

# Evergy, Inc.

## Second Quarter 2020 Earnings

Released August 5, 2020

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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 June 30, 2020 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 June 30	2020	2019	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 476.7	\$ 431.6	\$ 45.1	10.4
Commercial	388.7	438.6	(49.9)	(11.4)
Industrial	139.3	156.6	(17.3)	(11.0)
Other retail	9.1	9.5	(0.4)	(4.2)
Total electric retail	1,013.8	1,036.3	(22.5)	(2.2)
Wholesale	47.3	72.3	(25.0)	(34.6)
Transmission	82.2	76.4	5.8	7.6
Other	41.4	36.7	4.7	12.8
Total Revenues	1,184.7	1,221.7	(37.0)	(3.0)
OPERATING EXPENSES:				
Fuel and purchased power	258.1	291.6	(33.5)	(11.5)
SPP network transmission costs	69.7	62.8	6.9	11.0
Operating and maintenance	272.7	288.6	(15.9)	(5.5)
Depreciation and amortization	221.6	215.4	6.2	2.9
Taxes other than income tax	90.9	91.6	(0.7)	(0.8)
Total Operating Expenses	913.0	950.0	(37.0)	(3.9)
INCOME FROM OPERATIONS	271.7	271.7	—	—
OTHER INCOME (EXPENSE):				
Investment earnings	3.1	2.6	0.5	19.2
Other income	7.6	6.1	1.5	24.6
Other expense	(14.9)	(18.1)	3.2	(17.7)
Total Other Expense, Net	(4.2)	(9.4)	5.2	(55.3)
Interest expense	99.5	95.4	4.1	4.3
INCOME BEFORE INCOME TAXES	168.0	166.9	1.1	0.7
Income tax expense	33.7	24.4	9.3	38.1
Equity in earnings of equity method investees, net of income taxes	2.0	2.1	(0.1)	(4.8)
NET INCOME	136.3	144.6	(8.3)	(5.7)
Less: Net income attributable to noncontrolling interests	2.9	4.9	(2.0)	(40.8)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 133.4	\$ 139.7	\$ (6.3)	(4.5)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.59	\$ 0.57	\$ 0.02	3.5
Diluted earnings per common share	\$ 0.59	\$ 0.57	\$ 0.02	3.5
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.2	243.2	(16.0)	(6.6)
Diluted	227.6	243.4	(15.8)	(6.5)
Effective income tax rate	19.8%	14.5%		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

**EVERGY, INC.**  
**Consolidated Statements of Income**  
(Unaudited)

Year to Date June 30	2020	2019	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 879.2	\$ 883.3	\$ (4.1)	(0.5)
Commercial	773.4	852.1	(78.7)	(9.2)
Industrial	279.9	303.6	(23.7)	(7.8)
Other retail	19.7	19.3	0.4	2.1
Total electric retail	1,952.2	2,058.3	(106.1)	(5.2)
Wholesale	110.8	155.4	(44.6)	(28.7)
Transmission	157.8	153.1	4.7	3.1
Other	80.6	71.8	8.8	12.3
Total Revenues	2,301.4	2,438.6	(137.2)	(5.6)
OPERATING EXPENSES:				
Fuel and purchased power	516.3	621.6	(105.3)	(16.9)
SPP network transmission costs	131.7	126.3	5.4	4.3
Operating and maintenance	560.9	595.5	(34.6)	(5.8)
Depreciation and amortization	440.1	429.0	11.1	2.6
Taxes other than income tax	183.2	184.9	(1.7)	(0.9)
Total Operating Expenses	1,832.2	1,957.3	(125.1)	(6.4)
INCOME FROM OPERATIONS	469.2	481.3	(12.1)	(2.5)
OTHER INCOME (EXPENSE):				
Investment earnings	2.3	5.8	(3.5)	(60.3)
Other income	9.9	14.3	(4.4)	(30.8)
Other expense	(37.6)	(37.5)	(0.1)	0.3
Total Other Expense, Net	(25.4)	(17.4)	(8.0)	46.0
Interest expense	195.7	186.5	9.2	4.9
INCOME BEFORE INCOME TAXES	248.1	277.4	(29.3)	(10.6)
Income tax expense	43.8	33.7	10.1	30.0
Equity in earnings of equity method investees, net of income taxes	4.2	4.3	(0.1)	(2.3)
NET INCOME	208.5	248.0	(39.5)	(15.9)
Less: Net income attributable to noncontrolling interests	5.7	8.8	(3.1)	(35.2)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 202.8	\$ 239.2	\$ (36.4)	(15.2)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.89	\$ 0.96	\$ (0.07)	(7.3)
Diluted earnings per common share	\$ 0.89	\$ 0.96	\$ (0.07)	(7.3)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.1	248.0	(20.9)	(8.4)
Diluted	227.6	248.2	(20.6)	(8.3)
Effective income tax rate	17.4%	12.0%		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

