

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS OF MARCH 31, 2021

CEZ GROUP CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2021

In CZK Millions

	Note	March 31, 2021	December 31, 2020
ASSETS:			
Plant in service		829,457	827,652
Less accumulated depreciation and impairment		(456,634)	(451,033)
Net plant in service		372,823	376,619
Nuclear fuel, at amortized cost		13,446	13,697
Construction work in progress, net		20,644	20,056
Total property, plant and equipment		406,913	410,372
Investments in associates and joint-ventures		4,056	4,075
Restricted financial assets, net		20,473	21,424
Other non-current financial assets, net		11,740	11,002
Intangible assets, net		21,493	24,244
Deferred tax assets		517	828
Total other non-current assets		58,279	61,573
Total non-current assets		465,192	471,945
Cash and cash equivalents, net		25,428	6,064
Trade receivables, net		64,459	63,648
Income tax receivable		1,330	664
Materials and supplies, net		9,327	9,898
Fossil fuel stocks		732	1,220
Emission rights		53,956	37,833
Other current financial assets, net		88,039	61,894
Other current assets, net		12,499	8,919
Assets classified as held for sale	5	17,105	40,373
Total current assets		272,875	230,513
Total assets		738,067	702,458

**CEZ GROUP
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2021**

continued

	Note	March 31, 2021	December 31, 2020
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(2,738)	(2,845)
Retained earnings and other reserves		191,661	182,917
Total equity attributable to equity holders of the parent		242,722	233,871
Non-controlling interests		5,464	4,692
Total equity		248,186	238,563
Long-term debt, net of current portion	6	120,571	122,102
Provisions		105,444	105,326
Other long-term financial liabilities		13,306	9,414
Deferred tax liability		19,626	19,383
Other long-term liabilities		34	34
Total non-current liabilities		258,981	256,259
Short-term loans	7	504	984
Current portion of long-term debt	6	29,431	28,741
Trade payables		72,139	73,189
Income tax payable		355	555
Provisions		15,186	13,665
Other short-term financial liabilities		102,569	72,114
Other short-term liabilities		5,727	6,759
Liabilities associated with assets classified as held for sale	5	4,989	11,629
Total current liabilities		230,900	207,636
Total equity and liabilities		738,067	702,458

CEZ GROUP
CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021

In CZK Millions

	Note	1-3/2021	1-3/2020
Sales of electricity, heat, gas and coal		39,878	38,218
Sales of services and other revenues		18,336	17,815
Other operating income		861	1,013
Total revenues and other operating income	8	59,075	57,046
Gains and losses from commodity derivative trading		(1,110)	5,936
Purchase of electricity, gas and other energies		(15,683)	(14,230)
Fuel and emission rights		(6,590)	(6,605)
Services		(5,847)	(6,163)
Salaries and wages		(7,072)	(6,956)
Material and supplies		(2,428)	(2,506)
Capitalization of expenses to the cost of assets and change in own inventories		937	745
Depreciation and amortization		(6,681)	(7,330)
Impairment of property, plant and equipment and intangible assets		(2,051)	256
Impairment of trade and other receivables		84	14
Other operating expenses		(1,399)	(1,400)
Income before other income (expenses) and income taxes		11,235	18,807
Interest on debt		(1,142)	(1,371)
Interest on provisions		(502)	(488)
Interest income		115	130
Share of profit (loss) from associates and joint-ventures		12	(148)
Impairment of financial assets		(24)	161
Other financial expenses		(53)	(355)
Other financial income		778	456
Total other income (expenses)		(816)	(1,615)
Income before income taxes		10,419	17,192
Income taxes		(2,033)	(3,030)
Net income		8,386	14,162
Net income attributable to:			
Equity holders of the parent		8,404	13,805
Non-controlling interests		(18)	357
Net income per share attributable to equity holders of the parent (CZK per share):			
Basic		15.7	25.8
Diluted		15.7	25.8

