

Evergy, Inc.

First Quarter 2022 Earnings

Released May 5, 2022

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NOTE:

The Notes to the Unaudited Consolidated Financial Statements in Evergy's, Evergy Kansas Central's and Evergy Metro's combined Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information. The enclosed statements have been prepared for the purpose of providing information concerning Evergy, Evergy Kansas Central and Evergy Metro and not in connection with any sale, offer for sale, or solicitation to buy any securities.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Three Months Ended March 31	2022	2021	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 451.8	\$ 396.7	\$ 55.1	13.9
Commercial	403.1	346.0	57.1	16.5
Industrial	150.3	133.6	16.7	12.5
Other retail	9.0	7.4	1.6	21.6
Total electric retail	1,014.2	883.7	130.5	14.8
Wholesale	51.9	487.5	(435.6)	(89.4)
Transmission	98.0	86.0	12.0	14.0
Other	59.8	154.7	(94.9)	(61.3)
Total Revenues	1,223.9	1,611.9	(388.0)	(24.1)
OPERATING EXPENSES:				
Fuel and purchased power	309.0	635.1	(326.1)	(51.3)
SPP network transmission costs	78.7	69.4	9.3	13.4
Operating and maintenance	252.2	275.5	(23.3)	(8.5)
Depreciation and amortization	229.0	219.3	9.7	4.4
Taxes other than income tax	101.9	94.9	7.0	7.4
Total Operating Expenses	970.8	1,294.2	(323.4)	(25.0)
INCOME FROM OPERATIONS	253.1	317.7	(64.6)	(20.3)
OTHER INCOME (EXPENSE):				
Investment earnings (loss)	(9.6)	1.6	(11.2)	N/M
Other income	8.2	11.2	(3.0)	(26.8)
Other expense	(24.9)	(20.9)	(4.0)	19.1
Total Other Expense, Net	(26.3)	(8.1)	(18.2)	N/M
Interest expense	91.8	94.0	(2.2)	(2.3)
INCOME BEFORE INCOME TAXES	135.0	215.6	(80.6)	(37.4)
Income tax expense	11.5	23.0	(11.5)	(50.0)
Equity in earnings of equity method investees, net of income taxes	2.1	2.0	0.1	5.0
NET INCOME	125.6	194.6	(69.0)	(35.5)
Less: Net income attributable to noncontrolling interests	3.1	3.0	0.1	3.3
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 122.5	\$ 191.6	\$ (69.1)	(36.1)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.53	\$ 0.84	\$ (0.31)	(36.9)
Diluted earnings per common share	\$ 0.53	\$ 0.84	\$ (0.31)	(36.9)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	229.8	227.3	2.5	1.1
Diluted	230.2	227.6	2.6	1.1
Effective income tax rate	8.4 %	10.6 %		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31	December 31
	2022	2021
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 22.2	\$ 26.2
Receivables, net of allowance for credit losses of \$24.4 and \$32.9, respectively	185.2	221.6
Accounts receivable pledged as collateral	338.0	319.0
Fuel inventory and supplies	612.7	566.7
Income taxes receivable	16.9	28.0
Regulatory assets	425.3	424.1
Prepaid expenses	44.9	49.3
Other assets	76.8	75.4
Total Current Assets	<u>1,722.0</u>	<u>1,710.3</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>21,157.7</u>	<u>21,002.6</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>146.0</u>	<u>147.8</u>
OTHER ASSETS:		
Regulatory assets	2,058.0	1,991.1
Nuclear decommissioning trust fund	733.2	768.7
Goodwill	2,336.6	2,336.6
Other	586.4	563.4
Total Other Assets	<u>5,714.2</u>	<u>5,659.8</u>
TOTAL ASSETS	\$ 28,739.9	\$ 28,520.5