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

	June 30 2020	December 31 2019
<b>ASSETS</b>	(millions, except share amounts)	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 176.2	\$ 23.2
Receivables, net of allowance for credit losses of \$18.0 and \$10.5, respectively	396.0	228.5
Accounts receivable pledged as collateral	297.0	339.0
Fuel inventory and supplies	520.3	481.6
Income taxes receivable	112.7	85.5
Regulatory assets	207.7	231.7
Prepaid expenses and other assets	80.5	78.2
Total Current Assets	<u>1,790.4</u>	<u>1,467.7</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>19,191.8</u>	<u>19,184.4</u>
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	<u>158.5</u>	<u>162.0</u>
<b>OTHER ASSETS:</b>		
Regulatory assets	1,714.6	1,740.5
Nuclear decommissioning trust fund	557.4	573.2
Goodwill	2,336.6	2,336.6
Other	501.1	511.5
Total Other Assets	<u>5,109.7</u>	<u>5,161.8</u>
<b>TOTAL ASSETS</b>	<u>\$ 26,250.4</u>	<u>\$ 25,975.9</u>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

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

	June 30 2020	December 31 2019
<b>LIABILITIES AND EQUITY</b>		
(millions, except share amounts)		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 350.8	\$ 251.1
Current maturities of long-term debt of variable interest entities	18.8	32.3
Notes payable and commercial paper	467.0	561.9
Collateralized note payable	297.0	339.0
Accounts payable	332.8	528.8
Accrued taxes	200.2	145.1
Accrued interest	92.8	122.3
Regulatory liabilities	51.7	63.3
Asset retirement obligations	66.7	71.3
Accrued compensation and benefits	61.1	59.2
Other	147.2	161.6
Total Current Liabilities	2,086.1	2,335.9
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt, net	9,281.2	8,746.7
Long-term debt of variable interest entities, net	—	18.8
Deferred income taxes	1,602.2	1,744.4
Unamortized investment tax credits	188.2	375.4
Regulatory liabilities	2,581.2	2,248.3
Pension and post-retirement liability	1,007.6	1,017.6
Asset retirement obligations	619.1	602.8
Other	357.9	340.7
Total Long-Term Liabilities	15,637.4	15,094.7
<b>Commitments and Contingencies (See 10-Q Note 10)</b>		
<b>EQUITY:</b>		
<b>Evergy, Inc. Shareholders' Equity:</b>		
Common stock - 600,000,000 shares authorized, without par value 226,825,105 and 226,641,443 shares issued, stated value	7,073.5	7,070.4
Retained earnings	1,524.1	1,551.5
Accumulated other comprehensive loss	(49.8)	(50.0)
Total Evergy, Inc. Shareholders' Equity	8,547.8	8,571.9
Noncontrolling Interests	(20.9)	(26.6)
Total Equity	8,526.9	8,545.3
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 26,250.4</b>	<b>\$ 25,975.9</b>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