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021

In CZK Millions

	Note	1-3/2021	1-3/2020
Net income		8,386	14,162
Change in fair value of cash flow hedges		(5,707)	2,098
Cash flow hedges reclassified to statement of income		(518)	(1,346)
Change in fair value of debt instruments		(944)	(67)
Disposal of debt instruments		(2)	-
Translation differences – subsidiaries		(399)	3,219
Translation differences – associates and joint-ventures		(1)	234
Disposal of translation differences		6,607	-
Share on other equity movements of associates and joint-ventures		-	(6)
Deferred tax related to other comprehensive income	9	1,363	(129)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		399	4,003
Total comprehensive income, net of tax		<u>8,785</u>	<u>18,165</u>
Total comprehensive income attributable to:			
Equity holders of the parent		8,818	17,511
Non-controlling interests		(33)	654

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021

In CZK Millions

	Note	Attributable to equity holders of the parent								Non-controlling interests	Total equity
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings	Total		
Balance as at January 1, 2020		53,799	(2,885)	(12,837)	(2,831)	648	(160)	215,027	250,761	4,603	255,364
Net income		-	-	-	-	-	-	13,805	13,805	357	14,162
Other comprehensive income		-	-	3,156	609	(53)	-	(6)	3,706	297	4,003
Total comprehensive income		-	-	3,156	609	(53)	-	13,799	17,511	654	18,165
Sale of treasury shares		-	28	-	-	-	-	(18)	10	-	10
Exercised share options		-	-	-	-	-	(1)	1	-	-	-
Put options held by non-controlling interests		-	-	13	-	-	-	44	57	(57)	-
Balance as at March 31, 2020		<u>53,799</u>	<u>(2,857)</u>	<u>(9,668)</u>	<u>(2,222)</u>	<u>595</u>	<u>(161)</u>	<u>228,853</u>	<u>268,339</u>	<u>5,200</u>	<u>273,539</u>
Balance as at January 1, 2021		53,799	(2,845)	(11,777)	(7,110)	874	(1,022)	201,952	233,871	4,692	238,563
Net income		-	-	-	-	-	-	8,404	8,404	(18)	8,386
Other comprehensive income		-	-	6,222	(5,042)	(766)	-	-	414	(15)	399
Total comprehensive income		-	-	6,222	(5,042)	(766)	-	8,404	8,818	(33)	8,785
Sale of treasury shares		-	107	-	-	-	-	(63)	44	-	44
Exercised and forfeited share options		-	-	-	-	-	(5)	5	-	-	-
Sale of non-controlling interests	4.2	-	-	-	-	-	-	(5)	(5)	799	794
Put options held by non-controlling interests		-	-	(1)	-	-	-	(5)	(6)	6	-
Balance as at March 31, 2021		<u>53,799</u>	<u>(2,738)</u>	<u>(5,556)</u>	<u>(12,152)</u>	<u>108</u>	<u>(1,027)</u>	<u>210,288</u>	<u>242,722</u>	<u>5,464</u>	<u>248,186</u>

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

In CZK Millions

	Note	1-3/2021	1-3/2020
OPERATING ACTIVITIES:			
Income before income taxes		10,419	17,192
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization		6,681	7,330
Amortization of nuclear fuel		1,034	1,029
(Gains) and losses on non-current asset retirements		(162)	(19)
Foreign exchange rate loss (gain)		(520)	(401)
Interest expense, interest income and dividend income		1,024	1,239
Provisions		1,887	2,181
Impairment of property, plant and equipment and intangible assets		2,051	(256)
Valuation allowances and other non-cash expenses and income		(7,535)	3,020
Share of (profit) loss from associates and joint-ventures		(12)	148
Changes in assets and liabilities:			
Receivables and contract assets		(5,782)	(1,270)
Materials, supplies and fossil fuel stocks		1,031	127
Receivables and payables from derivatives		5,282	(8,590)
Other assets		(10,678)	1,399
Trade payables		3,219	(8,031)
Other liabilities		(919)	(723)
Cash generated from operations		7,020	14,375
Income taxes paid		(980)	(1,027)
Interest paid, net of capitalized interest		(586)	(274)
Interest received		99	118
Dividends received		1	-
Net cash provided by operating activities		5,554	13,192
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired		11	-
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of	4	21,171	-
Additions to non-current assets, including capitalized interest		(7,155)	(6,782)
Proceeds from sale of non-current assets		57	29
Loans made		(288)	(5)
Repayment of loans		272	14
Change in restricted financial assets		114	56
Total cash used in investing activities		14,182	(6,688)

