

Evergy, Inc.

Fourth Quarter 2021 Earnings

Released February 25, 2022

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NOTE:

The Notes to the Consolidated Financial Statements in Evergy's, Evergy Kansas Central's and Evergy Metro's combined annual report on Form 10-K for the year ended December 31, 2021 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 December 31	2021	2020	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 384.4	\$ 393.6	\$ (9.2)	(2.3)
Commercial	387.8	368.8	19.0	5.2
Industrial	147.4	142.0	5.4	3.8
Other retail	7.0	9.3	(2.3)	(24.7)
Total electric retail	926.6	913.7	12.9	1.4
Wholesale	54.7	68.2	(13.5)	(19.8)
Transmission	90.1	80.0	10.1	12.6
Other	50.7	32.5	18.2	56.0
Total Revenues	1,122.1	1,094.4	27.7	2.5
OPERATING EXPENSES:				
Fuel and purchased power	282.0	266.5	15.5	5.8
SPP network transmission costs	73.6	65.4	8.2	12.5
Operating and maintenance	306.9	297.5	9.4	3.2
Depreciation and amortization	226.9	222.0	4.9	2.2
Taxes other than income tax	91.5	90.0	1.5	1.7
Total Operating Expenses	980.9	941.4	39.5	4.2
INCOME FROM OPERATIONS	141.2	153.0	(11.8)	(7.7)
OTHER INCOME (EXPENSE):				
Investment earnings	41.1	6.8	34.3	N/M
Other income	9.4	14.3	(4.9)	(34.3)
Other expense	(28.5)	(20.5)	(8.0)	39.0
Total Other Income, Net	22.0	0.6	21.4	N/M
Interest expense	91.2	93.4	(2.2)	(2.4)
INCOME BEFORE INCOME TAXES	72.0	60.2	11.8	19.6
Income tax expense	17.6	8.4	9.2	109.5
Equity in earnings of equity method investees, net of income taxes	2.1	2.2	(0.1)	(4.5)
NET INCOME	56.5	54.0	2.5	4.6
Less: Net income attributable to noncontrolling interests	3.1	3.0	0.1	3.3
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 53.4	\$ 51.0	\$ 2.4	4.7
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 0.23	\$ 0.22	\$ 0.01	4.5
Diluted earnings per common share	\$ 0.23	\$ 0.22	\$ 0.01	4.5
AVERAGE COMMON SHARES OUTSTANDING				
Basic	229.7	227.3	2.4	1.1
Diluted	230.3	227.5	2.8	1.2
Effective income tax rate	23.8 %	13.6 %		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Year Ended December 31	2021	2020	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 1,918.3	\$ 1,909.2	\$ 9.1	0.5
Commercial	1,681.3	1,641.7	39.6	2.4
Industrial	597.0	588.7	8.3	1.4
Other retail	33.1	38.5	(5.4)	(14.0)
Total electric retail	4,229.7	4,178.1	51.6	1.2
Wholesale	717.2	264.0	453.2	171.7
Transmission	356.8	318.5	38.3	12.0
Other	283.0	152.8	130.2	85.2
Total Revenues	5,586.7	4,913.4	673.3	13.7
OPERATING EXPENSES:				
Fuel and purchased power	1,557.0	1,099.0	458.0	41.7
SPP network transmission costs	290.4	263.2	27.2	10.3
Operating and maintenance	1,107.5	1,163.0	(55.5)	(4.8)
Depreciation and amortization	896.4	880.1	16.3	1.9
Taxes other than income tax	380.5	364.2	16.3	4.5
Total Operating Expenses	4,231.8	3,769.5	462.3	12.3
INCOME FROM OPERATIONS	1,354.9	1,143.9	211.0	18.4
OTHER INCOME (EXPENSE):				
Investment earnings	59.9	10.8	49.1	N/M
Other income	46.3	31.3	15.0	47.9
Other expense	(87.4)	(78.2)	(9.2)	11.8
Total Other Income (Expense), Net	18.8	(36.1)	54.9	N/M
Interest expense	372.6	383.9	(11.3)	(2.9)
INCOME BEFORE INCOME TAXES	1,001.1	723.9	277.2	38.3
Income tax expense	117.4	102.2	15.2	14.9
Equity in earnings of equity method investees, net of income taxes	8.2	8.3	(0.1)	(1.2)
NET INCOME	891.9	630.0	261.9	41.6
Less: Net income attributable to noncontrolling interests	12.2	11.7	0.5	4.3
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 879.7	\$ 618.3	\$ 261.4	42.3
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 3.84	\$ 2.72	\$ 1.12	41.2
Diluted earnings per common share	\$ 3.83	\$ 2.72	\$ 1.11	40.8
AVERAGE COMMON SHARES OUTSTANDING				
Basic	229.0	227.2	1.8	0.8
Diluted	229.6	227.5	2.1	0.9
Effective income tax rate	11.6 %	14.0 %		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	December 31	
	2021	2020
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26.2	\$ 144.9
Receivables, net of allowance for credit losses of \$32.9 and \$19.3, respectively	221.6	273.9
Accounts receivable pledged as collateral	319.0	360.0
Fuel inventory and supplies	566.7	504.5
Income taxes receivable	28.0	62.9
Regulatory assets	424.1	206.2
Prepaid expenses	49.3	48.2
Other assets	75.4	23.7
Total Current Assets	1,710.3	1,624.3
PROPERTY, PLANT AND EQUIPMENT, NET	21,002.6	19,951.0
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	147.8	154.9
OTHER ASSETS:		
Regulatory assets	1,991.1	1,868.2
Nuclear decommissioning trust fund	768.7	652.1
Goodwill	2,336.6	2,336.6
Other	563.4	527.7
Total Other Assets	5,659.8	5,384.6
TOTAL ASSETS	\$ 28,520.5	\$ 27,114.8