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31 2022	December 31 2021
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 587.3	\$ 389.3
Notes payable and commercial paper	1,392.2	1,159.3
Collateralized note payable	338.0	319.0
Accounts payable	396.1	639.7
Accrued taxes	248.0	150.4
Accrued interest	143.3	118.8
Regulatory liabilities	56.5	70.7
Asset retirement obligations	19.0	19.5
Accrued compensation and benefits	50.2	51.6
Other	160.7	184.6
Total Current Liabilities	3,391.3	3,102.9
LONG-TERM LIABILITIES:		
Long-term debt, net	9,247.1	9,297.9
Deferred income taxes	1,885.6	1,861.9
Unamortized investment tax credits	182.5	181.4
Regulatory liabilities	2,651.7	2,705.0
Pension and post-retirement liability	884.3	879.1
Asset retirement obligations	950.8	940.6
Other	309.1	310.0
Total Long-Term Liabilities	16,111.1	16,175.9
Commitments and Contingencies (See 10-Q Note 9)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 229,476,558 and 229,299,900 shares issued, stated value	7,206.4	7,205.5
Retained earnings	2,073.3	2,082.9
Accumulated other comprehensive loss	(42.6)	(44.0)
Total Evergy, Inc. Shareholders' Equity	9,237.1	9,244.4
Noncontrolling Interests	0.4	(2.7)
Total Equity	9,237.5	9,241.7
TOTAL LIABILITIES AND EQUITY	\$ 28,739.9	\$ 28,520.5

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Cash Flows
(Unaudited)

Three Months Ended March 31	2022	2021
(millions)		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 125.6	\$ 194.6
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	229.0	219.3
Amortization of nuclear fuel	15.8	13.3
Amortization of deferred refueling outage	6.3	5.8
Amortization of corporate-owned life insurance	6.7	6.7
Non-cash compensation	4.5	3.1
Net deferred income taxes and credits	0.4	20.0
Allowance for equity funds used during construction	(7.4)	(7.5)
Payments for asset retirement obligations	(1.3)	(0.8)
Equity in earnings of equity method investees, net of income taxes	(2.1)	(2.0)
Income from corporate-owned life insurance	(0.7)	(0.6)
Other	0.3	0.2
Changes in working capital items:		
Accounts receivable	29.8	26.3
Accounts receivable pledged as collateral	(19.0)	(5.0)
Fuel inventory and supplies	(45.8)	12.4
Prepaid expenses and other current assets	(48.0)	(82.6)
Accounts payable	(157.2)	(242.4)
Accrued taxes	108.7	90.4
Other current liabilities	(13.7)	50.6
Changes in other assets	13.9	(324.6)
Changes in other liabilities	19.3	(5.8)
Cash Flows from (used in) Operating Activities	265.1	(28.6)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(524.7)	(467.7)
Purchase of securities - trusts	(12.6)	(44.6)
Sale of securities - trusts	8.7	40.9
Investment in corporate-owned life insurance	(2.9)	(1.0)
Proceeds from investment in corporate-owned life insurance	1.1	0.8
Other investing activities	(0.9)	(3.6)
Cash Flows used in Investing Activities	(531.3)	(475.2)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	(267.1)	980.0
Proceeds from term loan facility	500.0	—
Collateralized short-term borrowings, net	19.0	5.0
Proceeds from long-term debt	247.4	—
Retirements of long-term debt	(100.0)	(1.1)
Retirements of long-term debt of variable interest entities	—	(18.8)
Borrowings against cash surrender value of corporate-owned life insurance	0.6	0.4
Repayment of borrowings against cash surrender value of corporate-owned life insurance	—	(0.1)
Cash dividends paid	(131.3)	(121.4)
Other financing activities	(6.4)	(3.1)
Cash Flows from Financing Activities	262.2	840.9
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(4.0)	337.1
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	26.2	144.9
End of period	\$ 22.2	\$ 482.0

