

# Evergy, Inc.

## First Quarter 2023 Earnings

Released May 5, 2023

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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, 2023 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)

<b>Three Months Ended March 31</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>% Change</b>
	(millions, except per share amounts)			
<b>REVENUES:</b>				
Residential	\$ 458.6	\$ 451.8	\$ 6.8	1.5
Commercial	430.0	403.1	26.9	6.7
Industrial	159.1	150.3	8.8	5.9
Other retail	11.3	9.0	2.3	25.6
Total electric retail	<u>1,059.0</u>	<u>1,014.2</u>	<u>44.8</u>	<u>4.4</u>
Wholesale	70.4	51.9	18.5	35.6
Transmission	105.8	98.0	7.8	8.0
Other	61.6	59.8	1.8	3.0
Total Revenues	<u>1,296.8</u>	<u>1,223.9</u>	<u>72.9</u>	<u>6.0</u>
<b>OPERATING EXPENSES:</b>				
Fuel and purchased power	354.2	309.0	45.2	14.6
SPP network transmission costs	81.2	78.7	2.5	3.2
Operating and maintenance	216.3	252.2	(35.9)	(14.2)
Depreciation and amortization	263.4	229.0	34.4	15.0
Taxes other than income tax	102.4	101.9	0.5	0.5
Total Operating Expenses	<u>1,017.5</u>	<u>970.8</u>	<u>46.7</u>	<u>4.8</u>
<b>INCOME FROM OPERATIONS</b>	<b>279.3</b>	<b>253.1</b>	<b>26.2</b>	<b>10.4</b>
<b>OTHER INCOME (EXPENSE):</b>				
Investment earnings (loss)	9.1	(9.6)	18.7	N/M
Other income	12.2	8.2	4.0	48.8
Other expense	(21.3)	(24.9)	3.6	(14.5)
Total Other Expense, Net	<u>—</u>	<u>(26.3)</u>	<u>26.3</u>	<u>N/M</u>
Interest expense	123.1	91.8	31.3	34.1
<b>INCOME BEFORE INCOME TAXES</b>	<b>156.2</b>	<b>135.0</b>	<b>21.2</b>	<b>15.7</b>
Income tax expense	12.4	11.5	0.9	7.8
Equity in earnings of equity method investees, net of income taxes	1.9	2.1	(0.2)	(9.5)
<b>NET INCOME</b>	<b>145.7</b>	<b>125.6</b>	<b>20.1</b>	<b>16.0</b>
Less: Net income attributable to noncontrolling interests	3.1	3.1	—	—
<b>NET INCOME ATTRIBUTABLE TO EVERGY, INC.</b>	<b>\$ 142.6</b>	<b>\$ 122.5</b>	<b>\$ 20.1</b>	<b>16.4</b>
<b>BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)</b>				
Basic earnings per common share	\$ 0.62	\$ 0.53	\$ 0.09	17.0
Diluted earnings per common share	\$ 0.62	\$ 0.53	\$ 0.09	17.0
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	230.0	229.8	0.2	0.1
Diluted	230.3	230.2	0.1	—
Effective income tax rate	7.9 %	8.4 %		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Balance Sheets**  
(Unaudited)

	<b>March 31</b>	December 31
	<b>2023</b>	2022
<b>ASSETS</b>	(millions, except share amounts)	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 28.4	\$ 25.2
Receivables, net of allowance for credit losses of \$22.9 and \$31.4, respectively	207.3	315.3
Accounts receivable pledged as collateral	365.0	359.0
Fuel inventory and supplies	724.1	672.9
Income taxes receivable	—	9.3
Regulatory assets	385.5	368.0
Prepaid expenses	41.0	47.8
Other assets	47.0	44.5
Total Current Assets	<b>1,798.3</b>	1,842.0
PROPERTY, PLANT AND EQUIPMENT, NET	<b>22,329.0</b>	22,136.5
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<b>138.9</b>	140.7
<b>OTHER ASSETS:</b>		
Regulatory assets	<b>1,840.0</b>	1,846.3
Nuclear decommissioning trust fund	<b>689.5</b>	653.3
Goodwill	<b>2,336.6</b>	2,336.6
Other	<b>553.6</b>	534.5
Total Other Assets	<b>5,419.7</b>	5,370.7
<b>TOTAL ASSETS</b>	<b>\$ 29,685.9</b>	\$ 29,489.9

