noncontrolling interests		-	-	(171)	-	-	108,863	108,692	37,348	146,040
Balance as at December 31, 2022		2,803,000	722	(73,044)	1,204,923	862,168	3,114,909	7,912,678	872,204	8,784,882
Balance as at January 1, 2023		2,803,000	722	(73,044)	1,204,923	862,168	3,114,909	7,912,678	872,204	8,784,882
Net income		-	-	-	-	-	1,598,037	1,598,037	11,308	1,609,345
Other comprehensive income		-	-	23,795	(1,107,683)	1,128	(784)	(1,083,544)	21,718	(1,061,826)
Total comprehensive income		-	-	23,795	(1,107,683)	1,128	1,597,253	514,493	33,026	547,519
Changes in noncontrolling interests without loss of control	7	-	-	-	-	-	(9,919)	(9,919)	(18,372)	(28,291)
Put options held by noncontrolling interests		-	-	1,391	-	-	(1,773)	(382)	1,538	1,156
Balance as at December 31, 2023		2,803,000	722	(47,858)	97,240	863,296	4,700,470	8,416,870	888,396	9,305,266

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

CEZ ESCO Group

Consolidated Statement of Cash Flows

for the Year Ended December 31, 2023

In CZK Thousands

	Note	2023	2022
OPERATING ACTIVITIES:			
Income before income taxes		2,046,946	(612,153)
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization	3, 5	662,699	592,148
(Gains) and losses on non-current asset retirements		(18,841)	(14,924)
Foreign exchange rate loss (gain)		(113,600)	130,581
Interest expense, interest income and dividend income		94,084	92,187
Provisions		1,041,970	(56,155)
Impairment of property, plant and equipment and intangible assets	6	(9,436)	1,598
Other non-cash expenses and income		(1,412,076)	(485,885)
Share of (profit) loss from joint-ventures	8	(3,615)	(51,655)
Changes in assets and liabilities:			
Receivables and contract assets		(4,894,537)	(5,588,770)
Materials, supplies and fossil fuel stocks		(16,106)	(210,537)
Receivables and payables from derivatives		1,519,047	627,292
Other assets		(56,563)	49,165
Trade payables		2,103,940	2,023,274
Other liabilities		1,461,180	1,180,185
Cash from operations		2,405,092	(2,323,649)
Income taxes paid		(98,110)	(133,742)
Interest paid, net of capitalized interest		(199,075)	(156,571)
Interest received		106,908	46,756
Dividends received		23,461	12,100
Net cash flow from operating activities		2,238,276	(2,555,106)
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	7	(97,112)	(256,251)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of		-	(3,069)
Additions to non-current assets, including capitalized interest		(1,014,434)	(607,161)
Proceeds from sale of non-current assets		3,934	7,279
Loans made		(5,760)	-
Repayment of loans		6,747	3,981
Change in restricted financial assets		5,697	(6,039)
Net cash flow from investing activities		(1,100,928)	(861,260)
FINANCING ACTIVITIES:			
Proceeds from borrowings		263,783	82,332
Payments of borrowings		(80,565)	(25,905)
Payments of lease liabilities	24	(135,627)	(119,920)
Proceeds from other long-term liabilities		1,010	16,836
Payments of other long-term liabilities		(94,078)	(9,244)
Change in payables/receivables from Group cashpooling		(986,468)	3,239,037
Dividends paid to non-controlling interests		-	(20,351)
Acquisition of non-controlling interests		(28,291)	(109,661)
Net cash flow from financing activities		(1,060,236)	3,053,124
Net effect of currency translation and allowances in cash		12,293	(21,901)
Net increase (decrease) in cash and cash equivalents		89,405	(385,143)
Cash and cash equivalents at beginning of period		726,584	1,111,727
Cash and cash equivalents at end of period	9	815,989	726,584
Supplementary cash flow information:			
Total cash paid for interest		213,329	164,954

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

CEZ ESCO Group

Notes To Consolidated Financial Statements

as of December 31, 2023

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1. The Description of the Company

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

The sole shareholder of the Company is ČEZ, a. s., with its registered office at Duhová 2/1444, 140 53, Praha 4, reg. No 45274649. The Company is part of the CEZ Group and part of the consolidation unit of the parent company ČEZ, a. s. The consolidated financial statements of the CEZ Group as of December 31, 2023, are available at the website www.cez.cz.

ČEZ, a. s. is a Czech Republic joint-stock company, owned 69.8% (69.9% of voting rights) at December 31, 2023 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. ČEZ, a. s., is headquartered at Duhová 2/1444, Prague 4, 140 53, Czech Republic.

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

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

The average number of employees of the Company and its subsidiaries included in the consolidation was 2,036 and 1,909 in 2023 and 2022, respectively.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

These consolidated financial statements of the CEZ ESCO Group have been prepared in accordance with IFRS Accounting Standards as adopted by European Union (EU). CEZ ESCO Group did not present consolidated financial statements for the previous period (neither in accordance with IFRS, nor in accordance with other accounting policies) and therefore these financial statements are presented in accordance with IFRS 1 First-time Adoption. ČEZ ESCO, a.s., presents its separate financial statements in accordance with the Czech Accounting Act and the related implementing decree, as amended (hereinafter referred to as the „Czech accounting standards“).

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

Explanation Added for Translation into English

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

2.1.1. Transition to IFRS from Czech Accounting Standards

For the purposes of these consolidated financial statements in accordance with IFRS, the separate financial statements of the Company prepared in accordance with the Czech accounting standards may be considered the financial statements prepared under the previous accounting policies. The following table presents the reconciliation of equity as at the date of transition to IFRS, i.e. January 1, 2022, and as at the end of the most recent previous period presented in the last annual financial statements prepared in accordance with the Czech accounting standards, i.e. December 31, 2023 (in CZK thousands):

	Attributable to equity holders of the parent								
	Stated capital	Share premium	Translation difference	Cash flow hedge reserve	Equity instruments and other reserves	Retained earnings	Total	Noncontrolling interests	Total equity
Balance as at January 1, 2022, separate under Czech accounting standards	2,803,000	722	–	–	798,051	4,231,460	7,833,233	–	7,833,233
Impact of IFRS adoption ¹⁾	–	–	(33,932)	–	63,040	(574,091)	(544,983)	866,467	321,484
Balance as at January 1, 2022, consolidation under IFRS	2,803,000	722	(33,932)	–	861,091	3,657,369	7,288,250	866,467	8,154,717
Balance as at December 31, 2023, separate under Czech accounting standards	2,803,000	722	–	206,258	798,241	4,948,238	8,756,459	–	8,756,459
Impact of IFRS adoption ¹⁾	–	–	(47,858)	(109,018)	65,055	(247,768)	(339,589)	888,396	548,807
Balance as at December 31, 2023, consolidation under IFRS	2,803,000	722	(47,858)	97,240	863,296	4,700,470	8,416,870	888,396	9,305,266

¹⁾ The impact of adoption includes, in particular, the impact of consolidation, i.e. the inclusion of the Group's consolidated companies, and the impact of adjustments of data according to the Czech accounting standards to IFRS data.

The following table presents the reconciliation of profit for the last accounting period reported in the Company's most recent previous annual financial statements, i.e. for 2023, under the previous accounting standards to profit for 2023 in accordance with IFRS (in CZK thousands):

	2023
Profit according to the separate financial statements under the Czech accounting standards	1,410,338
Impact of IFRS adoption ¹⁾	199,007
Profit according to these consolidated financial statements under IFRS	1,609,345

¹⁾ The impact of adoption includes, in particular, the impact of consolidation, i.e. the inclusion of the Group's consolidated companies, and the impact of adjustments of data according to the Czech accounting standards to IFRS data.

The Company prepared a statement of cash flows under the previous accounting policies. The impact of the transition to consolidated financial statements in accordance with IFRS is mainly that the consolidated statement of cash flows includes the cash flows of consolidated subsidiaries.

2.2. Consolidation Method

2.2.1. Group Structure

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

2.2.2. Subsidiaries

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

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

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

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

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

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

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

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

Put options held by non-controlling interests are recorded as a derecognition of non-controlling interest and recognition of a liability at the end of the reporting period. The liability is recognized at the present value of the amount payable on exercise of the option. Any difference between the amount of non-controlling interest derecognized and this liability is accounted for within equity. Subsequent changes to the present value of liability are recorded directly in equity.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are eliminated unless transaction indicates impairment of the asset transferred. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the ESCO Group.

2.2.3. Joint-ventures

A joint-venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to its net assets. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary considerations to determine control over subsidiaries. The Group recognizes its interest in the joint-venture using the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of joint-ventures is recognized in the income statement. The Group's share of other post-acquisition movements in equity of joint-ventures is recognized in other comprehensive income against the cost of the investment. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates includes goodwill (net of accumulated impairment losses) on acquisition.

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

2.2.4. Transactions Involving Entities under Common Control of Majority Owner

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

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

2.3. Changes in Accounting Policies

2.3.1. Adoption of New IFRS Standards in 2023

The accounting policies adopted are consistent with those of the previous financial year, except for as follows. The Group has adopted the following new or amended standards and interpretations endorsed by EU as of January 1, 2023:

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments).
- IFRS 17: Insurance Contracts.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (Amendments).
- IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments).
- IAS 12 Income Taxes: International Tax Reform—Pillar Two Model Rules (Amendments).

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

2.3.2. New IFRS Standards and IFRIC Interpretations either not yet Effective or not yet Adopted by EU

The Group is currently assessing the potential impacts of the new and revised standards and interpretations that will be effective or adopted by the EU from January 1, 2024 or later.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments).
- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments).
- IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants (Amendments).
- IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Amendments).
- 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).
- IAS 21 The Effects of Changes in Foreign Exchange Rates – Insufficient convertibility (Amendments).
- IFRS 18 Presentation and Disclosure in Financial Statements (New standard)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (New standard)
- IFRS 7 Financial Instruments: Disclosures and IFRS 9 Financial Instruments: Classification and Measurement (Amendments)

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

2.4. Estimates and Accounting Judgements

The Group makes significant estimates when accounting for unbilled electricity and gas (see Note 2.6), determining the expected credit losses model (see Note 2.11.4), accounting for the provisions (see Note 19), determining the recoverable amounts of property, plant and equipment and intangible assets (see Note 6), fair value of commodity contracts (see Notes 2.13 and 17), financial derivatives (see Notes 2.12 and 17), incremental borrowing rate and lease terms to measure lease liability (see Notes 2.20 and 24) and deferred tax calculation (see Notes 2.18 and 35). The actual results may differ from these estimates.

2.5. Revenues

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

The Group recognizes revenue from sales of electricity, heat and gas based on contract terms. Any differences between contracted amounts and actual supplies for electricity and gas are settled through the market operator.

Revenues from the sales of electricity

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

Revenues from the sales of gas

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

Revenues from the sale of heat

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

Revenues from distribution services

Revenues from distribution services in the supply of electricity mainly consist of revenues for the price of the distribution system service and revenues from ensuring power input and connectivity. Revenues for the price of the distribution system service include payments for reserved capacity or for power input according to the value of the circuit breaker, for the use of networks or the amount consumed. Revenues are accounted during invoicing after the end of the accounting period, most often with annual or monthly periodicity. Advances are paid by customers during the settlement period. Prices for distribution system services are subject to price regulation by the Energy Regulatory Office (ERÚ) and are determined by the ERÚ's price decision.

Revenues from sales of services

The Group provides several types of services in the field of engineering, designing complex energy and construction solutions, including their implementation. Obligations to fulfil from these types of services are fulfilled on an ongoing basis and contractual assets and liabilities are recognized. The Group uses the percentage of completion method for these types of services. The Group assesses the criteria of whether the customer has gained control over the product or service under the selected method of satisfaction of performance obligation over time. The criteria are as follows:

- a) The buyer simultaneously receives and consumes benefits from the assets provided by the supplier.
- b) The company delivers or raise the value of an asset that is controlled by the customer during the creation.
- c) The company creates an asset that cannot be used for purposes other than delivery to this customer, and the company has an enforceable right for remuneration from performance so far performed.

In case that at least one of the above-mentioned requirements has been met, the Group reports revenues using the input method, which is based on proportion of the costs already incurred in the satisfaction of performance obligations and the total estimated costs of the project. The revenue is subsequently reported in the given period in such an amount that it cumulatively corresponds to the percentage of completion related to the total estimated revenue. If an ongoing project or contract is onerous, the loss is reported immediately in full. Most contracts are concluded for a period of up to one year.

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

2.6. Unbilled Electricity and Gas

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

2.7. Property, Plant and Equipment

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

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

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

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

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

The estimated useful life of property, plant and equipment as of December 31, 2023, is determined as follows:

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

2.8. Intangible assets

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

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

2.9. Goodwill

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

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

2.10. Emission Rights

The greenhouse gas emission right (hereinafter the emission right) represents the right of the operator of a facility that emits greenhouse gases in the course of its operation to release the equivalent of a ton of carbon dioxide to the air in a given calendar year. Operators of such facilities are required to determine and report the amount of greenhouse gases produced by its facilities in every calendar year and this amount must be to be audited by an accredited person. Some Group companies as operators of such facilities were allocated a certain amount of emission rights based on the National Allocation Plan.

The Group is required to remit the number of emission rights corresponding to its actual amount of greenhouse gas emissions in the previous calendar year by no later than April 30 of the next calendar year.

Allocated emission rights are measured at nominal, i.e., zero value in financial statements. Purchased emission rights are measured at cost (except for emission rights held for trading). The Group makes a provision for covering released emissions corresponding to the difference between the actually released amount of emissions and its inventory of allocated emission rights. The provision is measured primarily at the cost of emission rights that were purchased with the intention of covering greenhouse gas emissions in the reporting period. The provision for released emissions exceeding such rights is measured at the market price effective at the end of the reporting period. Emission rights purchased for use in the next year are recognized as current assets in the line item Emission rights. Emission rights with a later planned time of use are recognized as part of non-current intangible assets.

At each reporting date, the Group assesses whether there are any indicators that emission rights may have been impaired. Where there are such indicators, the Group checks whether the recoverable amount of cash-generating units that the emission rights were allocated to is less than their depreciated cost. Any impairment of emission rights is recognized in profit or loss and presented in the line item Other operating expenses.

The Group also purchases emission rights for the purpose of trading. The portfolio of emission rights held for trading is measured at fair value at the end of the reporting period, with any changes in fair value recognized in profit or loss and presented in the line item Gains and losses from commodity derivative trading. Emission rights purchased for the purpose of trading are recognized as current assets in the line item Emission rights.

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

2.11. Classification of Financial Instruments

Financial assets comprise primarily cash, equity instruments of another entity, or a contractual right to receive cash or another financial asset.

Financial liabilities are primarily contractual obligations to deliver cash or another financial asset.

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

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

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

2.11.1. Financial Assets

Financial assets are classified into the categories of at (a) amortized cost, at (b) fair value depending on whether the financial assets are held for sale or whether they are held under a business model whose objective is to hold the assets to collect contractual cash flows, and at cost.

The Group classifies assets into the following categories:

a) Financial asset measurement at amortized cost

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

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

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

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

- Without future transfer to profit or loss – used for equity financial assets
Impairments are neither calculated nor recognized. Changes in fair value are recognized in other comprehensive income. When a financial asset is sold, no gain or loss is recognized in profit or loss, so it never affects profit or loss. If an equity financial asset is sold, the accumulated revaluation amount is transferred to retained earnings. Exchange differences are recognized in other comprehensive income as part of the revaluation amount. Dividends on such financial assets are recognized in profit or loss provided that the payment of such dividends does not reduce the value of the investment.
- With future transfer to profit or loss – used for debt financial assets
Additions to impairment are recognized in profit or loss. Changes in fair value are recognized in other comprehensive income. On the disposal of a financial asset, the gain or loss is recognized in profit or loss (the gain/loss is transferred from other comprehensive income to profit or loss). Exchange differences in relation to revaluation surplus are recognized in other comprehensive income. Exchange differences in relation to impairment are recognized in profit or loss. Interest revenue is recognized in profit or loss.

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

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

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

2.11.2. Financial Liabilities

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

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

2.11.3. Derivatives

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

2.11.4. Impairment of Financial Assets

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

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

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

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

2.12. Derivatives

The Group uses financial derivatives, such as interest rate swaps and foreign exchange contracts, to hedge risks associated with interest rate and exchange rate fluctuations in accordance with IFRS 9. Derivatives are measured at fair value. They are recognized as part of non-current and current other financial assets and liabilities in the balance sheet. The manner of recognizing gains or losses from the revaluation of derivatives to fair value depends on whether a derivative is classified as a hedging instrument and on the nature of the item being hedged.

