

Evergy, Inc.

Third Quarter 2020 Earnings

Released November 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 September 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 September 30	2020	2019	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 636.4	\$ 653.0	\$ (16.6)	(2.5)
Commercial	499.5	539.1	(39.6)	(7.3)
Industrial	166.8	175.3	(8.5)	(4.8)
Other retail	9.5	16.0	(6.5)	(40.6)
Total electric retail	<u>1,312.2</u>	<u>1,383.4</u>	<u>(71.2)</u>	<u>(5.1)</u>
Wholesale	85.0	96.3	(11.3)	(11.7)
Transmission	80.7	80.4	0.3	0.4
Other	39.7	17.5	22.2	126.9
Total Revenues	<u>1,517.6</u>	<u>1,577.6</u>	<u>(60.0)</u>	<u>(3.8)</u>
OPERATING EXPENSES:				
Fuel and purchased power	316.2	357.3	(41.1)	(11.5)
SPP network transmission costs	66.1	62.4	3.7	5.9
Operating and maintenance	304.6	311.6	(7.0)	(2.2)
Depreciation and amortization	218.0	216.1	1.9	0.9
Taxes other than income tax	91.0	91.5	(0.5)	(0.5)
Total Operating Expenses	<u>995.9</u>	<u>1,038.9</u>	<u>(43.0)</u>	<u>(4.1)</u>
INCOME FROM OPERATIONS	<u>521.7</u>	<u>538.7</u>	<u>(17.0)</u>	<u>(3.2)</u>
OTHER INCOME (EXPENSE):				
Investment earnings	1.7	1.8	(0.1)	(5.6)
Other income	7.1	2.8	4.3	153.6
Other expense	(20.1)	(19.7)	(0.4)	2.0
Total Other Expense, Net	<u>(11.3)</u>	<u>(15.1)</u>	<u>3.8</u>	<u>(25.2)</u>
Interest expense	94.8	90.8	4.0	4.4
INCOME BEFORE INCOME TAXES	<u>415.6</u>	<u>432.8</u>	<u>(17.2)</u>	<u>(4.0)</u>
Income tax expense	50.0	65.5	(15.5)	(23.7)
Equity in earnings of equity method investees, net of income taxes	1.9	3.6	(1.7)	(47.2)
NET INCOME	<u>367.5</u>	<u>370.9</u>	<u>(3.4)</u>	<u>(0.9)</u>
Less: Net income attributable to noncontrolling interests	3.0	4.1	(1.1)	(26.8)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	<u>\$ 364.5</u>	<u>\$ 366.8</u>	<u>\$ (2.3)</u>	<u>(0.6)</u>
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 1.60	\$ 1.56	\$ 0.04	2.6
Diluted earnings per common share	\$ 1.60	\$ 1.56	\$ 0.04	2.6
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.3	234.6	(7.3)	(3.1)
Diluted	227.5	235.0	(7.5)	(3.2)
Effective income tax rate	12.0 %	15.0 %		

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

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Year to Date September 30	2020	2019	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 1,515.6	\$ 1,536.3	\$ (20.7)	(1.3)
Commercial	1,272.9	1,391.2	(118.3)	(8.5)
Industrial	446.7	478.9	(32.2)	(6.7)
Other retail	29.2	35.3	(6.1)	(17.3)
Total electric retail	3,264.4	3,441.7	(177.3)	(5.2)
Wholesale	195.8	251.7	(55.9)	(22.2)
Transmission	238.5	233.5	5.0	2.1
Other	120.3	89.3	31.0	34.7
Total Revenues	3,819.0	4,016.2	(197.2)	(4.9)
OPERATING EXPENSES:				
Fuel and purchased power	832.5	978.9	(146.4)	(15.0)
SPP network transmission costs	197.8	188.7	9.1	4.8
Operating and maintenance	865.5	907.1	(41.6)	(4.6)
Depreciation and amortization	658.1	645.1	13.0	2.0
Taxes other than income tax	274.2	276.4	(2.2)	(0.8)
Total Operating Expenses	2,828.1	2,996.2	(168.1)	(5.6)
INCOME FROM OPERATIONS	990.9	1,020.0	(29.1)	(2.9)
OTHER INCOME (EXPENSE):				
Investment earnings	4.0	7.6	(3.6)	(47.4)
Other income	17.0	17.1	(0.1)	(0.6)
Other expense	(57.7)	(57.2)	(0.5)	0.9
Total Other Expense, Net	(36.7)	(32.5)	(4.2)	12.9
Interest expense	290.5	277.3	13.2	4.8
INCOME BEFORE INCOME TAXES	663.7	710.2	(46.5)	(6.5)
Income tax expense	93.8	99.2	(5.4)	(5.4)
Equity in earnings of equity method investees, net of income taxes	6.1	7.9	(1.8)	(22.8)
NET INCOME	576.0	618.9	(42.9)	(6.9)
Less: Net income attributable to noncontrolling interests	8.7	12.9	(4.2)	(32.6)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 567.3	\$ 606.0	\$ (38.7)	(6.4)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 2.50	\$ 2.49	\$ 0.01	0.4
Diluted earnings per common share	\$ 2.49	\$ 2.49	\$ —	—
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.2	243.5	(16.3)	(6.7)
Diluted	227.5	243.8	(16.3)	(6.7)
Effective income tax rate	14.0 %	13.8 %		