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Balance Sheets**  
(Unaudited)

	March 31 2023	December 31 2022
<b>LIABILITIES AND EQUITY</b>	(millions, except share amounts)	
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 139.4	\$ 439.1
Notes payable and commercial paper	1,748.8	1,332.3
Collateralized note payable	365.0	359.0
Accounts payable	366.4	600.8
Accrued taxes	261.5	163.0
Accrued interest	122.1	124.3
Regulatory liabilities	193.9	155.4
Asset retirement obligations	39.7	40.4
Accrued compensation and benefits	52.7	81.1
Other	176.9	198.4
Total Current Liabilities	3,466.4	3,493.8
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net	10,097.2	9,905.7
Deferred income taxes	2,027.6	1,996.6
Unamortized investment tax credits	172.8	174.6
Regulatory liabilities	2,523.7	2,566.8
Pension and post-retirement liability	481.1	458.4
Asset retirement obligations	1,124.1	1,112.8
Other	291.3	287.9
Total Long-Term Liabilities	16,717.8	16,502.8
Commitments and Contingencies (See 10-Q Note 10)		
<b>EQUITY:</b>		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 229,676,699 and 229,546,105 shares issued, stated value	7,222.2	7,219.7
Retained earnings	2,300.0	2,298.5
Accumulated other comprehensive loss	(33.2)	(34.5)
Total Evergy, Inc. Shareholders' Equity	9,489.0	9,483.7
Noncontrolling Interests	12.7	9.6
Total Equity	9,501.7	9,493.3
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 29,685.9</b>	<b>\$ 29,489.9</b>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

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

<b>Three Months Ended March 31</b>	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>	(millions)	
Net income	\$ 145.7	\$ 125.6
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	263.4	229.0
Amortization of nuclear fuel	15.1	15.8
Amortization of deferred refueling outage	4.6	6.3
Amortization of corporate-owned life insurance	7.0	6.7
Non-cash compensation	4.8	4.5
Net deferred income taxes and credits	2.7	0.4
Allowance for equity funds used during construction	(2.7)	(7.4)
Payments for asset retirement obligations	(2.6)	(1.3)
Equity in earnings of equity method investees, net of income taxes	(1.9)	(2.1)
Income from corporate-owned life insurance	(8.6)	(0.7)
Other	0.3	0.3
Changes in working capital items:		
Accounts receivable	93.5	29.8
Accounts receivable pledged as collateral	(6.0)	(19.0)
Fuel inventory and supplies	(51.0)	(45.8)
Prepaid expenses and other current assets	0.3	(48.0)
Accounts payable	(197.8)	(157.2)
Accrued taxes	107.8	108.7
Other current liabilities	(3.2)	(13.7)
Changes in other assets	0.4	13.9
Changes in other liabilities	(8.9)	19.3
Cash Flows from Operating Activities	<b>362.9</b>	<b>265.1</b>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(527.7)	(524.7)
Purchase of securities - trusts	(11.0)	(12.6)
Sale of securities - trusts	7.6	8.7
Investment in corporate-owned life insurance	(3.8)	(2.9)
Proceeds from investment in corporate-owned life insurance	42.1	1.1
Other investing activities	(4.1)	(0.9)
Cash Flows used in Investing Activities	<b>(496.9)</b>	<b>(531.3)</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Short-term debt, net	214.2	(267.1)
Proceeds from Term Loan Facility	—	500.0
Collateralized short-term borrowings, net	6.0	19.0
Proceeds from long-term debt	393.7	247.4
Retirements of long-term debt	(300.0)	(100.0)
Borrowings against cash surrender value of corporate-owned life insurance	0.6	0.6
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(32.5)	—
Cash dividends paid	(140.7)	(131.3)
Other financing activities	(4.1)	(6.4)
Cash Flows from Financing Activities	<b>137.2</b>	<b>262.2</b>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>3.2</b>	<b>(4.0)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH:</b>		
Beginning of period	25.2	26.2
End of period	<b>\$ 28.4</b>	<b>\$ 22.2</b>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