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

At the inception of a hedge, the Group prepares documents identifying the hedged item and the hedging instrument used and documenting the risk management objectives and strategy for various hedging transactions. At the inception and throughout the duration of a hedge, the Group documents whether the hedging instruments used are highly effective in relation to changes in the fair values or cash flows of hedged items.

2.12.1. Fair Value Hedging Derivatives

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

2.12.2. Cash Flow Hedging Derivatives

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

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

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

2.12.3. Other Derivatives

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

2.13. Commodity Contracts

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

Forward purchases and sales with physical delivery of energy are not within the scope of IFRS 9 as long as the contract is made in the course of the Group's ordinary activities. This is true if all of the following conditions are met:

- Physical delivery of the commodity takes place under the contract;
- The amount of the commodity purchased or sold under the contract corresponds to the Group's operating requirements;
- The contract is not settled net in cash or another financial instrument, or by exchanging financial instruments;
- The contract does not represent a sold option as defined by IFRS 9. In the specific case of electricity sales contracts, the contracts are substantially equivalent to firm forward sales or can be considered sales of generation capacity.

These conditions must be met at the time of entering into the contract and throughout its duration, which is regularly evaluated by the Group.

The Group considers transactions entered into with the aim of balancing electricity amounts purchased and sold to be part of an integrated energy group's ordinary activities; therefore, such contracts are not within the scope of IFRS 9.

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

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

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

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

2.14. Cash and Cash Equivalents

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

2.15. Restricted Financial Assets

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

2.16. Contract Assets and Liabilities

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

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

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

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

2.17. Materials and Supplies

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

2.18. Income Taxes

The amount of income taxes is determined in compliance with the tax regulations of the states of residence of the Group companies and is based on the profit or loss determined in accordance with local accounting regulations and adjusted for permanently or temporarily nondeductible expenses and untaxed income. Income taxes are calculated on an individual company basis as the Czech tax laws do not permit consolidated tax returns. For companies located in the Czech Republic, the current income tax at December 31, 2023 and 2022, respectively was calculated from income before tax in accordance with Czech accounting regulations, adjusted for some items that are nondeductible or nontaxable for tax purposes, using a rate of 19%. From January 1, 2024, this base rate is changed to 21%. Pursuant to Act No. 366/2022 Coll. the company will be burdened by an increased tax rate, so called windfall tax, in the period of 2023–2025. It is a component of corporate income tax. The tax base for windfall tax is the difference between the comparative tax base and the average of the comparative tax bases from years 2018–2021 increased by 20%. The Group plans to use the legal ability to move tax bases within the group of companies with windfall profits and will move tax base for windfall tax to parent company ČEZ, a. s.

The Group, in the jurisdictions in which the Group operates, will obligatorily apply the international tax reform – model rules of BEPS Pillar Two for the period from January 1, 2024, at the earliest. The expected impact of the top-up tax from this tax reform on the Group is not significant at the time of the preparation of these financial statements.

Deferred tax is calculated on the basis of the liability method based on a balance sheet approach. Deferred tax is calculated from temporary differences between accounting measurement and measurement for the purposes of determining the income tax base. Deferred tax is determined using rates and laws that have been enacted by the end of the reporting period and are expected to apply when the deferred tax asset is realized, or the deferred tax liability is settled. The Group applied a mandatory temporary exception for the calculation and disclosure of deferred tax from transactions in connection with the application of the international tax reform – OECD BEPS Pillar Two model rules.

A deferred tax asset or liability is not discounted. A deferred tax liability is recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by parent and it is probable that the temporary differences will not be realized in the foreseeable future.

Deferred tax asset is recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax asset is recognized to the extent that it is probable that sufficient taxable profit will be available in the future against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be claimed, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the reported profit after tax nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint-ventures, when it is probable, that the temporary differences will not be reversed and there will not be sufficient taxable profit against which the deductible temporary differences can be applied.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and, if necessary, the carrying amount of the deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities of Group companies are not offset in the balance sheet.

If the current and deferred tax relate to items that are charged or credited directly to equity in the same or a different tax period, the tax is also recognized directly in equity.

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

2.19. Long-term Debt

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

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

2.20. Leases

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

2.20.1. Group as a Lessee

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

a) Lease Liability

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

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

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

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

b) Right-of-use Assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the underlying assets are available for use). Right-of-use assets are measured at cost less accumulated amortization and impairment losses and adjusted for any reassessment of lease liabilities. The cost of right-of-use assets comprises the amount of recognized lease liabilities, initial direct costs, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized using the straight-line method over the lease term or the estimated life of the assets as follows:

	Depreciation period (years)
Lands	7–20
Buildings	1–20
Vehicles, machinery, and equipment	1–15
Inventory and other tangible assets	10–15

2.20.2. Group as a Lessor

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

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

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

2.21. Translation of Foreign Currencies

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

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

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

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

The Group used the following exchange rates to translate assets and liabilities in foreign currencies at December 31, 2023 and 2022:

	2023	2022
CZK per 1 EUR	24.725	24.115
CZK per 1 PLN	5.694	5.152

2.22. Assets Held for Sale or Held for Distribution to Owners

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

3. Property, Plant and Equipment

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

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

The overview of property, plant and equipment at December 31, 2022 is as follows (in CZK thousands):

	Buildings	Plant and equipment	Land and other	Total plant in service	Construction work in progress	Total
Cost at January 1, 2022	2,829,642	4,199,693	345,047	7,374,382	250,379	7,624,761
Additions	278,455	179,665	1,283	459,403	531,961	991,364
Disposals	(78,158)	(104,185)	(3,767)	(186,110)	(146,968)	(333,078)
Put into use	48,079	76,232	-	124,311	(124,311)	-
Acquisition of subsidiaries	61,471	35,021	2,454	98,946	-	98,946
Reclassification and other	23,066	(19,002)	(2,779)	1,285	199	1,484
Currency translation differences	(11,209)	(9,516)	(917)	(21,642)	(523)	(22,165)
Cost at December 31, 2022	3,151,346	4,357,908	341,321	7,850,575	510,737	8,361,312
Accumulated depreciation and impairment at January 1, 2022	(890,047)	(1,850,374)	(37,530)	(2,777,951)	(336)	(2,778,287)
Depreciation	(197,665)	(333,388)	(13,592)	(544,645)	-	(544,645)
Net book value of assets disposed	(39,072)	(22,658)	(124)	(61,854)	-	(61,854)
Disposals	78,158	104,185	893	183,236	-	183,236
Disposal of subsidiaries	-	-	-	-	-	-
Reclassification and other	(11,753)	12,484	573	1,304	166	1,470
Impairment losses recognized	(705)	(1,499)	-	(2,204)	(220)	(2,424)
Impairment losses reversed	-	-	-	-	382	382
Currency translation differences	2,288	2,959	(6)	5,241	2	5,243
Accumulated depreciation and impairment at December 31, 2022	(1,058,796)	(2,088,291)	(49,786)	(3,196,873)	(6)	(3,196,879)
Total property, plant and equipment at December 31, 2022	2,092,550	2,269,617	291,535	4,653,702	510,731	5,164,433

In 2023 and 2022, a composite depreciation rate of plant in service was 8% and 7.3%, respectively. In 2021 (January 1, 2022), a composite depreciation rate of plant in service was 7.2%.

As at December 31, 2023 and 2022, capitalized interest costs amounted to CZK 14,253 thousands and CZK 8,383 thousands, respectively, and the interest capitalization rate was 3.7% and 3%, respectively. In 2021, capitalized interest amounted to CZK 1,354 thousands and capitalization rate was 1.5%.

Group's plant in service pledged as security for liabilities at December 31, 2023, December 31, 2022 and January 1, 2022 is CZK 1,712,212 thousands, CZK 1,951,300 thousands and CZK 1,458,498 thousands, respectively.

Construction work in progress comprises, in particular, investments in cogeneration units.

The Group didn't draw in 2023 and 2022 grants related to the property, plant and equipment.

Group as a Lessee

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

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

Set out below are the carrying amounts and other information at December 31, 2022 and for the year ended 2022, respectively, about right-of-use assets recognized in total property, plant and equipment (in CZK thousands):

	2022			
	Buildings	Plant and equipment	Land and other	Total plant in service
Additions of right-of-use assets	196,896	92,926	866	290,688
Depreciation charge for right-of-use assets	(79,384)	(39,570)	(13,287)	(132,241)
Carrying amount as at December 31	613,984	79,085	83,444	776,513
Carrying amount as at January 1	563,743	34,863	94,925	693,531

Group as a Lessor

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

	Buildings	Plant and equipment	Land and other	Total plant in service
Carrying amount as at December 31, 2023	3,335	15,886	2,596	21,817
Carrying amount as at December 31, 2022	3,496	16,848	2,596	22,940
Carrying amount as at January 1, 2022	3,600	17,949	2,596	24,145

4. Derivatives and Other Financial Assets

The overview of derivatives and other financial assets as at December 31, 2023 and 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023			2022			January 1, 2022		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Other financial receivables	102,558	26,189	128,747	243,986	1,089	245,075	226,531	627	227,158
Receivables from Group cashpooling	–	1,368,999	1,368,999	–	582,736	582,736	–	1,767,505	1,767,505
Restricted financial assets	209	–	209	5,932	–	5,932	–	–	–
Investment in finance lease	70,619	8,488	79,107	42,230	5,732	47,962	15,711	3,206	18,917
Total financial assets at amortized cost	173,386	1,403,676	1,577,062	292,148	589,557	881,705	242,242	1,771,338	2,013,580
Commodity and other derivatives	–	519,912	519,912	–	1,698,846	1,698,846	21,410	367,620	389,030
Total financial assets at fair value through profit or loss	–	519,912	519,912	–	1,698,846	1,698,846	21,410	367,620	389,030
Equity financial assets	36,189	–	36,189	2,877	–	2,877	3,119	–	3,119
Cash flow hedge derivatives	187,497	468,701	656,198	487,127	1,222,119	1,709,246	–	–	–
Total financial assets at fair value through other comprehensive income	223,686	468,701	692,387	490,004	1,222,119	1,712,123	3,119	–	3,119
Total	397,072	2,392,289	2,789,361	782,152	3,510,522	4,292,674	266,771	2,138,958	2,405,729

The following table provides an overview of the value of receivables from commodity derivatives by the commodities and other derivatives at December 31, 2023 and 2022 (in CZK thousands):

	2023	2022
Electricity	6,658	1,160,557
Gas	4,028	248,101
Emission rights, guarantees of origin	452,471	169,688
Financial derivatives	56,755	120,500
Total commodity and other derivatives	519,912	1,698,846

The decrease of receivables from commodity and other derivatives in 2023 is caused mainly due to physical delivery of the commodity or by financial settlement. Year-to-year decrease is also influenced by volatility of the market prices of electricity, gas, emission rights and other commodities. Related decrease of liabilities from commodity and other derivatives is disclosed in Note 20.

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

	2023	2022
Balance as at January 1	(4,293)	(53)
Additions	(5,860)	(4,389)
Reversals	4,182	-
Currency translation differences	(155)	149
Balance as at December 31	(6,126)	(4,293)

Debt financial assets at December 31, 2023 are contracted to mature in the following periods after the balance sheet date (in CZK thousands):

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

Debt financial assets at December 31, 2022 are contracted to mature in the following periods after the balance sheet date (in CZK thousands):

	Receivables from Group cashpooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Due in 2023	582,736	5,732	1,089	774
Due in 2024	-	6,074	66,164	1,273
Due in 2025	-	6,233	46,571	665
Due in 2026	-	4,618	42,298	960
Thereafter	-	25,305	88,953	2,260
Total	582,736	47,962	245,075	5,932

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

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

Debt financial assets at December 31, 2022 have following effective interest rate structure (in CZK thousands):

	Receivables from Group cashpooling	Investment in finance lease	Other financial receivables	Restricted financial assets
Less than 2.00% p. a.	582,736	42	188,449	5,932
2.00% to 2.99% p. a.	-	6	56,626	-
3.00% to 3.99% p. a.	-	9,437	-	-
6.00% to 6.99% p. a.	-	28,796	-	-
7% p. a. and more	-	9,681	-	-
Total	582,736	47,962	245,075	5,932

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

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

The following table analyses the debt financial assets at December 31, 2022 by currency (in CZK thousands):

	Receivables from Group cashpooling	Investment in finance lease	Other financial receivables	Restricted financial assets
CZK	582,736	47,962	130,067	209
EUR	-	-	115,008	5,723
Total	582,736	47,962	245,075	5,932

5. Intangible Assets

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

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

The overview of intangible assets at December 31, 2022 is as follows (in CZK thousands):

	Software	Rights and other	Goodwill	Intangibles in progress	Total
Cost at January 1, 2022	64,993	251,629	1,571,750	20,387	1,908,759
Additions	15,057	1,463	-	34,306	50,826
Disposals	(6,409)	(222)	-	(6,837)	(13,468)
Put into use	33,212	239	-	(33,451)	-
Acquisition of subsidiaries	1,430	84,320	71,906	-	157,656
Reclassification and other	491	-	-	(299)	192
Currency translation differences	(78)	(4,067)	(17,516)	-	(21,661)
Cost at December 31, 2022	108,696	333,362	1,626,140	14,106	2,082,304
Accumulated amortization and impairment at January 1, 2022	(53,656)	(20,459)	-	-	(74,115)
Amortization	(10,498)	(37,005)	-	-	(47,503)
Net book value of assets disposed	(106)	(863)	-	-	(969)
Disposals	6,409	222	-	-	6,631
Reclassification and other	(76)	10	-	-	(66)
Currency translation differences	11	320	-	-	331
Accumulated amortization and impairment at December 31, 2022	(57,916)	(57,775)	-	-	(115,691)
Intangible assets at December 31, 2022	50,780	275,587	1,626,140	14,106	1,966,613

At December 31, 2023 and 2022, goodwill allocated to cash-generating units is as follows (in CZK thousands):

	2023	2022
CAPEXUS	417,773	418,905
SPRAVBYTKOMFORT	-	284,632
AZ KLIMA	245,455	245,455
ESCO Distribuční systavy	-	91,248
Domat Control System	87,691	87,691
KART	75,535	75,535
ELIMER	-	66,712
ESCO Servis	-	61,034
HA.EM OSTRAVA	57,726	57,726
e-Dome	-	50,236
Other	187,017	186,966
Total	1,071,197	1,626,140

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

In 2023 and 2022, the Group performed impairment tests of goodwill and tests of other non-current assets where there was an indication that the carrying amounts could be impaired.

No impairment of goodwill or other tested property, plant and equipment or intangible assets was recognized in 2023 or 2022 as a result of impairment testing of assets at the cash-generating unit level.

Description of selected parameters related to testing and determination of recoverable amounts

The impairment test involves determining the recoverable amount of the cash-generating unit, which corresponds to the value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit and is internally assessed by the company's management.

Values in use are determined based on a complex projection of cash flows or on the medium-term budget for a period of 5 years and on the anticipated development of the expected cash flows in the long-term, which is valid when the impairment test is performed. These budgets are based on the past experience, as well as on the anticipated future market trends and on the macroeconomic development of the respective region.

- a. The value in use derived from the projection of cash flows based on financial budget for a period of 5 years and on the expected future development of cash flows generated from the respective assets was applied when determining the recoverable amount of the following cash-generating units:

The discount rate of 10.1% was used for cash-generating unit CAPEXUS. The increase of cash flows beyond the five-year period is getting gradually towards the long-term growth rate of 2.0%.

The discount rate of 10.1% was used for cash-generating unit AZ KLIMA. The increase of cash flows beyond the five-year period is getting gradually towards the long-term growth rate of 2.0%.

The discount rate of 10.1% was used for cash-generating unit Domat Control System. The increase of cash flows beyond the five-year period is getting gradually towards the long-term growth rate of 2.0%.

The discount rate of 10.1% was used for cash-generating unit KART. The increase of cash flows beyond the five-year period is getting gradually towards the long-term growth rate of 2.0%.

The discount rate of 8.6% was used for cash-generating unit ESCO Slovensko. The increase of cash flows beyond the five-year period is getting gradually towards the long-term growth rate of 2.0%.

