Evergy Missouri West, Inc.

Unaudited Consolidated Financial Statements for the Three Months Ended and Year to Date June 30, 2023 and 2022 and Management's Narrative Analysis of the Results of Operations Year to Date June 30, 2023 and 2022

EVERGY MISSOURI WEST, INC.

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Unaudited Consolidated Financial Statements and Management's Narrative Analysis of the Results of Operations for the Three Months Ended and Year to Date June 30, 2023 and 2022:

GLOSSARY OF TERMS

The following is a glossary of frequently used abbreviations or acronyms that are found throughout this report.

Abbreviation or Acronym	Definition
AFUDC	Allowance for funds used during construction
AROs	Asset retirement obligations
CAA	Clean Air Act Amendments of 1990
CCN	Certificate of Convenience and Necessity
CCRs	Coal combustion residuals
CO_2	Carbon dioxide
CSAPR	Cross-State Air Pollution Rule
ELG	Effluent limitations guidelines
EPA	Environmental Protection Agency
Evergy	Evergy, Inc.
Evergy Kansas Central	Evergy Kansas Central, Inc., a wholly-owned subsidiary of Evergy
Evergy Metro	Evergy Metro, Inc., a wholly-owned subsidiary of Evergy
Evergy Missouri West	Evergy Missouri West, Inc., a wholly-owned subsidiary of Evergy
February 2021 winter weather event	Significant winter weather event in February 2021 that resulted in extremely cold temperatures over a multi-day period across much of the central and southern United States
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse gas
KCC	State Corporation Commission of the State of Kansas
KDHE	Kansas Department of Health & Environment
MDNR	Missouri Department of Natural Resources
MPSC	Public Service Commission of the State of Missouri
NAAQS	National Ambient Air Quality Standards
SIP	State implementation plan

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30 2023	December 31 2022
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	**$ 2.5**	$ 2.2
Receivables, net of allowance for credit losses of $4.2 and $5.2, respectively	**65.5**	49.5
Related party receivables	**2.0**	1.9
Accounts receivable pledged as collateral	**50.0**	50.0
Fuel inventory and supplies	**96.5**	82.7
Income taxes receivable	**1.1**	14.0
Regulatory assets	**119.9**	198.8
Prepaid expenses and other assets	**12.6**	9.4
Total Current Assets	**350.1**	408.5
PROPERTY, PLANT AND EQUIPMENT, NET	**3,339.2**	3,237.2
OTHER ASSETS:		
Regulatory assets	**730.7**	718.4
Goodwill	**351.6**	351.6
Other	**21.8**	21.9
Total Other Assets	**1,104.1**	1,091.9
TOTAL ASSETS	**$ 4,793.4**	$ 4,737.6

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Balance Sheets
(Unaudited)

	June 30 2023	December 31 2022
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	**$ 10.0**	$ 10.0
Notes payable and commercial paper	**609.3**	449.2
Collateralized note payable	**50.0**	50.0
Accounts payable	**58.8**	120.3
Related party payables	**131.8**	213.8
Accrued taxes	**33.8**	7.3
Accrued interest	**10.6**	11.1
Regulatory liabilities	**30.1**	28.0
Asset retirement obligations	**2.4**	2.1
Other	**8.9**	9.5
Total Current Liabilities	**945.7**	901.3
LONG-TERM LIABILITIES:		
Long-term debt, net	**1,287.2**	1,287.2
Deferred income taxes	**457.9**	445.7
Unamortized investment tax credits	**2.5**	2.5
Regulatory liabilities	**288.2**	327.6
Retirement benefits	**17.5**	17.0
Asset retirement obligations	**22.5**	22.5
Other	**17.6**	18.7
Total Long-Term Liabilities	**2,093.4**	2,121.2
Commitments and Contingencies (Note 8)		
EQUITY:		
Common shareholder's equity		
Common stock-1,000 shares authorized, $0.01 par value, 10 shares issued, stated value	**1,457.7**	1,457.7
Retained earnings	**294.5**	255.2
Accumulated other comprehensive income	**2.1**	2.2
Total Shareholder's Equity	**1,754.3**	1,715.1
TOTAL LIABILITIES AND EQUITY	**$ 4,793.4**	$ 4,737.6

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	**2023**	2022
	(millions)			
OPERATING REVENUES	**$ 233.1**	$ 230.4	**$ 455.2**	$ 424.1
OPERATING EXPENSES:				
Fuel and purchased power	**92.8**	84.2	**197.7**	159.4
Operating and maintenance	**41.8**	49.5	**83.4**	95.2
Depreciation and amortization	**36.5**	28.1	**74.6**	55.7
Taxes other than income tax	**13.5**	12.9	**26.7**	26.8
Total Operating Expenses	**184.6**	174.7	**382.4**	337.1
INCOME FROM OPERATIONS	**48.5**	55.7	**72.8**	87.0
OTHER INCOME (EXPENSE):				
Investment earnings	**5.6**	1.4	**11.8**	2.0
Other income	**0.1**	—	**0.3**	1.0
Other expense	**(2.7)**	(3.9)	**(4.9)**	(7.9)
Total Other Income (Expense), Net	**3.0**	(2.5)	**7.2**	(4.9)
Interest expense	**22.0**	12.1	**42.5**	22.7
INCOME BEFORE INCOME TAXES	**29.5**	41.1	**37.5**	59.4
Income tax expense (benefit)	**1.2**	8.8	**(1.8)**	10.2
NET INCOME	**$ 28.3**	$ 32.3	**$ 39.3**	$ 49.2
COMPREHENSIVE INCOME				
NET INCOME	**$ 28.3**	$ 32.3	**$ 39.3**	$ 49.2
OTHER COMPREHENSIVE INCOME				
Defined benefit pension plans				
Amortization of net losses (gains) included in net periodic benefit costs	**—**	0.1	**(0.1)**	0.2
Income tax expense	**—**	—	**0.1**	—
Amortization of net losses included in net periodic benefit costs, net of tax	**—**	0.1	**—**	0.2
Change in unrecognized pension expense, net of tax	**—**	0.1	**—**	0.2
Total other comprehensive income	**—**	0.1	**—**	0.2
COMPREHENSIVE INCOME	**$ 28.3**	$ 32.4	**$ 39.3**	$ 49.4