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

December 31

2021 **2020**

LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 389.3	\$ 436.4
Current maturities of long-term debt of variable interest entities	—	18.8
Notes payable and commercial paper	1,159.3	315.0
Collateralized note payable	319.0	360.0
Accounts payable	639.7	654.0
Accrued taxes	150.4	143.8
Accrued interest	118.8	123.4
Regulatory liabilities	70.7	26.1
Asset retirement obligations	19.5	40.2
Accrued compensation and benefits	51.6	55.5
Other	184.6	182.6
Total Current Liabilities	3,102.9	2,355.8
LONG-TERM LIABILITIES:		
Long-term debt, net	9,297.9	9,190.9
Deferred income taxes	1,861.9	1,664.8
Unamortized investment tax credits	181.4	186.7
Regulatory liabilities	2,705.0	2,638.8
Pension and post-retirement liability	879.1	1,149.4
Asset retirement obligations	940.6	901.7
Other	310.0	308.2
Total Long-Term Liabilities	16,175.9	16,040.5
Commitments and Contingencies (See 10-K Note 14)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 229,299,900 and 226,836,670 shares issued, stated value	7,205.5	7,080.0
Retained earnings	2,082.9	1,702.8
Accumulated other comprehensive loss	(44.0)	(49.4)
Total Evergy, Inc. Shareholders' Equity	9,244.4	8,733.4
Noncontrolling Interests	(2.7)	(14.9)
Total Equity	9,241.7	8,718.5
TOTAL LIABILITIES AND EQUITY	\$ 28,520.5	\$ 27,114.8

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

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

Year Ended December 31	2021	2020
(millions)		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Net income	\$ 891.9	\$ 630.0
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	896.4	880.1
Amortization of nuclear fuel	51.4	58.3
Amortization of deferred refueling outage	25.1	25.4
Amortization of corporate-owned life insurance	24.1	20.1
Non-cash compensation	15.6	16.0
Net deferred income taxes and credits	102.2	126.9
Allowance for equity funds used during construction	(29.4)	(17.2)
Payments for asset retirement obligations	(22.6)	(18.4)
Equity in earnings of equity method investees, net of income taxes	(8.2)	(8.3)
Income from corporate-owned life insurance	(14.2)	(8.2)
Other	(13.8)	0.8
Changes in working capital items:		
Accounts receivable	69.9	(4.9)
Accounts receivable pledged as collateral	41.0	(21.0)
Fuel inventory and supplies	(61.6)	(22.3)
Prepaid expenses and other current assets	(299.8)	16.9
Accounts payable	(55.1)	134.3
Accrued taxes	41.4	6.7
Other current liabilities	(19.4)	(98.9)
Changes in other assets	(251.5)	119.5
Changes in other liabilities	(31.7)	(82.0)
Cash Flows from Operating Activities	1,351.7	1,753.8
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,972.5)	(1,560.3)
Purchase of securities - trusts	(158.2)	(65.6)
Sale of securities - trusts	115.7	56.5
Investment in corporate-owned life insurance	(14.2)	(19.1)
Proceeds from investment in corporate-owned life insurance	77.0	65.9
Other investing activities	38.4	(11.1)
Cash Flows used in Investing Activities	(1,913.8)	(1,533.7)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	840.5	(246.9)
Collateralized short-term borrowings, net	(41.0)	21.0
Issuance of common stock	112.5	—
Proceeds from long-term debt	497.3	888.8
Retirements of long-term debt	(432.0)	(251.1)
Retirements of long-term debt of variable interest entities	(18.8)	(32.3)
Borrowings against cash surrender value of corporate-owned life insurance	54.4	55.5
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(62.3)	(54.8)
Cash dividends paid	(497.9)	(465.0)
Other financing activities	(9.3)	(13.6)
Cash Flows from (used in) Financing Activities	443.4	(98.4)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(118.7)	121.7
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	144.9	23.2
End of period	\$ 26.2	\$ 144.9