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

Continued

	Note	1-3/2021	1-2/2020
FINANCING ACTIVITIES:			
Proceeds from borrowings		29,102	31,358
Payments of borrowings		(30,845)	(32,583)
Payments of lease liabilities		(191)	(206)
Proceeds from other long-term liabilities		17	139
Payments of other long-term liabilities		(62)	(15)
Dividends paid to Company's shareholders		(29)	(22)
Sale of treasury shares		44	10
Sale of non-controlling interests	4.2	794	-
Total cash used in financing activities		<u>(1,170)</u>	<u>(1,319)</u>
Net effect of currency translation and allowances in cash		(12)	883
Net increase in cash and cash equivalents		18,554	6,068
Cash and cash equivalents at beginning of period *		<u>10,169</u>	<u>11,906</u>
Cash and cash equivalents at end of period *		<u><u>28,723</u></u>	<u><u>17,974</u></u>

Supplementary cash flow information:

Total cash paid for interest	620	294
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* Presented values of cash and cash equivalents contain also cash and cash equivalents included on the balance sheet on the line Assets classified as held for sale.

CEZ GROUP

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2021

1. The Company

ČEZ, a. s. (“ČEZ” or “the Company”) is a Czech joint-stock company, owned 69.8% (70.1% of voting rights) at March 31, 2021 by the Czech Republic represented by the Ministry of Finance. The remaining shares of the Company are publicly held. The address of the Company's registered office is Duhová 2/1444, Praha 4, 140 53, Czech Republic.

The Company is a parent company of the CEZ Group (“the Group”). Main business of the Group is the generation, distribution, trade and sale of electricity and heat, trade and sale of natural gas, provision of complex energy services and coal mining.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

The interim consolidated financial statements for the three months ended March 31, 2021 have been prepared in accordance with IAS 34 and have not been audited by an independent auditor. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with [the Group's annual financial statement as of December 31, 2020](#).

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2021

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of [the Group's annual financial statement as of December 31, 2020](#).

As of January 1, 2021, the Group did not adopt any new International Financial Reporting Standard that would have a significant impact on Group's interim consolidated financial statements.

3. Seasonality of Operations

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

4. Changes in the Group Structure

4.1. Sale of 100% Shares in Romanian Companies

On October 22, 2020, a share purchase agreement was concluded for the sale of the interests in Romanian companies Distributie Energie Oltenia S.A., CEZ Vanzare S.A., CEZ Romania S.A. (including its interest in TMK Hydroenergy Power S.R.L.), Tomis Team S.A. (including its interest in M.W. Team Invest S.R.L.) and Ovidiu Development S.A. From that date, the assets and related liabilities were classified as held for sale and tested for possible impairment with respect to the sale price. In the first quarter of 2021, the Group recognized an impairment of property, plant and equipment and intangible assets in the amount of CZK 1,145 million, which was reported in the income statement on the line Impairment of property, plant and equipment and intangible assets.

The transaction was settled on March 31, 2021. The total sale price for the shares in the Romanian companies was paid in full and the Group transferred control over the sold subsidiaries.

The following table provides an overview of the impacts related to the derecognition of Romanian companies from consolidation, with the derecognized net assets broken down by operating segments (in CZK millions):