- b. The calculations of value in use for all cash-generating units are most sensitive to the following assumptions:

Gross margins – Gross margins are based on experience from historical trends in the preceding periods, current outlook of market and non-market parameters, eventually with regard to operational efficiency improvements. Gross margins are affected especially by wholesale electricity prices, prices of emission rights and prices of green and similar certificates.

Raw materials price inflation – Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is available, otherwise past actual raw material price movements have been used as an indicator of future price movements.

Discount rate – Discount rates reflect management's estimate of the risk specific to each unit. The basis used to determine the value assigned is weighted average cost of capital (WACC) of the related subsidiaries.

Estimated growth rate – The basis used to determine the value assigned to estimated growth rate is the anticipated future development of the market, gross domestic product, nominal wages and interest rates and the forecast of regulation.

7. Changes in the Group Structure

7.1. Changes in the Group Structure in 2023

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

7.1.1. Changes in Non-controlling Interests in 2023

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

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

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

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

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

7.2. Changes in the Group Structure in 2022

The following table summarizes the cash flows related to acquisitions in 2022 (in CZK thousands):

Cash outflow on acquisitions of the subsidiaries	228,876
Payments of payables from acquisitions in previous periods	51,410
Less:	
Cash and cash equivalents acquired	(24,035)
Total cash outflows on acquisitions	256,251

7.2.1. Acquisitions of Companies in 2022, in which CEZ ESCO Group Gained Control

On February 24, 2022, the Group acquired a 100% interest in the company ELIMER, a.s., which provides comprehensive services in the field of electrical installations (i.e., design, implementation, service and maintenance of high-current and low-current electrical installations).

On December 14, 2022, the Group acquired a 50.23% interest in the company BIOPEL, a. s., which focuses on the production and purchase of wood raw materials and the sale of biofuels.

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

	ELIMER	BIOPEL	Total
Share of the Group being acquired	100%	50.23%	
Property, plant and equipment	9,087	89,859	98,946
Intangible assets	85,237	513	85,750
Other non-current assets	35,282	7	35,289
Cash and cash equivalents	23,944	91	24,035
Trade and other receivables	95,293	1,294	96,587
Materials	16,785	31,020	47,805
Another current assets	22,154	7,271	29,425
Long-term debt, net of current portion	(3,130)	(20,307)	(23,437)
Other non-current liabilities	(24,778)	-	(24,778)
Trade payables	(89,690)	(3,715)	(93,405)
Another current liabilities	(4,530)	(42,976)	(47,506)
Total net assets	165,654	63,057	228,711
Share of net assets acquired	165,654	31,674	197,328
Goodwill	69,146	-	69,146
Bargain purchase	-	(8,794)	(8,794)
Total purchase consideration	234,800	22,880	257,680
Contingent liabilities from acquisition of the subsidiary	(28,804)	-	(28,804)
Cash outflow on acquisition in 2022	205,996	22,880	228,876
Less: Cash and cash equivalents acquired	(23,944)	(91)	(24,035)
Cash outflow on acquisition in 2022, net	182,052	22,789	204,841

If the acquisitions had taken place at the beginning of the year 2022, net loss for ESCO Group as at December 31, 2022 would have been CZK 603,841 thousands and the revenues and other operating income from continuing operations would have been CZK 61,940,726 thousands. 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 thousands):

	ELIMER	BIOPEL	Total
Revenues and other operating income	575,152	-	575,152
Income before other income (expense) and income taxes	21,964	8,794	30,758
Net income	14,704	8,794	23,499
Net income attributable:			
Equity holders of the parent	14,704	4,417	19,122
Non-controlling interests	-	4,377	4,377

7.2.2. Changes in Non-controlling Interests in 2022

On June 1, 2022, the Group acquired the non-controlling interest representing a 49% interest in the company HORMEN CE a.s., which increased the Group's interest to 100%. The original owners held an option to sell the non-controlling interest to the Group. In such a case, as long as the option is valid, the non-controlling interest is derecognized at the balance sheet date and a liability is recognized, which is measured at the present value of the amount payable when the option is exercised. This option expired, and as a result, the liability was derecognized and the non-controlling interest was booked, which was also immediately derecognized due to the realization of the buyout of the non-controlling interest.

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

	HORMEN CE
Share acquired in 2022	49,00%
Liability from option derecognized from balance sheet	99,898
Direct impact on equity from recognition of non-controlling interest after termination of put option	(90,136)
Acquired share of net assets derecognized from non-controlling interests	9,762
Amount directly recognized in equity caused by acquisition of non-controlling interest	99,898
Total purchase consideration	109,660

8. Investments in Subsidiaries and Joint-ventures

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

Subsidiaries	Country	Operating segment	% equity interest ¹⁾		% voting rights
			Change 2023	2023	2023
Changes of non-controlling interests or change of voting rights					
BIOPEL, a. s. ²⁾	SK	NON-COM	2.60	27.72	55.43
e-Dome a. s. ³⁾	SK	NON-COM	24.50	50.00	100.00
PIPE SYSTEMS s.r.o. ⁴⁾	CZ	NON-COM	10.00	100.00	100.00
Merger					
ČEZ LDS s.r.o.	CZ	NON-COM	(100.00)	-	-
Other subsidiaries without change of equity or voting rights in 2023					
AirPlus, spol. s r.o.	CZ	NON-COM	-	100.00	100.00
AZ KLIMA a.s.	CZ	NON-COM	-	100.00	100.00
AZ KLIMA SK, s.r.o.	SK	NON-COM	-	50.00	100.00
CAPEXUS s.r.o.	CZ	NON-COM	-	100.00	100.00
CAPEXUS SK s. r. o.	SK	NON-COM	-	50.00	100.00
ČEZ Energetické služby, s.r.o.	CZ	NON-COM	-	100.00	100.00
ČEZ Energo, s.r.o.	CZ	NON-COM	-	100.00	100.00
Domat Control System s.r.o.	CZ	NON-COM	-	100.00	100.00
ELIMER, a.s.	SK	NON-COM	-	50.00	100.00
ENESA a.s.	CZ	NON-COM	-	100.00	100.00
ENVEZ, a. s.	CZ	NON-COM	-	51.00	51.00
EP Rožnov, a.s.	CZ	NON-COM	-	100.00	100.00
EPIGON spol. s r.o.	CZ	NON-COM	-	100.00	100.00
ESCO Distribuční systavy a.s.	SK	NON-COM	-	50.00	100.00
ESCO Servis, s. r. o.	SK	NON-COM	-	50.00	100.00
ESCO Slovensko, a. s. ⁵⁾	SK	NON-COM	-	50.00	50.00
Green Energy Capital, a.s.	CZ	NON-COM	-	100.00	100.00
HA.EM OSTRAVA, s.r.o.	CZ	NON-COM	-	100.00	100.00
HORMEN CE a.s.	CZ	NON-COM	-	100.00	100.00
KART, spol. s r.o.	CZ	NON-COM	-	100.00	100.00
Solární servis, s.r.o.	CZ	NON-COM	-	100.00	100.00
SPRAVBYTKOMFORT, a.s. Prešov	SK	NON-COM	-	27.50	55.00

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

²⁾ During the year 2023 the voting rights were increased by 5.2%.

³⁾ During the year 2023 the voting rights were increased by 49%.

⁴⁾ During the year 2023 the voting rights were increased by 10%.

⁵⁾ The control in ESCO Slovensko, a. s. was established on the basis of an evaluation of the text of the shareholders' agreement of December 10, 2020 and its subsequent amendments and is regularly re-evaluated.

Joint-ventures	Country	Operating segment	% equity interest		% voting rights
			Change 2023	2023	2023
Companies with no change in ownership interest or voting rights in 2023					
Bytkomfort, s.r.o.	SK	NON-COM	-	49.00	49.00
KLF-Distribúcia, s.r.o.	SK	NON-COM	-	25.00	50.00

Used abbreviations:

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

Subsidiaries with Non-controlling Interests

The following table shows the composition of Group's non-controlling interests and dividends paid to non-controlling interests by respective subsidiaries (in CZK thousands):

	2023		2022	
	Non-controlling interests	Dividends paid	Non-controlling interests	Dividends paid
ESCO Slovensko, a. s.	670,832	-	685,164	-
SPRAVBYTKOMFORT, a.s. Prešov	119,594	-	95,222	6,633
Other	97,970	-	91,818	13,718
Total	888,396	-	872,204	20,351

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

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

The following table shows summarized financial information of subsidiaries that have material non-controlling interests for the year ended December 31, 2022 (in CZK thousands):

	ESCO Slovensko	SPRAVBYKOMFORT, Prešov
Ownership share of non-controlling interests	50.00%	72.50%
Current assets	383,400	164,869
Non-current assets	1,182,526	417,071
Current liabilities	(36,445)	(248,267)
Non-current liabilities	(29,252)	(106,071)
Equity	1,500,229	227,602
Attributable to:		
Equity holders of the parent	815,065	132,380
Non-controlling interests	685,164	95,222
Revenues and other operating income	8,791	515,129
Income (loss) before other income (expenses) and income taxes	(62,046)	7,392
Income (loss) before income taxes	(53,280)	4,047
Income taxes	10	(1,090)
Net income (loss)	(53,270)	2,957
Attributable to:		
Equity holders of the parent	(26,635)	813
Non-controlling interests	(26,635)	2,144
Total comprehensive income	(75,990)	(12,890)
Attributable to:		
Equity holders of the parent	(38,357)	(6,055)
Non-controlling interests	(37,633)	(6,835)
Operating cash flow	(65,091)	94,930
Investing cash flow	(236,198)	(79,164)
Financing cash flow	(50,592)	2,837
Net effect of currency translation and allowances in cash	(12,964)	(3,075)
Net increase (decrease) in cash and cash equivalents	(364,845)	15,528

Interests in Joint-ventures

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

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

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

The following table shows the composition of Group's investment in joint-ventures and share of main financial results from joint-ventures for the year ended December 31, 2022 (in CZK thousands):

	Investment in joint-ventures	Dividends received	Group's share of joint-venture's:		
			Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o.	271,275	7,584	50,589	(7,342)	43,247
KLF-Distribúcia, s.r.o.	12,557	-	534	(714)	(180)
Total	283,832	7,584	51,123	(8,056)	43,067

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

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

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

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

The following tables present summarized financial information of joint-ventures for the year ended December 31, 2022 (in CZK thousands):

	Current assets	Thereof: Cash and cash equivalents	Non-current assets	Current liabilities	Non-current liabilities	Equity	Share of the Group	Goodwill	Total investment in joint-ventures
Bytkomfort, s.r.o.	141,085	103,003	220,247	33,763	35,961	291,608	142,887	128,388	271,275
KLF-Distribúcia, s.r.o.	24,198	5,731	58,506	14,432	44,583	23,688	11,944	613	12,557

	Revenues and other operating income	Depreciation and amortization	Interest income	Interest expense	Income taxes	Net income (loss)	Other comprehensive income	Total comprehensive income
Bytkomfort, s.r.o.	405,238	(25,324)	7	(381)	-	103,241	(7,342)	95,899
KLF-Distribúcia, s.r.o.	34,804	(4,868)	-	(845)	769	2,135	(715)	1,420

9. Cash and Cash Equivalents

The overview of cash and cash equivalents at December 31, 2023 and 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Cash on hand and current accounts with banks	138,331	726,605	1,111,746
Allowance to cash and cash equivalents	(16)	(21)	(19)
Total	138,315	726,584	1,111,727

Cash and cash equivalents as at December 31, 2023, December 31, 2022 and January 1, 2022 included foreign currency balances in the amount of CZK 130 thousands, CZK 71,503 thousands and CZK 247 thousands, respectively.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents as at December 31, 2023, December 31, 2022 and January 1, 2022 consist of the following (in CZK thousands):

	2023	2022	January 1, 2022
Cash and cash equivalents as a separate balance sheet item	138,315	726,584	1,111,727
Cash and cash equivalents attributable to assets classified as held for distribution to owners (Note 14)	677,674	-	-
Total	815,989	726,584	1,111,727

10. Trade and Other Receivables

The overview of trade and other receivables at December 31, 2023, December 31, 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Trade receivables	12,256,973	9,914,915	5,088,557
Other receivables	39,564	17,587	18,685
Allowances	(346,516)	(300,019)	(348,185)
Total	11,950,021	9,632,483	4,759,057

The information about receivables from related parties is included in Note 36.

Carrying amount of receivables pledged as security for liabilities at December 31, 2023, 2022 and January 1, 2022 are CZK 62,814 thousands, CZK 100,209 thousands and CZK 84,032 thousands, respectively.

At December 31, 2023, December 31, 2022 and January 1, 2022, the ageing structure of trade and other receivables is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Not past due	11,401,677	9,345,132	4,388,214
Past due:			
Less than 3 months	358,868	232,134	335,661
3–6 months	135,931	27,198	18,102
6–12 months	42,404	23,461	11,246
More than 12 months	11,141	4,558	5,834
Total	11,950,021	9,632,483	4,759,057

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

Movements in allowance (in CZK thousands):

	2023	2022
Balance as at January 1	(300,019)	(348,184)
Additions	(142,672)	(129,765)
Reversals	88,262	176,448
Allowances related to receivables classified as held for distribution to owners	8,803	-
Derecognition of impaired assets	651	-
Currency translation differences	(1,541)	1,482
Balance as at December 31	(346,516)	(300,019)

11. Materials and Supplies

The overview of materials and supplies at December 31, 2023, December 31, 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Material	260,170	306,481	145,915
Work in progress	212,366	183,758	124,675
Other supplies	26,287	64,506	28,655
Allowance for obsolescence	(64,637)	(76,888)	(89,255)
Total	434,186	477,857	209,990

12. Emission Rights and Guarantees of Origin

The composition of emission rights and guarantees of origin at December 31, 2023, December 31, 2022 and January 1, 2022 (in CZK thousands):

	2023	2022	January 1, 2022
Emission rights	10,421	15,513	13,781
Guarantees of origin	86,778	4,933	805
Total	97,199	20,446	14,586

During 2023 and 2022, total emissions of greenhouse gases made by the Group amounted to an equivalent of 7,048 tons and 10,335 tons of CO₂, respectively. At December 31, 2023 and 2022, the Group recognized a provision for CO₂ emissions in total amount of CZK 7,570 thousands and CZK 10,747 thousands, respectively (see Notes 2.10 and 19).

13. Other Current Assets

The overview of other current assets at December 31, 2023, December 31, 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Unbilled electricity and gas supplied to the retail customers	2,120,181	1,796,409	1,431,434
Received advances from retail customers	(2,005,223)	(1,719,137)	(1,275,889)
Unbilled supplies to retail customers, net	114,958	77,272	155,545
Gross contract assets based on percentage of completion	364,935	538,055	242,949
Received billings and advances	(38,660)	(698)	(4,856)
Net contract assets	326,275	537,357	238,093
Advances paid	965,504	981,878	752,743
Prepayments	52,176	62,166	65,991
Accruals	3,936,258	1,627,549	1,053,190
Taxes and fees, excluding income tax	30,971	68,381	311,176
Total	5,426,142	3,354,603	2,576,738

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

14. Assets Held for Distribution to Owners and Related Liabilities

On October 10, 2023, the transformation project was approved of a demerger (division) of ČEZ ESCO, a.s., through a spin-off by acquisition, where the shares of ESCO Slovensko, a. s., were spun-off and merged with ČEZ Invest Slovensko, a.s. (a wholly owned subsidiary of ČEZ, a. s.). The record date and the effective date was January 1, 2024. The assets and related liabilities of all consolidated companies with registered offices in Slovakia (see Note 8) that are subject to the spin-off are classified as assets and related liabilities held for distribution to owners in the consolidated balance sheet as at 31 December 2023.

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

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

The assets classified as held for distribution to owners and profit/loss related to these assets are reported in the Non-commodity operating segment.

15. Equity

As at December 31, 2023 and 2022, the share capital of the Company registered in the Commercial Register totaled CZK 2,803,000,000 and consisted of 2,803 shares with a nominal value of CZK 1,000,000 per share. All shares are bearer common shares that are fully paid and listed. The rights and obligations attached to the Company's shares are governed by applicable law as set down in Section 210 et seq. of Act No. 89/2012 Coll., Civil Code, as amended, and Section 243 et seq. of Act No. 90/2012 Coll., Business Corporations Act, as amended. The transferability of the Company's shares has been restricted; the shares are only transferable with the consent of the Company's board of directors subject to the opinion of the Company's supervisory board. Pursuant to Section 256(1) of the Business Corporations Act, shareholder rights attached to the shares are to participate, in compliance with the Act and the Company's Articles of Association, in Company management and receive a portion of its profits or its liquidation surplus when wound up with liquidation.