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

Evergy, Inc
Fourth Quarter 2021 vs. 2020

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2020 net income attributable to Evergy, Inc.	\$ 51.0	\$ 0.22
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	4.0	A 0.02
Operating and maintenance	(9.4)	B (0.04)
Depreciation and amortization	(4.9)	C (0.02)
Taxes other than income tax	(1.5)	(0.01)
Other income (expense), net	21.4	D 0.09
Interest expense	2.2	0.01
Income tax expense	(9.2)	E (0.04)
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		—
2021 net income attributable to Evergy, Inc.	\$ 53.4	\$ 0.23

^(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 an increase in transmission revenue due to updated transmission costs reflected in Evergy Kansas Central's FERC TFR effective in January 2021 - \$10.0M; an increase in revenue recognized for the Missouri Energy Efficiency Investment Act (MEEIA) earnings opportunity in 2021 related to the achievement of certain customer energy savings levels in the MEEIA programs - \$1.9M; an increase in MEEIA throughput disincentive in 2021 - \$1.4M; and an increase related to TDC riders in 2021 primarily at Evergy Kansas Central - \$1.4M; partially offset by a decrease in revenues due to rate reductions beginning January 1, 2021 to reflect Evergy Kansas Central's and Evergy Metro's exemption from Kansas corporate income taxes - (\$7.0M); and lower retail sales driven by unfavorable weather partially offset by an increase in weather-normalized demand - (\$3.7M).
- B Due primarily to a increase in credit loss expense at Evergy Kansas Central, Evergy Metro and Evergy Missouri West primarily due to an increase in expected write-offs recognized in the fourth quarter of 2021 - (\$11.2M); an increase in injuries and damages expense - (\$4.3M); costs related to non-regulated marketing margins recognized during the February 2021 winter weather event - (\$2.0M); and costs incurred associated with employees becoming fully vaccinated against COVID-19 - (\$1.2M); partially offset by a decrease in voluntary severance expenses - \$11.0M.
- C Due primarily to higher capital additions at Evergy Kansas Central in 2021.
- D Due primarily to an unrealized gain related to Evergy's investment in an early-stage energy solutions company - \$27.7M; partially offset by lower Evergy Kansas Central corporate-owned life insurance (COLI) benefits in 2021 - (\$6.4M).
- E Due primarily to an increase in flow-through items primarily driven by higher amortization of excess deferred income taxes at Evergy Kansas Central - (\$6.7M); lower wind and other income tax credits in 2021 - (\$4.1M); higher Evergy Kansas Central and Evergy Metro pre-tax income - (\$3.0M); higher non-deductible officer compensation in 2021 - (\$1.5M); and lower expected COLI proceeds for 2021 - (\$1.4M); partially offset by a decrease as a result of the state of Kansas exempting certain public utilities, including Evergy Kansas Central and Evergy Metro, from Kansas corporate income tax beginning in January 2021 - \$9.7M.