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

Eversource, Inc
First Quarter 2022 vs. 2021

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2021 net income attributable to Eversource, Inc.	\$ 191.6	\$ 0.84
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	(71.2) A	(0.31)
Operating and maintenance	23.3 B	0.10
Depreciation and amortization	(9.7) C	(0.04)
Taxes other than income tax	(7.0) D	(0.03)
Other expense, net	(18.2) E	(0.08)
Interest expense	2.2	0.01
Income tax expense	11.5 F	0.05
Equity in earnings of equity method investees, net of income taxes	0.1	—
Net income attributable to noncontrolling interests	(0.1)	—
Change in shares outstanding		(0.01)
2022 net income attributable to Eversource, Inc.	\$ 122.5	\$ 0.53

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)

- A Due primarily to a decrease in non-regulated energy marketing margins recognized by Eversource Kansas Central due to \$96.5 million of margins recognized in 2021 due to the February 2021 winter weather event - (\$104.9M); partially offset by an increase due to colder winter weather in 2022, higher weather-normalized commercial and industrial demand and favorable average retail pricing - \$17.6M; an increase in transmission revenue due to updated transmission costs reflected in Eversource Kansas Central's FERC TFR effective in January 2022 - \$12.0M; and a net increase due to other impacts from the February 2021 winter weather event - \$0.4M.
- B Due primarily to a decrease in credit loss expense at Eversource Kansas Central, Eversource Metro and Eversource Missouri West primarily due to a reduction in the allowance for credit losses recorded in 2022 as a result of improvements in the aging of accounts receivable for certain customers - \$8.9M; costs recorded in 2021 associated with executive transition, including inducement bonuses, severance agreements and other transition expenses - \$5.5M; a decrease in transmission and distribution operating and maintenance expenses primarily at Eversource Kansas Central - \$3.6M; costs at Eversource Kansas Central related to non-regulated marketing margins recognized during the February 2021 winter weather event - \$1.7M; and a decrease in advisor expenses incurred in 2022 associated with strategic planning - \$1.5M.
- C Due primarily to higher capital additions at Eversource Kansas Central and Eversource Metro in 2022.
- D Due primarily to an increase in property taxes in Missouri and Kansas primarily due to higher assessed property tax values.
- E Due primarily to a loss from the sale of Eversource's equity investment in an early-stage energy solutions company - (\$14.2M); an increase due to higher pension non-service costs at Eversource Kansas Central and Eversource Metro in 2022 - (\$3.6M); and other income recorded in 2021 related to contract termination fees - (\$3.1M).
- F Due primarily to lower Eversource Kansas Central pre-tax income in 2022 - \$17.1M; partially offset by a decrease in the amortization of flow-through items driven by a decrease in pre-tax income in 2022 at Eversource Kansas Central - (\$3.9M); and lower wind and other income tax credits in 2022 - (\$2.6M).

