

CEZ GROUP

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

CEZ GROUP CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2024

In CZK Millions

	Note	June 30, 2024	December 31, 2023
ASSETS:			
Plant in service		956,895	947,745
Less accumulated depreciation and impairment		(553,615)	(538,500)
Net plant in service		403,280	409,245
Nuclear fuel		16,794	16,228
Construction work in progress		33,845	26,659
Total property, plant and equipment		453,919	452,132
Investments in associates and joint-ventures		3,781	3,737
Restricted financial assets		26,990	25,229
Other non-current financial assets	5	26,679	30,379
Intangible assets		29,345	27,801
Deferred tax assets		1,221	1,380
Total other non-current assets		88,016	88,526
Total non-current assets		541,935	540,658
Cash and cash equivalents		41,622	10,892
Trade and other receivables		61,368	84,759
Income tax receivable		804	942
Materials and supplies		23,048	20,255
Fossil fuel stocks		2,066	2,857
Emission rights	6	4,403	30,819
Derivatives and other current financial assets	5	73,638	111,714
Other current assets		20,257	22,869
Total current assets		227,206	285,107
Total assets		769,141	825,765

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

continued

	Note	June 30, 2024	December 31, 2023
EQUITY AND LIABILITIES:			
Stated capital		53,799	53,799
Treasury shares		(1,334)	(1,334)
Retained earnings and other reserves		183,298	191,587
Total equity attributable to equity holders of the parent		235,763	244,052
Non-controlling interests		1,542	1,549
Total equity		237,305	245,601
Long-term debt, net of current portion	8	119,378	131,042
Provisions		168,750	165,440
Other long-term financial liabilities	9	5,834	6,104
Deferred tax liability		31,821	43,888
Other long-term liabilities		31	31
Total non-current liabilities		325,814	346,505
Short-term loans	10	7,650	7,314
Current portion of long-term debt	8	32,223	30,554
Trade payables		39,708	59,869
Income tax payable		10,863	2,268
Provisions		20,300	31,113
Derivatives and other short-term financial liabilities	9	75,923	82,540
Other short-term liabilities		19,355	20,001
Total current liabilities		206,022	233,659
Total equity and liabilities		769,141	825,765

CEZ GROUP

CONSOLIDATED STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023	4-6/2024	4-6/2023
Sales of electricity, heat, gas and coal		113,714	127,858	50,042	54,686
Sales of services and other revenues		46,774	39,185	23,604	19,580
Other operating income		1,229	2,654	676	2,051
Total revenues and other operating income	11	161,717	169,697	74,322	76,317
Gains and losses from commodity derivative trading	12	3,447	5,931	2,139	5,194
Purchase of electricity, gas and other energies		(29,507)	(41,167)	(14,241)	(20,515)
Fuel and emission rights		(19,283)	(19,608)	(8,180)	(7,978)
Services		(18,462)	(16,539)	(9,809)	(9,102)
Salaries and wages		(19,573)	(16,984)	(10,100)	(9,037)
Material and supplies		(9,768)	(8,322)	(5,710)	(4,379)
Capitalization of expenses to the cost of assets and change in own inventories		2,493	3,033	1,587	1,617
Depreciation and amortization		(17,916)	(17,014)	(9,174)	(8,657)
Impairment of property, plant and equipment and intangible assets		(28)	(221)	(26)	(235)
Impairment of trade and other receivables		65	(47)	(78)	(188)
Other operating expenses	13	(1,852)	(13,441)	(1,045)	(2,017)
Income before other income (expenses) and income taxes		51,333	45,318	19,685	21,020
Interest on debt		(2,713)	(3,758)	(1,319)	(1,767)
Interest on provisions		(4,035)	(3,647)	(2,017)	(1,823)
Interest income		1,742	4,021	897	2,370
Share of profit (loss) from associates and joint-ventures		(31)	493	(34)	108
Impairment of financial assets		(6)	34	(1)	269
Other financial expenses		(1,187)	(676)	(113)	(121)
Other financial income		1,680	2,286	691	(378)
Total other income (expenses)		(4,550)	(1,247)	(1,896)	(1,342)
Income before income taxes		46,783	44,071	17,789	19,678
Income taxes		(25,726)	(21,790)	(10,286)	(8,218)
Net income		21,057	22,281	7,503	11,460
Net income attributable to:					
Equity holders of the parent		21,093	22,230	7,559	11,458
Non-controlling interests		(36)	51	(56)	2
Net income per share attributable to equity holders of the parent (CZK per share):					
Basic		39.3	41.4	14.1	21.3
Diluted		39.3	41.4	14.1	21.3