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Year Ended December 2021 vs. 2020

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2020 net income attributable to Eversource Energy, Inc.	\$ 618.3	\$ 2.72
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	188.1	A 0.83
Operating and maintenance	55.5	B 0.24
Depreciation and amortization	(16.3)	C (0.07)
Taxes other than income tax	(16.3)	D (0.07)
Other expense, net	54.9	E 0.24
Interest expense	11.3	F 0.05
Income tax expense	(15.2)	G (0.07)
Equity in earnings of equity method investees, net of income taxes	(0.1)	—
Net income attributable to noncontrolling interests	(0.5)	—
Change in shares outstanding		H (0.04)
2021 net income attributable to Eversource Energy, Inc.	\$ 879.7	\$ 3.83

^(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 non-regulated marketing margins recognized at Eversource Kansas Central during the February 2021 winter weather event - \$94.5M; an increase primarily due to higher retail sales driven by favorable weather and an increase in weather-normalized commercial and industrial demand partially offset by a decrease in weather-normalized residential demand - \$84.1M; an increase in transmission revenue primarily due to updated transmission costs reflected in Eversource Kansas Central's FERC TFR effective in January 2021 - \$38.3M; and a net increase due to other impacts from the February 2021 winter weather event - \$1.4M; partially offset by a decrease in revenues due to rate reductions beginning January 1, 2021 to reflect Eversource Kansas Central's and Eversource Metro's exemption from Kansas corporate income taxes - (\$30.2M).
- B Due primarily to a decrease in voluntary severance expenses - \$63.5M; a decrease in advisor expenses incurred in 2021 associated with strategic planning - \$20.7M; a decrease in various transmission and distribution operating and maintenance expenses primarily due to lower labor and contractor costs - \$8.8M; partially offset by costs associated with executive transition in 2021 - (\$10.5M); costs related to non-regulated marketing margins recognized at Eversource Kansas Central during the February 2021 winter weather event - (\$7.9M); an increase in plant operating and maintenance expense related to a major maintenance outage at JEC in 2021 and higher material and supplies costs - (\$6.7M); and an increase in property insurance expense - (\$2.7M).
- C Due primarily to higher capital additions at Eversource Kansas Central in 2021.
- D Due primarily to an increase in property taxes in Missouri and Kansas primarily due to higher assessed property tax values in 2021.
- E Due primarily to higher investment earnings in 2021 primarily driven by an unrealized gain related to Eversource's investment in an early-stage energy solutions company and realized gains from the sale of various equity investments - \$49.1M; higher Eversource Kansas Central and Eversource Metro equity allowance for funds used during construction (AFUDC) - \$12.2M; and other income related to contract termination fees in 2021 - \$6.1M; partially offset by lower Eversource Kansas Central corporate-owned life insurance (COLI) benefits in 2021 - (\$4.8M).
- F Due primarily to redemption of Eversource's \$350.0 million of 4.85% Senior Notes in April 2021 - \$12.7M; lower weighted-average interest rates on short-term borrowings for the Eversource Companies in 2021 - \$10.2M; Eversource Kansas Central's redemption of \$250.0 million of 5.10% FMBs in May 2020, net of an increase due to Eversource Kansas Central's issuance of \$500.0 million of 3.45% FMBs in April 2020 - \$2.2M; partially offset by an increase due to the issuance in a private placement of Eversource Missouri West's \$500.0 million of Series A, B and C Senior Notes in April 2021 - (\$10.3M); and an increase due to the issuance of Eversource Metro's \$400.0 million of 2.25% Mortgage Bonds in May 2020 - (\$3.6M).
- G Due primarily to higher Eversource Kansas Central and Eversource Metro pre-tax income in 2021 - (\$72.5M); an increase due to lower wind and other income tax credits in 2021 - (\$6.6M); an increase due to lower expected COLI proceeds for 2021 - (\$5.5M); an increase due to higher non-deductible officer compensation in 2021 - (\$4.0M); partially offset by a decrease as a result of the state of Kansas exempting certain public utilities, including Eversource Kansas Central and Eversource Metro, from Kansas corporate income tax beginning in 2021 - \$43.9M; a decrease due to flow-through items primarily driven by higher amortization of excess deferred income taxes at Eversource Kansas Central - \$15.6M; a revaluation of deferred income tax assets and liabilities in the second quarter of 2020 due to the change in the Kansas corporate income tax rate - \$13.8M.
- H Primarily due to the issuance of 2.3 million shares of common stock to an affiliate of Bluescape Energy Partners, LLC through a securities purchase agreement in April 2021.