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

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

Year to Date June 30	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	(millions)	
Net income	$ 39.3	$ 49.2
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	74.6	55.7
Net deferred income taxes and credits	(0.7)	20.0
Allowance for equity funds used during construction	—	(0.8)
Payments for asset retirement obligations	(0.3)	(0.8)
Changes in working capital items:		
Accounts receivable	(12.3)	(8.2)
Accounts receivable pledged as collateral	—	(15.0)
Fuel inventory and supplies	(13.9)	(7.2)
Prepaid expenses and other current assets	48.4	(38.7)
Accounts payable	(86.9)	(69.2)
Accrued taxes	39.3	30.5
Other current liabilities	2.0	4.1
Change in other assets	(6.2)	3.2
Changes in other liabilities	(17.4)	8.6
Cash Flows from Operating Activities	65.9	31.4
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(164.6)	(259.6)
Cash Flows used in Investing Activities	(164.6)	(259.6)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short term debt, net	159.8	295.2
Collateralized short-term borrowings, net	—	15.0
Proceeds from long-term debt	—	246.9
Retirements of long-term debt	—	(387.5)
Net money pool borrowings	(60.5)	(141.0)
Equity contribution	—	200.0
Other financing activities	(0.3)	—
Cash Flows from Financing Activities	99.0	228.6
NET CHANGE IN CASH AND CASH EQUIVALENTS	0.3	0.4
CASH AND CASH EQUIVALENTS:		
Beginning of period	2.2	1.8
End of period	$ 2.5	$ 2.2

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Consolidated Statements of Changes in Equity
(Unaudited)

	Common stock shares	Common stock	Retained earnings	AOCI - Defined benefit pension plans	Total equity
	(millions, except share amounts)				
Balance as of December 31, 2021	10	$ 1,257.7	$ 194.8	$ (2.1)	$ 1,450.4
Net income	—	—	16.9	—	16.9
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Equity contribution	—	200.0	—	—	200.0
Balance as of March 31, 2022	10	1,457.7	211.7	(2.0)	1,667.4
Net income	—	—	32.3	—	32.3
Change in unrecognized pension expense, net of tax	—	—	—	0.1	0.1
Balance as of June 30, 2022	10	$ 1,457.7	$ 244.0	$ (1.9)	$ 1,699.8
Balance as of December 31, 2022	10	$ 1,457.7	$ 255.2	$ 2.2	$ 1,715.1
Net income	—	—	11.0	—	11.0
Balance as of March 31, 2023	10	1,457.7	266.2	2.2	1,726.1
Net income	—	—	28.3	—	28.3
Change in unrecognized pension expense, net of tax	—	—	—	(0.1)	(0.1)
Balance as of June 30, 2023	10	$ 1,457.7	$ 294.5	$ 2.1	$ 1,754.3

The accompanying Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

EVERGY MISSOURI WEST, INC.
Notes to Unaudited Consolidated Financial Statements

The term "Evergy Missouri West" is used throughout this report and refers to Evergy Missouri West, Inc. and its consolidated subsidiaries, unless otherwise indicated. Evergy Missouri West is a wholly-owned subsidiary of Evergy, Inc. (Evergy). Evergy also owns Evergy Metro, Inc. (Evergy Metro) and Evergy Kansas Central, Inc. (Evergy Kansas Central), both integrated, regulated electric utilities.

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization
Evergy Missouri West is an integrated, regulated electric utility that provides electricity to customers in the state of Missouri. Evergy Missouri West conducts business in its service territory using the name Evergy.

Basis of Presentation
These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for interim financial information. Accordingly, these unaudited consolidated financial statements do not include all of the information and notes required by GAAP for annual financial statements and should be read in conjunction with Evergy Missouri West's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

These unaudited consolidated financial statements, in the opinion of management, reflect all normal recurring adjustments necessary to fairly present the unaudited consolidated financial statements of Evergy Missouri West for these interim periods. In preparing financial statements that conform to GAAP, management must make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Principles of Consolidation
Evergy Missouri West's unaudited consolidated financial statements include the accounts of its subsidiaries. Undivided interests in jointly-owned generation facilities are included on a proportionate basis. Intercompany transactions have been eliminated.

Subsequent events have been evaluated through August 15, 2023, the date the unaudited consolidated financial statements were available to be issued.

Fuel Inventory and Supplies
Evergy Missouri West records fuel inventory and supplies at average cost. The following table separately states the balances for fuel inventory and supplies.

	June 30 2023	December 31 2022
	(millions)	
Fuel inventory	$ 33.1	$ 24.5
Supplies	63.4	58.2
Fuel inventory and supplies	$ 96.5	$ 82.7

Property, Plant and Equipment
The following table summarizes Evergy Missouri West's property, plant and equipment.

	June 30 2023	December 31 2022
	(millions)	
Electric plant in service	$ 4,619.8	$ 4,499.9
Accumulated depreciation	(1,419.5)	(1,381.7)
Plant in service, net	3,200.3	3,118.2
Construction work in progress	138.9	119.0
Property, plant and equipment, net	$ 3,339.2	$ 3,237.2

Other Income (Expense), Net
The table below shows the detail of other expense for Evergy Missouri West.