Eversource Energy, Inc.  
First Quarter 2023 vs. 2022

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2022 net income attributable to Eversource Energy, Inc.	\$ 122.5	\$ 0.53
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin <sup>(a)</sup>	25.2	A 0.11
Operating and maintenance	35.9	B 0.16
Depreciation and amortization	(34.4)	C (0.15)
Taxes other than income tax	(0.5)	—
Other income, net	26.3	D 0.11
Interest expense	(31.3)	E (0.14)
Income tax expense	(0.9)	0.01
Equity in earnings of equity method investees, net of income taxes	(0.2)	—
Net income attributable to noncontrolling interests	—	—
Change in shares outstanding		—
2023 net income attributable to Eversource Energy, Inc.	\$ 142.6	\$ 0.62

<sup>(a)</sup> 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 an increase from new Eversource Metro and Eversource Missouri West retail rates effective in January 2023 - \$11.8M; an increase due to mark-to-market gains related to forward contracts for natural gas and electricity entered into as economic hedges against fuel price volatility related to Eversource Kansas Central's non-regulated 8% ownership share of Jeffrey Energy Center (JEC) - \$8.4M; an increase in transmission revenue due to updated transmission costs reflected in Eversource Kansas Central's Federal Energy Regulatory Commission (FERC) transmission formula rate (TFR) effective in January 2023 and revised in March 2023 - \$7.8M; an increase in operating revenue related to non-regulated energy marketing activity at Eversource Kansas Central - \$6.4M; partially offset by lower retail sales driven by warmer winter weather in 2023 - (\$9.2M).
- B Due primarily to a decrease in administrative labor and employee benefits expenses primarily due to a decrease in employee headcount - \$13.3M; a decrease in various administrative and general operating and maintenance expenses primarily due to lower regulatory amortizations at Eversource Metro and Eversource Missouri West as a result of their 2022 rate cases - \$5.9M; a decrease in plant operating and maintenance expenses primarily driven by a major maintenance outage at Eversource Kansas Central's JEC - \$5.2M; a decrease in plant operating and maintenance expense at Wolf Creek Generating Station at Eversource Kansas Central and Eversource Metro primarily due to lower refueling outage amortization in 2023 and lower labor expense in 2023 driven by an increase in labor capitalization and lower employee headcount - \$5.0M; and a decrease in transmission and distribution operating and maintenance expenses primarily at Eversource Kansas Central driven by lower labor expense partially offset by an increase in vegetation management costs in 2023 - \$2.5M; partially offset by an increase in property insurance expense due to a lower annual refund of nuclear insurance premiums received by Eversource Kansas Central and Eversource Metro in 2023 - (\$3.7M).
- C Due primarily to higher capital additions at Eversource Kansas Central and Eversource Metro in 2023 - (\$23.5M) and a change in depreciation rates as a result of Eversource Metro's and Eversource Missouri West's 2022 rate cases effective in January 2023 - (\$10.9M).
- D Due primarily to an increase in investment earnings primarily driven by a loss from the sale of Eversource's equity investment in an early-stage energy solutions company in 2022 and an increase in interest and dividend income; partially offset by a decrease in unrealized gains due to the change in fair value related to other equity investments - \$18.7M; a decrease due to recording higher Eversource Kansas Central corporate-owned life insurance (COLI) benefits in 2023 - \$8.1M and a decrease in pension non-service costs - \$3.6M.
- E Due primarily to an increase in interest expense on short-term borrowings primarily due to higher short-term debt balances and weighted-average interest rates for Eversource Kansas Central, Eversource Metro and Eversource Missouri West - (\$31.3M).