CEZ GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023	4-6/2024	4-6/2023
Net income		21,057	22,281	7,503	11,460
Change in fair value of cash flow hedges		4,799	53,830	(8,671)	6,306
Cash flow hedges reclassified to statement of income		(9,815)	15,312	(4,197)	4,623
Change in fair value of debt instruments		(561)	1,060	(385)	560
Disposal of debt instruments		5	24	1	1
Translation differences – subsidiaries		293	(122)	(242)	255
Translation differences – associates and joint-ventures		37	(327)	(35)	(202)
Disposal of translation differences		(28)	(15)	(19)	(15)
Share on other equity movements of associates and joint-ventures		(2)	(60)	(18)	1
Deferred tax related to other comprehensive income	14	3,829	(49,548)	8,160	(7,586)
Net other comprehensive income that may be reclassified to statement of income or to assets in subsequent periods		<u>(1,443)</u>	<u>20,154</u>	<u>(5,406)</u>	<u>3,943</u>
Total comprehensive income, net of tax		<u>19,614</u>	<u>42,435</u>	<u>2,097</u>	<u>15,403</u>
Total comprehensive income attributable to:					
Equity holders of the parent		19,635	42,399	2,167	15,388
Non-controlling interests		(21)	36	(70)	15

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	Attributable to equity holders of the parent							Non-controlling interests	Total equity	
		Stated capital	Treasury shares	Translation difference	Cash flow hedge reserve	Debt instruments	Equity instruments and other reserves	Retained earnings			Total
Balance as at January 1, 2023		53,799	(1,334)	(5,177)	(22,258)	(1,675)	(2,020)	237,551	258,886	1,375	260,261
Net income		-	-	-	-	-	-	22,230	22,230	51	22,281
Other comprehensive income		-	-	(448)	19,794	884	-	(61)	20,169	(15)	20,154
Total comprehensive income		-	-	(448)	19,794	884	-	22,169	42,399	36	42,435
Dividends		-	-	-	-	-	-	(77,838)	(77,838)	(9)	(77,847)
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	(3)	(3)
Changes of non-controlling interests without loss of control		-	-	1	-	-	-	(14)	(13)	(12)	(25)
Put options held by non-controlling interests		-	-	(1)	-	-	-	7	6	(5)	1
Balance as at June 30, 2023		<u>53,799</u>	<u>(1,334)</u>	<u>(5,625)</u>	<u>(2,464)</u>	<u>(791)</u>	<u>(2,020)</u>	<u>181,875</u>	<u>223,440</u>	<u>1,382</u>	<u>224,822</u>

CEZ GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024

continued

	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, 2024		53,799	(1,334)	(3,468)	8,382	284	(2,324)	188,713	244,052	1,549	245,601
Net income		-	-	-	-	-	-	21,093	21,093	(36)	21,057
Other comprehensive income		-	-	287	(1,237)	(507)	-	(1)	(1,458)	15	(1,443)
Total comprehensive income		-	-	287	(1,237)	(507)	-	21,092	19,635	(21)	19,614
Dividends	7	-	-	-	-	-	-	(27,914)	(27,914)	(11)	(27,925)
Contribution from owners of non-controlling interests		-	-	-	-	-	-	-	-	8	8
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	9	9
Changes of non-controlling interests without loss of control		-	-	-	-	-	-	(6)	(6)	4	(2)
Put options held by non-controlling interests		-	-	4	-	-	-	(8)	(4)	4	-
Balance as at June 30, 2024		<u>53,799</u>	<u>(1,334)</u>	<u>(3,177)</u>	<u>7,145</u>	<u>(223)</u>	<u>(2,324)</u>	<u>181,877</u>	<u>235,763</u>	<u>1,542</u>	<u>237,305</u>