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	2023	2022
	(millions)			
Non-service cost component of net benefit cost	$ (2.6)	$ (3.7)	$ (4.6)	$ (7.5)
Other	(0.1)	(0.2)	(0.3)	(0.4)
Other expense	$ (2.7)	$ (3.9)	$ (4.9)	$ (7.9)

Supplemental Cash Flow Information

Year to Date June 30	2023	2022
Cash paid for (received from):	(millions)	
Interest, net of amounts capitalized	$ 41.9	$ 20.8
Income taxes, net of refunds	(13.9)	(14.9)
Right-of-use assets obtained in exchange for new operating lease liabilities	0.2	—
Non-cash investing transactions:		
Property, plant and equipment additions	20.0	32.6

Renewable Generation Investment
In August 2022, Evergy Missouri West entered into an agreement with a renewable energy development company to purchase Persimmon Creek Wind Farm 1, LLC (Persimmon Creek), an operational wind farm located in the state of Oklahoma with a generating capacity of approximately 199 MW, for approximately $250.0 million. Pursuant to the agreement, Evergy Missouri West was permitted to assign its right to purchase Persimmon Creek to another entity, including to other Evergy affiliated companies.

Evergy Missouri West's purchase was subject to regulatory approvals and closing conditions, including the granting of a Certificate of Convenience and Necessity (CCN) by the Public Service Commission of the State of Missouri (MPSC). In April 2023, the MPSC issued a final order granting the CCN pursuant to certain conditions related to the sharing of operational costs between ratepayers and shareholders. In May 2023, Evergy Missouri West assigned its right to purchase Persimmon Creek to Evergy Kansas Central and Evergy Kansas Central closed on the purchase of Persimmon Creek for $220.9 million, including costs incidental to the purchase of the plant. Evergy Kansas Central included the purchase of Persimmon Creek in its rate case application to the State Corporation Commission of the State of Kansas (KCC) which was filed in April 2023. The addition of Persimmon Creek is consistent with the preferred plan identified through Evergy Kansas Central's integrated resource plan filed with the KCC in June 2023, which identified it as part of the lowest-cost resource plan to serve.

2. REVENUE

Evergy Missouri West’s revenues disaggregated by customer class are summarized in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	2023	2022
Revenues	(millions)			
Residential	$ 114.4	$ 105.7	$ 222.9	$ 201.5
Commercial	82.7	77.7	158.7	142.0
Industrial	24.1	24.8	46.3	45.5
Other retail	3.0	2.3	7.3	4.6
Total electric retail	$ 224.2	$ 210.5	$ 435.2	$ 393.6
Wholesale	2.3	8.5	4.2	9.2
Transmission	0.6	5.5	2.0	10.6
Industrial steam and other	5.8	5.6	13.3	10.2
Total revenue from contracts with customers	$ 232.9	$ 230.1	$ 454.7	$ 423.6
Other	0.2	0.3	0.5	0.5
Operating revenues	$ 233.1	$ 230.4	$ 455.2	$ 424.1

3. RECEIVABLES

Evergy Missouri West's receivables are detailed in the following table.

	June 30 2023	December 31 2022
	(millions)	
Customer accounts receivable - billed	$ 7.6	$ 8.9
Customer accounts receivable - unbilled	56.0	40.0
Other receivables	6.1	5.8
Allowance for credit losses	(4.2)	(5.2)
Total	$ 65.5	$ 49.5

As of June 30, 2023 and December 31, 2022, other receivables for Evergy Missouri West included receivables from contracts with customers of $1.0 million and $0.9 million, respectively.

The change in Evergy Missouri West's allowance for credit losses is summarized in the following table.

	2023	2022
	(millions)	
Beginning balance January 1	$ 5.2	$ 6.7
Credit loss expense (income)	0.2	(0.2)
Write-offs	(2.2)	(2.4)
Recoveries of prior write-offs	1.0	1.2
Ending balance June 30	$ 4.2	$ 5.3

Sale of Accounts Receivable
Evergy Missouri West sells an undivided percentage ownership interest in its retail electric accounts receivable to an independent outside investor. This sale is accounted for as a secured borrowing with accounts receivable pledged as collateral and a corresponding short-term collateralized note payable recognized on the balance sheets. At June 30, 2023 and December 31, 2022, Evergy Missouri West's accounts receivable pledged as collateral and the corresponding short-term collateralized note payable were $50.0 million. Evergy Missouri West's receivable sales facility expires in 2024 and allows for $50.0 million in aggregate outstanding principal amount of borrowings from mid-November through mid-June and then $65.0 million from mid-June through mid-November.

4. RATE MATTERS AND REGULATION

MPSC Proceedings
February 2021 Winter Weather Event Securitization
In February 2021, much of the central and southern United States, including the service territory of Evergy Missouri West, experienced a significant winter weather event that resulted in extremely cold temperatures over a multi-day period (February 2021 winter weather event).

In November 2022, the MPSC issued a revised financing order authorizing Evergy Missouri West to issue securitized bonds to recover its extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. As part of this order, the MPSC found that Evergy Missouri West's costs were prudently incurred, that it should only be allowed to recover 95% of its extraordinary fuel and purchased power costs consistent with the 5% sharing provision of its fuel recovery mechanism, that it should be allowed to recover carrying costs incurred since February 2021 at Evergy Missouri West's long-term debt rate of 5.06% and approved a 15 year repayment period for the bonds with a 17 year legal maturity. As of June 30, 2023 and December 31, 2022, the value of Evergy Missouri West's February 2021 winter weather event regulatory asset was $316.6 million and $309.0 million, respectively. Evergy Missouri West will continue to record carrying charges on its February 2021 winter weather event regulatory asset until it issues the securitized bonds.