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

<b>Year to Date June 30</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:</b>	(millions)	
Net income	\$ 208.5	\$ 248.0
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	440.1	429.0
Amortization of nuclear fuel	29.0	29.4
Amortization of deferred refueling outage	12.8	12.9
Amortization of corporate-owned life insurance	8.5	9.9
Non-cash compensation	8.7	9.4
Net deferred income taxes and credits	69.7	13.9
Allowance for equity funds used during construction	(4.6)	(0.4)
Payments for asset retirement obligations	(4.0)	(9.9)
Equity in earnings of equity method investees, net of income taxes	(4.2)	(4.3)
Income from corporate-owned life insurance	(6.3)	(15.1)
Other	0.5	(2.4)
Changes in working capital items:		
Accounts receivable	(115.4)	(78.3)
Accounts receivable pledged as collateral	42.0	53.0
Fuel inventory and supplies	(38.4)	22.5
Prepaid expenses and other current assets	13.9	36.2
Accounts payable	(123.6)	(136.0)
Accrued taxes	27.9	99.9
Other current liabilities	(84.4)	(121.1)
Changes in other assets	66.0	41.1
Changes in other liabilities	(24.2)	(4.0)
Cash Flows from Operating Activities	<u>522.5</u>	<u>633.7</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:</b>		
Additions to property, plant and equipment	(635.6)	(572.4)
Purchase of securities - trusts	(36.9)	(27.0)
Sale of securities - trusts	30.3	24.5
Investment in corporate-owned life insurance	(16.1)	(17.0)
Proceeds from investment in corporate-owned life insurance	58.6	68.4
Other investing activities	(1.5)	(6.0)
Cash Flows used in Investing Activities	<u>(601.2)</u>	<u>(529.5)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:</b>		
Short-term debt, net	(94.9)	1,500.5
Collateralized short-term borrowings, net	(42.0)	(53.0)
Proceeds from long-term debt	889.5	493.3
Retirements of long-term debt	(251.1)	(701.1)
Retirements of long-term debt of variable interest entities	(32.3)	(30.3)
Borrowings against cash surrender value of corporate-owned life insurance	53.4	56.1
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(51.1)	(51.4)
Cash dividends paid	(229.0)	(235.6)
Repurchase of common stock under repurchase plan	—	(1,128.7)
Other financing activities	(10.8)	(7.3)
Cash Flows from (used in) Financing Activities	<u>231.7</u>	<u>(157.5)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>153.0</b>	<b>(53.3)</b>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH:</b>		
Beginning of period	23.2	160.3
End of period	<u>\$ 176.2</u>	<u>\$ 107.0</u>

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

Evergy, Inc  
Second Quarter 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Evergy, Inc.	\$ 139.7	\$ 0.57
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin <sup>(a)</sup>	(10.4) A	(0.04)
Operating and maintenance	15.9 B	0.07
Depreciation and amortization	(6.2) C	(0.03)
Taxes other than income tax	0.7	—
Other expense, net	5.2 D	0.02
Interest expense	(4.1) E	(0.02)
Income tax expense	(9.3) F	(0.04)
Equity in earnings of equity method investees, net of income taxes	(0.1)	—
Net income attributable to noncontrolling interests	2.0	0.01
Change in shares outstanding	G	0.05
2020 net income attributable to Evergy, Inc.	\$ 133.4	\$ 0.59

<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 lower retail sales driven by a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures resulting from government restrictions to slow the spread of COVID-19, partially offset by an increase in weather-normalized residential demand and favorable weather - (\$7.2M); a decrease related to Evergy Kansas Central's TDC rider - (\$4.9M); and a decrease in revenue related to the granting of an Accounting Authority Order (AAO) by the Public Service Commission of the State of Missouri (MPSC) in October 2019 - (\$2.7M); partially offset by an increase for recovery of programs costs for energy efficiency programs under the Missouri Energy Efficiency Investment Act (MEEIA), which have a direct offset in operating and maintenance expense - \$2.8M; and an increase in MEEIA throughput disincentive in 2020 - \$1.6M.
- B Due primarily to a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$19.5M; and a decrease in transmission and distribution operating and maintenance expense primarily due to lower employee headcount in 2020 - \$8.5M; partially offset by advisor expenses incurred in 2020 associated with strategic planning - (\$9.8M); and an increase in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - (\$2.8M).
- C Due primarily to capital additions.
- D Due primarily to an increase in Evergy Kansas Central's equity allowance for funds used during construction (AFUDC) in 2020 - \$2.6M; and higher Evergy Kansas Central COLI benefits in the second quarter of 2020 - \$1.0M
- E Due primarily to Evergy's issuance of \$1.6 billion of senior notes in September 2019 - (\$12.5M); Evergy Kansas Central's issuance of \$500.0 million of 3.45% First Mortgage Bonds (FMBs) in April 2020 - (\$3.9M); and Evergy Kansas Central's issuance of \$300.0 million of 3.25% FMBs in August 2019 - (\$2.5M); partially offset by a decrease primarily due to Evergy's borrowings under its \$1.0 billion term loan credit agreement in 2019 and a lower commercial paper balance and a lower weighted-average interest rate on short-term borrowings in 2020 - \$9.3M; and the repayment of Evergy Kansas South's \$300.0 million of 6.70% FMBs in June 2019 - \$5.1M.
- F Due primarily to a net increase due to the revaluation of deferred income tax assets and liabilities in 2020 due to the change in the Kansas corporate income tax rate - (\$13.8M)
- G Increase due to a lower number of diluted weighted average common shares outstanding in 2020 due to shares repurchased under Evergy's common share repurchase program in 2019.