Capital Structure Management

The primary objective of the Group's capital structure management is to maintain a healthy ratio of equity to borrowed capital to support the Group's business and maximize value for shareholders. The Group monitors its capital structure and makes adjustments to it with a view to changes in the business environment.

The Group primarily monitors its capital structure using the net debt-to-EBITDA ratio. Considering the current structure and stability of its cash flows and its development strategy, the Group aims to keep the ratio at 1.0-3.0.

EBITDA comprises earnings before taxes and other expenses and revenues plus depreciation and amortization and impairment of property, plant and equipment and intangible assets less gain (or plus loss) from sales of property, plant and equipment. Total debt comprises long-term debt including the current portion and short-term borrowings. Net debt represents total debt less cash and cash equivalents and highly liquid financial assets. For the purposes of capital structure management, highly liquid financial assets comprise short-term and long-term debt financial assets and short-term and long-term deposits. Receivables arising from the Group's cash pool arrangement are treated as cash equivalents and payables arising from the cash pool arrangement reduce highly liquid assets. Total capital is equity attributable to parent company shareholders plus total debt. These calculations always (if relevant) include items relating to assets held for sale or held for distribution to owners, which are reported separately in the balance sheet.

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

	2023	2022
Long-term debt	1,977,945	2,271,341
Short-term loans	-	54,184
Long-term debt held for distribution to owners (Note 14)	519,852	-
Short-term loans held for distribution to owners (Note 14)	34,881	-
Total debt	2,532,678	2,325,525
Less:		
Cash and cash equivalents	(138,315)	(726,584)
Cash and cash equivalents held for distribution to owners (Note 14)	(677,674)	-
Highly liquid financial assets and cashpooling:		
Group cash pool receivables (Note 4)	(1,368,999)	(582,736)
Group cash pool payables (Note 20)	2,252,797	2,402,652
Group cash pool receivables for distribution to owners	(1,057)	-
Group cash pool payables for distribution to owners	1,233	-
Total net debt	2,600,663	3,418,857
Income before income taxes and other income (expenses)	2,121,002	(631,123)
Depreciation and amortization	662,699	592,148
Impairment of property, plant and equipment and intangible assets	(9,436)	1,598
Gains and losses on sale of property, plant and equipment (Note 25 and 31)	(10,160)	(3,234)
EBITDA	2,764,105	(40,611)
Net debt to EBITDA ratio	0.94	(84.19)

16. Long-term Debt

The overview of long-term debt at December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Bank loans	1,200,000	1,444,359
Lease liabilities	777,945	825,896
Other loans	-	1,086
Total long-term debts	1,977,945	2,271,341
Less: Current portion of bank loans and lease liabilities	(82,080)	(108,416)
Long-term debt, net of current portion	1,895,865	2,162,925

The overview of long-term debt by interest rate at December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Long-term bank and other loans and lease liabilities:		
Less than 2.00% p. a.	1,295,784	1,357,574
2.00% to 2.99% p. a.	17,551	203,298
3.00% to 3.99% p. a.	384,469	424,250
4.00% to 4.99% p. a.	162,083	208,033
5.00% to 6.99% p. a.	116,326	78,186
7.00% p. a. and more	1,732	-
Total long-term bank and other loans and lease liabilities	1,977,945	2,271,341

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

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

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

	2023	2022
Within 1 year	82,080	108,416
Between 1 year and 2 years	543,793	213,128
Between 2 and 3 years	513,811	562,632
Between 3 and 4 years	491,963	543,827
Between 4 and 5 years	77,982	522,746
Thereafter	268,316	320,592
Total long-term debt	1,977,945	2,271,341

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

	2023		2022	
	Foreign currency	CZK	Foreign currency	CZK
EUR	3,441	85,067	15,345	379,695
CZK		1,892,878		1,891,646
Total long-term debt		1,977,945		2,271,341

Long-term debt with floating interest rates exposes the Group to interest rate risk. The following table summarizes long-term debt by contractual reprising dates of interest rates at December 31, 2023 and 2022, without considering interest rate hedging (in CZK thousands):

	2023	2022
Floating rate long-term debt		
with interest rate fixed to 1 month	-	10,937
with interest rate fixed from 1 to 3 months	1,200,000	1,294,666
with interest rate fixed from 3 months to 1 year	-	-
with interest rate fixed for more than 1 year	-	15,925
Total floating rate long-term debt	1,200,000	1,321,528
Fixed rate long-term debt	777,945	949,813
Total long-term debt	1,977,945	2,271,341

Fixed rate long-term debt exposes the Group to the risk of change in fair values of these financial instruments. For related fair value information and risk management policies of all financial instruments see Note 17 and Note 18.

The following table analyses the changes in liabilities and receivables arising from financing activities in 2023 and 2022 (in CZK thousands):

	Debt	Derivatives and other financial liabilities	Derivatives and other current financial assets	Total liabilities / assets from financing activities
Liabilities / assets from financing at January 1, 2022	2,127,774	323,136	(1,767,331)	683,579
Cash flows	(63,493)	2,095,608	1,130,670	3,162,785
Additions and modifications of leases	262,255	-	-	262,255
Foreign exchange movement	(11,964)	(2,082)	59,497	45,451
Acquisition of subsidiaries	29,327	7,071	-	36,398
Disposal of subsidiaries	(3)	-	-	(3)
Declared dividends	-	20,351	-	20,351
Other ¹⁾	(18,371)	98,089	(5,398)	74,320
Liabilities / assets arising from financing activities at December 31, 2022	2,325,525	2,542,173	(582,562)	4,285,136
Liabilities / assets arising from other than financing activities	-	1,982,049	(2,927,960)	
Total amount on balance sheet at December 31, 2022	2,325,525	4,524,222	(3,510,522)	
Less: Liabilities / assets from other than financing activities	-	1,982,049	(2,927,960)	
Liabilities / assets from financing at January 1, 2023	2,325,525	2,542,173	(582,562)	4,285,136
Cash flows	47,591	(246,036)	(833,500)	(1,031,945)
Additions and modifications of leases	151,697	-	-	151,697
Foreign exchange movement	17,821	3,980	42,470	64,271
Changes in fair values	-	(392)	-	(392)
Liabilities associated to assets classified as held for distribution to owners	(554,733)	(8,748)	1,107	(562,374)
Other ¹⁾	(9,956)	24,124	3,661	17,829
Liabilities / assets arising from financing activities at December 31, 2023	1,977,945	2,315,101	(1,368,824)	2,924,222
Liabilities / assets arising from other than financing activities	-	982,141	3,761,113	
Total amount on balance sheet at December 31, 2023	1,977,945	3,297,242	2,392,289	

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

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

17. Fair Value of Financial Instruments

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

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

Cash, Cash Equivalents and Short-term Investments

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

Securities Held for Trading

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

Non-current Debt and Equity Financial Assets

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

Short-term Receivables and Payables

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

Short-term Borrowings

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

Long-term Debt

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

Derivatives

The fair value of derivatives corresponds to their market value.

Carrying amounts and the estimated fair values of financial assets (except for derivatives) at December 31, 2023 and 2022 are as follows (in CZK thousands):

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current assets at amortized cost:				
Other financial receivables	102,558	103,708	243,986	244,050
Investment in finance lease	70,619	70,619	42,230	42,230
Restricted financial assets	209	209	5,932	5,932
Non-current assets at fair value through other comprehensive income:				
Equity financial assets ¹⁾	36,189	36,189	2,877	2,877
Current assets at amortized cost:				
Cash and cash equivalents	138,315	138,315	726,584	726,584
Other financial receivables	26,189	26,189	1,089	1,089
Investment in finance lease	8,488	8,488	5,732	5,732

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

Carrying amounts and the estimated fair values of financial liabilities (except for derivatives) at December 31, 2023 and 2022 are as follows (in CZK thousands):

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt ¹⁾	(1,200,000)	(1,256,508)	(1,445,445)	(1,458,676)
Other long-term financial liabilities	(30,554)	(30,554)	(45,315)	(45,315)
Short-term loans	-	-	(54,183)	(54,183)
Other short-term financial liabilities	(2,301,624)	(2,301,624)	(2,500,657)	(2,500,657)

¹⁾ The value of long-term debt is stated net of lease payables the fair value of which is not disclosed (the carrying amount as at December 31, 2023 and 2022 is CZK (695,865) thousand and CZK (722,303) thousand, respectively).

Carrying amounts and the estimated fair values of derivatives and liabilities recognized at fair value at December 31, 2023 and 2022 are as follows (in CZK thousands):

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash flow hedges:				
Short-term receivables	468,701	468,701	1,222,119	1,222,119
Long-term receivables	187,497	187,497	487,127	487,127
Short-term liabilities	(408,862)	(408,862)	-	-
Long-term liabilities	(60,342)	(60,342)	(3,397)	(3,397)
Commodity derivatives:				
Short-term receivables	463,158	463,158	1,408,658	1,408,658
Short-term liabilities	(381,556)	(381,556)	(1,626,648)	(1,626,648)
Other derivatives:				
Short-term receivables	56,754	56,754	290,188	290,188
Short-term liabilities	-	-	(111,889)	(111,889)

17.1. Fair Value Hierarchy

The Group uses and discloses financial instruments with the following structure according to the manner in which the fair value is determined:

Level 1: Measured at fair value using the market prices of identical assets and liabilities quoted in active markets.

Level 2: Measured at fair value using methods under which significant inputs are directly or indirectly derived from data observable in active markets.

Level 3: Measured at fair value using methods under which significant inputs are not derived from data observable in active markets.

For assets and liabilities that occur regularly or repeatedly in financial statements, the Group reviews categorization in levels of the fair value hierarchy (according to the lowest input level that is significant to the measurement of fair value as a whole) at the end of each reporting period to determine whether there have been any transfers between levels of the fair value hierarchy.

There were no transfers between levels of financial instruments measured at fair value in 2023 and 2022.

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

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

As at December 31, 2022, the fair value hierarchy was the following (in CZK thousands):

	Total	Level 1	Level 2	Level 3
Assets measured at fair value:				
Commodity derivatives	1,408,658	-	1,408,658	-
Cash flow hedges	1,709,246	-	1,709,246	-
Other derivatives	290,188	-	290,188	-
Equity financial assets at fair value through other comprehensive income	2,877	-	-	2,877
Liabilities measured at fair value:				
Commodity derivatives	(1,626,648)	-	(1,626,648)	-
Cash flow hedges	(3,397)	-	(3,397)	-
Other derivatives	(111,889)	-	(111,889)	-
Assets and liabilities for which fair values are disclosed:				
Other financial receivables	245,075	-	245,075	-
Investment in finance lease	47,962	-	47,962	-
Long-term debt	(1,458,676)	-	(1,458,676)	-
Short-term loans	(54,183)	-	(54,183)	-
Other financial liabilities	(2,545,972)	-	(2,545,972)	-

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

The following table shows roll-forward of the financial assets and liabilities measured at fair value – Level 3, for the years ended December 31, 2023 and 2022 (in CZK thousands):

	Equity financial assets at fair value through other comprehensive income	Commodity derivatives
Balance at January 1, 2022	3,614	-
Revaluation	(737)	-
Balance at December 31, 2022	2,877	-
Additions	32,085	-
Disposals	-	130,642
Revaluation	1,227	(167,676)
Balance at December 31, 2023	36,189	(37,034)

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

17.2. Offsetting of Financial Instruments

The following table shows the recognized financial instruments that are offset, or subject to enforceable master netting agreement or other similar agreements but not offset, as at December 31, 2023 and 2022 (in CZK thousands):

	2023		2022	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Derivatives	1,176,110	(850,760)	3,408,092	(1,741,934)
Other financial instruments ¹⁾	4,336,416	(8,741,902)	703,234	(6,828,508)
Gross financial assets / liabilities	5,512,526	(9,592,662)	4,111,326	(8,570,442)
Assets / liabilities set off under IAS 32	-	-	-	-
Amounts presented in the balance sheet	5,512,526	(9,592,662)	4,111,326	(8,570,442)
Effect of master netting agreements	(5,031,485)	5,031,485	(3,624,888)	3,624,888
Net amount after master netting agreements	481,041	(4,561,177)	486,438	(4,945,554)

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

CEZ ESCO Group trades in derivatives under EFET master agreements. This agreement allows mutual setoff of receivables and payables on early termination of contracts. The reason for early termination is the counterparty's insolvency or failure to fulfill agreed contract terms. All agreed contracts are settled financially on early termination. Their mutual setoff is either embedded in a contractual provision of the master agreements or results from the collateral provided.

The information about offset of unbilled electricity supplied to retail customers with advances received is included in Note 13 and 23. The information about offset of construction contracts and related billings and advances received is included in Note 13.

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

18. Financial Risk Management

Risk Management Approach

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

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

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

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

Risk Management Organization

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

Overview and Methods of Risk Management

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

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

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

- Activities with the unified quantification of the share of respective activity in the aggregate risk limit of the Group (i.e., using specific likelihood, it is possible to objectively determine what risk is associated with an activity / planned profit). These risks are managed by the rules and limits set by the CFO of ČEZ, a. s., based on the recommendation of the Risk Management Committee and, concurrently, in accordance with governing documents of the respective units/processes of the Group.
- Activities whose share in the aggregate risk limit of the Group has not been quantified so far or for objective reasons. These risks are managed by the responsible owners of the relevant processes in accordance with internal governing documents of the respective units / processes of the Group which are newly also subject to policies defined by new uniform Enterprise risk management scheme since 2021.

For all risks quantified on a unified basis, a partial risk limit is set whose continuous utilization is evaluated on a monthly basis and is usually defined as a sum of the actually expected deviation of expected annual profit from the plan and the potential risk of loss on a 95% confidence interval. The Group's methodologies and data provide for a unified quantification of the following risks:

- Market risks: financial (currency, interest and stock price) risks, commodity prices (electricity, emission rights, coal, gas, crude oil), volume (volume of electricity produced by wind power plants)
- Credit risks: financial and business counterparty risk and electricity, gas and heat end customer risk
- Operational risks: operational and investment risks.

18.1. Qualitative Description of Risks Associated with Financial Instruments

Commodity Risks

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

Market Financial Risks (currency and interest risks)

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

Credit Risks

For centrally managed Group activities, credit exposures of individual financial partners and wholesale partners are managed in accordance with individual credit limits. The individual limits are set and continuously updated according to the counterparty's credibility (in accordance with international rating and internal financial evaluation of counterparties with no international rating).

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

Group's maximum exposure to credit risk concerning receivables and other financial instruments as at December 31, 2023 and 2022, is the carrying value of the financial asset in each class of financial assets except for financial guarantees.

Liquidity Risks

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

18.2. Quantitative Description of Risks Associated with Financial Instruments

Commodity Risks

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

Currency Risks

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

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

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

Interest Risks

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

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

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

	2023	2022
IR sensitivity* to parallel yield curve shift (+10bp)	(220)	(220)

* Negative result denotes higher increase in interest costs than in interest revenues.

Credit Exposure

The Group is exposed to credit risk on all financial assets presented in the balance sheet. The Group does not provide guarantees and is therefore not exposed to guarantee-related risk.

Liquidity Risk

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

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

Contractual maturities of undiscounted payments of financial liabilities as at December 31, 2022 (in CZK thousands):

	Loans	Trade payables and other financial liabilities
Due in 2023	151,238	175,302
Due in 2024	289,112	65,709
Due in 2025	614,695	49,061
Due in 2026	552,330	40,762
Due in 2027	498,183	-
Thereafter	358,048	2,468
Total	2,463,606	333,302

18.3. Hedge Accounting

The Group hedges cash flows arising from highly probable future revenue in EUR for the purposes of currency risk hedging. The hedged cash flows are expected to occur in 2024–2026. The relevant hedging instruments as at December 31, 2023 and 2022 are currency forward contracts. The fair value of these hedging derivatives was CZK 327,579 thousands and CZK 1,508,723 thousands as at December 31, 2023 and 2022, respectively.

The Group also hedges purchases of gas for consumption in cogeneration units in combined heat and power generation to hedge the associated cash flows and resulting gas consumption with respect to the applicable regulatory framework for the period being hedged. The hedging instruments as at December 31, 2023 and 2022 are gas commodity forwards and swaps.