CEZ GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2024

In CZK Millions

	Note	1-6/2024	1-6/2023
OPERATING ACTIVITIES:			
Income before income taxes		46,783	44,071
Adjustments of income before income taxes to cash generated from operations:			
Depreciation and amortization		17,916	17,014
Amortization of nuclear fuel		1,734	1,861
(Gains) and losses on non-current asset retirements		(85)	22
Foreign exchange rate loss (gain)		(1,099)	195
Interest expense, interest income and dividend income		888	(274)
Provisions		(7,956)	(9,872)
Impairment of property, plant and equipment and intangible assets		28	221
Other non-cash expenses and income		(7,373)	14,621
Share of (profit) loss from associates and joint-ventures		31	(493)
Changes in assets and liabilities:			
Receivables and contract assets		28,042	83,666
Materials, supplies and fossil fuel stocks		(1,851)	2,245
Receivables and payables from derivatives		13,759	(10,865)
Other assets		24,470	28,116
Trade payables		(18,269)	(35,865)
Other liabilities		(874)	3,023
Cash from operations		96,144	137,686
Income taxes paid		(25,129)	(2,468)
Interest paid, net of capitalized interest		(3,290)	(4,629)
Interest received		1,744	4,010
Dividends received		10	31
Net cash flow from operating activities		69,479	134,630
INVESTING ACTIVITIES:			
Acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	4	(1,314)	(513)
Disposal of subsidiaries, associates and joint-ventures, net of cash disposed of		32	11
Additions to non-current assets, including capitalized interest		(22,637)	(18,993)
Proceeds from sale of non-current assets		246	222
Loans made		(8)	(153)
Repayment of loans		79	20
Change in restricted financial assets		(2,301)	(1,168)
Net cash flow from investing activities		(25,903)	(20,574)

CEZ GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

continued

	Note	1-6/2024	1-6/2023
FINANCING ACTIVITIES:			
Proceeds from borrowings		164,346	66,366
Payments of borrowings		(175,756)	(88,144)
Payments of lease liabilities		(482)	(362)
Proceeds from other long-term liabilities		104	38
Payments of other long-term liabilities		(972)	(2,444)
Dividends paid to Company's shareholders		(195)	(133)
(Dividends paid) contributions received – owners of noncontrolling interests, net		(1)	(7)
Acquisition of non-controlling interests		(2)	(25)
Net cash flow from financing activities		<u>(12,958)</u>	<u>(24,711)</u>
Net effect of currency translation and allowances in cash		112	(664)
Net increase in cash and cash equivalents		30,730	88,681
Cash and cash equivalents at beginning of period		<u>10,892</u>	<u>36,609</u>
Cash and cash equivalents at end of period		<u><u>41,622</u></u>	<u><u>125,290</u></u>
Supplementary cash flow information:			
Total cash paid for interest		3,576	4,914

CEZ GROUP

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

1. The Company

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

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

The "VISION 2030 – Clean Energy of Tomorrow" strategy is focused on dynamic transformation of the generation portfolio to low-emission one and achievement of full climate neutrality already by 2040. The strategy includes a commitment to end the production of heat from coal and fundamentally limit the production of electricity from coal by 2030. In areas of distribution and sales, the basic goal is to provide the most advantageous energy solutions and the best customer experience on the market.

2. Summary of Significant Accounting Policies

2.1. Financial Statements

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

2.2. Changes in Accounting Policies

2.2.1. Adoption of New IFRS Standards in 2024

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

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

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

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

Cash outflow on acquisition of the subsidiaries	1,426
Cash contributions to joint-ventures	47
Payments of payables from acquisitions of previous periods	93
Less:	
Cash and cash equivalents acquired on acquisition of the subsidiaries	(242)
Cash and cash equivalents acquired on including the previously unconsolidated subsidiaries in consolidation	(10)
	<hr/>
Total acquisition of subsidiaries, associates and joint-ventures, net of cash acquired	<u>1,314</u>