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

Eversource Energy, Inc.  
Year to Date June 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Eversource Energy, Inc.	\$ 239.2	\$ 0.96
	<b>Favorable/(Unfavorable)</b>	
Utility gross margin <sup>(a)</sup>	(37.3)	A (0.15)
Operating and maintenance	34.6	B 0.14
Depreciation and amortization	(11.1)	C (0.04)
Taxes other than income tax	1.7	0.01
Other expense, net	(8.0)	D (0.03)
Interest expense	(9.2)	E (0.04)
Income tax expense	(10.1)	F (0.04)
Equity in earnings of equity method investees, net of income taxes	(0.1)	—
Net income attributable to noncontrolling interests	3.1	0.01
Change in shares outstanding		G 0.07
2020 net income attributable to Eversource Energy, Inc.	\$ 202.8	\$ 0.89

<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 lower retail sales driven by a decrease in weather-normalized commercial and industrial demand primarily due to temporary business closures resulting from government restrictions to slow the spread of COVID-19, partially offset by an increase in weather-normalized residential demand - (\$26.9M); a decrease in revenue recognized for the MEEIA earnings opportunity in 2020 related to the achievement of certain energy savings levels in the MEEIA programs - (\$9.6M); a decrease in revenue related to the granting of an AAO by the MPSC in October 2019 - (\$5.4M); and a decrease related to Eversource Kansas Central's TDC rider - (\$5.1M) partially offset by an increase for recovery of programs costs for energy efficiency programs under MEEIA, which have a direct offset in operating and maintenance expense - \$6.7M; and an increase in MEEIA throughput disincentive in 2020 - \$3.0M.
- B Due primarily to a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$28.0M; a decrease in transmission and distribution operating and maintenance expense primarily due to costs at Eversource Metro and Eversource Missouri West incurred from storms in January 2019 and lower employee headcount in 2020 - \$25.8M; and a decrease in various administrative and general operating and maintenance expenses that included lower employee headcount in 2020 and a decrease in property insurance expense - \$9.2M; partially offset by advisor expenses incurred in 2020 associated with strategic planning - (\$16.4M); an increase in voluntary severance expenses incurred in 2020 - (\$11.4M); and an increase in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - (\$6.7M).
- C Due primarily to capital additions.
- D Due primarily to lower Eversource Kansas Central corporate-owned life insurance (COLI) benefits in 2020 - (\$5.5M); a decrease in investment earnings primarily due to a loss from equity investments (\$3.5M); and an increase due to higher Eversource Metro pension non-service costs in 2020 - (\$2.8M); partially offset by an increase in Eversource's Kansas Central's equity AFUDC in 2020 - \$4.2M.
- E Due primarily to Eversource's issuance of \$1.6 billion of senior notes in September 2019 - (\$24.9M); Eversource Kansas Central's issuance of \$300.0 million of 3.25% FMBs in August 2019 - (\$4.9M); and Eversource Kansas Central's issuance of \$500.0 million of 3.45% FMBs in April 2020 - (\$3.9M); partially offset by a decrease due to Eversource's borrowings under its \$1.0 billion term loan credit agreement in 2019 and a lower commercial paper balance and a lower weighted-average interest rate on short-term borrowings in 2020 - \$13.5M; the repayment of Eversource Kansas South's \$300.0 million of 6.70% FMBs in June 2019 - \$10.1M; and the repayment of Eversource Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, net of an increase due to Eversource Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019 - \$4.7M.
- F Due primarily to a net increase due to the 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).
- G Decreased due to lower net income attributable to Eversource Energy, Inc. in 2020; partially offset by a lower number of diluted weighted average common shares outstanding in 2020 due to shares repurchased under Eversource's common share repurchase program in 2019.