The following tables provide an overview of the fair value of hedging derivatives as at December 31, 2023 and 2022 (in CZK thousands):

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

	2022			
	Unit of measure	Quantity / nominal value ¹⁾	Fair value (in CZK thousands)	Effective hedge amount before tax (in CZK thousands)
Derivative cash flow hedge				
Commodity risk – gas consumption	GWh	181	197,126	197,126
Currency risk – EUR revenue in 2023–2025	EUR ths.	(1,256,321)	1,508,723	1,508,723
Total derivative cash flow hedge			1,705,849	1,705,849

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

In 2023 and 2022, cash flow hedging amounts transferred from equity were reported in the statement of income in Sales of electricity, gas and heat, Fuel and emission rights, Gains and losses from derivative commodity trading, Other financial expenses and Other financial income.

The following tables provide an overview of movements in equity, which is related to cash flow hedge in 2023 and 2022 (in CZK thousand):

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

	2022	
	Change in fair value of financial instruments recorded in equity, gross	Transfer of effective part of hedge to profit/loss or assets, gross
Commodity risk – gas consumption	197,126	(55,014)
Currency risk – EUR revenue	1,786,452	(441,110)
Total cash flow hedge	1,983,578	(496,124)

19. Provisions

The following table provides an overview of provisions as at December 31, 2023 and 2022 (in CZK thousands):

	2023			2022		
	Non-current	Current	Total	Non-current	Current	Total
Provision for employee benefits	64,163	5,481	69,644	66,762	1,844	68,606
Provision for restoring of leased assets to original state	117,211	–	117,211	110,914	–	110,914
Provision for litigation	–	60,530	60,530	–	1,500	1,500
Provision for CO ₂ emissions (Note 12)	–	7,570	7,570	–	10,747	10,747
Provision for onerous contracts	163,287	669,122	832,409	–	3,126	3,126
Other provisions	10,881	220,533	231,414	14,992	154,517	169,509
Total	355,542	963,236	1,318,778	192,668	171,734	364,402

In 2023, the Company recorded the creation of provision for onerous contracts in amount of CZK 831,811 thousands. Part of this creation is provision in amount of CZK 826,150 thousands for fix contract concluded during the energy crisis for the delivery in 2024 and 2025, respectively.

The use of provision for employee benefits is expected in 2024-2036 in amount of CZK 57,415 thousands and in 2038-2063 in amount of CZK 12,229 thousands.

The use of provision for restoring of leased assets to original state is expected in 2025-2040.

The following table provides an overview of provisions as at January 1, 2022 (in CZK thousands):

	January 1, 2022		Total
	Non-current	Current	
Provision for employee benefits	40,076	2,769	42,845
Provision for restoring of leased assets to original state	106,983	-	106,983
Provision for CO ₂ emissions (Note 12)	-	13,244	13,244
Provision for onerous contracts	-	855	855
Other provisions	38,152	218,523	256,675
Total	185,211	235,391	420,602

20. Derivatives and Other Financial Liabilities

Other financial liabilities at December 31, 2023, December 31, 2022 and January 1, 2022 (in CZK thousands):

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

	2022		Total
	Long-term liabilities	Short-term liabilities	
Payables from group cashpooling	-	2,402,652	2,402,652
Payables from non-current assets purchase	1,207	-	1,207
Other	44,133	98,005	142,138
Financial liabilities at amortized cost	45,340	2,500,657	2,545,997
Cash flow hedge derivatives	3,397	-	3,397
Commodity and other derivatives	-	1,738,537	1,738,537
Contingent consideration from the acquisition of subsidiaries	139,269	97,022	236,291
Financial liabilities at fair value	142,666	1,835,559	1,978,225
Total	188,006	4,336,216	4,524,222

	January 1, 2022		Total
	Long-term liabilities	Short-term liabilities	
Payables from group cashpooling	-	292,844	292,844
Payables from non-current assets purchase	1,295	-	1,295
Other	26,246	5,668	31,914
Financial liabilities at amortized cost	27,541	298,512	326,053
Commodity and other derivatives	27,735	51,422	79,157
Contingent consideration from the acquisition of subsidiaries	244,623	156,824	401,447
Financial liabilities at fair value	272,358	208,246	480,604
Total	299,899	506,758	806,657

The following table analyses the value of liabilities from commodity and other derivatives by the period of delivery as at December 31, 2023 and 2022 and the year to year development (in CZK thousands):

	2023	2022
Electricity	58,344	1,317,687
Gas	41,062	308,961
Emission rights, guarantees of origin	282,150	111,889
Total commodity and other derivatives	381,556	1,738,537

The decrease of liabilities from commodity and other derivatives in 2023 was caused mainly by physical delivery of the commodity or by financial settlement. Year-on-year decrease is also influenced by volatility of the market prices of electricity, gas, emission rights and other commodities. Related decrease of receivables from commodity and other derivatives is disclosed in Note 4.

21. Short-term Loans

The overview of short-term loans at December 31, 2023 and December 31, 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
Bank loans	-	33,728	48,086
Bank overdrafts	-	20,456	28,113
Total	-	54,184	76,199

Short-term loans bear interest at fixed interest rates. The weighted average interest rate was 1.9% and 5.1% as at December 31, 2023 and 2022, respectively. The weighted average interest rate for 2022 was 5.9%.

22. Trade Payables

An overview of trade payables as at December 31, 2023, December 31, 2022 and January 1, 2022 is as follows (in CZK thousands):

	2023	2022	January 1, 2022
ČEZ Prodej, a.s.	6,032,215	5,105,400	3,463,516
ČEZ Distribuce, a.s.	458,979	485,707	547,172
Other	3,355,018	2,488,287	1,959,264
Total	9,846,212	8,079,394	5,969,952

23. Other Short-term Liabilities

Other short-term liabilities at December 31, 2023, December 31, 2022 and January 1, 2022 are as follows (in CZK thousands):

	2023	2022	January 1, 2022
Advances received from retail customers	2,779,374	1,752,530	-
Unbilled electricity and gas supplied to retail customers	(1,929,785)	(1,680,684)	-
Received advances from retail customers, net	849,589	71,846	-
Taxes and fees, except income tax	879,547	684,511	94,948
Other advances received	958,560	569,986	94,547
Deferred income	25,857	164,392	119,835
Other contract liabilities	82,365	38,987	15,821
Total	2,795,918	1,529,722	325,151

24. Leases

24.1. Group as a Lessee

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

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

The net book values of the right-of-use assets presented under Property, plant and equipment are described in the Note 3.

The amounts of lease liability are presented under Long-term debt (see Note 16).

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

	2023	2022
Payments of principal	135,627	119,920
Payments of interests	14,780	11,166
Lease payments not included in valuation of lease liability	16,181	3,982
Total cash outflow for leases	166,588	135,068

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

	2023	2022
Expense relating to short-term leases	344	33
Expense relating to low-value assets	12,496	1,575
Variable lease payments not included in valuation of lease liability	3,341	2,374
Depreciation charge for right-of-use assets	150,149	132,241
Interest expenses	31,644	26,523
Modifications	(3)	(534)

In the subsequent year, the Group expects lease payments that are not included in the measurement of the lease liability to be similar to those in 2023.

24.2. Group as a Lessor

Finance Lease

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

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

	2023	2022	January 1, 2022
Up to 1 year	14,575	8,620	3,995
Between 1 year and 2 years	14,451	8,620	3,995
Between 2 and 3 years	12,522	8,496	3,995
Between 3 and 4 years	11,535	6,566	3,872
Between 4 and 5 years	11,535	5,580	1,942
Thereafter	46,629	25,089	4,395
Total undiscounted investment in finance lease	111,247	62,971	22,194
Unearned finance income	(32,140)	(15,009)	(3,277)
Net investment in the lease	79,107	47,962	18,917

As at December 31, 2023 and 2022, the Group recognised interest income on net investment in leases in the amount of CZK 4,451 thousands and CZK 1,505 thousands, respectively.

Operating Lease

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

Revenues from leased out property in 2023 and 2022 amounted to CZK 10,892 thousands and CZK 11,623 thousands, respectively. In subsequent years, the Group expects rental income to be similar to 2023.

25. Revenues and Other Operating Income

The overview of revenues and other operating income for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Sales of electricity:		
Sales of electricity to end customers	48,364,831	40,250,912
Sales to distribution and transmission companies	35,686	24,329
Other sales of electricity	12,746,069	5,142,660
Effect of hedging – currency risk hedging (Note 18.3)	1,543,198	441,110
Total sales of electricity	62,689,784	45,859,011
Sales of gas and heat:		
Sales of gas	22,168,291	7,574,533
Sales of heat	2,186,535	1,463,273
Total sales of gas and heat	24,354,826	9,037,806
Total sales of electricity, gas and heat	87,044,610	54,896,817
Sales of services and other revenues:		
Services (except distribution services)	6,152,055	4,935,862
Distribution services	433,122	443,691
Rental income	10,892	11,623
Revenues from goods sold	452,852	460,514
Revenues from finished products	2,307,708	939,364
Total sales of services and other revenues	9,356,629	6,791,054
Other operating income:		
Contractual fines and interest fees for delays	15,485	23,904
Gain on sale of property, plant and equipment	10,261	3,302
Gain on sale of material	5,296	4,443
Recovery or receivables previously written off	19,341	4,969
Other	100,043	44,768
Total other operating income	150,426	81,386
Total revenues and other operating income	96,551,665	61,769,257

The Group drew in 2023 and 2022 grants related to income in the amount of CZK 138 thousands and CZK 169 thousands, respectively. Grants related to income are included in Other operating income in item Other.

Revenues from contracts with customers for the years ended December 31, 2023 and 2022 were CZK 94,847,149 thousands and CZK 61,235,137 thousands, respectively, and can be linked to the above figures as follows (in CZK thousands):

	2023	2022
Sales of electricity, heat and gas	87,044,610	54,896,817
Sales of services and other revenues	9,356,629	6,791,054
Total revenues	96,401,239	61,687,871
Adjustments:		
Effect of hedging – currency risk hedging	(1,543,198)	(441,110)
Rental income	(10,892)	(11,623)
Revenues from contracts with customers	94,847,149	61,235,138

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

	2023	2022
Within 1 year	3,579,436	1,278,255
More than 1 year	201,477	6,778
Total	3,780,913	1,285,033

26. Gains and Losses from Commodity Derivative Trading

The composition of gains and losses from commodity derivative trading for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Loss from electricity derivative trading	–	(106)
Gain (loss) from gas derivative trading	(52,648)	52,600
Gain from emission rights and guarantees of origin derivative trading	155,552	63,562
Total gains and losses from commodity derivative trading	102,904	116,056

27. Purchase of Electricity, Gas and Other Energies

The composition of purchase of electricity, gas and other energies for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Purchase of electricity for resale	(56,777,071)	(44,635,942)
Purchase of gas for resale	(22,252,760)	(7,622,982)
Purchase of other energies	(1,193,910)	(892,627)
Total purchase of electricity, gas and other energies	(80,223,741)	(53,151,551)

28. Fuel and Emission Rights

The composition of fuel and emission rights for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Consumption of gas	(2,561,621)	(1,718,116)
Consumption of fossil energy fuel and biomass except gas	(22,740)	(7,795)
Emission rights for power generation	(7,570)	(10,747)
Total fuel and emission rights	(2,591,931)	(1,736,658)

29. Services

The composition of services for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Services for manufacturing orders and products for sale	(4,558,087)	(2,701,539)
Repairs and maintenance	(142,293)	(129,613)
Distribution services	(274,235)	(251,082)
Other services	(554,598)	(460,182)
Total services	(5,529,213)	(3,542,416)

30. Salaries and Wages

Salaries and wages for the years ended December 31, 2023 and 2022 were as follows (in CZK thousands):

	2023		2022	
	Total	Key management ¹⁾	Total	Key management ¹⁾
Salaries and wages including remuneration of the board members	(1,572,928)	(31,590)	(1,310,442)	(21,954)
Social and health security	(521,325)	(7,636)	(435,635)	(5,187)
Other personal expenses	(88,275)	(2,280)	(91,378)	(3,114)
Total	(2,182,528)	(41,506)	(1,837,455)	(30,255)

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

31. Other Operating Expenses

Other operating expenses for the years ended December 31, 2023 and 2022 consist of the following (in CZK thousands):

	2023	2022
Change in provisions	(1,049,400)	98,505
Other taxes and fees	(16,272)	(14,887)
Insurance	(49,524)	(32,064)
Cost of goods sold	(214,375)	(200,209)
Bad debt expense	(32,255)	(15,171)
Loss on sale of property, plant and equipment	(101)	(68)
Consumption of guarantees of origin and green and similar certificates	(733)	(3,844)
Costs related to trading of commodities	(1,322)	(5,131)
Gifts	(4,239)	(4,258)
Other	(122,565)	(75,285)
Total	(1,490,786)	(252,412)

32. Interest Income

Interest income for each category of financial assets for the years ended December 31, 2023 and 2022 is as follows (in CZK thousands):

	2023	2022
Bank accounts	97,317	48,273
Loans, receivables and other debt financial assets at amortized cost	-	613
Financial assets and liabilities at fair value through profit or loss	1,606	1,763
Finance lease	4,451	1,505
Total	103,374	52,154

33. Other Financial Expenses

Other financial expenses for the years ended December 31, 2023 and 2022 consist of the following (in CZK thousands):

	2023	2022
Derivative losses	(63,747)	-
Foreign exchange rate loss	-	(130,581)
Other	(30,546)	(17,924)
Total	(94,293)	(148,505)

34. Other Financial Income

Other financial income for the years ended December 31, 2023 and 2022 consists of the following (in CZK thousands):

	2023	2022
Foreign exchange rate gain	113,600	-
Derivative gains	5,117	211,670
Dividend income	174	4,539
Other	367	1,353
Total	119,258	217,562

35. Income Taxes

Companies resident in the Czech Republic calculated corporate income tax in accordance with the Czech tax regulations at the rate of 19% in 2023 and 2022.

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

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

	2023	2022
Current income tax charge	(474,217)	(68,275)
Adjustments in respect of current income tax of previous periods	(11,966)	(13,585)
Deferred income taxes	48,582	131,338
Total	(437,601)	49,478

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

	2023	2022
Income before income taxes	2,046,946	(612,153)
Statutory income tax rate in the Czech Republic	19%	19%
"Expected" income tax expense	(388,920)	116,309
Tax effect of:		
Adjustments in respect of current income tax of previous periods	(11,967)	(13,585)
Impact of different tax rate for calculation of deferred tax	(17,469)	-
Use of tax loss	(20,186)	-
Expiration of tax losses with recorded deferred tax assets	(14,658)	(14,150)
Other already taxed, tax exempt or non-deductible items, net	15,599	(39,096)
Income taxes	(437,601)	49,478
Effective tax rate	21%	8%

Deferred income taxes, net at December 31, 2023 and 2022 consist of the following (in CZK thousands):

	2023	2022
Difference between financial statement value and tax value of net book value of fixed assets	13,026	10,143
Revaluation of financial instruments	27,932	-
Allowances	41,746	70,317
Provisions	291,258	68,547
Lease liabilities	112,746	114,081
Tax loss carry forwards	49,687	238,839
Other temporary differences	61,871	59,144
Unrecorded deferred tax asset	(26,789)	(24,051)
Total deferred tax assets	571,477	537,020
Difference between financial statement value and tax value of net book value of fixed assets	(367,576)	(426,024)
Revaluation of financial instruments	(54,828)	(292,534)
Right-of-use assets	(116,862)	(122,291)
Investment in finance lease	(16,629)	(9,113)
Other temporary differences	(31,734)	(26,368)
Total deferred tax liability	(587,629)	(876,330)
Total deferred tax assets (liability)	(16,152)	(339,310)
Reflected in the balance sheet as follows:		
Deferred tax assets	228,395	32,110
Deferred tax liability	(244,547)	(371,420)
Total deferred tax assets (liability)	(16,152)	(339,310)

Movements in net deferred tax assets (liability) in 2023 and 2022 were as follows (in CZK thousands):

	2023	2022
Balance at January 1	(339,310)	(170,200)
Deferred tax recognized in profit or loss	48,582	131,338
Deferred tax recognized in other comprehensive income	255,635	(282,531)
Acquisition of subsidiaries	–	(17,278)
Currency translation differences	265	(639)
Deferred tax classified as held for distribution to owners as of January 31	18,676	–
Balance at December 31	(16,152)	(339,310)

At December 31, 2023 and 2022, the aggregate amount of temporary differences associated with investments in subsidiaries, for which no deferred tax liability was recognized, amounted to CZK 294,306 thousands and CZK 286,092 thousands, respectively.