	Generation	Distribution	Sales	Total
Sold interest				100%
Property, plant and equipment, net	6,645	7,489	6	14,140
Non-current green and similar certificates, net	1,288	-	-	1,288
Deferred tax asset	1,109	360	59	1,528
Another non-current assets	43	270	21	334
Cash and cash equivalents	1,453	1,783	218	3,454
Trade receivables, net	422	542	1,114	2,078
Materials and supplies, net	63	140	3	206
Green and similar certificates	909	-	-	909
Another current assets	159	602	961	1,722
Long-term debt, net of current portion	(233)	(2,767)	(2)	(3,002)
Non-current provisions	(783)	(211)	(7)	(1,001)
Other long-term financial liabilities	(1)	(157)	(9)	(167)
Current portion of long-term debt	(19)	(107)	(3)	(129)
Trade payables	(207)	(722)	(1,348)	(2,277)
Current provisions	(143)	(133)	(367)	(643)
Another short-term liabilities	(6)	(205)	(135)	(346)
Total net assets	10,699	6,884	511	18,094
Disposal of translation differences				6,605
Effect of intercompany balances:				
Trade receivables, net				(120)
Trade payables				64
Total cost of sale of the Group				24,643
Revenue from sale				24,643
Gain on sale				-

The following table shows the cash flows related to the sale and derecognition of the Romanian subsidiaries from consolidation (in CZK millions):

Cash received from sale in the first quarter of 2021	24,643
Cash disposed of on sale	<u>(3,454)</u>
Total cash flow from sale of Romanian companies in the first quarter of 2021	<u><u>21,189</u></u>

The following table summarizes the total cash flows related to the sales of subsidiaries in the first quarter of 2021 (in CZK millions):

Total cash received from sale of Romanian companies	21,189
Proceeds from the sale of a 100% share in CEZ Towarowy Dom Maklerski sp. z o.o.	53
Unpaid part of the sale price	(25)
Cash disposed of on sale	<u>(46)</u>
Total cash flow from sale of subsidiaries in the first quarter of 2021	<u><u>21,171</u></u>

4.2. Changes in Non-controlling Interests

In February 2021, Slovenský plynárenský priemysel, a.s. made a cash contribution to ESCO Slovensko, a.s., thus acquiring a 50% non-controlling interest and the Group's share fell to 50%, while maintaining control. The main strategic intention of ESCO Slovensko, a.s., which owns shares in 6 Slovak companies invested from ČEZ ESCO, a.s., is the development of decentralized energy and complex energy services in Slovakia.

An overview of basic financial information on this transaction is given in the following table (in CZK millions):

	<u>ESCO Slovensko</u>
Share sold in 2021	50.00%
Sold share of net assets increasing non-controlling interests	799
Direct impact on equity from the sale of a non-controlling interest	<u>(5)</u>
Total sale price	<u><u>794</u></u>

5. Assets and Associated Liabilities Classified as Held for Sale

As of March 31, 2021 the Group performed an impairment test for any potential impairment loss related to assets and associated liabilities held for sale in the Bulgarian companies CEZ Razpredelenie Bulgaria AD, CEZ ICT Bulgaria EAD, CEZ Trade Bulgaria EAD, CEZ Bulgaria EAD, CEZ Elektro Bulgaria AD, Free Energy Project Oreshets EAD and Bara Group EOOD. The result of this test, reflecting the contractual sales price of EUR 335 million, was impairment of assets in the amount of CZK 885 million, which was presented in the statement of income on the line Impairment of property, plant and equipment and intangible assets.

Information on the sale of ownership interests in Romanian companies is described in Note 4.1.

The assets classified as held for sale and associated liabilities at March 31, 2021 and December 31, 2020 are as follows (in CZK millions):

	March 31, 2021	December 31, 2020		
	Bulgarian companies	Bulgarian companies	Romanian companies	Total
Property, plant and equipment, net	9,502	10,148	14,966	25,114
Intangible assets, net	500	498	1,784	2,282
Other non-current assets	50	63	1,507	1,570
Cash and cash equivalents	3,295	2,740	1,365	4,105
Trade receivables, net	2,909	2,871	1,238	4,109
Another current assets	849	1,066	2,127	3,193
Assets classified as held for sale	17,105	17,386	22,987	40,373
Long-term debt, net of current portion	1,149	1,173	2,955	4,128
Non-current provisions	208	210	1,011	1,221
Other long-term financial liabilities	189	197	9	206
Deferred tax liability	74	103	-	103
Short-term loans	2	37	-	37
Current portion of long-term debt	238	234	321	555
Trade payables	2,335	2,366	1,014	3,380
Current provisions	481	528	319	847
Another current liabilities	313	267	885	1,152
Liabilities associated with assets classified as held for sale	4,989	5,115	6,514	11,629
Related non-controlling interests	3,564	3,616	-	3,616
Related currency translation differences (cumulative loss)	(1,436)	(1,408)	(6,345)	(7,753)

The assets and results associated with the assets classified as held for sale are reported in the operating segments Generation, Distribution and Sales.