The Notes to the Consolidated Financial Statements in Eversource's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource Energy		Eversource Kansas Central		Eversource Metro		Eversource Missouri West	
	2021	2020	2021	2020	2021	2020	2021	2020
(Dollars in millions)								
Operating revenues	\$ 1,122.1	\$ 1,094.4	\$ 569.9	\$ 553.6	\$ 387.0	\$ 377.3	\$ 168.6	\$ 165.1
Fuel and purchased power	282.0	266.5	95.0	97.7	124.2	110.1	66.2	60.2
SPP network transmission costs	73.6	65.4	73.6	65.4	—	—	—	—
Operating and maintenance	306.9	297.5	142.9	137.3	103.3	101.8	54.6	48.9
Depreciation and amortization	226.9	222.0	118.1	114.1	82.7	82.5	27.3	26.6
Taxes other than income tax	91.5	90.0	50.7	48.2	29.0	29.2	11.6	12.5
Income from operations	141.2	153.0	89.6	90.9	47.8	53.7	8.9	16.9
Other income (expense), net	22.0	0.6	(5.2)	(0.5)	(3.5)	(1.1)	(1.5)	(3.5)
Interest expense	91.2	93.4	40.1	39.9	26.6	28.1	11.6	13.3
Income tax expense (benefit)	17.6	8.4	6.0	6.6	8.7	2.0	(2.7)	1.3
Equity in earnings of equity method investees, net of income taxes	2.1	2.2	1.0	1.2	—	—	—	—
Net income (loss)	56.5	54.0	39.3	45.1	9.0	22.5	(1.5)	(1.2)
Less: net income attributable to noncontrolling interests	3.1	3.0	3.1	3.0	—	—	—	—
Net income (loss) attributable to controlling interest	53.4	51.0	36.2	42.1	9.0	22.5	(1.5)	(1.2)
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,122.1	1,094.4	569.9	553.6	387.0	377.3	168.6	165.1
Fuel and purchased power	282.0	266.5	95.0	97.7	124.2	110.1	66.2	60.2
SPP network transmission costs	73.6	65.4	73.6	65.4	—	—	—	—
Utility gross margin ^(a)	766.5	762.5	401.3	390.5	262.8	267.2	102.4	104.9
Operating and maintenance	306.9	297.5	142.9	137.3	103.3	101.8	54.6	48.9
Depreciation and amortization	226.9	222.0	118.1	114.1	82.7	82.5	27.3	26.6
Taxes other than income tax	91.5	90.0	50.7	48.2	29.0	29.2	11.6	12.5
Income from operations	141.2	153.0	89.6	90.9	47.8	53.7	8.9	16.9
(Dollars in millions)								
Revenues								
Residential	384.4	393.6	166.8	173.7	141.3	142.5	76.3	77.4
Commercial	387.8	368.8	157.3	154.6	170.8	159.0	59.7	55.2
Industrial	147.4	142.0	98.7	95.3	30.1	29.2	18.6	17.5
Other retail revenues	7.0	9.3	4.2	4.4	1.5	2.8	1.3	2.1
Total electric retail	926.6	913.7	427.0	428.0	343.7	333.5	155.9	152.2
Wholesale revenues	54.7	68.2	50.4	47.3	5.3	18.3	2.6	4.2
Transmission	90.1	80.0	81.4	72.1	4.3	3.5	4.4	4.4
Other	50.7	32.5	11.1	6.2	33.7	22.0	5.7	4.3
Operating revenues	1,122.1	1,094.4	569.9	553.6	387.0	377.3	168.6	165.1
(MWh in thousands)								
Electricity Sales								
Residential	3,159	3,369	1,306	1,381	1,105	1,181	750	807
Commercial	4,121	4,021	1,645	1,609	1,714	1,668	762	744
Industrial	2,184	2,072	1,427	1,331	420	416	337	326
Other retail revenues	33	33	10	10	17	17	4	5
Total electric retail	9,497	9,495	4,388	4,331	3,256	3,282	1,853	1,882
Wholesale revenues	2,842	4,618	2,269	2,076	565	2,267	10	275
Total electricity sales	12,339	14,113	6,657	6,407	3,821	5,549	1,863	2,157