The Notes to the Unaudited Consolidated Financial Statements in Eversource's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Evergy		Evergy Kansas Central		Evergy Metro		Evergy Missouri West	
	2023	2022	2023	2022	2023	2022	2023	2022
(Dollars in millions)								
Operating revenues	\$ 1,296.8	\$ 1,223.9	\$ 678.6	\$ 613.9	\$ 406.4	\$ 422.5	\$ 222.1	\$ 193.7
Fuel and purchased power	354.2	309.0	144.4	108.1	115.4	132.5	104.9	75.2
SPP network transmission costs	81.2	78.7	81.2	78.7	—	—	—	—
Operating and maintenance	216.3	252.2	107.6	125.7	65.3	78.1	41.6	45.7
Depreciation and amortization	263.4	229.0	124.1	119.7	102.4	82.9	38.1	27.6
Taxes other than income tax	102.4	101.9	55.7	54.5	33.5	33.4	13.2	13.9
Income from operations	279.3	253.1	165.6	127.2	89.8	95.6	24.3	31.3
Other income (expense), net	—	(26.3)	0.6	(8.6)	(5.5)	(6.3)	4.2	(2.4)
Interest expense	123.1	91.8	52.4	40.9	30.6	27.0	20.5	10.6
Income tax expense (benefit)	12.4	11.5	8.4	3.6	6.9	7.7	(3.0)	1.4
Equity in earnings of equity method investees, net of income taxes	1.9	2.1	1.0	1.0	—	—	—	—
Net income	145.7	125.6	106.4	75.1	46.8	54.6	11.0	16.9
Less: net income attributable to noncontrolling interests	3.1	3.1	3.1	3.1	—	—	—	—
Net income attributable to controlling interest	142.6	122.5	103.3	72.0	46.8	54.6	11.0	16.9
<b>Reconciliation of gross margin (GAAP) to utility gross margin (non-GAAP):</b>								
Operating revenues	1,296.8	1,223.9	678.6	613.9	406.4	422.5	222.1	193.7
Fuel and purchased power	(354.2)	(309.0)	(144.4)	(108.1)	(115.4)	(132.5)	(104.9)	(75.2)
SPP network transmission costs	(81.2)	(78.7)	(81.2)	(78.7)	—	—	—	—
Operating and maintenance <sup>(a)</sup>	(118.2)	(131.4)	(53.9)	(65.0)	(47.6)	(50.3)	(16.5)	(15.9)
Depreciation and amortization	(263.4)	(229.0)	(124.1)	(119.7)	(102.4)	(82.9)	(38.1)	(27.6)
Taxes other than income tax	(102.4)	(101.9)	(55.7)	(54.5)	(33.5)	(33.4)	(13.2)	(13.9)
<b>Gross margin (GAAP)</b>	<b>377.4</b>	<b>373.9</b>	<b>219.3</b>	<b>187.9</b>	<b>107.5</b>	<b>123.4</b>	<b>49.4</b>	<b>61.1</b>
Operating and maintenance <sup>(a)</sup>	118.2	131.4	53.9	65.0	47.6	50.3	16.5	15.9
Depreciation and amortization	263.4	229.0	124.1	119.7	102.4	82.9	38.1	27.6
Taxes other than income tax	102.4	101.9	55.7	54.5	33.5	33.4	13.2	13.9
<b>Utility gross margin (non-GAAP)</b>	<b>861.4</b>	<b>836.2</b>	<b>453.0</b>	<b>427.1</b>	<b>291.0</b>	<b>290.0</b>	<b>117.2</b>	<b>118.5</b>
<b>Revenues</b>								
(Dollars in millions)								
Residential	458.6	451.8	192.1	196.1	158.0	159.9	108.5	95.8
Commercial	430.0	403.1	178.1	165.2	175.9	173.6	76.0	64.3
Industrial	159.1	150.3	108.5	100.8	28.4	28.8	22.2	20.7
Other retail revenues	11.3	9.0	4.3	4.1	2.7	2.6	4.3	2.3
Total electric retail	1,059.0	1,014.2	483.0	466.2	365.0	364.9	211.0	183.1
Wholesale revenues	70.4	51.9	67.6	50.1	11.4	7.7	1.9	0.7
Transmission	105.8	98.0	100.6	87.5	3.8	5.4	1.4	5.1
Other	61.6	59.8	27.4	10.1	26.2	44.5	7.8	4.8
Operating revenues	1,296.8	1,223.9	678.6	613.9	406.4	422.5	222.1	193.7
<b>Electricity Sales</b>								
(MWh in thousands)								
Residential	3,741	3,935	1,452	1,549	1,329	1,383	960	1,003
Commercial	4,311	4,256	1,672	1,637	1,806	1,809	833	809
Industrial	2,064	2,113	1,319	1,370	399	399	345	344
Other retail revenues	31	32	10	10	17	17	5	6
Total electric retail	10,147	10,336	4,453	4,566	3,551	3,608	2,143	2,162
Wholesale revenues	3,548	3,900	2,644	2,361	826	1,448	151	100
Total electricity sales	13,695	14,236	7,097	6,927	4,377	5,056	2,294	2,262