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

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

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

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

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

	Instal Bud Pecyna	ACTHERM Distribuce	Group of companies of EDERA	Other	Total
Share being acquired	100%	100%	100%		
Property, plant and equipment	11	153	85	-	249
Intangible assets	131	-	4	-	135
Other long-term financial assets	24	-	6	-	30
Other non-current assets	5	-	-	-	5
Cash and cash equivalents	77	150	5	20	252
Other short-term financial assets	-	-	46	-	46
Materials and supplies	-	1	10	-	11
Trade receivables	70	-	5	-	75
Contract assets	31	-	-	-	31
Another current assets	1	3	1	-	5
Long-term debt, net of current portion	(1)	(147)	(41)	-	(189)
Long-term provision	(11)	-	-	-	(11)
Other long-term financial liabilities	(14)	-	-	-	(14)
Deferred tax liability	(25)	(12)	-	-	(37)
Trade payables	(50)	(54)	(7)	-	(111)
Short-term provisions	(14)	(1)	-	-	(15)
Other short-term financial payables	-	-	(46)	-	(46)
Another current liabilities	(27)	(41)	(17)	(2)	(87)
Total net assets	208	52	51	18	329
Share of net assets acquired	208	52	51	9	320
Goodwill	243	460	584	1	1,288
Total purchase consideration	451	512	635	10	1,608
Liabilities from acquisition of the subsidiary	(73)	(25)	(84)	-	(182)
Cash outflow on acquisition in 2024	378	487	551	10	1,426
Less: Cash and cash equivalents paid in previous periods	-	-	-	(10)	(10)
Less: Cash and cash equivalents in the subsidiary acquired	(77)	(150)	(5)	(10)	(242)
Cash outflow in 2024, net	301	337	546	(10)	1,174

If the acquisitions had taken place at the beginning of the year 2024, net income for CEZ Group as of June 30 , 2024 would have been CZK 21,091 million and the revenues and other operating income from continuing operations would have been CZK 162,047 million. The amounts of goodwill recognized as a result of the business combinations comprise the value of expected synergies arising from the acquisitions.

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

	<u>Instal Bud Pecyna</u>	<u>ACTHERM Distribuce</u>	<u>Group of companies of EDERA</u>	<u>Other</u>	<u>Total</u>
Revenues and other operating income	60	39	28	3	130
Income (loss) before other income (expense) and income taxes	2	12	6	(23)	(3)
Net income (loss)	(2)	10	6	(24)	(10)
Net income (loss) attributable:					
Equity holders of the parent	(2)	10	6	(21)	(7)
Non-controlling interests	-	-	-	(3)	(3)

5. Derivatives and Other Financial Assets

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

	June 30, 2024			December 31, 2023		
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total
Term deposits	67	26	93	66	-	66
Other financial receivables	4,651	192	4,843	4,912	128	5,040
Receivables from sale of subsidiaries, associates and joint-ventures	-	-	-	-	31	31
Investment in finance lease	209	47	256	213	49	262
Total financial assets at amortized cost	4,927	265	5,192	5,191	208	5,399
Equity financial assets – investments in Inven Capital, SICAV, a.s., ČEZ sub-funds	3,480	-	3,480	3,746	-	3,746
Commodity and other derivatives	-	46,722	46,722	62	82,465	82,527
Total financial assets at fair value through profit or loss	3,480	46,722	50,202	3,808	82,465	86,273
Veolia Energie ČR, a.s.	403	-	403	403	-	403
Other financial assets	353	7	360	271	6	277
Total equity financial assets	756	7	763	674	6	680
Cash flow hedge derivatives	17,516	20,246	37,762	20,706	22,378	43,084
Debt financial assets	-	6,398	6,398	-	6,657	6,657
Total financial assets at fair value through other comprehensive income	18,272	26,651	44,923	21,380	29,041	50,421
Total	26,679	73,638	100,317	30,379	111,714	142,093

The decrease of short-term commodity derivatives in the first six months of 2024 is caused by physical delivery of the commodity or by the financial settlement. The decrease in the first six months of 2024 is also influenced by volatility of the market prices of emission rights, electricity and gas. With this decrease is connected the decrease of payables from commodity and other derivatives, which is disclosed in Note 9.