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

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	September 30	December 31
	2020	2019
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 361.6	\$ 23.2
Receivables, net of allowance for credit losses of \$15.2 and \$10.5, respectively	318.5	228.5
Accounts receivable pledged as collateral	395.0	339.0
Fuel inventory and supplies	512.1	481.6
Income taxes receivable	53.9	85.5
Regulatory assets	205.9	231.7
Prepaid expenses and other assets	67.7	78.2
Total Current Assets	1,914.7	1,467.7
PROPERTY, PLANT AND EQUIPMENT, NET	19,624.1	19,184.4
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	156.7	162.0
OTHER ASSETS:		
Regulatory assets	1,734.1	1,740.5
Nuclear decommissioning trust fund	587.5	573.2
Goodwill	2,336.6	2,336.6
Other	527.5	511.5
Total Other Assets	5,185.7	5,161.8
TOTAL ASSETS	\$ 26,881.2	\$ 25,975.9

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

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	September 30 2020	December 31 2019
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 353.5	\$ 251.1
Current maturities of long-term debt of variable interest entities	18.8	32.3
Notes payable and commercial paper	200.0	561.9
Collateralized note payable	395.0	339.0
Accounts payable	358.9	528.8
Accrued taxes	305.8	145.1
Accrued interest	118.6	122.3
Regulatory liabilities	35.1	63.3
Asset retirement obligations	66.5	71.3
Accrued compensation and benefits	69.9	59.2
Other	176.1	161.6
Total Current Liabilities	2,098.2	2,335.9
LONG-TERM LIABILITIES:		
Long-term debt, net	9,276.4	8,746.7
Long-term debt of variable interest entities, net	—	18.8
Deferred income taxes	1,682.9	1,744.4
Unamortized investment tax credits	188.3	375.4
Regulatory liabilities	2,589.8	2,248.3
Pension and post-retirement liability	1,047.8	1,017.6
Asset retirement obligations	882.3	602.8
Other	331.3	340.7
Total Long-Term Liabilities	15,998.8	15,094.7
Commitments and Contingencies (See 10-Q Note 11)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 226,832,410 and 226,641,443 shares issued, stated value	7,077.0	7,070.4
Retained earnings	1,773.5	1,551.5
Accumulated other comprehensive loss	(48.4)	(50.0)
Total Evergy, Inc. Shareholders' Equity	8,802.1	8,571.9
Noncontrolling Interests	(17.9)	(26.6)
Total Equity	8,784.2	8,545.3
TOTAL LIABILITIES AND EQUITY	\$ 26,881.2	\$ 25,975.9