6. Long-term Debt

Long-term debt at March 31, 2021 and December 31, 2020 is as follows (in CZK millions):

	March 31, 2021	December 31, 2020
3.005% Eurobonds, due 2038 (JPY 12,000 million)	2,413	2,505
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,610	1,671
5.000% Eurobonds, due 2021 (EUR 750 million) ¹⁾	20,041	19,872
4.875% Eurobonds, due 2025 (EUR 750 million)	20,489	20,328
2.160% Eurobonds, due in 2023 (JPY 11,500 million)	2,321	2,405
4.600% Eurobonds, due in 2023 (CZK 1,250 million)	1,302	1,288
2.150%*IR CPI Eurobonds, due 2021 (EUR 100 million) ²⁾	2,707	2,688
4.102% Eurobonds, due 2021 (EUR 50 million)	1,324	1,315
4.375% Eurobonds, due 2042 (EUR 50 million)	1,324	1,314
4.500% Eurobonds, due 2047 (EUR 50 million)	1,322	1,312
4.383% Eurobonds, due 2047 (EUR 80 million)	2,144	2,130
3.000% Eurobonds, due 2028 (EUR 725 million)	19,766	19,713
0.875% Eurobonds, due 2022 (EUR 500 million) ¹⁾	13,088	13,106
0.875% Eurobonds, due 2026 (EUR 750 million)	19,475	19,499
4.250% U.S. bonds, due 2022 (USD 289 million) ¹⁾	6,424	6,226
5.625% U.S. bonds, due 2042 (USD 300 million)	6,628	6,448
4.500% Registered bonds, due 2030 (EUR 40 million)	1,048	1,040
4.750% Registered bonds, due 2023 (EUR 40 million)	1,051	1,092
4.700% Registered bonds, due 2032 (EUR 40 million)	1,090	1,083
4.270% Registered bonds, due 2047 (EUR 61 million)	1,594	1,583
3.550% Registered bonds, due 2038 (EUR 30 million)	782	806
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Total bonds and debentures	127,943	127,424
Less: Current portion	(25,825)	(25,339)
	<hr/>	<hr/>
Bonds and debentures, net of current portion	102,118	102,085
	<hr/>	<hr/>
Long-term bank loans and lease liabilities:	22,059	23,419
Less: Current portion	(3,606)	(3,402)
	<hr/>	<hr/>
Long-term bank loans and lease payables, net of current portion	18,453	20,017
	<hr/>	<hr/>
Total long-term debt	150,002	150,843
Less: Current portion	(29,431)	(28,741)
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Total long-term debt, net of current portion	120,571	122,102
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¹⁾ On April 21, 2021 and May 5, 2021, the repurchase of part of the issue of these bonds was settled (Note 11).

²⁾ The interest rate is based on inflation realized in Eurozone Countries (Harmonized Index of Consumer Prices – HICP) and is fixed through the closed swap to the rate 4.553% p. a.

7. Short-term Loans

Short-term loans at March 31, 2021 and December 31, 2020 are as follows (in CZK millions):

	March 31, 2021	December 31, 2020
Short-term bank and other loans	164	961
Bank overdrafts	340	23
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Total	504	984
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8. Revenues and Other Operating Income

The composition of revenues and other operating income for the first three months ended March 31, 2021 and 2020 is as follows (in CZK millions):

