

Evergy, Inc.

Fourth Quarter 2020 Earnings

Released February 26, 2021

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Lori Wright
Vice President - Corporate Planning, Investor Relations and Treasurer
816-556-2506
lori.wright@evergy.com

Cody VandeVelde
Director - Investor Relations
785-575-8227
cody.vandavelde@evergy.com

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, 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 December 31	2020	2019	Change	% Change
	(millions, except per share amounts)			
REVENUES:				
Residential	\$ 393.6	\$ 371.8	\$ 21.8	5.9
Commercial	368.8	390.4	(21.6)	(5.5)
Industrial	142.0	142.7	(0.7)	(0.5)
Other retail	9.3	11.8	(2.5)	(21.2)
Total electric retail	913.7	916.7	(3.0)	(0.3)
Wholesale	68.2	75.8	(7.6)	(10.0)
Transmission	80.0	75.7	4.3	5.7
Other	32.5	63.4	(30.9)	(48.7)
Total Revenues	1,094.4	1,131.6	(37.2)	(3.3)
OPERATING EXPENSES:				
Fuel and purchased power	266.5	286.1	(19.6)	(6.9)
SPP network transmission costs	65.4	62.6	2.8	4.5
Operating and maintenance	297.5	311.4	(13.9)	(4.5)
Depreciation and amortization	222.0	216.6	5.4	2.5
Taxes other than income tax	90.0	89.1	0.9	1.0
Total Operating Expenses	941.4	965.8	(24.4)	(2.5)
INCOME FROM OPERATIONS	153.0	165.8	(12.8)	(7.7)
OTHER INCOME (EXPENSE):				
Investment earnings	6.8	3.4	3.4	100.0
Other income	14.3	9.8	4.5	45.9
Other expense	(20.5)	(19.7)	(0.8)	4.1
Total Other Income (Expense), Net	0.6	(6.5)	7.1	(109.2)
Interest expense	93.4	96.7	(3.3)	(3.4)
INCOME BEFORE INCOME TAXES	60.2	62.6	(2.4)	(3.8)
Income tax expense (benefit)	8.4	(2.2)	10.6	(481.8)
Equity in earnings of equity method investees, net of income taxes	2.2	1.9	0.3	15.8
NET INCOME	54.0	66.7	(12.7)	(19.0)
Less: Net income attributable to noncontrolling interests	3.0	2.8	0.2	7.1
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 51.0	\$ 63.9	\$ (12.9)	(20.2)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 0.22	\$ 0.28	\$ (0.06)	(21.4)
Diluted earnings per common share	\$ 0.22	\$ 0.28	\$ (0.06)	(21.4)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.3	227.9	(0.6)	(0.3)
Diluted	227.5	228.3	(0.8)	(0.4)
Effective income tax rate	13.6 %	(3.2)%		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Year Ended December 31	2020	2019	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 1,909.2	\$ 1,908.1	\$ 1.1	0.1
Commercial	1,641.7	1,781.6	(139.9)	(7.9)
Industrial	588.7	621.6	(32.9)	(5.3)
Other retail	38.5	47.1	(8.6)	(18.3)
Total electric retail	4,178.1	4,358.4	(180.3)	(4.1)
Wholesale	264.0	327.5	(63.5)	(19.4)
Transmission	318.5	309.2	9.3	3.0
Other	152.8	152.7	0.1	0.1
Total Revenues	4,913.4	5,147.8	(234.4)	(4.6)
OPERATING EXPENSES:				
Fuel and purchased power	1,099.0	1,265.0	(166.0)	(13.1)
SPP network transmission costs	263.2	251.3	11.9	4.7
Operating and maintenance	1,163.0	1,218.5	(55.5)	(4.6)
Depreciation and amortization	880.1	861.7	18.4	2.1
Taxes other than income tax	364.2	365.5	(1.3)	(0.4)
Total Operating Expenses	3,769.5	3,962.0	(192.5)	(4.9)
INCOME FROM OPERATIONS	1,143.9	1,185.8	(41.9)	(3.5)
OTHER INCOME (EXPENSE):				
Investment earnings	10.8	11.0	(0.2)	(1.8)
Other income	31.3	26.9	4.4	16.4
Other expense	(78.2)	(76.9)	(1.3)	1.7
Total Other Expense, Net	(36.1)	(39.0)	2.9	(7.4)
Interest expense	383.9	374.0	9.9	2.6
INCOME BEFORE INCOME TAXES	723.9	772.8	(48.9)	(6.3)
Income tax expense	102.2	97.0	5.2	5.4
Equity in earnings of equity method investees, net of income taxes	8.3	9.8	(1.5)	(15.3)
NET INCOME	630.0	685.6	(55.6)	(8.1)
Less: Net income attributable to noncontrolling interests	11.7	15.7	(4.0)	(25.5)
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 618.3	\$ 669.9	\$ (51.6)	(7.7)
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-K Note 1)				
Basic earnings per common share	\$ 2.72	\$ 2.80	\$ (0.08)	(2.9)
Diluted earnings per common share	\$ 2.72	\$ 2.79	\$ (0.07)	(2.5)
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.2	239.5	(12.3)	(5.1)
Diluted	227.5	239.9	(12.4)	(5.2)
Effective income tax rate	14.0 %	12.4 %		