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

	2023			2022		
	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	178,239	(41,274)	136,965	1,983,577	(376,345)	1,607,232
Cash flow hedges reclassified to statement of income	(1,541,557)	296,909	(1,244,648)	(496,124)	93,814	(402,310)
Translation differences – subsidiaries	39,246	–	39,246	(49,416)	–	(49,416)
Translation differences – joint-ventures	6,268	–	6,268	(8,176)	–	(8,176)
Disposal of translation differences	–	–	–	(7,930)	–	(7,930)
Share on other equity movements of joint-ventures	(784)	–	(784)	236	–	236
Change in fair value of equity instruments	1,127	–	1,127	569	–	569
Total	(1,317,461)	255,635	(1,061,826)	1,422,736	(282,531)	1,140,205

36. Related Parties

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

At December 31, 2023, 2022 and January 1, 2022, the receivables from related parties and payables to related parties are as follows (in CZK thousands):

	Receivables			Payables		
	2023	2022	1. 1. 2022	2023	2022	1. 1. 2022
ČEZ, a. s.	2,192,544	2,791,260	2,068,303	3,218,272	3,889,796	403,315
ČEZ Distribuce, a. s.	437,562	475,692	439,268	458,979	485,707	547,172
ČEZ Prodej, a.s.	3,773,225	953,856	667,058	6,032,215	5,414,362	3,463,516
ČEZ Teplárenská, a.s.	74,332	64,403	33,253	155	174	271
ÚJV Řež, a. s.	16,680	13,186	10,751	9,051	4,097	3,614
Other	32,446	23,570	19,189	69,257	17,209	12,260
Total	6,526,789	4,321,967	3,237,822	9,787,929	9,811,345	4,430,148

The following table provides the total amount of transactions, which have been entered into with related parties for 2023 and 2022 (in CZK thousands):

	Sales to related parties		Purchases from related parties	
	2023	2022	2023	2022
ČEZ, a. s.	22,515,714	8,514,184	65,771,183	44,142,249
ČEZ Distribuce, a. s.	3,780	14,908	120,495	175,311
ČEZ ICT Services, a. s.	576	364	62,074	49,096
ČEZ Prodej, a.s.	141,079	2,976,516	746,827	8,337,109
ČEZ Teplárenská, a.s.	228,082	143,731	356	372
Energetické centrum s.r.o.	385	500	176,346	61,753
Energy Shift B.V.	61,590	7,143	327	770
ŠKODA JS a.s.	45,538	-	-	-
ÚJV Řež, a. s.	72,201	66,203	13,602	11,556
Other	93,399	100,755	9,875	299
Total	23,162,344	11,824,304	66,901,085	52,778,515

Dividend income, interest and other financial income from related parties for 2023 and 2022 (in CZK thousands):

	Interest and other financial income		Dividend income	
	2023	2022	2023	2022
ČEZ, a. s.	652	-	-	-
Domat Control System s.r.o. (country: Slovakia)	-	-	-	4,320
Total	652	-	-	4,320

Information about compensation of key management is included in Note 30.

37. Segment Information

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

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

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

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

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

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

	2023	2022
Revenues and other operating income	96,551,665	61,769,257
Gains and losses from commodity derivative trading	102,904	116,056
Purchase of electricity, gas and other energies	(80,223,741)	(53,151,551)
Fuel and emission rights	(2,591,931)	(1,736,658)
Services	(5,529,213)	(3,542,416)
Material and supplies	(2,031,218)	(1,658,801)
Capitalization of expenses to the cost of assets and change in own inventories	231,031	213,696
Other ¹⁾	494,631	444,406
Gross margin	7,004,128	2,453,989

¹⁾ The caption 'Other' includes the elimination of a portion of the value of included Services (e.g., repair and maintenance services) and the elimination of the portion of included Material relating to costs of services and materials that constitute overhead costs.

The following tables summarize segment information by operating segments for the years ended December 31, 2023 and 2022 (in CZK thousands):

Year 2023:	Commodity and commodity products	Non-commodity	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	82,674,587	13,877,078	96,551,665	-	96,551,665
Revenues and other operating income – intersegment	3,217,391	-	3,217,391	(3,217,391)	-
Total revenues and other operating income	85,891,978	13,877,078	99,769,056	(3,217,391)	96,551,665
Thereof:					
Sales of electricity, gas and heat	85,616,037	4,495,142	90,111,179	(3,066,569)	87,044,610
Sales of services and other revenues	219,836	9,287,540	9,507,376	(150,747)	9,356,629
Other operating income	56,105	94,396	150,501	(75)	150,426
Revenues and other operating income, including result from commodity derivative trading	86,042,244	13,878,424	99,920,668	(3,266,099)	96,654,569
Total sales of electricity, including the result of electricity trading ¹⁾	62,552,891	2,088,082	64,640,973	(1,951,188)	62,689,785
Gross margin	3,140,098	3,958,087	7,098,185	(94,057)	7,004,128
EBITDA	1,667,700	1,127,324	2,795,024	(30,919)	2,764,105
Depreciation and amortization	(22,634)	(640,065)	(662,699)	-	(662,699)
Impairment of property, plant and equipment and intangible assets	-	9,436	9,436	-	9,436
Income (loss) before other income (expenses) and income taxes	1,645,065	506,856	2,151,921	(30,919)	2,121,002
Interest on debt and provisions	(45,573)	(160,442)	(206,015)	-	(206,015)
Interest income	23,813	79,561	103,374	-	103,374
Share of profit (loss) from joint-ventures	-	3,615	3,615	-	3,615
Income taxes	(307,472)	(130,129)	(437,601)	-	(437,601)
Net income	1,482,219	244,544	1,726,763	(117,418)	1,609,345
Identifiable assets	195,431	6,419,513	6,614,944	-	6,614,944
Unallocated assets					23,862,575
Total assets					30,477,519
Capital expenditure	615	1,177,868	1,178,483	(87,225)	1,091,258
Average number of employees	168	1,868	2,036	-	2,036

¹⁾ The item contains the line Total sales of electricity (Note 25) and the line Gains (losses) from electricity derivative trading (Note 26).

Year 2022:	Commodity and commodity products	Non-commodity	Combined	Elimination	Consolidated
Revenues and other operating income – other than intersegment	52,362,866	9,406,391	61,769,257	–	61,769,257
Revenues and other operating income – intersegment	1,138,891	–	1,138,891	(1,138,891)	–
Total revenues and other operating income	53,501,757	9,406,391	62,908,148	(1,138,891)	61,769,257
Thereof:					
Sales of electricity, gas and heat	53,401,172	2,623,838	56,025,010	(1,128,193)	54,896,817
Sales of services and other revenues	76,474	6,725,215	6,801,689	(10,635)	6,791,054
Other operating income	24,111	57,338	81,449	(63)	81,386
Revenues and other operating income, including result from commodity derivative trading	53,559,534	9,412,021	62,971,555	(1,086,242)	61,885,313
Total sales of electricity, including the result of electricity trading ¹⁾	45,645,180	1,055,976	46,701,156	(842,250)	45,858,906
Gross margin	(356,711)	2,780,810	2,424,099	29,890	2,453,989
EBITDA	(661,372)	565,544	(95,828)	55,217	(40,611)
Depreciation and amortization	(15,977)	(576,171)	(592,148)	–	(592,148)
Impairment of property, plant and equipment and intangible assets	–	(1,598)	(1,598)	–	(1,598)
Income (loss) before other income (expenses) and income taxes	(677,348)	(8,992)	(686,340)	55,217	(631,123)
Interest on debt and provisions	(19,635)	(134,260)	(153,895)	–	(153,895)
Interest income	5,983	46,171	52,154	–	52,154
Share of profit (loss) from joint-ventures	–	51,655	51,655	–	51,655
Income taxes	94,417	(44,939)	49,478	–	49,478
Net income	(446,497)	(157,319)	(603,816)	41,141	(562,675)
Identifiable assets	493,218	7,419,979	7,913,197	–	7,913,197
Investments in joint-ventures	–	284,190	284,190	–	284,190
Unallocated assets					17,801,693
Total assets					25,999,080
Capital expenditure	4,971	865,662	870,633	(23,560)	847,073
Average number of employees	144	1,765	1,909	–	1,909

¹⁾ The item contains the line Total sales of electricity (Note 25) and the line Gains (losses) from electricity derivative trading (Note 26)

Prices in certain intersegment transactions are regulated by the Energy Regulatory Office.

The following table shows the split of revenues and other operating income by the location of the entity where the revenues are originated (in CZK thousands):

	2023	2022
Czech Republic	94,052,477	60,054,308
Slovakia	2,499,188	1,714,949
Total revenues and other operating income	96,551,665	61,769,257

The following table shows the split of property, plant and equipment by the location of entity which they belong to at December 31, 2023 and 2022 (in CZK thousands):

	2023	2022
Czech Republic	4,938,221	4,498,971
Slovakia ¹⁾	–	665,462
Total property, plant and equipment	4,938,221	5,164,433

¹⁾ Property, plant and equipment of the Slovak companies amounting to CZK 726,679 thousand as at December 31, 2023 is classified as assets held for distribution to owners (Note 14).

38. Net Income per Share

	2023	2022
Numerator (CZK thousands)		
Basic and diluted:		
Net income attributable to equity holders of the parent	1,598,037	(551,157)
Denominator (thousands shares)		
Basic:		
Weighted average shares outstanding	2,803	2,803
Dilutive effects	-	-
Diluted:		
Adjusted weighted average shares	2,803	2,803
Net income per share (ths. CZK per share)		
Basic	570.1	(196.6)
Diluted	570.1	(196.6)

39. Commitment and Contingencies

Investment Plans

Capital expenditures for the next five years as at December 31, 2023 are estimated as follows (in CZK millions):


2024	936
2025	971
2026	1,207
2027	1,367
2028	1,032
Total	5,513

The above-mentioned values do not include planned acquisitions of subsidiaries, associates and joint-ventures. The Group reviews regularly investment plan and actual capital expenditures may vary from the above estimates.

40. Events after the Balance Sheet Date

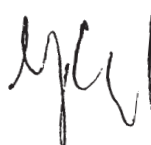
On the basis of the project approved on October 10, 2023, the Group decided to demerge, through a spin-off by acquisition, the ownership interest in ESCO Slovensko, a.s. and to transfer it from the demerged company, ČEZ ESCO, a.s., to the successor company ČEZ Invest Slovensko, a.s. The effective date of the transformation is January 1, 2024 (Note 14).

These consolidated financial statements have been authorized for issue on July 12, 2024.



Kamil Čermák

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



Radek Dousek

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

7. Other Information

Glossary of Terms and Abbreviations

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

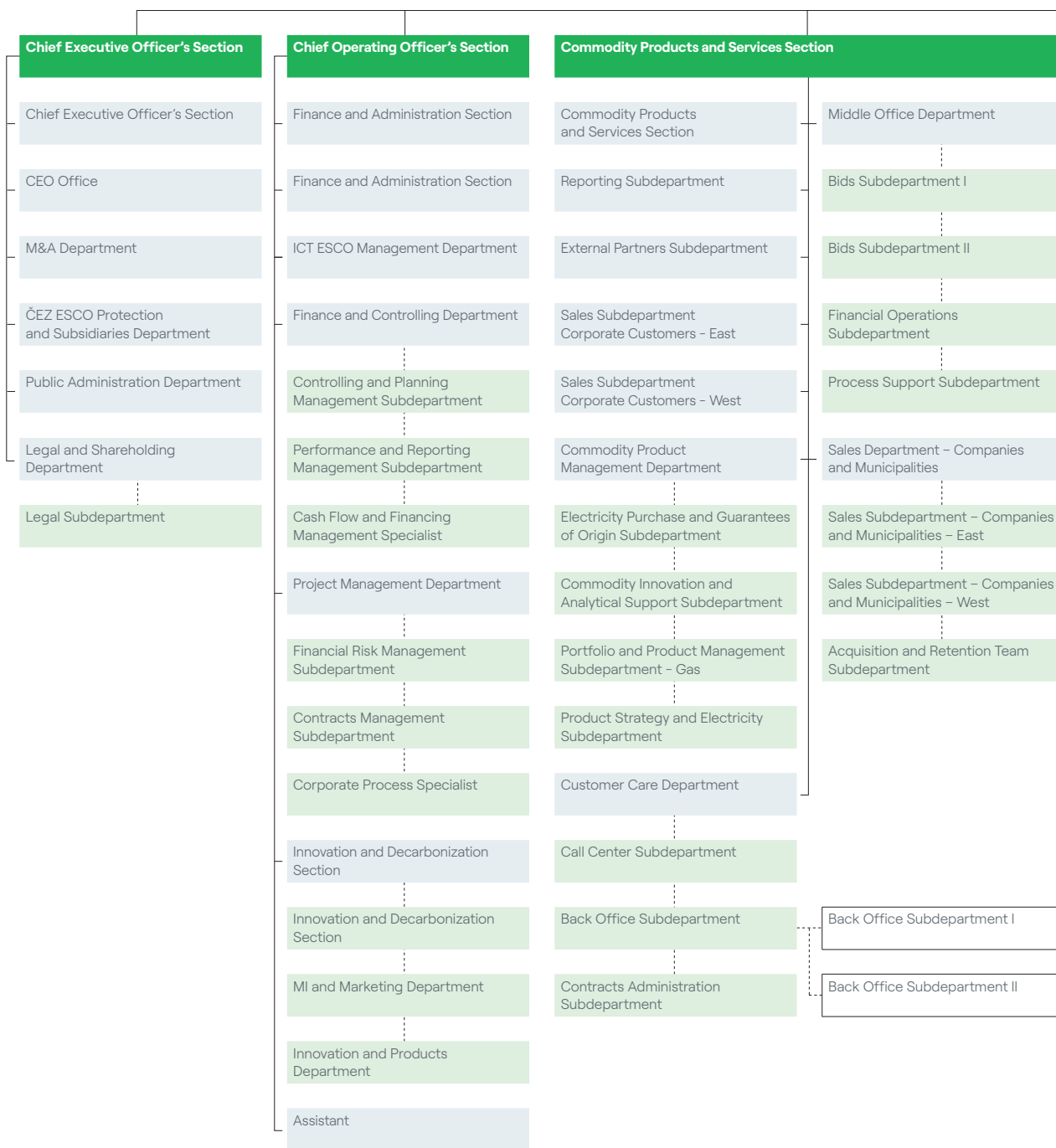
Indicator	Description
ČEZ ESCO, a.s.	In the Annual Report, "ČEZ ESCO, a.s." refers to a separate legal entity, the company ČEZ ESCO, a.s., with its registered office at Duhová 1444/2, Michle, 140 00 Prague 4, incorporated in the Commercial Register kept by the Municipal Court in Prague, File No: B 20240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

Additional Data on the Annual Report

The company does not have an organizational unit abroad.

Basic Organizational Chart of ČEZ ESCO, a.s., as at December 31, 2023

ČEZ ESCO, a.s.





Identification of ČEZ ESCO, a.s.

ČEZ ESCO, a.s.