In January 2023, the Office of the Public Counsel filed an appeal with the Missouri Court of Appeals, Western District, challenging the financing order regarding the treatment of income tax deductions, carrying costs and discount rates related to the financing of the extraordinary fuel and purchased power costs incurred as part of the February 2021 winter weather event. A final nonappealable financing order is required prior to the issuance of securitized bonds. With oral arguments scheduled for September 2023, a decision by the Missouri Court of Appeals, Western District, is currently expected in the second half of 2023, though the timeline for the decision is uncertain.

5. SHORT-TERM BORROWINGS AND SHORT-TERM BANK LINES OF CREDIT

In June 2023, Evergy extended the expiration date of its $2.5 billion master credit facility from 2026 to 2027. Evergy Missouri West has borrowing capacity under the master credit facility with a current sublimit of $700.0 million. This sublimit can be unilaterally adjusted by Evergy provided the sublimit remains within minimum and maximum sublimits as specified in the facility. The applicable interest rates and commitment fees of the facility are subject to upward or downward adjustments, within certain limitations, if Evergy achieves, or fails to achieve, certain sustainability-linked targets based on two key performance indicator metrics: (i) Non-Emitting Generation Capacity and (ii) Diverse Supplier Spend (as defined in the facility).

A default by Evergy Missouri West or one of its significant subsidiaries on other indebtedness totaling more than $100.0 million constitutes a default by Evergy Missouri West under the facility. Under the terms of this facility, Evergy Missouri West is required to maintain a total indebtedness to total capitalization ratio, as defined in the facility, of not greater than 0.65 to 1.00 at all times. As of June 30, 2023, Evergy Missouri West was in compliance with this covenant.

At June 30, 2023, Evergy Missouri West had $609.3 million of commercial paper outstanding at a weighted-average interest rate of 5.40%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility. At December 31, 2022, Evergy Missouri West had $449.2 million of commercial paper outstanding at a weighted-average interest rate of 4.84%, had no issued letters of credit and had no outstanding cash borrowings under the master credit facility.

6. GOODWILL

GAAP requires goodwill to be tested for impairment annually and when an event occurs indicating the possibility that an impairment exists. The annual impairment test for the $351.6 million of Evergy Missouri West acquisition goodwill was conducted as of May 1, 2023. The goodwill impairment test consists of comparing the fair value of a reporting unit to its carrying amount, including goodwill, to identify potential impairment. In the event that the carrying amount exceeds the fair value of the reporting unit, an impairment loss is recognized for the difference between the carrying amount of the reporting unit and its fair value. Evergy Missouri West's regulated electric utility operations are considered one reporting unit for assessment of impairment, as they have similar economic characteristics. The determination of fair value of the reporting unit consisted of two valuation techniques: an income approach consisting of a discounted cash flow analysis and a market approach consisting of a determination of reporting unit invested capital using a market multiple derived from the historical earnings before interest, income taxes, depreciation and amortization and market prices of the stock of peer companies. The results of the two techniques were evaluated and weighted to determine a point within the range that management considered representative of fair value for the reporting unit. The fair value of the reporting unit exceeded the carrying amount, including goodwill. As a result, there was no impairment of goodwill.

7. FAIR VALUE MEASUREMENTS

GAAP establishes a hierarchical framework for disclosing the transparency of the inputs utilized in measuring assets and liabilities at fair value. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy levels. Further explanation of these levels is summarized below.

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted prices, such as equities listed on public exchanges.

Level 2 - Pricing inputs are not quoted prices in active markets but are either directly or indirectly observable. The types of assets and liabilities included in Level 2 are certain marketable debt securities or financial instruments traded in less than active markets.

Level 3 - Significant inputs to pricing have little or no transparency. The types of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation.

Evergy Missouri West records cash and cash equivalents, accounts receivable and short-term borrowings on its consolidated balance sheets at cost, which approximates fair value due to the short-term nature of these instruments.

Fair Value of Long-Term Debt

Evergy Missouri West measures the fair value of long-term debt using Level 2 measurements available as of the measurement date. The book value and fair value of Evergy Missouri West's long-term debt is summarized in the following table.

	June 30, 2023		December 31, 2022	
	Book Value	Fair Value	Book Value	Fair Value
	(millions)			
Long-term debt[a]	$ 1,297.2	$ 1,156.5	$ 1,297.2	$ 1,155.8

[a]Includes current maturities.

Supplemental Executive Retirement Plan
As of June 30, 2023 and December 31, 2022, Evergy Missouri West's Supplemental Executive Retirement Plan rabbi trusts included $9.1 million and $9.2 million of core bond funds, respectively. The core bond funds are Level 1 investments.

8. COMMITMENTS AND CONTINGENCIES

Environmental Matters
Set forth below are descriptions of contingencies related to environmental matters that may impact Evergy Missouri West's operations or its financial results. Management's assessment of these contingencies, which are based on federal and state statutes and regulations, and regulatory agency and judicial interpretations and actions, has evolved over time. These laws, regulations, interpretations and actions can also change, restrict or otherwise impact Evergy Missouri West's operations or financial results. The failure to comply with these laws, regulations, interpretations and actions could result in the assessment of administrative, civil and criminal penalties and the imposition of remedial requirements. Evergy Missouri West believes that all of its operations are in substantial compliance with current federal, state and local environmental standards.