The Notes to the Unaudited Consolidated Financial Statements in Eversource's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource		Eversource Kansas Central		Eversource Metro		Eversource Missouri West	
	2022	2021	2022	2021	2022	2021	2022	2021
(Dollars in millions)								
Operating revenues	\$ 1,223.9	\$ 1,611.9	\$ 613.9	\$ 901.1	\$ 422.5	\$ 516.2	\$ 193.7	\$ 196.2
Fuel and purchased power	309.0	635.1	108.1	294.8	132.5	241.2	75.2	100.7
SPP network transmission costs	78.7	69.4	78.7	69.4	—	—	—	—
Operating and maintenance	252.2	275.5	125.7	130.8	78.1	93.4	45.7	48.8
Depreciation and amortization	229.0	219.3	119.7	115.5	82.9	78.4	27.6	26.6
Taxes other than income tax	101.9	94.9	54.5	50.3	33.4	32.0	13.9	12.5
Income from operations	253.1	317.7	127.2	240.3	95.6	71.2	31.3	7.6
Other expense, net	(26.3)	(8.1)	(8.6)	(3.2)	(6.3)	(4.3)	(2.4)	(3.0)
Interest expense	91.8	94.0	40.9	40.3	27.0	28.3	10.6	13.2
Income tax expense (benefit)	11.5	23.0	3.6	16.6	7.7	5.1	1.4	(4.1)
Equity in earnings of equity method investees, net of income taxes	2.1	2.0	1.0	0.9	—	—	—	—
Net income (loss)	125.6	194.6	75.1	181.1	54.6	33.5	16.9	(4.5)
Less: net income attributable to noncontrolling interests	3.1	3.0	3.1	3.0	—	—	—	—
Net income (loss) attributable to controlling interest	122.5	191.6	72.0	178.1	54.6	33.5	16.9	(4.5)
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,223.9	1,611.9	613.9	901.1	422.5	516.2	193.7	196.2
Fuel and purchased power	309.0	635.1	108.1	294.8	132.5	241.2	75.2	100.7
SPP network transmission costs	78.7	69.4	78.7	69.4	—	—	—	—
Utility gross margin ^(a)	836.2	907.4	427.1	536.9	290.0	275.0	118.5	95.5
Operating and maintenance	252.2	275.5	125.7	130.8	78.1	93.4	45.7	48.8
Depreciation and amortization	229.0	219.3	119.7	115.5	82.9	78.4	27.6	26.6
Taxes other than income tax	101.9	94.9	54.5	50.3	33.4	32.0	13.9	12.5
Income from operations	253.1	317.7	127.2	240.3	95.6	71.2	31.3	7.6
(Dollars in millions)								
Revenues								
Residential	451.8	396.7	196.1	183.4	159.9	122.2	95.8	91.1
Commercial	403.1	346.0	165.2	153.7	173.6	132.5	64.3	59.8
Industrial	150.3	133.6	100.8	93.0	28.8	22.3	20.7	18.3
Other retail revenues	9.0	7.4	4.1	3.2	2.6	2.1	2.3	2.1
Total electric retail	1,014.2	883.7	466.2	433.3	364.9	279.1	183.1	171.3
Wholesale revenues	51.9	487.5	50.1	272.4	7.7	200.5	0.7	16.2
Transmission	98.0	86.0	87.5	77.9	5.4	4.0	5.1	4.1
Other	59.8	154.7	10.1	117.5	44.5	32.6	4.8	4.6
Operating revenues	1,223.9	1,611.9	613.9	901.1	422.5	516.2	193.7	196.2
(MWh in thousands)								
Electricity Sales								
Residential	3,935	3,962	1,549	1,538	1,383	1,411	1,003	1,013
Commercial	4,256	4,222	1,637	1,635	1,809	1,798	809	789
Industrial	2,113	2,058	1,370	1,326	399	396	344	336
Other retail revenues	32	31	10	8	17	17	6	5
Total electric retail	10,336	10,273	4,566	4,507	3,608	3,622	2,162	2,143
Wholesale revenues	3,900	4,766	2,361	3,249	1,448	1,203	100	314
Total electricity sales	14,236	15,039	6,927	7,756	5,056	4,825	2,262	2,457

^(a)Utility gross margin is a Non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Degree Days	Evergy			
	Three Months Ended March 31			
	2022	2021/ Normal	Change	% Change
Cooling				
Actual compared to last year	—	—	—	—
Actual compared to normal	—	4	(4)	N/M
Heating				
Actual compared to last year	2,578	2,534	44	1.7
Actual compared to normal	2,578	2,531	47	1.9

Evergy, Inc.
Capitalization

	March 31, 2022		December 31, 2021	
	(dollars in millions)			
Current maturities of long-term debt	\$	587.3	\$	389.3
Long-term debt, net		9,247.1		9,297.9
Total long-term debt		9,834.4	51.6 %	9,687.2 51.2 %
Common equity		9,237.1	48.4 %	9,244.4 48.8 %
Noncontrolling interests		0.4	— %	(2.7) — %
Total capitalization	\$	19,071.9	100.0 %	\$ 18,928.9 100.0 %
GAAP Book value per share	\$	40.25	\$	40.32
Period end shares outstanding		229,476,558		229,299,900

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2022 should be read in conjunction with this financial information.