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

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

Year to Date September 30	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 576.0	\$ 618.9
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	658.1	645.1
Amortization of nuclear fuel	43.8	42.6
Amortization of deferred refueling outage	19.1	19.4
Amortization of corporate-owned life insurance	14.8	16.5
Non-cash compensation	12.1	12.9
Net deferred income taxes and credits	136.5	111.4
Allowance for equity funds used during construction	(9.9)	(0.9)
Payments for asset retirement obligations	(11.0)	(11.6)
Equity in earnings of equity method investees, net of income taxes	(6.1)	(7.9)
Income from corporate-owned life insurance	(6.8)	(19.5)
Other	0.7	(3.6)
Changes in working capital items:		
Accounts receivable	(68.6)	(68.4)
Accounts receivable pledged as collateral	(56.0)	(30.0)
Fuel inventory and supplies	(30.0)	57.0
Prepaid expenses and other current assets	20.9	65.7
Accounts payable	(87.5)	(111.5)
Accrued taxes	192.3	155.3
Other current liabilities	(43.9)	(77.7)
Changes in other assets	88.4	56.1
Changes in other liabilities	(21.2)	(22.5)
Cash Flows from Operating Activities	1,421.7	1,447.3
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,058.1)	(849.1)
Purchase of securities - trusts	(50.3)	(37.4)
Sale of securities - trusts	44.2	32.3
Investment in corporate-owned life insurance	(16.4)	(17.2)
Proceeds from investment in corporate-owned life insurance	60.6	99.1
Other investing activities	(9.9)	0.2
Cash Flows used in Investing Activities	(1,029.9)	(772.1)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	(361.9)	(378.0)
Proceeds from term loan facility	—	1,000.0
Repayment of term loan facility	—	(1,000.0)
Collateralized short-term borrowings, net	56.0	30.0
Proceeds from long-term debt	889.3	2,374.0
Retirements of long-term debt	(251.1)	(701.1)
Retirements of long-term debt of variable interest entities	(32.3)	(30.3)
Payment for settlement of interest rate swap accounted for as a cash flow hedge	—	(69.8)
Borrowings against cash surrender value of corporate-owned life insurance	54.5	57.2
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(52.5)	(77.4)
Cash dividends paid	(343.6)	(347.5)
Repurchase of common stock under repurchase plan	—	(1,628.7)
Distributions to shareholders of noncontrolling interests	—	(8.5)
Other financing activities	(11.8)	(5.3)
Cash Flows used in Financing Activities	(53.4)	(785.4)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	338.4	(110.2)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	23.2	160.3
End of period	\$ 361.6	\$ 50.1

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

Eversource Energy, Inc.
Third Quarter 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Eversource Energy, Inc.	\$ 366.8	\$ 1.56
	Favorable/(Unfavorable)	
Utility gross margin ^(a)	(22.6) A	(0.10)
Operating and maintenance	7.0 B	0.03
Depreciation and amortization	(1.9) C	(0.01)
Taxes other than income tax	0.5	—
Other expense, net	3.8 D	0.02
Interest expense	(4.0) E	(0.02)
Income tax expense	15.5 F	0.07
Equity in earnings of equity method investees, net of income taxes	(1.7)	(0.01)
Net income attributable to noncontrolling interests	1.1	—
Change in shares outstanding	G	0.06
2020 net income attributable to Eversource Energy, Inc.	\$ 364.5	\$ 1.60

^(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 lower retail sales driven by unfavorable weather, partially offset by an increase in weather-normalized residential demand - (\$33.3M); partially offset by an increase in revenue recognized for the MEEIA earnings opportunity in 2020 related to the achievement of certain energy savings levels in the MEEIA programs - \$3.9M; a decrease in the amount of revenue deferred in the third quarter of 2020 related to the granting of an AAO by the MPSC in October 2019 - \$3.8M; and an increase in MEEIA throughput disincentive in 2020 - \$3.0M.
- B Due primarily to a decrease in various administrative and general operating and maintenance expenses primarily due to a decrease in credit loss expense in 2020 at Eversource Metro and lower labor and employee benefit expense in 2020 - \$19.7M; a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$10.2M; a decrease in transmission and distribution operating and maintenance expense primarily due to lower labor expense and the timing of vegetation management - \$8.1M; and external costs incurred to rebrand the legacy Westar and KCP&L utility brands to Eversource in 2019 - \$4.7M; partially offset by an increase in voluntary severance expenses incurred in 2020 - (\$28.0M); and advisor expenses incurred in 2020 associated with strategic planning - (\$9.7M).
- C Due primarily to capital additions at Eversource Kansas Central.
- D Due primarily to higher Eversource Kansas Central and Eversource Metro equity allowance for funds used during construction (AFUDC) in 2020 - \$4.8M; partially offset by an increase due to recording lower Eversource Kansas Central corporate-owned life insurance (COLI) benefits in 2020 - (\$1.5M).
- E Due primarily to Eversource's issuance of \$1.6 billion of senior notes in September 2019 - (\$10.4M); Eversource Kansas Central's issuance of \$500.0 million of 3.45% First Mortgage Bonds (FMBs) in April 2020 - (\$4.3M); Eversource Metro's issuance of \$400.0 million of 2.25% Mortgage Bonds in May 2020 - (\$3.1M); partially offset by a decrease primarily due to Eversource's borrowings under its \$1.0 billion term loan credit agreement in 2019 and lower commercial paper balances and weighted-average interest rates on short-term borrowings in 2020 - \$13.0M.
- F Due primarily to lower Eversource Kansas Central, Eversource Metro and Eversource Missouri West pre-tax income in 2020 - \$5.0M; lower deferred income tax expense on temporary differences due to the decrease in the Kansas corporate income tax rate in 2021 - \$3.7M; a decrease due to flow-through items - \$3.3M; and a decrease due to higher wind and other income tax credits in 2020 - \$2.6M.
- G Increase due to 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 September 30, 2020 should be read in conjunction with this financial information.