Duhová 1444/2
140 00 Prague 4
Czech Republic

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

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

Closing date of the 2023 Annual Financial Report: July 12, 2024

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

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

Name/Stake	ID Number	Country	Registered Office Address
Czech Republic—Ministry of Finance			
69.78% ČEZ, a. s.	00006947	Czechia	Praha 1, Letenská 525/15, Malá Strana, postcode 118 10
100% ČEZ Distribuce, a. s.	45274649	Czechia	Praha 4, Duhová 2/1444, postcode 140 53
51% Grid Design, s.r.o.	24729035	Czechia	Děčín, Teplická 87A/8, Děčín IV-Podmokly, postcode 405 02
Established as at May 11, 2023	19333650	Czechia	Praha 4, Vysoká 1461/2a, Michle, postcode 140 00
100% ČEZ Energetické produkty, s.r.o.	28255933	Czechia	Hostivice, Komenského 534, postcode 253 01
100% In PROJEKT LOUNY ENGINEERING s.r.o.	44569688	Czechia	Louny, Na Valch 899, postcode 440 01
100% 1. Oprávněná společnost, s.r.o.	47306891	Czechia	Kadaň, Tušimice 13, postcode 432 01
100% ČEZ ENERGOSEVIS spol. s r.o.	60698101	Czechia	Třebíč, Bráfova tř. 1371/16, Horka-Domky, postcode 674 01
100% SALLEKO spol. s r.o.	46990020	Czechia	Třebíč, Cyriletetodská 32/15, Nové Dvory, postcode 674 01
Acquired as at February 28, 2023			
100% MD projekt s.r.o.	28110706	Czechia	České Budějovice 3, Skuherského 1361/45, postcode 370 01
Acquired as at March 31, 2023			
100% ČEZ ESCO, a.s.	03592880	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% ČEZ Energetické služby, s.r.o.	27804721	Czechia	Ostrava, Výtavní 1144/103, Vítkovice, postcode 703 00
100% HAEM OSTRAVA, s.r.o.	47972033	Czechia	Ostrava, Na Jizdárně 2767/21a, Moravská Ostrava, postcode 702 00
100% IVITAS, a.s.	25357255	Czechia	Ostrava, Ruská 83/24, Vítkovice, postcode 70300
Acquired as at June 1, 2023			
100% ČEZ Ergo, s.r.o.	29060109	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
100% ČEZ LPS s.r.o.	01873237	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
Dissolution of company by merger with ČEZ Energetické služby, s.r.o., as at January 1, 2023			
100% Solární servis, s.r.o.	27282074	Czechia	Praha 4, U plynárny 1388/18, Michle, postcode 140 00
100% ENESA a.s.	27382052	Czechia	Praha 9, Českomoravská 2532/19b, Libeň, postcode 190 00
Change of registered office as at December 22, 2023 (originally Praha 9, U Voborníků 852/10, Vysocany, postcode 190 00)			
100% AZ KLIMA a.s.	24772631	Czechia	Brno, Tuřanka 1519/15a, Slatina, postcode 627 00
12% SKO-ENERGO, s.r.o.	61759338	Czechia	Mladá Boleslav, tř. Václava Klementa 869, Mladá Boleslav II, postcode 293 01
Change of registered office as at July 18, 2023 (originally Mladá Boleslav 1, Tr. Václava Klementa 869, postcode 293 00)			
100% AirPlus spol. s r.o.	25441931	Czechia	Modlany, č.ev. 22, postcode 417 13
100% HORMEN CE a.s.	27154742	Czechia	Praha 5, Moulkova 3286/1b, Smíchov, postcode 150 00
100% HORMEN SK s. r. o.	44021470	Slovakia	Bratislava, Hattalova 12, postcode 831 03
100% Domat Control System s.r.o.	27189465	Czechia	Pardubice, U Panasonicu 376, Staré Čvice, postcode 530 06
100% Domat Control Systems s. r. o.	44570473	Slovakia	Bratislava, Pri Smaltovni 4, Petržalka, postcode 851 01
100% KART, spol. s r.o.	45791023	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
50% ESCO Slovensko, a. s.	52963659	Slovakia	Bratislava, Tomášikova 28C, Ružinov, postcode 821 01
100% e-Dome a. s.	47256265	Slovakia	Bratislava, Plynárska 7/C, postcode 821 09
Increase of stake by 49% as at June 19, 2023 (originally 51%)			
100% ESCO Distribučné systémy a.s.	47474238	Slovakia	Tmava, Františkánska 4, postcode 917 01
100% AZ KLIMA SK, s.r.o.	35796944	Slovakia	Bratislava, Tomášikova 28C, Ružinov, postcode 821 01
55% SPRAVBYTKOMFORT, a.s. Prešov	3178523	Slovakia	Prešov, Volgogradská 88, postcode 080 01
100% ESCO Servis, s. r. o.	31706053	Slovakia	Prešov, Volgogradská 88, postcode 080 01
100% CAPEXUS SK s. r. o.	35937190	Slovakia	Bratislava, Karadžičova 14, Ružinov, postcode 821 08
100% ELIMER, a.s.	36306941	Slovakia	Nové Mesto nad Váhom, Srmianska 19, postcode 915 01
55.43% BIPEL, a. s.	46823492	Slovakia	Kysucký Lieskovec, Kysucký Lieskovec 847, postcode 023 34
Increase of stake by 5.2% as at September 14, 2023 (originally 50.23%)			
51% ENVEZ, a. s.	07334214	Czechia	Havířov, Svornosti 86/2, Město, postcode 736 01
100% EP Rožnov, a.s.	45193631	Czechia	Rožnov pod Radhoštěm, Boženy Němcové 1720, postcode 756 61
100% EPIGON spol. s r.o.	18051081	Czechia	Rožnov pod Radhoštěm, Tvarůžkova 2740, postcode 756 61
100% PIPE SYSTEMS s.r.o.	25887815	Czechia	Rožnov pod Radhoštěm, Tvarůžkova 2740, postcode 756 61
Increase of stake by 10% as at June 30, 2023 (originally 90%)			
100% ELEKTROPROJEKTA SLOVAKIA, s.r.o.	36230804	Slovakia	Piešťany, Vajanského 58, postcode 921 01
100% Green energy capital, a.s.	14043505	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
100% CAPEXUS s.r.o.	2419328	Czechia	Praha 5, Moulkova 3286/1b, Smíchov, postcode 150 00
69.85% UVV Řež, a. s.	46356088	Czechia	Husinec, Hlavní 130, Řež, postcode 250 68
Transfer of 17.39% stake in UVV Řež, a. s. from SKODA IS a. s., to ČEZ, a. s., as at February 8, 2023			
100% SKODA PRAHA a.s.	00128201	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% Výzkumný a zkušební ústav Pízeň s.r.o.	47718684	Czechia	Pízeň, Tylova 1581/46, Jižní Předměstí, postcode 301 00
100% Centrum výzkumu Řež s.r.o.	26722445	Czechia	Husinec, Hlavní 130, Řež, postcode 250 68
100% RadioMedic s.r.o.	28389638	Czechia	Řež, Husinec-Řež 289, postcode 250 68
Acquired as at May 15, 2023			
100% Ústav aplikované mechaniky Brno, s.r.o.	60715871	Czechia	Brno, Ressova 972/3, Veverří, postcode 602 00
100% ČEZ Invest Slovensko, a.s.	28661736	Czechia	Praha 4, Duhová 2/1444, postcode 140 53
Change of company name as at January 1, 2023 (originally ČEZ Bohunice a.s.)			
49% Jadrová energetická spoločnosť Slovenska, a. s.	45337241	Slovakia	Bratislava, Tomášikova 22, postcode 821 02
100% JESS OZE s.r.o.	5501136	Slovakia	Bratislava, Tomášikova 28C, Ružinov, postcode 821 01
Established as at November 12, 2022			
100% JESS Projects s.r.o.	55011250	Slovakia	Bratislava, Tomášikova 28C, Ružinov, postcode 821 01
Established as at December 29, 2022			
100% ČEZ ICT Services, a. s.	26470411	Czechia	Praha 4, Duhová 1531/3, postcode 140 53
100% Telco Pro Services, a. s.	29149278	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
100% Telco Infrastructure, s.r.o.	08425817	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
100% ČEZNET s.r.o.	26378191	Czechia	Tachov, Vládkova 1602, postcode 347 01
100% FDInet CZ, s.r.o.	27310531	Czechia	Frydlant, Březová 1306, postcode 464 01
Dissolution of company by division through splitting and merging into ČEZNET s.r.o., and Telco Infrastructure, s.r.o., as at July 1, 2023			
100% CERBEROS s.r.o.	24237744	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
85% Magnalnik, a.s.	27547469	Czechia	Hradec Králové, Pražská třída 485/3, Kuklenny, postcode 500 04
100% ADAPTIVITY s.r.o.	24156027	Czechia	Zlín, Týrsovo nábřeží 5183, postcode 760 01
Dissolution of company by merger with INTERNET 2000, s.r.o., as at July 1, 2023			
100% INTERNET 2000 s.r.o.	25352288	Czechia	Vsetín, Palackého 166, postcode 765 01
As a result of the merger of the dissolving company ADAPTIVITY s.r.o., as the original owner of 31% stake of INTERNET 2000, s.r.o., with INTERNET 2000, s.r.o., as the successor company as at July 1, 2023, Telco Pro Services, a. s., is a 100% stakeholder of INTERNET 2000, s.r.o., as at the same date			
100% Optické sítě s.r.o.	29460212	Czechia	Valašské Meziříčí, Zašovská 778, Krásno nad Bečvou, postcode 757 01
100% KABELOVÁ TELEVIZE CZ s.r.o.	48150029	Czechia	Praha 10, Ruská 8, postcode 101 00
100% Web4Soft Internet s.r.o.	28595734	Czechia	Jeseník, Masarykovo nám. 60/5, postcode 790 01
Acquired as at January 31, 2023			
100% ČEZ Obnovitelné zdroje, s.r.o.	25938924	Czechia	Hradec Králové, Křížkova 789/2, postcode 500 03
100% PV Design and Build s.r.o.	13955454	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
99.57% ČEZ OZ uzavřený investiční fond a.s.	24135780	Czechia	Praha 4, Duhová 1444/2, postcode 140 53
100% ČEZ Prodell, a.s.	27232433	Czechia	Praha 4, Duhová 1425, postcode 140 53
100% TENAUER, s.r.o.	26349451	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
100% ČEZ Teplárenská, a.s.	27309941	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
Change of registered office as at October 1, 2023 (originally Říčany, Bezručova 2212/30, postcode 251 01)			
100% Tepllo Klášterec s.r.o.	22801600	Czechia	Kláštevec nad Ohří, Jana Amosa Komenského 450, Míretice u Klášterce nad Ohří, postcode 431 51
100% Energetické centrum s.r.o.	26051818	Czechia	Jindřichův Hradec, Otín 3, postcode 377 01
55.83% Topolné hospodárství města Ústí nad Labem s.r.o.	49101684	Czechia	Ústí nad Labem, Malátova 2437/11, Ústí nad Labem-centrum, postcode 400 11
The company became a controlled entity following an amendment to its articles of association as at July 1, 2023			
100% MARTIA a.s.	25006754	Czechia	Ústí nad Labem, Mezní 2854/4, Severní Terasa, postcode 400 11
100% Elektrárna Dětmorovice, a.s.	29452279	Czechia	Dětmorovice, č.p. 1202, postcode 735 71
Dissolution of company by merger with ČEZ, a. s., as at January 1, 2023			
100% Elektrárna Dukovany II, a. s.	04669207	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% Elektrárna Temelín II, a. s.	04669134	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% Energotrans, a.s.	47715726	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% Analýza Teplárenská, a.s.	29132282	Czechia	Praha 4, Duhová 1444/2, Michle, postcode 140 00
100% Invest Capital SICAV a.s.	02056533	Czechia	Praha 4, Pod Křížkem 1773/2, Braník, postcode 147 00
These are founder's shares as defined in Sec. 158 et seq. of Act No. 240/2013 Sb., on investment companies and investment funds, as amended			
51.05% LOMY MORINA spol. s.r.o.	61465569	Czechia	Mořina, č.p. 73, postcode 267 17
100% OSC, a.s.	60714794	Czechia	Brno, Staňkova 557/18a, Ponava, postcode 602 00
Member of ČEZ Concern since February 1, 2023			
100% Severočeské doly a.s.	49901982	Czechia	Chomutov, Boženy Němcové 5359, postcode 430 01
100% PRODECO, a.s.	25020790	Czechia	Blina, Důlní 437, Mostecké Předměstí, postcode 418 01
100% Revtrens, a.s.	25028197	Czechia	Blina, Důlní č.p. 429, postcode 418 01
100% SD – Kolejová doprava, a.s.	25438107	Czechia	Kadaň, Tušimice 7, postcode 413 01
40% South Bohemian Nuclear Park, s.r.o.	17641349	Czechia	České Budějovice, Lipová 1789/9, České Budějovice 2, postcode 370 05
100% ŠKODA JS a.s.	25235753	Czechia	Pízeň, Ork 266/15, Bolevec, postcode 316 00
100% Nuclear Property Services, s.r.o.	27135471	Czechia	Praha 4, Duhová 1531/3, Michle, postcode 140 00
Change of company name (originally Middle Estates, s.r.o.) and change of registered office (originally Praha 6, Pod Beránkou 2469/1, Dejvice, postcode 160 00) as at March 8, 2023			

■ Czech Republic—Ministry of Finance of the Czech Republic
■ Subsidiaries of the Ministry of Finance of the Czech Republic (ČEZ, a. s.)
■ Subsidiaries of ČEZ, a. s.
■ Sub-subsidiaries of ČEZ, a. s.
■ Sub-sub-subsidiaries of ČEZ, a. s.
■ Sub-sub-sub-subsidiaries of ČEZ, a. s.
■ CEZ Concern member
■ Dissolved company—CEZ Concern member
■ Dissolved company

0.39%

20%

Name/Stake	ID Number	Country	Registered Office Address
Czech Republic—Ministry of Finance			
100% CEPRO, a.s.	00006947	Czechia	Praha 1, Letenská 525/15, Malá Strana, postcode 118 10
100% B.R.G., spol. s r.o., v likvidaci	60193531	Czechia	Praha 7, Dělnická 213/12, Holešovice, postcode 170 00
60110872	Czechia	Praha 7, Dělnická 213/12, Holešovice, postcode 170 00	
Acquired as at March 6, 2023; went into liquidation as at April 1, 2023, dissolved by liquidation as at December 11, 2023			
100% RABSTEIN, spol. s r.o., v likvidaci	60933810	Czechia	Praha 7, Dělnická 213/12, Holešovice, postcode 170 00
Acquired as at March 6, 2023; went into liquidation as at April 1, 2023, dissolved by liquidation as at December 6, 2023			
84% Česká exportní banka, a.s.	83078333	Czechia	Praha 1, Vodčická 34 č.p. 701, postcode 111 21
100% Letiště Praha, a.s.	28244532	Czechia	Praha 6, K letišti 1019/6, Ruzyně, postcode 161 00
100% B. aircraft, a.s.	24253006	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 161 00
100% Czech Airlines Handling, a.s.	25674285	Czechia	Praha 6, K letišti 1040/10, Ruzyně, postcode 161 00
Change of registered office as at October 1, 2023 (originally Praha 6, Aviatická 1017/2, postcode 160 08)			
100% Czech Airlines Technics, a.s.	27145573	Czechia	Praha 6, Jana Kašpara 1069/1, Ruzyně, postcode 160 08
100% Prague Airport Real Estate, s.p.o.	09745599	Czechia	Praha 6, K letišti 1019/6, Ruzyně, postcode 161 00
Acquired as at August 29, 2023			
100% Exportní garanční a pojišťovací společnost, a.s.	45279314	Czechia	Praha 1, Vodčická 34/701, postcode 111 21
100% GALILEO REAL, k.s. v likvidaci	26175291	Czechia	Praha 8, Thámová 181/20, postcode 186 00
General partner is IMOB a.s. v likvidaci			
96.85% HOLDING KLADNO a.s. v likvidaci	45144419	Czechia	Kladno, Cyrila Boudy 1444, Kročehlav, postcode 272 01
100% IMOB a.s. v likvidaci	60197901	Czechia	Praha 8, Thámová 181/20, Karlin, postcode 186 00
100% SLOVIM s.r.o. v likvidaci	08207723	Czechia	Praha 8, Thámová 181/20, Karlin, postcode 186 00
54.35% Kongresové centrum Praha, a.s.	63080249	Czechia	Praha 4, 5. května 1640/65, Nusle, postcode 140 00
100% IMERO CR, a.s.	60183468	Czechia	Kralupy nad Vltavou, Veltruská 748, postcode 278 01
100% IMERO Germany GmbH	152122768	Germany	Wichsburg an der Donau, IMERO - Weg 1, postcode 850 88
49% MUFIS a.s.	60196696	Czechia	Praha 3, Přemyslovská 2845/43, Žižkov, postcode 130 00
Change of registered office as at May 1, 2023 (originally Praha 1, Jeruzalémská 964/4, postcode 110 00)			
100% PRISKO a.s.	46355901	Czechia	Praha 8, Thámová 181/20, Karlin, postcode 186 00
100% OKD, a.s.	45795277	Czechia	Stonava, č.p. 1077, postcode 735 34
100% OKD HBZS, a.s.	07676019	Czechia	Ostrava, Lihovarská 1199/10, Radvanice, postcode 716 00
48291749	Czechia	TeplICE, Lubušná 2154, postcode 415 03	
40.78% Severočeské mlékárny, a.s. TeplICE			
Dissolution of company as at July 26, 2023			
100% THERMAT s.r.o.	25401726	Czechia	Karlův Vary, I. P. Pavlova 2001/1, postcode 360 01
100% Výzkumný a zkušební letecký ústav, a.s.	00010569	Czechia	Praha 9, Beranových 130, Letňany, postcode 199 00
100% SERENUM, a.s.	01438875	Czechia	Brno, Jana Babbka 2733/11, Králové Pole, postcode 612 00
100%			