	1-3/2021	1-3/2020
<u>Sales of electricity:</u>		
Sales of electricity to end customers	15,168	14,450
Sales of electricity through energy exchange	603	557
Sales of electricity to traders	8,764	11,131
Sales to distribution and transmission companies	134	219
Other sales of electricity	8,220	5,344
Effect of hedging – presales of electricity	(202)	(663)
Effect of hedging – currency risk hedging	272	382
Total sales of electricity	32,959	31,420
<u>Sales of gas, coal and heat:</u>		
Sales of gas	2,584	2,699
Sales of coal	870	961
Sales of heat	3,465	3,138
Total sales of gas, coal and heat	6,919	6,798
Total sales of electricity, heat, gas and coal	39,878	38,218
<u>Sales of services and other revenues:</u>		
Distribution services	12,046	11,820
Other services	5,792	5,586
Rental income	42	46
Revenues from goods sold	164	216
Other revenues	292	147
Total sales of services and other revenues	18,336	17,815
<u>Other operating income:</u>		
Granted green and similar certificates	397	391
Contractual fines and interest fees for delays	85	68
Gain on sale of property, plant and equipment	47	20
Gain on sale of material	42	29
Other	290	505
Total other operating income	861	1,013
Total revenues and other operating income	59,075	57,046

Revenues from contracts with customers for the three months ended March 31, 2021 and 2020 were CZK 58,102 million and CZK 56,268 million, respectively, and can be linked to the above figures as follows:

	1-3/2021	1-3/2020
Sales of electricity, heat, gas and coal	39,878	38,218
Sales of services and other revenues	18,336	17,815
Total revenues	58,214	56,033
<u>Adjustments:</u>		
Effect of hedging – presales of electricity	202	663
Effect of hedging – currency risk hedging	(272)	(382)
Rental income	(42)	(46)
Revenues from contracts with customers	58,102	56,268

9. Income Taxes

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

	1-3/2021			1-3/2020		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	(5,707)	1,085	(4,622)	2,098	(398)	1,700
Cash flow hedges reclassified to statement of income	(518)	98	(420)	(1,346)	256	(1,090)
Change in fair value of debt instruments	(944)	180	(764)	(67)	13	(54)
Disposal of debt instruments	(2)	-	(2)	-	-	-
Translation differences – subsidiaries	(399)	-	(399)	3,219	-	3,219
Translation differences – associates and joint-ventures	(1)	-	(1)	234	-	234
Disposal of translation differences	6,607	-	6,607	-	-	-
Share on other equity movements of associates and joint-ventures	-	-	-	(6)	-	(6)
Total	(964)	1,363	399	4,132	(129)	4,003

10. Segment Information

The Group reports its result using four reportable operating segments:

- Generation
- Distribution
- Sales
- Mining

The segments are defined across the countries in which CEZ Group operates. Segment is a functionally autonomous part of CEZ Group that serves a single part of the value chain in the energy sector. The structure of the segments has changed since 2021. The substance of the change is the merging of the segments Generation – Traditional Energy and Generation – New Energy into a new segment Generation. The main reason is the fact that the development of renewable sources in CEZ Group will take place primarily within existing companies now operating mainly traditional energy, and not in existing companies in the original Generation – New Energy segment or in newly acquired companies. Furthermore, the Support Services segment was abolished, especially with regard to the dissolution of the company ČEZ Korporátní služby. Data by segments for the previous period of 2020 were adjusted to be comparable.

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

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

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

	<u>1-3/2021</u>	<u>1-3/2020</u>
Income before other income (expenses) and income taxes (EBIT)	11,235	18,807
Depreciation and amortization	6,681	7,330
Impairment of property, plant and equipment and intangible assets	2,051	(256)
Gains and losses on sale of property, plant and equipment, net *	<u>(47)</u>	<u>(20)</u>
EBITDA	<u><u>19,920</u></u>	<u><u>25,861</u></u>

* Gains on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating income. Losses on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating expenses.