6. Emission rights

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

	June 30, 2024			December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Emission rights for own use	3	3,843	3,846	5	25,118	25,123
Emission rights held for trading	-	554	554	-	5,589	5,589
Green and similar certificates	-	6	6	-	112	112
Total	3	4,403	4,406	5	30,819	30,824

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

7. Dividends

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

8. Long-term Debt

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

	June 30, 2024	December 31, 2023
3.005% Eurobonds, due 2038 (JPY 12,000 million)	1,758	1,910
2.845% Eurobonds, due 2039 (JPY 8,000 million)	1,173	1,274
4.875% Eurobonds, due 2025 (EUR 750 million)	18,954	19,173
4.375% Eurobonds, due 2042 (EUR 50 million)	1,284	1,241
4.500% Eurobonds, due 2047 (EUR 50 million)	1,282	1,238
4.383% Eurobonds, due 2047 (EUR 80 million)	2,075	2,006
3.000% Eurobonds, due 2028 (EUR 725 million)	18,364	18,433
0.875% Eurobonds, due 2026 (EUR 750 million)	18,790	18,464
2.375% Eurobonds, due 2027 (EUR 600 million)	15,037	15,020
4.250% Eurobonds, due 2032 (EUR 750 million)	18,742	-
5.625% U.S. bonds, due 2042 (USD 300 million)	7,061	6,754
4.500% Registered bonds, due 2030 (EUR 40 million)	1,019	984
4.700% Registered bonds, due 2032 (EUR 40 million)	1,010	1,021
4.270% Registered bonds, due 2047 (EUR 61 million)	1,544	1,493
3.550% Registered bonds, due 2038 (EUR 30 million)	756	760
Total bonds and debentures	108,849	89,771
Less: Current portion	(19,582)	(1,469)
Bonds and debentures, net of current portion	89,267	88,302
Long-term bank and other loans, lease liabilities:	42,752	71,825
Less: Current portion	(12,641)	(29,085)
Long-term bank and other loans, lease payables, net of current portion	30,111	42,740
Total long-term debt	151,601	161,596
Less: Current portion	(32,223)	(30,554)
Total long-term debt, net of current portion	119,378	131,042

9. Derivatives and Other Financial Liabilities

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

	June 30, 2024		
	Long-term liabilities	Short-term liabilities	Total
Payables from non-current assets purchase	320	-	320
Payables to owners for profit distribution	-	28,627	28,627
Other	818	1,295	2,113
Financial liabilities at amortized cost	1,138	29,922	31,060
Cash flow hedge derivatives	3,262	3,455	6,717
Commodity and other derivatives	-	42,001	42,001
Liabilities from put options held by non-controlling interests	941	205	1,146
Contingent consideration from the acquisition of subsidiaries	493	340	833
Financial liabilities at fair value	4,696	46,001	50,697
Total	5,834	75,923	81,757

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

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

10. Short-term Loans

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

	June 30, 2024	December 31, 2023
Bank loans	6,927	7,214
Bank overdrafts	723	100
Total	7,650	7,314

11. Revenues and Other Operating Income

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

	1-6/2024	1-6/2023
<u>Sales of electricity:</u>		
Sales of electricity to end customers	37,737	61,424
Sales of electricity through energy exchange and other organized markets	18,400	26,992
Sales of electricity to traders	14,486	19,704
Sales to distribution and transmission companies	232	91
Other sales of electricity	14,847	6,305
Effect of hedging – presales of electricity	8,836	(15,894)
Effect of hedging – currency risk hedging	726	919
	95,264	99,541
<u>Sales of gas, coal and heat:</u>		
Sales of gas	8,644	17,407
Sales of coal	2,010	3,798
Sales of heat	7,796	7,112
	18,450	28,317
Total sales of electricity, heat, gas and coal	113,714	127,858
<u>Sales of services and other revenues:</u>		
Distribution services	22,872	17,944
Other services	22,535	18,694
Rental income	112	90
Revenues from goods sold	415	559
Other revenues	840	1,898
	46,774	39,185
<u>Other operating income:</u>		
Granted green and similar certificates	-	64
Contractual fines and interest fees for delays	179	759
Gain on sale of property, plant and equipment	114	186
Gain on sale of material	113	181
Other	823	1,464
	1,229	2,654
Total revenues and other operating income	161,717	169,697