The Notes to the Unaudited Consolidated Financial Statements in Eversource's Quarterly Report on Form 10-Q for the period ended June 30, 2020 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	
	2020	2019	2020	2019	2020	2019	2020	2019
(Dollars in millions)								
Operating revenues	\$ 1,184.7	\$ 1,221.7	\$ 570.8	\$ 585.5	\$ 424.3	\$ 437.0	\$ 191.0	\$ 199.4
Fuel and purchased power	258.1	291.6	102.1	107.7	101.3	116.2	55.9	67.9
SPP network transmission costs	69.7	62.8	69.7	62.8	—	—	—	—
Operating and maintenance	272.7	288.6	115.2	127.4	98.5	108.0	46.9	50.4
Depreciation and amortization	221.6	215.4	113.5	110.6	82.8	79.9	26.5	26.1
Taxes other than income tax	90.9	91.6	49.1	49.4	29.2	31.0	12.6	11.4
Income from operations	271.7	271.7	121.2	127.6	112.5	101.9	49.1	43.6
Other income (expense), net	(4.2)	(9.4)	4.9	(4.2)	(4.5)	(4.9)	(1.4)	(3.0)
Interest expense	99.5	95.4	45.8	47.5	27.7	29.6	14.4	14.7
Income tax expense (benefit)	33.7	24.4	118.9	9.9	(22.6)	8.0	(58.8)	4.8
Equity in earnings of equity method investees, net of income taxes	2.0	2.1	1.0	1.2	—	—	—	—
Net income (loss)	136.3	144.6	(37.6)	67.2	102.9	59.4	92.1	21.1
Less: net income (loss) attributable to noncontrolling interests	2.9	4.9	2.9	4.9	—	—	—	—
Net income (loss) attributable to controlling interest	133.4	139.7	(40.5)	62.3	102.9	59.4	92.1	21.1
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,184.7	1,221.7	570.8	585.5	424.3	437.0	191.0	199.4
Fuel and purchased power	258.1	291.6	102.1	107.7	101.3	116.2	55.9	67.9
SPP network transmission costs	69.7	62.8	69.7	62.8	—	—	—	—
Utility gross margin <sup>(a)</sup>	856.9	867.3	399.0	415.0	323.0	320.8	135.1	131.5
Operating and maintenance	272.7	288.6	115.2	127.4	98.5	108.0	46.9	50.4
Depreciation and amortization	221.6	215.4	113.5	110.6	82.8	79.9	26.5	26.1
Taxes other than income tax	90.9	91.6	49.1	49.4	29.2	31.0	12.6	11.4
Income from operations	271.7	271.7	121.2	127.6	112.5	101.9	49.1	43.6
(Dollars in millions)								
Revenues								
Residential	476.7	431.6	196.8	179.2	183.6	162.1	96.3	90.2
Commercial	388.7	438.6	154.7	172.8	172.7	195.6	61.3	70.2
Industrial	139.3	156.6	86.8	98.8	32.9	36.2	19.6	21.5
Other retail revenues	9.1	9.5	4.2	5.1	2.7	2.7	2.2	1.8
Total electric retail	1,013.8	1,036.3	442.5	455.9	391.9	396.6	179.4	183.7
Wholesale revenues	47.3	72.3	44.6	53.5	0.2	13.1	3.8	6.1
Transmission	82.2	76.4	74.1	68.6	3.8	3.1	4.3	4.7
Other	41.4	36.7	9.6	7.5	28.4	24.2	3.5	5.0
Operating revenues	1,184.7	1,221.7	570.8	585.5	424.3	437.0	191.0	199.5
(MWh in thousands)								
Electricity Sales								
Residential	3,723	3,262	1,582	1,384	1,324	1,154	817	724
Commercial	3,854	4,334	1,574	1,754	1,580	1,809	700	770
Industrial	1,899	2,145	1,183	1,395	406	438	309	312
Other retail revenues	32	35	10	12	18	19	6	5
Total electric retail	9,508	9,776	4,349	4,545	3,328	3,420	1,832	1,811
Wholesale revenues	3,861	3,159	2,323	1,498	1,392	1,425	147	236
Total electricity sales	13,369	12,935	6,672	6,043	4,720	4,845	1,979	2,047