<sup>(a)</sup>Operating and maintenance expenses which are deemed to be directly attributable to revenue-producing activities include plant operating and maintenance expenses at generating units and transmission and distribution operating and maintenance expenses and have been separately presented in order to calculate gross margin as defined under GAAP.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

<b>Degree Days</b>	<b>Evergy</b>			
	<b>Three Months Ended March 31</b>			
	<b>2023</b>	2022/ Normal	Change	% Change
<b>Cooling</b>				
Actual compared to last year	—	—	—	—
Actual compared to normal	—	4	(4)	N/M
<b>Heating</b>				
Actual compared to last year	<b>2,305</b>	2,583	(278)	(10.8)
Actual compared to normal	<b>2,305</b>	2,534	(229)	(9.0)



Evergy, Inc.  
Capitalization

	<b>March 31, 2023</b>		December 31, 2022	
	(dollars in millions, except per share amounts)			
Current maturities of long-term debt	<b>\$ 139.4</b>		\$ 439.1	
Long-term debt, net	<b>10,097.2</b>		9,905.7	
Total long-term debt	<b>10,236.6</b>	52.0 %	10,344.8	52.1 %
Common equity	<b>9,489.0</b>	48.0 %	9,483.7	47.8 %
Noncontrolling interests	<b>12.7</b>	— %	9.6	— %
Total capitalization	<b>\$ 19,738.3</b>	100.0 %	\$ 19,838.1	100.0 %
<hr/>				
GAAP Book value per share	<b>\$ 41.31</b>		\$ 41.32	
Period end shares outstanding	<b>229,676,699</b>		229,546,105	

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2023 should be read in conjunction with this financial information.

Evergy, Inc.  
Non-GAAP Measures

**Utility Gross Margin (non-GAAP)**

Utility gross margin (non-GAAP) is a financial measure that is not calculated in accordance with GAAP. Utility gross margin (non-GAAP), 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. The Evergy Companies' definition of utility gross margin (non-GAAP) may differ from similar terms used by other companies.