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

Name/State	Stake	ID Number	Country	Registered Office Address	
Czech Republic - Ministry of Finance					
69.78% CEZ, a.s.	100%	00006947	Czechia	Praha 1, Letenská 525/15, Malá Strana, postcode 118 10	
CEZ Bulgarian Investments B.V.	100%	45274649	Czechia	Praha 4, Duhořská 2/1444, postcode 140 53	
Went into liquidation as at December 1, 2023		51661969	Netherlands	Amsterdam, Herikerbergweg 157, postcode 1101CN	
CEZ MH B.V.	100%	24426342	Netherlands	Amsterdam, Herikerbergweg 157, postcode 1101CN	
50% Akcezer Enerji Yatırımları Sanayi ve Ticaret A.Ş.		28317	Turkey	Izmit, Kocaali, Yahyapapan Mahallesi, Şevval Sokak, No. 4/4, postcode 41050	
Dissolution of the stakeholding as a result of selling the entire stake as at December 1, 2023					
100% Sakarya Elektrik Dağıtım A.Ş.		10941-18573	Turkey	Adapazarı, Sakarya, Maltepe Mahallesi, Orhangazi Cad. No. 258, TEK Trafo İstasyonu PK. 160, postcode 54100	
Dissolution of the stakeholding as a result of selling the entire stake as at December 1, 2023					
100% Sakarya Elektrik Perakende Satış A.Ş.		25281	Turkey	Izmit, Kocaali, Yahyapapan Mahallesi, Şevval Sokak, No. 4/1, postcode 41050	
Dissolution of the stakeholding as a result of selling the entire stake as at December 1, 2023					
100% Sepas Akülü Çözümler A.Ş.		31828/41014/076110194550001	Turkey	Izmit, Kocaali, Alkayha Fatih Mah. Kural SK. No. 3/B, postcode 41050	
Dissolution of the stakeholding as a result of selling the entire stake as at December 1, 2023					
37.36% Akenerji Elektrik Üretim A.S.		255005	Turkey	Istanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Gümüşsuyu Beğözü, postcode 34437	
100% AK-EL Kemah Elektrik Üretim A.Ş.		736921	Turkey	Istanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 1, Oda: 1, Gümüşsuyu Beğözü, postcode 34437	
100% Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret A.Ş.		745367	Turkey	Istanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 3, Oda: 3, Gümüşsuyu Beğözü, postcode 34437	
100% Akenerji Elektrik Enerji İthalat İhracat ve Toptan Ticaret A.Ş.		512971	Turkey	Istanbul, Miralay Şefik Bey Sokak, Akhan No. 15, Kat: 3-4, Oda: 2, Gümüşsuyu Beğözü, postcode 34437	
100% Aken Europe B.V.		865516923	Netherlands	Hilversum, Koninginneweg 31, postcode 1217KR	
Established as at July 31, 2023					
100% CEZ Hungary Ltd.		13520670-4013-113-01	Hungary	Budapest, 76 Váci ut. Capital Square, 6. torony, fecst., postcode 1133	
100% CEZ Srbija d.o.o. - u likvidaciji		20180650	Serbia	Beograd, Bulevar Zorana Đinđića 65, postcode 110 70	
Dissolved by liquidation as at November 29, 2023					
100% CEZ Ukraina LLC		34728482	Ukraine	Kyiv, Velyka Vasykivska 5, postcode 01004	
100% CEZ Produkty Energetyczne Polska sp. z o.o.		0000321795	Poland	Chorzów, ul. Marii Skłodowskiej-Curie 30, postcode 41-503	
100% CEZ Finance B.V.		82230714	Netherlands	Amsterdam, Herikerbergweg 157, postcode 1101CN	
Went into liquidation as at May 1, 2023, dissolved by liquidation as at September 7, 2023					
CEZ Poland B.V.		24303980	Netherlands	Amsterdam, Herikerbergweg 157, postcode 1101CN	
100% Baltic Green Construction sp. z o.o.		0000568025	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
100% Baltic Green II sp. z o.o. w likwidacji		000044363	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
Dissolved by liquidation as at June 29, 2023					
100% Baltic Green III sp. z o.o. w likwidacji		0000440952	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
100% A.E. Wind S.A. w likwidacji		0000610284	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
100% Baltic Green VI sp. z o.o. w likwidacji		0000516616	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
Dissolved by liquidation as at June 22, 2023					
100% Baltic Green IX sp. z o.o. w likwidacji		0000610092	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	
Dissolved by liquidation as at September 1, 2023					
100% Eco-Wind Construction sp. z o.o. w likwidacji		0000969468	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	1 share
Dissolved by liquidation as at July 14, 2023					
99.33% CEZ Polska sp. z o.o.		0000266114	Poland	Warszawa, Aleje Jerozolimskie 63, postcode 00-697	0.67%
100% CEZ Skawina S.A.		0000038504	Poland	Skawina, ul. Piłsudskiego 10, postcode 32-050	
100% CEZ Chorzów S.A.		0000541490	Poland	Chorzów, ul. Marii Skłodowskiej-Curie 30, postcode 41-503	
100% CEZ Chorzów II sp. z o.o.		0000082827	Poland	Chorzów, ul. Marii Skłodowskiej-Curie 30, postcode 41-503	
Elevation Group B.V.		65782267	Netherlands	Amsterdam, Herikerbergweg 157, postcode 1101CN	
77.6% ECOM Energy sp. z o.o.		0000729775	Poland	Chorzów, ul. Skłodowska 17, postcode 41-500	
100% HPMR SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ		0000994045	Poland	Radków, ul. Piaskowa nr. 11, postcode 61-049	
Increase of stake by 49% as at November 9, 2023 (originally 51%)					
100% E-City Polska sp. z o.o.		0000616808	Poland	Poznań, Piłkowska 212A, postcode 61-693	
90% Euroklimat sp. z o.o.		0000788905	Poland	Suchy Las, Obornicka 68, postcode 62-002	
100% TRIM-TECH TECHNIKA INSTALACJI sp. z o.o.		0001038556	Poland	Skórzewo, Kokosowa 2, postcode 60-185	
Acquired as at November 28, 2023					
100% Metrológ sp. z o.o.		0000071593	Poland	Czarnków, ul. Kościuszki 97, postcode 64-700	
Elevation Deutschland Holding GmbH		HRB 518363	Germany	Jena, Göschwitzer Straße 56, postcode 07745	
100% Elevation GmbH		HRB 45801	Germany	Jena, Am Zementwerk 4, postcode 07745	
Change of registered office as at October 11, 2023 (originally Jena, Göschwitzer Straße 56, postcode 07745)					
100% D-E Elektro AG		HRB 504087	Germany	Jena, Göschwitzer Straße 56, postcode 07745	
100% EAB Elektroanlagenbau GmbH Rhein/Main		HRB 41069	Germany	Dietzenbach, Dieselstraße 8, postcode 63128	
100% AMPRO Medientechnik GmbH		HRB 4993	Germany	Epstein, Burgstraße 81-83, postcode 65817	
100% Ampro Projektmanagement GmbH		HRB 10376	Germany	Epstein, Burgstraße 81-83, postcode 65817	
100% Elektro-Decker GmbH		HRB 48444	Germany	Essen, Holzstr. 7-9, postcode 45141	
100% ETS Efficient Technical Solutions GmbH		HRB 5093730	Germany	Schmaltenbach, Am Scherhübel 14, postcode 92253	
100% ETS Efficient Technical Solutions Shanghai Co. Ltd.		913018794389050	China	Shanghai, Wujiang Road No. 385, Building 4, Pudong District	
100% ETS Engineering Kft.		01-09-469090	Hungary	Budapest, Népfőző utca 5. sz. em. 4., postcode 118	
Transfer of 100% stake from Elevation Group BV, to ETS Efficient Technical Solutions GmbH, as at February 27, 2023					
100% Rudolf Fritz GmbH		HRB 508518	Germany	Russelsheim, Hans-Sachs-Straße 19, postcode 65428	
100% En-plus GmbH		HRB 9535	Germany	Magdeburg, Joseph-von-Fraunhofer-Straße 2, postcode 39106	
100% Hermos AG		HRB 3996	Germany	Mistelgau, Gartenstraße 19, postcode 95490	
100% Hermos Systems GmbH		HRB 16037	Germany	Dresden, Hamburger Straße 65, postcode 01157	
70.72% HERMOS International GmbH		HRB 4187	Germany	Mistelgau, Gartenstraße 19, postcode 95490	
100% HERMOS SDN. BHD		717709-H	Malaysia	Selinger Darul Ehsan, Petaling Jaya 8 Avenue, Jalan Sg. Jernih 8/1, Seksyen 8, postcode 46050	29.28%
100% Hermos sp. z o.o.		0000243856	Poland	Lesnica, ul. Powstańców Śląskich, lok. 1, postcode 47150	
100% Hermos Signaltechnik GmbH		HRB 136955	Germany	Neufahrn, Hams-Braun-Straße 59, postcode 85375	
100% Elektro Hofmoeckel GmbH & Co. Elektroanlagen KG		HRA 8993	Germany	Rohr, Gewerberger Nord II, postcode 91189	
Acquired as at April 20, 2023					
100% Elektro Hofmoeckel Verwaltungsgesellschaft mit beschränkter Haftung		HRB 3217	Germany	Rohr, Gewerberger Nord II, postcode 91189	
Acquired as at April 20, 2023					
100% Hermos Schaltanlagen GmbH		HRB 2326	Germany	Mistelgau, Gartenstraße 19, postcode 95490	
100% MWS GmbH		HRB 110337 B	Germany	Berlin, An der Industriebahn 12-16, postcode 13088	
Dissolution of company by merger with En-plus GmbH, as at May 4, 2023					
100% Alexander Ochs Wärmetechnik GmbH		HRB 108754	Germany	Karlsruhe, An der RaumFabrik 31B, postcode 76227	
Acquired as at July 7, 2023					
100% Bechem & Post Wärmetechnik Kundendienst GmbH		HRB 106308	Germany	Karlsruhe, An der RaumFabrik 31B, postcode 76227	
Acquired as at July 7, 2023					
100% Elevation Energy & Engineering Solutions GmbH		HRB 200647 B	Germany	Berlin, Geneststraße 5, postcode 10829	
Change of company name as at February 27, 2023 (originally CEZ ESCO II GmbH)					
100% Kofler Energies Ingenieurgesellschaft mbH		HRB 155993 B	Germany	Berlin, Geneststraße 5, postcode 10829	
100% Entree Energy GmbH		HRB 148661 B	Germany	Berlin, Geneststraße 5, postcode 10829	
Change of company name as at October 2, 2023 (originally Kofler Energies Energieeffizienz GmbH)					
100% NEK Facility Management GmbH		HRB 149310 B	Germany	Berlin, Geneststraße 5, postcode 10829	
100% Hybridkraftwerk Culemeyerstraße Projekt GmbH		HRB 195001 B	Germany	Berlin, Geneststraße 5, postcode 10829	
100% WPG Projekt GmbH		HRB 183196 B	Germany	Berlin, Geneststraße 5, postcode 10829	
Legally terminated as at July 15, 2020 as a result of initiating insolvency proceedings					
100% BELECTRIC Greenvest GmbH		HRB 9187	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Change of company name (originally Kofler Energies Systems GmbH), change of registered office (originally Berlin, Geneststraße 5, postcode 10829), change of company identification number (originally HRB 135379 B), all as at July 7, 2023					
100% Belectric SP Solarprojekte 101 GmbH & Co. KG		HRA 10311	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Transfer of 100% limited partnership interest from BELECTRIC GmbH, to BELECTRIC Greenvest GmbH, as at November 30, 2023					
100% Belectric Asset Verwaltungs-GmbH		HRB 8312	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Transfer of 100% stake from BELECTRIC GmbH, to BELECTRIC Greenvest GmbH, as at December 14, 2023, change of company name as at December 27, 2023 (originally SP Solarprojekte 19 Verwaltungs-GmbH)					
100% Solarkraftwerk Reddehausen GmbH & Co. KG		HRA 10187	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Change of company name as at December 14, 2023 (originally Belectric SP Solarprojekte 19 GmbH & Co. KG); transfer of 100% limited partnership interest from BELECTRIC GmbH, to BELECTRIC Greenvest GmbH, as at December 14, 2023					
100% Solarkraftwerk Herleshof GmbH & Co. KG		HRA 10340	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Acquired as at December 7, 2023					
100% Solarkraftwerk Herleshof Verwaltungs-GmbH		HRB 8668	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Acquired as at December 7, 2023					
100% Umspannwerk Herleshof GmbH & Co. KG		HRA 10443	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Acquired as at December 7, 2023					
100% Umspannwerk Herleshof Verwaltungs-GmbH		HRB 8959	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Acquired as at December 7, 2023					
100% SYNECOTEC Deutschland GmbH		HRB 739111	Germany	Heidelberg, Sickingenstraße 39, postcode 69126	
100% GWE Wärme- und Energietechnik GmbH		HRB 12561	Germany	Gütersloh, Am Anger 35, postcode 33332	
100% GWE Verwaltungs GmbH		HRB 89388	Germany	Gütersloh, Am Anger 35, postcode 33332	
100% Pfeil und Partner Ingenieure GmbH		HRB 208712 B	Germany	Berlin, Landsberger Allee 117 A, postcode 10407	
100% IBP Verwaltungs GmbH		HRB 225124	Germany	München, Landsberger Straße 396, postcode 81241	
100% IBP Ingenieure GmbH		HRB 278660	Germany	München, Landsberger Straße 396, postcode 81241	
100% BELECTRIC GmbH		HRB 5161	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 100 GmbH & Co. KG		HRA 10310	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 100 Verwaltungs-GmbH		HRB 8580	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 101 Verwaltungs-GmbH		HRB 8581	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 102 GmbH & Co. KG		HRA 10312	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Dissolution of the stakeholding as a result of selling the entire limited partnership interest as at December 11, 2023					
100% Belectric SP Solarprojekte 102 Verwaltungs-GmbH		HRB 8584	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 103 GmbH & Co. KG		HRA 10313	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Dissolution of the stakeholding as a result of selling the entire limited partnership interest as at December 28, 2023					
100% Belectric SP Solarprojekte 103 Verwaltungs-GmbH		HRB 8585	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 104 GmbH & Co. KG		HRA 10314	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 104 Verwaltungs-GmbH		HRB 8582	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP Solarprojekte 18 GmbH & Co. KG		HRA 10384	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Climay PV-Solartechnik Verwaltungs-GmbH		HRB 6655	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Climay Stromertrag GmbH & Co. KG		HRA 9465	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Climay Stromertrag Verwaltungs-GmbH		HRB 6655	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Photovoltaikkraftwerk Groß Dölln Infrastruktur GmbH & Co. KG		HRA 2504 NP	Germany	Templin-Groß Dölln, Zum Flugplatz 9, postcode 17268	
100% Photovoltaikkraftwerk Groß Dölln Infrastruktur Verwaltungs-GmbH		HRB 9623 NP	Germany	Templin-Groß Dölln, Zum Flugplatz 9, postcode 17268	
100% SP Solarprojekte 18 Verwaltungs-GmbH		HRB 8313	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% SP Solarprojekte 20 Verwaltungs-GmbH		HRB 8311	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
100% Belectric SP 105 GmbH & Co. KG		HRA 10510	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 31, 2023					
100% Belectric SP 105 Verwaltungs-GmbH		HRB 9138	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 106 GmbH & Co. KG		HRA 10508	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 106 Verwaltungs-GmbH		HRB 9141	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 107 GmbH & Co. KG		HRA 10507	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 107 Verwaltungs-GmbH		HRB 9140	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 108 GmbH & Co. KG		HRA 10506	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 108 Verwaltungs-GmbH		HRB 9137	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 22, 2023					
100% Belectric SP 109 GmbH & Co. KG		HRA 10511	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	
Established as at May 31, 2023					
100% Belectric SP 109 Verwaltungs-GmbH		HRB 9136	Germany	Koltitzheim, Wadenbrunner Straße 10, postcode 97509	