<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.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Evergy		Evergy Kansas Central		Evergy Metro		Evergy Missouri West	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Year to Date June 30</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	(Dollars in millions)							
Operating revenues	\$ 2,301.4	\$ 2,438.6	\$ 1,130.9	\$ 1,182.3	\$ 799.8	\$ 862.4	\$ 373.1	\$ 394.1
Fuel and purchased power	516.3	621.6	201.3	230.4	193.8	251.1	123.5	140.4
SPP network transmission costs	131.7	126.3	131.7	126.3	—	—	—	—
Operating and maintenance	560.9	595.5	238.9	256.0	204.4	230.0	96.9	103.7
Depreciation and amortization	440.1	429.0	225.6	220.4	164.2	158.8	52.7	52.1
Taxes other than income tax	183.2	184.9	97.7	97.3	61.2	63.7	24.2	23.9
Income from operations	469.2	481.3	235.7	251.9	176.2	158.8	75.8	74.0
Other expense, net	(25.4)	(17.4)	(6.2)	(6.0)	(11.4)	(8.3)	(4.6)	(6.1)
Interest expense	195.7	186.5	87.4	92.4	56.3	63.4	28.8	29.2
Income tax expense (benefit)	43.8	33.7	126.7	20.4	(20.0)	11.7	(58.9)	5.4
Equity in earnings of equity method investees, net of income taxes	4.2	4.3	2.2	2.4	—	—	—	—
Net income	208.5	248.0	17.6	135.5	128.5	75.4	101.3	33.3
Less: net income attributable to noncontrolling interests	5.7	8.8	5.7	8.8	—	—	—	—
Net income attributable to controlling interest	202.8	239.2	11.9	126.7	128.5	75.4	101.3	33.3
Reconciliation of utility gross margin to income from operations:								
Operating revenues	2,301.4	2,438.6	1,130.9	1,182.3	799.8	862.4	373.1	394.1
Fuel and purchased power	516.3	621.6	201.3	230.4	193.8	251.1	123.5	140.4
SPP network transmission costs	131.7	126.3	131.7	126.3	—	—	—	—
Utility gross margin <sup>(a)</sup>	1,653.4	1,690.7	797.9	825.6	606.0	611.3	249.6	253.7
Operating and maintenance	560.9	595.5	238.9	256.0	204.4	230.0	96.9	103.7
Depreciation and amortization	440.1	429.0	225.6	220.4	164.2	158.8	52.7	52.1
Taxes other than income tax	183.2	184.9	97.7	97.3	61.2	63.7	24.2	23.9
Income from operations	469.2	481.3	235.7	251.9	176.2	158.8	75.8	74.0
<b>Revenues</b>	(Dollars in millions)							
Residential	879.2	883.3	364.6	371.5	331.0	326.3	183.6	185.5
Commercial	773.4	852.1	305.8	337.1	344.8	379.4	122.8	135.5
Industrial	279.9	303.6	178.9	197.2	63.0	65.9	38.0	40.5
Other retail revenues	19.7	19.3	8.9	10.2	6.2	5.3	4.6	3.8
Total electric retail	1,952.2	2,058.3	858.2	916.0	745.0	776.9	349.0	365.3
Wholesale revenues	110.8	155.4	99.4	114.8	7.0	31.2	6.8	9.8
Transmission	157.8	153.1	142.3	137.8	6.9	6.2	8.6	9.1
Other	80.6	71.8	31.0	13.7	40.9	48.1	8.7	10.0
Operating revenues	2,301.4	2,438.6	1,130.9	1,182.3	799.8	862.4	373.1	394.2
<b>Electricity Sales</b>	(MWh in thousands)							
Residential	7,301	7,226	2,989	2,930	2,589	2,551	1,723	1,745
Commercial	8,060	8,758	3,198	3,482	3,391	3,703	1,471	1,573
Industrial	3,898	4,156	2,461	2,737	821	815	616	604
Other retail revenues	65	71	21	24	35	38	10	9
Total electric retail	19,324	20,211	8,669	9,173	6,836	7,107	3,820	3,931
Wholesale revenues	6,735	7,188	3,792	3,571	2,663	3,222	281	396
Total electricity sales	26,059	27,399	12,461	12,744	9,499	10,329	4,101	4,327

<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.