Evergy, Inc
Year to Date September 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Evergy, Inc.	\$ 606.0	\$ 2.49
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	(59.9)	A (0.25)
Operating and maintenance	41.6	B 0.17
Depreciation and amortization	(13.0)	C (0.05)
Taxes other than income tax	2.2	0.01
Other expense, net	(4.2)	D (0.02)
Interest expense	(13.2)	E (0.05)
Income tax expense	5.4	F 0.02
Equity in earnings of equity method investees, net of income taxes	(1.8)	(0.01)
Net income attributable to noncontrolling interests	4.2	0.02
Change in shares outstanding		G 0.16
2020 net income attributable to Evergy, Inc.	\$ 567.3	\$ 2.49

^(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 lower retail sales driven by unfavorable weather and 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 - (\$64.9M); a decrease primarily related to Evergy Kansas Central's and Evergy Metro's TDC riders in 2020 - (\$2.3M); and a decrease in revenue recognized for the MEEIA earnings opportunity in 2020 related to the achievement of certain customer energy savings levels in the MEEIA programs - (\$5.7M); partially offset by an increase for recovery of programs costs for energy efficiency programs under MEEIA in 2020, which have a direct offset in operating and maintenance expense - \$7.0M; and an increase in MEEIA throughput disincentive in 2020 - \$6.0M.
- B Due primarily to a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$38.2M; a decrease in transmission and distribution operating and maintenance expense primarily due to costs at Evergy Metro and Evergy Missouri West incurred from storms in January 2019, a decrease due to the timing of vegetation management projects and lower labor expense in 2020 - \$33.9M; a decrease in various administrative and general operating and maintenance expenses primarily driven by a decrease in labor and employee benefits expense, a decrease in credit loss expense in 2020 at Evergy Metro and a decrease in property insurance expense - \$28.9M; and external costs incurred to rebrand the legacy Westar and KCP&L utility brands to Evergy in 2019 - \$4.7M; partially offset by an increase in voluntary severance expenses incurred in 2020 - (\$39.4M); advisor expenses incurred in 2020 by Evergy associated with strategic planning - (\$26.1M); and an increase in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - (\$7.0M).
- C Due primarily to capital additions at Evergy Kansas Central and Evergy Metro.
- D Due primarily to recording lower Evergy Kansas Central COLI benefits in 2020 - (\$7.0M); lower investment earnings primarily due to a loss from equity investments in 2020 - (\$3.6M); and higher Evergy Metro pension non-service costs in 2020 - (\$2.8M); partially offset by higher Evergy Kansas Central and Evergy Metro equity AFUDC in 2020 - \$9.0M.
- E Due primarily to Evergy's issuance of \$1.6 billion of senior notes in September 2019 - (\$35.3M); Evergy Kansas Central's issuance of \$500.0 million of 3.45% FMBs in April 2020 - (\$8.2M); Evergy Kansas Central's issuance of \$300.0 million of 3.25% FMBs in August 2019 - (\$6.1M); and Evergy Metro's issuance of \$400.0M of 2.25% Mortgage Bonds in May 2020 - (\$3.1M); partially offset by a decrease primarily due to Evergy's borrowings under its \$1.0 billion term loan credit agreement in 2019 and lower commercial paper balances and weighted-average interest rates on short-term borrowings in 2020 - \$26.5M; the repayment of Evergy Kansas South's \$300.0 million of 6.70% FMBs in June 2019 - \$9.2M; and the repayment of Evergy Metro's \$400.0 million of 7.15% Mortgage Bonds at maturity in April 2019, net of an increase due to Evergy Metro's issuance of \$400.0 million of 4.125% Mortgage Bonds in March 2019 - \$4.6M.
- F Due primarily to lower Evergy Kansas Central, Evergy Metro and Evergy Missouri West pre-tax income in 2020 - \$12.7M; a decrease due to lower deferred income tax expense on temporary differences due to the decrease in the Kansas corporate income tax rate in 2021 - \$5.4M; a decrease due to flow-through items - \$3.8M; partially offset by 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); and a valuation allowance reversal in 2019 - (\$7.9M).
- G Impacted by 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 September 30, 2020 should be read in conjunction with this financial information.