^(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

Financial Results	Evergy		Evergy Kansas Central		Evergy Metro		Evergy Missouri West	
	2021	2020	2021	2020	2021	2020	2021	2020
Year Ended December 31	2021	2020	2021	2020	2021	2020	2021	2020
	(Dollars in millions)							
Operating revenues	\$ 5,586.7	\$ 4,913.4	\$ 2,847.3	\$ 2,418.1	\$ 1,913.7	\$ 1,705.6	\$ 833.3	\$ 795.1
Fuel and purchased power	1,557.0	1,099.0	638.7	427.6	613.5	416.1	312.9	260.8
SPP network transmission costs	290.4	263.2	290.4	263.2	—	—	—	—
Operating and maintenance	1,107.5	1,163.0	530.8	513.6	365.4	407.5	195.2	199.8
Depreciation and amortization	896.4	880.1	467.2	453.1	321.0	326.1	112.9	105.6
Taxes other than income tax	380.5	364.2	203.9	193.3	126.2	121.6	50.2	49.1
Income from operations	1,354.9	1,143.9	716.3	567.3	487.6	434.3	162.1	179.8
Other income (expense), net	18.8	(36.1)	(7.6)	(12.7)	(13.1)	(14.9)	(8.8)	(10.6)
Interest expense	372.6	383.9	160.3	167.6	109.8	113.6	52.0	55.9
Income tax expense (benefit)	117.4	102.2	51.7	155.8	52.4	7.1	14.2	(44.0)
Equity in earnings of equity method investees, net of income taxes	8.2	8.3	4.0	4.6	—	—	—	—
Net income	891.9	630.0	500.7	235.8	312.3	298.7	87.1	157.3
Less: net income attributable to noncontrolling interests	12.2	11.7	12.2	11.7	—	—	—	—
Net income attributable to controlling interest	879.7	618.3	488.5	224.1	312.3	298.7	87.1	157.3
Reconciliation of utility gross margin to income from operations:								
Operating revenues	5,586.7	4,913.4	2,847.3	2,418.1	1,913.7	1,705.6	833.3	795.1
Fuel and purchased power	1,557.0	1,099.0	638.7	427.6	613.5	416.1	312.9	260.8
SPP network transmission costs	290.4	263.2	290.4	263.2	—	—	—	—
Utility gross margin ^(a)	3,739.3	3,551.2	1,918.2	1,727.3	1,300.2	1,289.5	520.4	534.3
Operating and maintenance	1,107.5	1,163.0	530.8	513.6	365.4	407.5	195.2	199.8
Depreciation and amortization	896.4	880.1	467.2	453.1	321.0	326.1	112.9	105.6
Taxes other than income tax	380.5	364.2	203.9	193.3	126.2	121.6	50.2	49.1
Income from operations	1,354.9	1,143.9	716.3	567.3	487.6	434.3	162.1	179.8
Revenues	(Dollars in millions)							
Residential	1,918.3	1,909.2	824.1	801.2	691.9	714.7	402.3	393.3
Commercial	1,681.3	1,641.7	694.1	665.6	713.3	717.1	273.9	259.0
Industrial	597.0	588.7	391.7	379.9	122.0	128.8	83.3	80.0
Other retail revenues	33.1	38.5	17.1	17.7	9.2	11.7	6.8	9.1
Total electric retail	4,229.7	4,178.1	1,927.0	1,864.4	1,536.4	1,572.3	766.3	741.4
Wholesale revenues	717.2	264.0	453.1	215.4	242.6	35.0	29.6	19.0
Transmission	356.8	318.5	322.9	287.3	17.1	13.9	16.8	17.3
Other	283.0	152.8	144.3	51.0	117.6	84.4	20.6	17.4
Operating revenues	5,586.7	4,913.4	2,847.3	2,418.1	1,913.7	1,705.6	833.3	795.1
Electricity Sales	(MWh in thousands)							
Residential	15,715	15,483	6,565	6,491	5,517	5,430	3,634	3,562
Commercial	17,659	16,995	7,112	6,875	7,286	7,028	3,261	3,091
Industrial	8,608	8,243	5,533	5,242	1,669	1,695	1,406	1,307
Other retail revenues	131	132	40	41	70	71	20	20
Total electric retail	42,113	40,853	19,250	18,649	14,542	14,224	8,321	7,980
Wholesale revenues	15,916	14,860	10,175	7,851	5,523	5,957	223	1,053
Total electricity sales	58,029	55,713	29,425	26,500	20,065	20,181	8,544	9,033

^(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

Evergy				
Three Months Ended December 31				
Degree Days	2021	2020/ Normal	Change	% Change
Cooling				
Actual compared to last year	42	48	(6)	—
Actual compared to normal	42	37	5	13.5
Heating				
Actual compared to last year	1,376	1,718	(342)	(19.9)
Actual compared to normal	1,376	1,858	(482)	(25.9)

Evergy				
Year Ended December 31				
Degree Days	2021	2020/ Normal	Change	% Change
Cooling				
Actual compared to last year	1,692	1,499	193	12.9
Actual compared to normal	1,692	1,519	173	11.4
Heating				
Actual compared to last year	4,346	4,552	(206)	(4.5)
Actual compared to normal	4,346	4,846	(500)	(10.3)

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 should be read in conjunction with this financial information.