The following tables summarize segment information by operating segments for the three months ended March 31, 2021 and 2020 and at December 31, 2020 (in CZK millions):

March 31, 2021:

	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	21,940	12,038	24,118	979	59,075	-	59,075
Revenues and other operating income – intersegment	10,333	131	1,731	1,777	13,972	(13,972)	-
Total revenues and other operating income	32,273	12,169	25,849	2,756	73,047	(13,972)	59,075
Thereof:							
Sales of electricity, heat, gas and coal	29,316	10	20,467	2,460	52,253	(12,375)	39,878
Sales of services and other revenues	2,072	12,054	5,184	287	19,597	(1,261)	18,336
Other operating income	885	105	198	9	1,197	(336)	861
EBITDA	9,663	6,371	2,336	1,540	19,910	10	19,920
Depreciation and amortization	(4,062)	(1,503)	(388)	(728)	(6,681)	-	(6,681)
Impairment of property, plant and equipment and intangible assets	(517)	(1,545)	9	2	(2,051)	-	(2,051)
EBIT	5,090	3,340	1,981	814	11,225	10	11,235
Interest on debt and provisions	(1,533)	(239)	(73)	(46)	(1,891)	247	(1,644)
Interest income	340	8	13	1	362	(247)	115
Share of profit (loss) from associates and joint-ventures	(5)	(39)	66	(10)	12	-	12
Income taxes	(919)	(628)	(330)	(156)	(2,033)	-	(2,033)
Net income	3,690	2,399	1,654	633	8,376	10	8,386
Identifiable assets	267,790	111,356	7,749	20,018	406,913	-	406,913
Investment in associates and joint-ventures	2,882	-	292	882	4,056	-	4,056
Unallocated assets							327,098
Total assets							738,067
Capital expenditure	1,415	2,909	248	278	4,850	(8)	4,842

March 31, 2020:

	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	20,373	11,684	23,951	1,038	57,046	-	57,046
Revenues and other operating income – intersegment	11,359	146	2,113	1,625	15,243	(15,243)	-
Total revenues and other operating income	31,732	11,830	26,064	2,663	72,289	(15,243)	57,046
Thereof:							
Sales of electricity, heat, gas and coal	28,870	12	20,763	2,387	52,032	(13,814)	38,218
Sales of services and other revenues	1,882	11,720	5,213	267	19,082	(1,267)	17,815
Other operating income	980	98	88	9	1,175	(162)	1,013
EBITDA	16,764	5,821	1,901	1,377	25,863	(2)	25,861
Depreciation and amortization	(4,537)	(1,745)	(370)	(678)	(7,330)	-	(7,330)
Impairment of property, plant and equipment and intangible assets	-	250	-	6	256	-	256
EBIT	12,235	4,332	1,533	709	18,809	(2)	18,807
Interest on debt and provisions	(1,770)	(188)	(84)	(52)	(2,094)	235	(1,859)
Interest income	245	29	59	32	365	(235)	130
Share of profit (loss) from associates and joint-ventures	(5)	(199)	51	5	(148)	-	(148)
Income taxes	(1,905)	(722)	(258)	(145)	(3,030)	-	(3,030)
Net income	8,972	3,410	1,200	580	14,162	-	14,162
Capital expenditure	1,802	2,206	160	256	4,424	(13)	4,411
	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
December 31, 2020:							
Identifiable assets	271,744	110,289	7,874	20,465	410,372	-	410,372
Investment in associates and joint- ventures	2,898	-	285	892	4,075	-	4,075
Unallocated assets							288,011
Total assets							702,458

11. Events after the Balance Sheet Date

On April 21, 2021, the Group settled the repurchase of bonds with a total nominal value of USD 22.4 million (issue of USD 700 million, 4.250% due in 2022), EUR 209.1 million (issue of EUR 750 million, EUR 5.000% due in 2021) and EUR 230.8 million (issue EUR 500 million, 0.875% due in 2022). On May 5, 2021, as part of the second phase of the repurchase of USD bonds, a repurchase with a nominal value of USD 0.2 million was settled. All repurchased bonds were also canceled as of those dates.

On April 27, 2021, the General Meeting of CEZ Elektro Bulgaria AD decided to pay a dividend in the total amount of EUR 15 million. The Group's share of the dividend paid amounts to EUR 10 million and is not considered as a reducing item of the sale price according to the concluded sales contract.