Evergy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Evergy		Evergy Kansas Central		Evergy Metro		Evergy Missouri West	
	2020	2019	2020	2019	2020	2019	2020	2019
(Dollars in millions)								
Operating revenues	\$ 1,517.6	\$ 1,577.6	\$ 733.6	\$ 749.0	\$ 528.5	\$ 568.8	\$ 256.9	\$ 260.8
Fuel and purchased power	316.2	357.3	128.6	144.9	112.2	129.3	77.1	84.3
SPP network transmission costs	66.1	62.4	66.1	62.4	—	—	—	—
Operating and maintenance	304.6	311.6	137.4	140.4	101.3	111.2	54.0	53.8
Depreciation and amortization	218.0	216.1	113.4	110.9	79.4	80.2	26.3	26.3
Taxes other than income tax	91.0	91.5	47.4	48.0	31.2	32.6	12.4	11.9
Income from operations	521.7	538.7	240.7	242.4	204.4	215.5	87.1	84.5
Other expense, net	(11.3)	(15.1)	(6.0)	(7.9)	(2.4)	(3.2)	(2.5)	(2.7)
Interest expense	94.8	90.8	40.3	41.7	29.2	28.2	13.8	14.4
Income tax expense	50.0	65.5	22.5	25.8	25.1	32.2	13.6	15.3
Equity in earnings of equity method investees, net of income taxes	1.9	3.6	1.2	1.2	—	—	—	—
Net income	367.5	370.9	173.1	168.2	147.7	151.9	57.2	52.1
Less: net income attributable to noncontrolling interests	3.0	4.1	3.0	4.1	—	—	—	—
Net income attributable to controlling interest	364.5	366.8	170.1	164.1	147.7	151.9	57.2	52.1
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,517.6	1,577.6	733.6	749.0	528.5	568.8	256.9	260.8
Fuel and purchased power	316.2	357.3	128.6	144.9	112.2	129.3	77.1	84.3
SPP network transmission costs	66.1	62.4	66.1	62.4	—	—	—	—
Utility gross margin ^(a)	1,135.3	1,157.9	538.9	541.7	416.3	439.5	179.8	176.5
Operating and maintenance	304.6	311.6	137.4	140.4	101.3	111.2	54.0	53.8
Depreciation and amortization	218.0	216.1	113.4	110.9	79.4	80.2	26.3	26.3
Taxes other than income tax	91.0	91.5	47.4	48.0	31.2	32.6	12.4	11.9
Income from operations	521.7	538.7	240.7	242.4	204.4	215.5	87.1	84.5
(Dollars in millions)								
Revenues								
Residential	636.4	653.0	262.9	268.9	241.2	249.2	132.3	134.9
Commercial	499.5	539.1	205.2	219.3	213.3	234.1	81.0	85.8
Industrial	166.8	175.3	105.7	111.3	36.6	40.8	24.5	23.2
Other retail revenues	9.5	16.0	4.4	5.6	2.7	7.0	2.4	3.4
Total electric retail	1,312.2	1,383.4	578.2	605.1	493.8	531.1	240.2	247.3
Wholesale revenues	85.0	96.3	68.7	67.7	9.7	23.5	8.0	6.1
Transmission	80.7	80.4	72.9	67.7	3.5	7.8	4.3	4.9
Other	39.7	17.5	13.8	8.5	21.5	6.4	4.4	2.5
Operating revenues	1,517.6	1,577.6	733.6	749.0	528.5	568.8	256.9	260.8
(MWh in thousands)								
Electricity Sales								
Residential	4,813	4,937	2,121	2,173	1,660	1,710	1,032	1,053
Commercial	4,914	5,251	2,068	2,191	1,969	2,125	876	934
Industrial	2,273	2,372	1,450	1,549	458	488	365	335
Other retail revenues	34	34	10	11	19	19	5	5
Total electric retail	12,034	12,594	5,649	5,924	4,106	4,342	2,278	2,327
Wholesale revenues	3,507	3,684	1,983	2,020	1,027	1,463	497	203
Total electricity sales	15,541	16,278	7,632	7,944	5,133	5,805	2,775	2,530