Utility gross margin (non-GAAP) is intended to aid an investor's overall understanding of results. Management believes that utility gross margin (non-GAAP) provides a meaningful basis for evaluating the Evergy Companies' operations across periods because utility gross margin (non-GAAP) excludes the revenue effect of fluctuations in fuel and purchased power costs and SPP network transmission costs. Utility gross margin (non-GAAP) is used internally to measure performance against budget and in reports for management and the Evergy Board. Utility gross margin (non-GAAP) should be viewed as a supplement to, and not a substitute for, gross margin, which is the most directly comparable financial measure prepared in accordance with GAAP. Gross margin under GAAP is defined as the excess of sales over cost of goods sold.

Utility gross margin (non-GAAP) differs from the GAAP definition of gross margin due to the exclusion of operating and maintenance expenses determined to be directly attributable to revenue-producing activities, depreciation and amortization and taxes other than income tax. See page 6 for the reconciliation of utility gross margin (non-GAAP) to gross margin, the most comparable GAAP measure, for the three months ended March 31, 2023 and 2022.

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

Management believes that adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are representative measures of Evergy's recurring earnings, assists in the comparability of results and is consistent with how management reviews performance. Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for the three months ended March 31, 2022 have been recast, as applicable, to conform to the current year presentation. Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for the three months ended March 31, 2023 were \$136.1 million or \$0.59 per share. For the three months ended March 31, 2022, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$129.9 million or \$0.56 per share.

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 i.) the costs resulting from non-regulated energy marketing margins from the February 2021 winter weather event; ii.) gains or losses related to equity investments subject to a restriction on sale; iii.) the revenues collected from customers for the return on investment of the retired Sibley Station in 2022 for future refunds to customers; iv.) the mark-to-market impacts of economic hedges related to Evergy Kansas Central's non-regulated 8% ownership share of JEC; and v.) the transmission revenues collected from customers in 2022 through Evergy Kansas Central's FERC TFR to be refunded to customers in accordance with a December 2022 FERC order.

Adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) are intended to aid 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 or that can create period to period earnings volatility.

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 tables provide 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), respectively.

	Earnings (Loss) per Diluted Share		Earnings (Loss) per Diluted Share	
	2023	2022	2023	2022
<b>Three Months Ended March 31</b>	<b>2023</b>		<b>2022</b>	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 142.6	\$ 0.62	\$ 122.5	\$ 0.53
Non-GAAP reconciling items:				
Sibley Station return on investment, pre-tax <sup>(a)</sup>	—	—	(3.1)	(0.01)
Mark-to-market impact of JEC economic hedges, pre-tax <sup>(b)</sup>	(8.4)	(0.04)	—	—
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax <sup>(c)</sup>	0.1	—	0.3	—
Restricted equity investment losses, pre-tax <sup>(d)</sup>	—	—	14.2	0.06
TFR refund, pre-tax <sup>(e)</sup>	—	—	(1.9)	(0.01)
Income tax expense (benefit) <sup>(f)</sup>	1.8	0.01	(2.1)	(0.01)
<b>Adjusted earnings (non-GAAP)</b>	<b>\$ 136.1</b>	<b>\$ 0.59</b>	<b>\$ 129.9</b>	<b>\$ 0.56</b>

<sup>(a)</sup> Reflects revenues collected from customers for the return on investment of the retired Sibley Station in 2022 that are included in operating revenues on the consolidated statements of comprehensive income.

<sup>(b)</sup> Reflects mark-to-market gains or losses related to forward contracts for natural gas and electricity entered into as economic hedges against fuel price volatility related to Evergy Kansas Central's non-regulated 8% ownership share of JEC that are included in operating revenues on the consolidated statements of comprehensive income.

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

<sup>(d)</sup> Reflects losses related to equity investments which were subject to a restriction on sale that are included in investment earnings on the consolidated statements of comprehensive income.

<sup>(e)</sup> Reflects transmission revenues collected from customers in 2022 through Evergy Kansas Central's FERC TFR to be refunded to customers in accordance with a December 2022 FERC order that are included in operating revenues on the consolidated statements of comprehensive income.

<sup>(f)</sup> Reflects an income tax effect calculated at a statutory rate of approximately 22%.