There are a variety of final and proposed laws and regulations that could have a material adverse effect on Evergy Missouri West's operations and consolidated financial results. Due in part to the complex nature of environmental laws and regulations, Evergy Missouri West is unable to assess the impact of potential changes that may develop with respect to the environmental contingencies described below.

Clean Air Act - Startup, Shutdown and Malfunction (SSM) Regulation
In 2015, the Environmental Protection Agency (EPA) issued a final rule addressing how state implementation plans (SIPs) can treat excess emissions during SSM events. This rule was referred to as the 2015 SIP Call Rule. The rule required 36 states to submit SIP revisions by November 2016 to remove certain exemptions and other discretionary enforcement provisions that apply to excess emissions during SSM events. Legal challenges ensued and the case was eventually placed in abeyance. In December 2021, the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit) restarted the litigation and oral arguments were held in March 2022. An additional case was also taking place in the U.S. District Court for the Northern District of California (District Court of Northern California) and in June 2022, the District Court of Northern California entered a final consent decree establishing deadlines for the EPA to take final action on SIP revisions that were submitted in response to the 2015 SIP Call Rule. Deadlines for 26 states and air districts, including Kansas, Missouri and Oklahoma, are listed in the final consent decree. Final action from the EPA could result in required SIP revisions in Oklahoma, Kansas and Missouri which could have a material impact on Evergy Missouri West. If the D.C. Circuit overturns the EPA's 2015 SIP Call Rule, the final consent decree's deadlines will no longer be valid.

Mercury and Air Toxics Standards (MATS)
In April 2023, the EPA released a proposal to tighten certain aspects of the MATS rule. The EPA is proposing to lower the emission limit for particulate matter (PM), require the use of PM continuous emissions monitors (CEMS) and lower the mercury emission limit for lignite coal-fired electric generating units (EGUs). The EPA is also soliciting comment on further strengthening of the PM emission limitation. Due to uncertainty regarding final actions on the MATS rule, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with the emission limitations as proposed do not appear to be material.

Ozone Interstate Transport State Implementation Plans (ITSIP)
In 2015, the EPA lowered the Ozone National Ambient Air Quality Standards (NAAQS) from 75 ppb to 70 ppb. Impacted states were required to submit ITSIPs in 2018 to comply with the "Good Neighbor Provision" of the Clean Air Act (CAA). The EPA did not act on these ITSIP submissions by the deadline established in the CAA and entered consent decrees establishing deadlines to take final action on various ITSIPs. In February 2022, the EPA published a proposed rule to disapprove of ITSIPs submitted by nineteen states including Missouri and Oklahoma. In April 2022, the EPA published a final approval of the Kansas ITSIP in the Federal Register. Missouri Department of Natural Resources (MDNR) submitted a supplemental ITSIP to the EPA on November 1, 2022. In

February 2023, the EPA published a final rule disapproving the ITSIPs submitted by 19 states, including the final disapproval of the Missouri and Oklahoma ITSIPs. In April 2023, the Attorneys General of Missouri and Oklahoma have filed Petitions for Review in the U.S. 8th and 10th Circuit Courts of Appeals, respectively, challenging the EPA disapproval. In May 2023, the 8th Circuit granted Missouri's stay request and denied the EPA's request for a change of venue to the D.C. Circuit. Due to uncertainties regarding the legal challenges, the impact on Evergy Missouri West's operations and the cost to comply is unknown but is not expected to be material if the ITSIPs are approved in their current forms.

Ozone Interstate Transport Federal Implementation Plans (ITFIP)
In April 2022, the EPA published in the Federal Register the proposed ITFIP to resolve outstanding "Good Neighbor" obligations with respect to the 2015 Ozone NAAQS for 26 states including Missouri and Oklahoma. This ITFIP would establish a revised Cross-State Air Pollution Rule (CSAPR) ozone season nitrogen oxide (NOx) emissions trading program for electric generating units (EGUs) beginning in 2023 and would limit ozone season NOx emissions from certain industrial stationary sources beginning in 2026. The proposed rule would also establish a new daily backstop NOx emissions rate limit for applicable coal-fired units larger than 100 MW, as well as unit-specific NOx emission rate limits for certain industrial emission units and would feature "dynamic" adjustments of emission budgets for EGUs beginning with ozone season 2025. The proposed ITFIP includes reductions to the state ozone season NOx budgets for Missouri and Oklahoma beginning in 2023 with additional reductions in future years. Evergy Missouri West provided formal comments as part of the rulemaking process. In June 2023, the EPA published in the Final Register the final ITFIP for twenty-three states, including Missouri and Oklahoma. The EPA also released an Interim Final Rule in June 2023 that will stay the effectiveness of the ITFIP in Missouri and five other states, while judicial stays of the EPA's final rule disapproval of the ITSIPs submitted by those states remain in effect. In the Interim Final Rule, the EPA acknowledges that it lacks authority to impose the ITFIP on sources in these states while its disapproval of the ITSIPs submitted by these states is stayed. Due to uncertainties regarding the legal challenges to the ITSIP disapprovals and the ITFIP, Evergy Missouri West is unable to accurately assess the impacts of the ITFIP, but the impact on its operations and the cost to comply could be material.