Evergy, Inc.
Capitalization

	December 31, 2021		December 31, 2020	
	(dollars in millions)			
Current maturities of long-term debt	\$	389.3	\$	436.4
Current maturities of long-term debt of VIEs		—		18.8
Long-term debt, net		9,297.9		9,190.9
Total long-term debt		9,687.2	51.2 %	9,646.1
Common equity		9,244.4	48.8 %	8,733.4
Noncontrolling interests		(2.7)	— %	(14.9)
Total capitalization	\$	18,928.9	100.0 %	\$ 18,364.6
GAAP Book value per share	\$	40.32	\$	38.50
Period end shares outstanding		229,299,900		226,836,670

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2021 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 pages 8 and 9 for the reconciliation of utility gross margin to income from operations for the three months ended and year ended December 31, 2021 and 2020, respectively.

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

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for 2021 were \$812.6 million or \$3.54 per share, respectively. For 2020, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$705.5 million or \$3.10 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 which are subject to a restriction on sale that can create period to period volatility, as well as costs resulting from executive transition, severance, advisor expenses, COVID-19 vaccine incentives and the revaluation of deferred tax assets and liabilities from the Kansas corporate income tax rate change.

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 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).

Three Months Ended December 31	2021		2020	
	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.	\$ 53.4	\$ 0.23	\$ 51.0	\$ 0.22
Non-GAAP reconciling items:				
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax ^(b)	2.0	0.01	—	—
Executive transition costs, pre-tax ^(c)	0.2	—	—	—
Severance costs, pre-tax ^(d)	—	—	11.0	0.05
Advisor expenses, pre-tax ^(e)	3.2	0.01	6.2	0.03
COVID-19 vaccine incentive, pre-tax ^(f)	1.2	0.01	—	—
Restricted equity investment gains, pre-tax ^(g)	(27.7)	(0.12)	—	—
Income tax expense (benefit) ^(h)	4.5	0.02	(4.4)	(0.02)
Adjusted earnings (non-GAAP)	\$ 37.3	\$ 0.16	\$ 63.8	\$ 0.28

Year Ended December 31	2021		2020	
	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.	\$ 879.7	\$ 3.83	\$ 618.3	\$ 2.72
Non-GAAP reconciling items:				
Non-regulated energy marketing margin related to February 2021 winter weather event, pre-tax ^(a)	(94.5)	(0.41)	—	—
Non-regulated energy marketing costs related to February 2021 winter weather event, pre-tax ^(b)	7.9	0.03	—	—
Executive transition costs, pre-tax ^(c)	10.8	0.05	—	—
Severance costs, pre-tax ^(d)	2.8	0.01	66.3	0.29
Advisor expenses, pre-tax ^(e)	11.6	0.05	32.3	0.14
COVID-19 vaccine incentive, pre-tax ^(f)	1.2	0.01	—	—
Restricted equity investment gains, pre-tax ^(g)	(27.7)	(0.12)	—	—
Income tax expense (benefit) ^(h)	20.8	0.09	(25.2)	(0.11)
Kansas corporate income tax change ⁽ⁱ⁾	—	—	13.8	0.06
Adjusted earnings (non-GAAP)	\$ 812.6	\$ 3.54	\$ 705.5	\$ 3.10

^(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 of which \$10.5 million is included in operating and maintenance expense and \$0.3 million is included in other expense in 2021 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 incentive compensation costs incurred associated with employees becoming fully vaccinated against COVID-19 and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

- ^(g) Reflects gains related to equity investments which are subject to a restriction on sale and are included in investment earnings on the consolidated statements of comprehensive income.
- ^(h) Reflects an income tax effect calculated at a statutory rate of approximately 22% in 2021 and 26% in 2020, with the exception of certain non-deductible items.
- ⁽ⁱ⁾ Reflects the revaluation of Evergy Kansas Central's, Evergy Metro's and Evergy Missouri West's deferred income tax assets and liabilities from the Kansas corporate income tax rate change and are included in income tax expense on the consolidated statements of comprehensive income.