Revenues from contracts with customers for the six months ended June 30, 2024 and 2023 were CZK 150,814 million and CZK 181,928 million, respectively, and can be linked to the above figures as follows:

	1-6/2024	1-6/2023
Sales of electricity, heat, gas and coal	113,714	127,858
Sales of services and other revenues	46,774	39,185
Total revenues	160,488	167,043
Adjustments:		
Effect of hedging – presales of electricity	(8,836)	15,894
Effect of hedging – currency risk hedging	(726)	(919)
Rental income	(112)	(90)
Revenues from contracts with customers	<u>150,814</u>	<u>181,928</u>

12. Gains and Losses from Commodity Derivative Trading

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

	1-6/2024	1-6/2023
Gain from electricity derivative trading	4,481	5,178
Loss from gas derivative trading	(361)	(307)
Loss from oil derivative trading	(14)	(7)
Gain from coal derivative trading	7	21
Gain (loss) from emission rights derivative trading	(666)	1,046
Total gains and losses from commodity derivative trading	<u>3,447</u>	<u>5,931</u>

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

13. Other Operating Expenses

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

	1-6/2024	1-6/2023
Change in provisions	2,045	1,597
Levy on revenues above price caps	46	(11,149)
Other taxes and fees	(1,565)	(1,459)
Insurance	(629)	(534)
Costs related to trading of commodities	(384)	(467)
Cost of goods sold	(215)	(353)
Loss on sale of property, plant and equipment	(1)	(1)
Other	(1,149)	(1,075)
Total other operating expenses	<u>(1,852)</u>	<u>(13,441)</u>

14. Income Taxes

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

	1-6/2024			1-6/2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
Change in fair value of cash flow hedges	4,799	(3,276)	1,523	53,830	(39,424)	14,406
Cash flow hedges reclassified to statement of income	(9,815)	7,056	(2,759)	15,312	(9,923)	5,389
Change in fair value of debt instruments	(561)	50	(511)	1,060	(191)	869
Disposal of debt instruments	5	(1)	4	24	(10)	14
Translation differences – subsidiaries	293	-	293	(122)	-	(122)
Translation differences – associates and joint-ventures	37	-	37	(327)	-	(327)
Disposal of translation differences	(28)	-	(28)	(15)	-	(15)
Share on other equity movements of associates and joint-ventures	(2)	-	(2)	(60)	-	(60)
Total	(5,272)	3,829	(1,443)	69,702	(49,548)	20,154

15. Segment Information

The Group reports its result using four reportable operating segments:

- Generation
- Distribution
- Sales
- Mining

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

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

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

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

	1-6/2024	1-6/2023
Income before other income (expenses) and income taxes	51,333	45,318
Depreciation and amortization	17,916	17,014
Impairment of property, plant and equipment and intangible assets	28	221
Gains and losses on sale of property, plant and equipment, net ¹⁾	(113)	(185)
EBITDA	69,164	62,368

- 1) Gains on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating income (Note 11). Losses on sale of property, plant and equipment are presented in the statement of income as part of the line item Other operating expenses (Note 13).

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

	1-6/2024	1-6/2023
Operating income	161,717	169,697
Gains and losses from commodity derivative trading	3,447	5,931
Purchase of electricity, gas and other energies	(29,507)	(41,167)
Fuel and emission rights	(19,283)	(19,608)
Services	(18,462)	(16,539)
Capitalization of expenses to the cost of assets and change in own inventories	2,493	3,033
Levy on revenues above price caps ¹⁾	46	(11,149)
Other ²⁾	(2,471)	(2,034)
Gross margin	97,980	88,164

- 1) Levy on revenues above price caps is part of the statement of income line-item Other operating expenses (Note 13).