Particulate Matter and Ozone National Ambient Air Quality Standards
In January 2023, the EPA proposed strengthening the primary annual $PM_{2.5}$ (particulate matter less than 2.5 microns in diameter) NAAQS. The EPA is proposing to lower the primary annual $PM_{2.5}$ NAAQS from 12.0 µg/m3 (micrograms per cubic meter) to a level that would be between 9.0 and 10.0 µg/m3. The EPA is proposing to retain the other PM NAAQS at their current levels. In March 2023, the EPA released a revised draft Policy Assessment for the Reconsideration of the Ozone NAAQS which recommended retaining the current Ozone NAAQS of 70 parts per billion (ppb). The EPA plans to issue a proposed decision on the Ozone NAAQS reconsideration in the spring of 2024, with a final decision no earlier than the end of 2024. Due to uncertainty regarding the potential lowering of the ozone and $PM_{2.5}$ NAAQS, Evergy Missouri West is unable to accurately assess the impacts of these potential EPA actions on its operations or consolidated financial results, but the cost to comply with lower future ozone or $PM_{2.5}$ NAAQS could be material.

Regional Haze Rule
In 1999, the EPA finalized the Regional Haze Rule which aims to restore national parks and wilderness areas to pristine conditions. The rule requires states in coordination with the EPA, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. There are 156 "Class I" areas across the U.S. that must be restored to pristine conditions by the year 2064. There are no Class I areas in Kansas, whereas Missouri has two: the Hercules-Glades Wilderness Area and the Mingo Wilderness Area. States must submit revisions to their Regional Haze Rule SIPs every ten years and the first round was due in 2007. For the second ten-year implementation period, the EPA issued a final rule revision in 2017 that allowed states to submit their SIP revisions by July 31, 2021. Evergy Missouri West has been in contact with the Kansas Department of Health and Environment (KDHE) and MDNR as they worked to draft their SIP revisions. The Missouri SIP revision does not require any additional reductions from Evergy Missouri West's generating units in the state. MDNR submitted the Missouri SIP revision to the EPA in August 2022, however, they failed to do so by the EPA's revised submittal deadline of August 15, 2022. As a result, on August 30, 2022, the EPA published "finding of failure" with respect

to Missouri and fourteen other states for failing to submit their Regional Haze SIP revisions by the applicable deadline. This finding of failure established a two-year deadline for the EPA to issue a Regional Haze federal implementation plan (FIP) for each state unless the state submits and the EPA approves a revised SIP that meets all applicable requirements before the EPA issues the FIP. The Kansas SIP revision was placed on public notice in June 2021 and requested no additional emission reductions by electric utilities based on the significant reductions that were achieved during the first implementation period. The EPA provided comments on the Kansas SIP revision in June 2021 that each state is statutorily required to conduct a "four-factor analysis" on at least two sources within the state to help determine if further emission reductions are necessary. The EPA also stated it would be difficult to approve the Kansas SIP revision if at least two four-factor analyses are not conducted on Kansas emission sources. KDHE submitted the Kansas SIP revision in July 2021. If a Kansas generating unit of Evergy Missouri West is selected for analysis, the possibility exists that the state or the EPA, through a revised SIP or a FIP, could determine that additional operational or physical modifications are required on the generating unit to further reduce emissions. The overall cost of those modifications could be material to Evergy Missouri West. In June 2023, several environmental organizations filed a suit against the EPA in the D.C. Circuit for failure of the EPA to timely approve or disapprove of the SIP revisions submitted by Kansas and seven other states.

Greenhouse Gases
Burning coal and other fossil fuels releases carbon dioxide (CO_2) and other gases referred to as greenhouse gases (GHG). Various regulations under the CAA limit CO_2 and other GHG emissions, and in addition, other measures are being imposed or offered by individual states, municipalities and regional agreements with the goal of reducing GHG emissions. In May 2023, the EPA published in the Federal Register proposed GHG regulations that would apply to fossil fuel fired EGUs. The proposal would set CO_2 limitations for new gas-fired combustion turbines, existing coal, oil and gas-fired steam generating units, and certain existing gas-fired combustion turbines. The proposed CO_2 limitations assume technologies such as carbon capture and sequestration/storage (CCS), hydrogen co-firing, and natural gas co-firing will be utilized.

Due to uncertainty regarding the future of the EPA's GHG regulations, Evergy Missouri West cannot determine the impacts on its operations or consolidated financial results, but the cost to comply with potential GHG rules could be material.

Water
Evergy Missouri West discharges some of the water used in generation and other operations containing substances deemed to be pollutants. A November 2015 EPA rule applicable to steam-electric power generating plants establishes effluent limitations guidelines (ELG) and standards for wastewater discharges, including limits on the amount of toxic metals and other pollutants that can be discharged. Implementation timelines for this 2015 rule vary from 2018 to 2023. In April 2019, the U.S. Court of Appeals for the 5th Circuit (5th Circuit) issued a ruling that vacated and remanded portions of the original ELG rule. Due to this ruling, the EPA announced a plan in July 2021 to issue a proposed rule in the fall of 2022 to address the vacated limitations for legacy wastewater and landfill leachate. In March 2023, the EPA published a proposed update to the ELG to address the vacated limitations and prior reviews of the existing rule by the current administration. Flue Gas Desulfurization (FGD) wastewater, bottom ash transport wastewater, coal residual leachate, and legacy wastewater are addressed in the proposal. Evergy Missouri West has reviewed the proposed modifications to limitations on FGD wastewater and bottom ash transport water and if the regulation is finalized as proposed, Evergy Missouri West does not believe the impact to be material. Modifications for best available technology economically available for the discharge of coal residual leachate could be material if the rulemaking is finalized as proposed.