^(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.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource		Eversource Kansas Central		Eversource Metro		Eversource Missouri West	
	2020	2019	2020	2019	2020	2019	2020	2019
Year to Date September 30	2020	2019	2020	2019	2020	2019	2020	2019
	(Dollars in millions)							
Operating revenues	\$ 3,819.0	\$ 4,016.2	\$ 1,864.5	\$ 1,931.3	\$ 1,328.3	\$ 1,431.2	\$ 630.0	\$ 654.9
Fuel and purchased power	832.5	978.9	329.9	375.3	306.0	380.4	200.6	224.7
SPP network transmission costs	197.8	188.7	197.8	188.7	—	—	—	—
Operating and maintenance	865.5	907.1	376.3	396.4	305.7	341.2	150.9	157.5
Depreciation and amortization	658.1	645.1	339.0	331.3	243.6	239.0	79.0	78.4
Taxes other than income tax	274.2	276.4	145.1	145.3	92.4	96.3	36.6	35.8
Income from operations	990.9	1,020.0	476.4	494.3	380.6	374.3	162.9	158.5
Other expense, net	(36.7)	(32.5)	(12.2)	(13.9)	(13.8)	(11.5)	(7.1)	(8.8)
Interest expense	290.5	277.3	127.7	134.1	85.5	91.6	42.6	43.6
Income tax expense (benefit)	93.8	99.2	149.2	46.2	5.1	43.9	(45.3)	20.7
Equity in earnings of equity method investees, net of income taxes	6.1	7.9	3.4	3.6	—	—	—	—
Net income	576.0	618.9	190.7	303.7	276.2	227.3	158.5	85.4
Less: net income attributable to noncontrolling interests	8.7	12.9	8.7	12.9	—	—	—	—
Net income attributable to controlling interest	567.3	606.0	182.0	290.8	276.2	227.3	158.5	85.4
Reconciliation of utility gross margin to income from operations:								
Operating revenues	3,819.0	4,016.2	1,864.5	1,931.3	1,328.3	1,431.2	630.0	654.9
Fuel and purchased power	832.5	978.9	329.9	375.3	306.0	380.4	200.6	224.7
SPP network transmission costs	197.8	188.7	197.8	188.7	—	—	—	—
Utility gross margin ^(a)	2,788.7	2,848.6	1,336.8	1,367.3	1,022.3	1,050.8	429.4	430.2
Operating and maintenance	865.5	907.1	376.3	396.4	305.7	341.2	150.9	157.5
Depreciation and amortization	658.1	645.1	339.0	331.3	243.6	239.0	79.0	78.4
Taxes other than income tax	274.2	276.4	145.1	145.3	92.4	96.3	36.6	35.8
Income from operations	990.9	1,020.0	476.4	494.3	380.6	374.3	162.9	158.5
Revenues	(Dollars in millions)							
Residential	1,515.6	1,536.3	627.5	640.4	572.2	575.5	315.9	320.4
Commercial	1,272.9	1,391.2	511.0	556.4	558.1	613.5	203.8	221.3
Industrial	446.7	478.9	284.6	308.5	99.6	106.7	62.5	63.7
Other retail revenues	29.2	35.3	13.3	15.8	8.9	12.3	7.0	7.2
Total electric retail	3,264.4	3,441.7	1,436.4	1,521.1	1,238.8	1,308.0	589.2	612.6
Wholesale revenues	195.8	251.7	168.1	182.5	16.7	54.7	14.8	15.9
Transmission	238.5	233.5	215.2	205.5	10.4	14.0	12.9	14.0
Other	120.3	89.3	44.8	22.2	62.4	54.5	13.1	12.4
Operating revenues	3,819.0	4,016.2	1,864.5	1,931.3	1,328.3	1,431.2	630.0	654.9
Electricity Sales	(MWh in thousands)							
Residential	12,114	12,163	5,110	5,103	4,249	4,261	2,755	2,798
Commercial	12,974	14,009	5,266	5,673	5,360	5,828	2,347	2,507
Industrial	6,171	6,528	3,911	4,286	1,279	1,303	981	939
Other retail revenues	99	105	31	35	54	57	15	14
Total electric retail	31,358	32,805	14,318	15,097	10,942	11,449	6,098	6,258
Wholesale revenues	10,242	10,872	5,775	5,591	3,690	4,685	778	599
Total electricity sales	41,600	43,677	20,093	20,688	14,632	16,134	6,876	6,857