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

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

June 30, 2024:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	56,971	22,753	79,651	2,342	161,717	-	161,717
Revenues and other operating income – intersegment	47,012	209	8,159	5,163	60,543	(60,543)	-
Total revenues and other operating income	103,983	22,962	87,810	7,505	222,260	(60,543)	161,717
Thereof:							
Sales of electricity, heat, gas and coal	96,507	-	66,651	6,756	169,914	(56,200)	113,714
Sales of services and other revenues	6,660	22,800	20,707	660	50,827	(4,053)	46,774
Other operating income	816	162	452	89	1,519	(290)	1,229
Revenues and other operating income, including result from commodity derivative trading	107,442	22,962	87,798	7,505	225,707	(60,543)	165,164
Total sales of electricity, including the result of electricity trading ¹⁾	87,397	-	54,722	-	142,119	(42,374)	99,745
Gross margin	64,775	15,905	13,177	7,457	101,314	(3,334)	97,980
EBITDA	50,808	10,436	3,783	4,145	69,172	(8)	69,164
Depreciation and amortization	(11,674)	(3,896)	(1,293)	(1,053)	(17,916)	-	(17,916)
Impairment of property, plant and equipment and intangible assets	(4)	(24)	-	-	(28)	-	(28)
Income before other income (expenses) and income taxes	39,203	6,529	2,507	3,102	51,341	(8)	51,333
Interest on debt and provisions	(6,130)	(638)	(197)	(367)	(7,332)	584	(6,748)
Interest income	1,115	237	598	376	2,326	(584)	1,742
Share of profit (loss) from associates and joint-ventures	(17)	-	22	(36)	(31)	-	(31)
Income taxes	(23,173)	(1,300)	(587)	(677)	(25,737)	11	(25,726)
Net income	18,977	4,827	1,946	2,526	28,276	(7,219)	21,057
Identifiable assets	286,002	140,336	15,298	12,597	454,233	(314)	453,919
Investment in associates and joint-ventures	2,837	-	304	640	3,781	-	3,781
Unallocated assets							311,441
Total assets							769,141
Capital expenditure	9,787	8,777	1,476	671	20,711	(208)	20,503

¹⁾ The item contains the line Total sales of electricity (Note 11) and the line Gain from electricity derivative trading (Note 12).

June 30, 2023:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Revenues and other operating income – other than intersegment	47,537	17,890	100,161	4,109	169,697	-	169,697
Revenues and other operating income – intersegment	78,245	131	14,104	5,788	98,268	(98,268)	-
Total revenues and other operating income	125,782	18,021	114,265	9,897	267,965	(98,268)	169,697
Thereof:							
Sales of electricity, heat, gas and coal	118,169	-	95,177	9,225	222,571	(94,713)	127,858
Sales of services and other revenues	6,846	17,872	17,262	637	42,617	(3,432)	39,185
Other operating income	767	149	1,826	35	2,777	(123)	2,654
Revenues and other operating income, including result from commodity derivative trading	131,976	18,021	114,616	9,897	274,510	(98,882)	175,628
Total sales of electricity, including the result of electricity trading ¹⁾	101,678	-	72,819	-	174,497	(69,778)	104,719
Gross margin	57,707	14,047	11,302	9,679	92,735	(4,571)	88,164
EBITDA	45,489	9,004	3,164	5,649	63,306	(938)	62,368
Depreciation and amortization	(11,398)	(3,568)	(1,070)	(978)	(17,014)	-	(17,014)
Impairment of property, plant and equipment and intangible assets	(1)	(7)	-	(213)	(221)	-	(221)
Income before other income (expenses) and income taxes	34,213	5,462	2,103	4,478	46,256	(938)	45,318
Interest on debt and provisions	(6,838)	(613)	(206)	(329)	(7,986)	581	(7,405)
Interest income	3,242	366	657	337	4,602	(581)	4,021
Share of profit (loss) from associates and joint-ventures	(27)	177	390	(47)	493	-	493
Income taxes	(19,592)	(991)	(294)	(875)	(21,752)	(38)	(21,790)
Net income	21,428	4,467	2,565	3,661	32,121	(9,840)	22,281
Capital expenditure	7,975	7,178	1,073	820	17,046	(118)	16,928
December 31, 2023:	Gene- ration	Distribu- tion	Sales	Mining	Combined	Elimina- tion	Consoli- dated
Identifiable assets	288,800	135,516	15,104	12,977	452,397	(265)	452,132
Investment in associates and joint-ventures	2,773	-	284	680	3,737	-	3,737
Unallocated assets							369,896
Total assets							<u>825,765</u>

¹⁾ The item contains the line Total sales of electricity (Note 11) and the line Gain from electricity derivative trading (Note 12).