In August 2021, based on an order issued by the U.S. District Court for the District of Arizona, which vacated and remanded the EPA's 2020 Navigable Waters Protection Rule (NWPR), the EPA and the U.S. Army Corps of Engineers announced that they had halted implementation of the NWPR nationwide, and were interpreting "Waters of the United States" consistent with the regulatory regime that was in place prior to 2015. In December 2021, the EPA and the Department of the Army published a proposed rule that would formally repeal the NWPR and revise the definition of "Waters of the United States." In December 2022, the EPA and the Department of the Army issued a final rule establishing a definition for "Waters of the United States." The final rule was published in the Federal Register in January 2023 and took effect in March 2023. In May 2023, the Supreme Court issued a decision that impacts the final rule and has led the EPA to announce an upcoming rulemaking and changes to the current interpretation. Evergy Missouri West is reviewing the Supreme Court's decision and awaiting the announced rulemaking. The impact on Evergy Missouri West's operations or consolidated financial results are not expected to be material.

Regulation of Coal Combustion Residuals
In the course of operating its coal generation plants, Evergy Missouri West produces coal combustion residuals (CCRs), including fly ash, gypsum and bottom ash. The EPA published a rule to regulate CCRs in April 2015 that requires additional CCR handling, processing and storage equipment and closure of certain ash disposal units. In January 2022, the EPA published proposed determinations for facilities that filed closure extensions for unlined or clay-lined CCR units. These proposed determinations include various interpretations of the CCR regulations and compliance expectations that may impact all owners of CCR units. These interpretations could require modified compliance plans such as different methods of CCR unit closure. Additionally, more stringent remediation requirements for units that are in corrective action or forced to go into corrective action are possible. In April 2022, the Utility Solid Waste Activities Group (USWAG) and other interested parties filed similar petitions in the D.C. Circuit challenging the EPA's legal positions regarding the CCR rule determinations proposed in January 2022. The cost to comply with these proposed determinations by the EPA could be material.

In May 2023, the EPA published a proposed expansion to the CCR regulation focused on legacy surface impoundments. This regulation expands applicability of the 2015 CCR regulation to two newly defined types of CCR disposal units. If finalized, Evergy Missouri West anticipates having additional CCR units requiring evaluation and potential remediation. The cost to comply with these proposed regulations by the EPA could be material.

Evergy Missouri West has recorded asset retirement obligations (AROs) for its current estimates for the closure of ash disposal ponds and landfills, but the revision of these AROs may be required in the future due to changes in existing CCR regulations, the results of groundwater monitoring of CCR units or changes in interpretation of existing CCR regulations or changes in the timing or cost to close ash disposal ponds and landfills. The revision of AROs for regulated operations has no income statement impact due to the deferral of the adjustments through a regulatory asset. If revisions to these AROs are necessary, the impact on Evergy Missouri West's operations or consolidated financial results could be material.

9. RELATED PARTY TRANSACTIONS AND RELATIONSHIPS

In the normal course of business, Evergy Missouri West, Evergy Kansas Central and Evergy Metro engage in related party transactions with one another. A summary of these transactions and the amounts associated with them is provided below.

Jointly-Owned Plants and Shared Services
Evergy Missouri West has no employees of its own. Employees of Evergy Kansas Central and Evergy Metro manage Evergy Missouri West's business and operate its facilities at cost, including Evergy Missouri West's 8% ownership interest in Jeffrey Energy Center (JEC), operated by Evergy Kansas Central, and an 18% ownership interest in Iatan Nos. 1 and 2, operated by Evergy Metro. Employees of Evergy Kansas Central and Evergy Metro also provide Evergy Missouri West with shared service support, including costs related to human resources, information technology, accounting and legal services.

The operating expenses and capital costs billed for jointly-owned plants and shared services are detailed in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	2023	2022
		(millions)		
Evergy Kansas Central billings to Evergy Missouri West	$ 9.9	$ 7.2	$ 16.1	$ 14.6
Evergy Metro billings to Evergy Missouri West	30.4	32.3	57.2	65.0

Affiliated Financing

Evergy Missouri West is authorized to participate in the Evergy, Inc. money pool, which is an internal financing arrangement in which funds may be lent on a short-term basis between Evergy Missouri West, Evergy Metro, Evergy Kansas Central and Evergy, Inc. Evergy, Inc. can lend but not borrow under the money pool.

As of June 30, 2023, Evergy Missouri West had no outstanding receivables or payables under the money pool. As of December 31, 2022, Evergy Missouri West had no outstanding receivables and $29.5 million and $31.0 million of outstanding payables to Evergy, Inc. and Evergy Metro, respectively, under the money pool.

Evergy Missouri West also has access to certain equity financing support from its parent company, Evergy, Inc. in the circumstance that such support would be needed.

Related Party Net Receivables and Payables

The following table summarizes Evergy Missouri West's related party net payables.

	June 30 2023	December 31 2022
	(millions)	
Net payable to Evergy	$ 37.7	$ 67.0
Net payable to Evergy Kansas Central	9.6	7.4
Net payable to Evergy Metro	82.5	137.5

Tax Allocation Agreement

Evergy files a consolidated federal income tax return as well as unitary and combined income tax returns in several state jurisdictions with Kansas and Missouri being the most significant. Income taxes for consolidated or combined subsidiaries are allocated to the subsidiaries based on separate company computations of income or loss. As of June 30, 2023 and December 31, 2022, Evergy Missouri West had income taxes receivable from Evergy of $1.1 million and $14.0 million, respectively.

10. TAXES

Components of income tax expense are detailed in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	2023	2022
	(millions)			
Current income taxes				
Federal	$ 5.5	$ (5.4)	$ (0.6)	$ (11.6)
State	(0.1)	2.2	(0.4)	1.8
Total	5.4	(3.2)	(1.0)	(9.8)
Deferred income taxes				
Federal	(2.3)	10.9	2.4	18.3
State	(1.9)	1.1	(3.2)	1.7
Total	(4.2)	12.0	(0.8)	20.0
Income tax expense (benefit)	$ 1.2	$ 8.8	$ (1.8)	$ 10.2

Effective Income Tax Rates

Effective income tax rates reflected in the financial statements and the reasons for the differences from the statutory federal rates are detailed in the following table.