Evergy, Inc.  
Financial Results, Revenue and Sales

Supplemental Data

<b>Evergy</b>				
<b>Three Months Ended June 30</b>				
<b>Degree Days</b>	<b>2020</b>	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	496	400	96	24.0
Actual compared to normal	496	443	53	12.0
Heating				
Actual compared to last year	482	369	113	30.6
Actual compared to normal	482	413	69	16.7

<b>Evergy</b>				
<b>Year to Date June 30</b>				
<b>Degree Days</b>	<b>2020</b>	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	496	400	96	24.0
Actual compared to normal	496	448	48	10.7
Heating				
Actual compared to last year	2,775	3,189	(414)	(13.0)
Actual compared to normal	2,775	2,934	(159)	(5.4)

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 should be read in conjunction with this financial information.

Evergy, Inc.  
Capitalization

	June 30, 2020		December 31, 2019	
	(dollars in millions)			
Current maturities of long-term debt	\$	350.8	\$	251.1
Current maturities of long-term debt of VIEs		18.8		32.3
Long-term debt, net		9,281.2		8,746.7
Long-term debt of variable interest entities, net		—		18.8
Total long-term debt		9,650.8	53.1 %	9,048.9      51.4 %
Common equity		8,547.8	47.0 %	8,571.9      48.7 %
Noncontrolling interests		(20.9)	(0.1)%	(26.6)      (0.2)%
Total capitalization	\$	18,177.7	100.0 %	\$      17,594.2      100.0 %
GAAP Book value per share	\$	37.68	\$	37.82
Period end shares outstanding		226,825,105		226,641,443

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended June 30, 2020 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 to date June 30, 2020 and 2019, respectively.

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

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for the three months ended and year to date June 30, 2020, were \$154.2 million or \$0.68 per share and \$248.4 million or \$1.09 per share, respectively. For the three months ended and year to date June 30, 2019, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$140.3 million or \$0.58 per share and \$251.4 million or \$1.01 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 costs resulting from rebranding, voluntary severance, advisor expenses 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. 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).

	2020		2019	
	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
<b>Three Months Ended June 30</b>	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 133.4	\$ 0.59	\$ 139.7	\$ 0.57
Non-GAAP reconciling items:				
Rebranding costs, pre-tax <sup>(a)</sup>	—	—	0.9	0.01
Voluntary severance costs, pre-tax <sup>(b)</sup>	(0.4)	—	(0.1)	—
Advisor expenses, pre-tax <sup>(c)</sup>	9.8	0.04	—	—
Income tax benefit <sup>(d)</sup>	(2.4)	(0.01)	(0.2)	—
Kansas corporate income tax change <sup>(e)</sup>	13.8	0.06	—	—
Adjusted earnings (non-GAAP)	\$ 154.2	\$ 0.68	\$ 140.3	\$ 0.58

	2020		2019	
	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
<b>Year to Date June 30</b>	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 202.8	\$ 0.89	\$ 239.2	\$ 0.96
Non-GAAP reconciling items:				
Rebranding costs, pre-tax <sup>(a)</sup>	—	—	1.1	—
Voluntary severance costs, pre-tax <sup>(b)</sup>	26.6	0.12	14.7	0.06
Advisor expenses, pre-tax <sup>(c)</sup>	16.4	0.07	—	—
Income tax benefit <sup>(d)</sup>	(11.2)	(0.05)	(3.6)	(0.01)
Kansas corporate income tax change <sup>(e)</sup>	13.8	0.06	—	—
Adjusted earnings (non-GAAP)	\$ 248.4	\$ 1.09	\$ 251.4	\$ 1.01

<sup>(a)</sup> Reflects external costs incurred to rebrand the legacy Westar Energy and KCP&L utility brands to Evergy and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(b)</sup> 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.

<sup>(c)</sup> Reflects advisor expenses incurred associated with strategic planning and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

<sup>(d)</sup> Reflects an income tax effect calculated at a statutory rate of approximately 26%, with the exception of certain non-deductible items.

<sup>(e)</sup> 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.