Evergy, Inc.
Non-GAAP Measures

Utility Gross Margin (non-GAAP)

Utility gross margin is a financial measure that is not calculated in accordance with GAAP. Utility gross margin, as used by Evergy, Evergy Kansas Central and Evergy Metro (collectively, the Evergy Companies), is defined as operating revenues less fuel and purchased power costs and amounts billed by the SPP for network transmission costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. In addition, SPP network transmission costs fluctuate primarily due to investments by SPP members for upgrades to the transmission grid within the SPP Regional Transmission Organization (RTO). As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices charged to customers with minimal impact on net income.

Management believes that utility gross margin provides a meaningful basis for evaluating the Evergy Companies' operations across periods because utility gross margin excludes the revenue effect of fluctuations in these expenses. Utility gross margin is used internally to measure performance against budget and in reports for management and the Evergy Board. Utility gross margin should be viewed as a supplement to, and not a substitute for, income from operations, which is the most directly comparable financial measure prepared in accordance with GAAP. The Evergy Companies' definition of utility gross margin may differ from similar terms used by other companies. See page 6 for the reconciliation of utility gross margin to income from operations for the three months ended March 31, 2022 and 2021.

Adjusted Earnings (non-GAAP) and Adjusted Earnings Per Share (non-GAAP)

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for the three months ended March 31, 2022, were \$133.8 million or \$0.58 per share, respectively. For the three months ended March 31, 2021, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$125.4 million or \$0.55 per share, respectively. In addition to net income attributable to Evergy, Inc. and diluted EPS, Evergy's management uses adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) to evaluate earnings and EPS without the income or costs resulting from non-regulated energy marketing margins from the February 2021 winter weather event and gains or losses related to equity investments subject to a restriction on sale that can create period to period volatility, as well as costs resulting from executive transition, severance and advisor expenses.

Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are intended to enhance an investor's overall understanding of results. Management believes that adjusted earnings (non-GAAP) provides a meaningful basis for evaluating Evergy's operations across periods because it excludes certain items that management does not believe are indicative of Evergy's ongoing performance.

Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are used internally to measure performance against budget and in reports for management and the Evergy Board. Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are financial measures that are not calculated in accordance with GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to Evergy, Inc. and diluted EPS as determined in accordance with GAAP and adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP).

Three Months Ended March 31	2022		2021	
	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 122.5	\$ 0.53	\$ 191.6	\$ 0.84
Non-GAAP reconciling items:				
Non-regulated energy marketing margin related to February 2021 winter weather event, pre-tax ^(a)	—	—	(96.5)	(0.42)
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax ^(b)	0.3	—	2.0	0.01
Executive transition costs, pre-tax ^(c)	—	—	5.5	0.02
Severance costs, pre-tax ^(d)	—	—	1.6	0.01
Advisor expenses, pre-tax ^(e)	—	—	1.5	0.01
Restricted equity investment losses, pre-tax ^(f)	14.2	0.06	—	—
Income tax expense (benefit) ^(g)	(3.2)	(0.01)	19.7	0.08
Adjusted earnings (non-GAAP)	\$ 133.8	\$ 0.58	\$ 125.4	\$ 0.55

^(a) Reflects non-regulated energy marketing margins related to the February 2021 winter weather event and are included in operating revenues on the consolidated statements of comprehensive income.

^(b) Reflects non-regulated energy marketing incentive compensation costs related to the February 2021 winter weather event and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(c) Reflects costs associated with executive transition including inducement bonuses, severance agreements and other transition expenses and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(d) Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(e) Reflects advisor expenses incurred associated with strategic planning and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(f) Reflects losses related to equity investments which were subject to a restriction on sale, including gains or losses related to the fair value of associated share forward agreements, and are included in investment earnings (loss) on the consolidated statements of comprehensive income.

^(g) Reflects an income tax effect calculated at a statutory rate of approximately 22%, with the exception of certain non-deductible items.