	Three Months Ended June 30		Year to Date June 30	
	2023	2022	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %	21.0 %
Effect of:				
State income taxes	(6.6)	6.2	(8.9)	4.7
Flow through depreciation for plant-related differences	(11.3)	(6.0)	(17.8)	(8.3)
Federal tax credits	(0.2)	(0.1)	(0.3)	(0.1)
AFUDC equity	—	—	—	(0.3)
Valuation allowance	1.5	—	1.2	—
Other	—	0.2	0.2	0.2
Effective income tax rate	4.4 %	21.3 %	(4.6)%	17.2 %

Evergy Missouri West, Inc. Management's Narrative Analysis of the Results of Operations

Year to Date June 2023 vs. 2022

Earnings Variances

		Change (millions)	
2022 Net income	$	49.2	
		Favorable/(Unfavorable)	
Utility gross margin[(a)]		(7.2)	A
Operating and maintenance		11.8	B
Depreciation and amortization		(18.9)	C
Taxes other than income tax		0.1	
Total other income (expense), net		12.1	D
Interest expense		(19.8)	E
Income tax expense (benefit)		12.0	F
2023 Net income	$	39.3	

[(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 net income -- Favorable/(Unfavorable)

A Due primarily to lower retail sales driven by unfavorable weather in 2023; partially offset by higher weather-normalized demand - ($13.8M); and a decrease in transmission revenue - ($8.6M); partially offset by an increase from new Evergy Missouri West retail rates effective in January 2023 - $15.3M.

B Due primarily to a decrease in various administrative labor and employee benefits expenses primarily due to lower employee headcount in 2023 - $4.0M; a decrease in plant operating and maintenance expense related to coal fired generation - $2.1M; and a decrease in various administrative and general operating and maintenance expenses primarily due to lower regulatory amortizations as a result of Evergy Missouri West's 2022 rate case - $1.9M.

C Due primarily to a change in depreciation rates and the rebasing of plant-in-service-accounting (PISA) depreciation deferrals as a result of Evergy Missouri West's 2022 rate case effective in January 2023 - ($12.5M) and capital additions - ($6.4M).

D Due primarily to an increase in interest income primarily driven by an increase in carrying charges related to Evergy Missouri West's costs associated with the February 2021 winter weather event expected to be recovered through securitization financing - $9.8M.

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 in 2023 - ($14.1M).

F Due primarily to lower pre-tax income in 2023 - $5.6M and flow-through items primarily driven by higher amortization of excess deferred income taxes - $4.7M.

The Notes to Evergy Missouri West's Unaudited Consolidated Financial Statements for the period ended June 30, 2023 should be read in conjunction with this financial information.

Evergy Missouri West, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results		
Year to Date June 30	**2023**	2022
	(dollars in millions)	
Operating revenues	**$ 455.2**	$ 424.1
Fuel and purchased power	**197.7**	159.4
Operating and maintenance	**83.4**	95.2
Depreciation and amortization	**74.6**	55.7
Taxes other than income tax	**26.7**	26.8
Income from operations	**72.8**	87.0
Other income (expense), net	**7.2**	(4.9)
Interest expense	**42.5**	22.7
Income tax expense (benefit)	**(1.8)**	10.2
Net income	**39.3**	49.2
Reconciliation of gross margin (GAAP) to utility gross margin (non-GAAP):		
Operating revenues	**455.2**	424.1
Fuel and purchased power	**(197.7)**	(159.4)
Operating and maintenance[(a)]	**(33.7)**	(35.1)
Depreciation and amortization	**(74.6)**	(55.7)
Taxes other than income tax	**(26.7)**	(26.8)
Gross margin (GAAP)	**122.5**	147.1
Operating and maintenance[(a)]	**33.7**	35.1
Depreciation and amortization	**74.6**	55.7
Taxes other than income tax	**26.7**	26.8
Utility gross margin (non-GAAP)	**257.5**	264.7
Revenues	(dollars in millions)	
Residential	**222.9**	201.5
Commercial	**158.7**	142.0
Industrial	**46.3**	45.5
Other retail revenues	**7.3**	4.6
Total electric retail	**435.2**	393.6
Wholesale revenues	**4.2**	9.2
Transmission	**2.0**	10.6
Other	**13.8**	10.7
Operating revenues	**455.2**	424.1
Electricity Sales	(MWh in thousands)	
Residential	**1,769**	1,838
Commercial	**1,658**	1,634
Industrial	**686**	709
Other retail revenues	**11**	10
Total electric retail	**4,124**	4,191
Wholesale revenues	**136**	171
Total electricity sales	**4,260**	4,362

[(a)]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. These amounts exclude general and administrative expenses not directly attributable to revenue-producing activities of $49.7 million and $60.1 million year to date June 30, 2023 and 2022, respectively.

Evergy Missouri West, 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 Missouri West, is defined as operating revenues less fuel and purchased power 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. Evergy Missouri West's 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 Evergy Missouri West's operations across periods because utility gross margin (non-GAAP) excludes the revenue effect of fluctuations in fuel and purchased power costs. Utility gross margin (non-GAAP) is used internally to measure performance against budget and in reports for management and the Evergy Missouri West Board of Directors. 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 Financial Results, Revenue and Sales above for a reconciliation of utility gross margin (non-GAAP) to gross margin, the most comparable GAAP measure, year to date June 30, 2023 and 2022.