^(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 September 30				
Degree Days	2020	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	956	1,154	(198)	(17.2)
Actual compared to normal	956	1,025	(69)	(6.7)
Heating				
Actual compared to last year	60	—	60	N/A
Actual compared to normal	60	52	8	15.4

Evergy				
Year to Date September 30				
Degree Days	2020	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	1,452	1,554	(102)	(6.6)
Actual compared to normal	1,452	1,473	(21)	(1.4)
Heating				
Actual compared to last year	2,835	3,189	(354)	(11.1)
Actual compared to normal	2,835	2,986	(151)	(5.1)

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

Evergy, Inc.
Capitalization

	September 30, 2020		December 31, 2019	
	(dollars in millions)			
Current maturities of long-term debt	\$	353.5	\$	251.1
Current maturities of long-term debt of VIEs		18.8		32.3
Long-term debt, net		9,276.4		8,746.7
Long-term debt of variable interest entities, net		—		18.8
Total long-term debt		9,648.7	52.3 %	9,048.9 51.4 %
Common equity		8,802.1	47.8 %	8,571.9 48.7 %
Noncontrolling interests		(17.9)	(0.1)%	(26.6) (0.2)%
Total capitalization	\$	18,432.9	100.0 %	\$ 17,594.2 100.0 %
GAAP Book value per share	\$	38.80	\$	37.82
Period end shares outstanding		226,832,410		226,641,443

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended September 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 September 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 September 30, 2020, were \$393.3 million or \$1.73 per share and \$641.7 million or \$2.82 per share, respectively. For the three months ended and year to date September 30, 2019, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$369.8 million or \$1.57 per share and \$621.2 million or \$2.55 per share, respectively. In addition to net income attributable to Evergy, Inc. and diluted EPS, Evergy's management uses adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) to evaluate earnings and EPS without the 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).

	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
Three Months Ended September 30	2020		2019	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 364.5	\$ 1.60	\$ 366.8	\$ 1.56
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(a)	—	—	3.6	0.01
Voluntary severance costs, pre-tax ^(b)	28.7	0.13	0.4	—
Advisor expenses, pre-tax ^(c)	9.7	0.04	—	—
Income tax benefit ^(d)	(9.6)	(0.04)	(1.0)	—
Adjusted earnings (non-GAAP)	\$ 393.3	\$ 1.73	\$ 369.8	\$ 1.57

	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
Year to Date September 30	2020		2019	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 567.3	\$ 2.49	\$ 606.0	\$ 2.49
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(a)	—	—	4.7	0.02
Voluntary severance costs, pre-tax ^(b)	55.3	0.24	15.1	0.06
Advisor expenses, pre-tax ^(c)	26.1	0.12	—	—
Income tax benefit ^(d)	(20.8)	(0.09)	(4.6)	(0.02)
Kansas corporate income tax change ^(e)	13.8	0.06	—	—
Adjusted earnings (non-GAAP)	\$ 641.7	\$ 2.82	\$ 621.2	\$ 2.55

^(a) 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.

^(b) 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.

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

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

^(e) 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.