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

December 31

2020 **2019**

ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 144.9	\$ 23.2
Receivables, net of allowance for credit losses of \$19.3 and \$10.5, respectively	273.9	228.5
Accounts receivable pledged as collateral	360.0	339.0
Fuel inventory and supplies	504.5	481.6
Income taxes receivable	62.9	85.5
Regulatory assets	206.2	231.7
Prepaid expenses and other assets	71.9	78.2
Total Current Assets	1,624.3	1,467.7
PROPERTY, PLANT AND EQUIPMENT, NET	19,951.0	19,184.4
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	154.9	162.0
OTHER ASSETS:		
Regulatory assets	1,868.2	1,740.5
Nuclear decommissioning trust fund	652.1	573.2
Goodwill	2,336.6	2,336.6
Other	527.7	511.5
Total Other Assets	5,384.6	5,161.8
TOTAL ASSETS	\$ 27,114.8	\$ 25,975.9

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

December 31

2020 **2019**

LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 436.4	\$ 251.1
Current maturities of long-term debt of variable interest entities	18.8	32.3
Notes payable and commercial paper	315.0	561.9
Collateralized note payable	360.0	339.0
Accounts payable	654.0	528.8
Accrued taxes	143.8	145.1
Accrued interest	123.4	122.3
Regulatory liabilities	26.1	63.3
Asset retirement obligations	40.2	71.3
Accrued compensation and benefits	55.5	59.2
Other	182.6	161.6
Total Current Liabilities	2,355.8	2,335.9
LONG-TERM LIABILITIES:		
Long-term debt, net	9,190.9	8,746.7
Long-term debt of variable interest entities, net	—	18.8
Deferred income taxes	1,664.8	1,744.4
Unamortized investment tax credits	186.7	375.4
Regulatory liabilities	2,638.8	2,248.3
Pension and post-retirement liability	1,149.4	1,017.6
Asset retirement obligations	901.7	602.8
Other	308.2	340.7
Total Long-Term Liabilities	16,040.5	15,094.7
Commitments and Contingencies (See 10-K Note 15)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 226,836,670 and 226,641,443 shares issued, stated value	7,080.0	7,070.4
Retained earnings	1,702.8	1,551.5
Accumulated other comprehensive loss	(49.4)	(50.0)
Total Evergy, Inc. Shareholders' Equity	8,733.4	8,571.9
Noncontrolling Interests	(14.9)	(26.6)
Total Equity	8,718.5	8,545.3
TOTAL LIABILITIES AND EQUITY	\$ 27,114.8	\$ 25,975.9

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

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

Year Ended December 31	2020	2019
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 630.0	\$ 685.6
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	880.1	861.7
Amortization of nuclear fuel	58.3	51.4
Amortization of deferred refueling outage	25.4	25.5
Amortization of corporate-owned life insurance	20.1	19.8
Non-cash compensation	16.0	16.3
Net deferred income taxes and credits	126.9	121.5
Allowance for equity funds used during construction	(17.2)	(2.2)
Payments for asset retirement obligations	(18.4)	(17.8)
Equity in earnings of equity method investees, net of income taxes	(8.3)	(9.8)
Income from corporate-owned life insurance	(8.2)	(29.6)
Other	0.8	(3.2)
Changes in working capital items:		
Accounts receivable	(4.9)	(23.1)
Accounts receivable pledged as collateral	(21.0)	26.0
Fuel inventory and supplies	(22.3)	29.9
Prepaid expenses and other current assets	16.9	43.4
Accounts payable	134.3	16.9
Accrued taxes	6.7	(8.2)
Other current liabilities	(98.9)	(59.4)
Changes in other assets	119.5	79.8
Changes in other liabilities	(82.0)	(75.5)
Cash Flows from Operating Activities	1,753.8	1,749.0
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(1,560.3)	(1,210.1)
Purchase of securities - trusts	(65.6)	(55.8)
Sale of securities - trusts	56.5	47.3
Investment in corporate-owned life insurance	(19.1)	(18.3)
Proceeds from investment in corporate-owned life insurance	65.9	161.7
Other investing activities	(11.1)	(5.1)
Cash Flows used in Investing Activities	(1,533.7)	(1,080.3)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	(246.9)	(176.7)
Proceeds from term loan facility	—	1,000.0
Repayment of term loan facility	—	(1,000.0)
Collateralized short-term borrowings, net	21.0	(26.0)
Proceeds from long-term debt	888.8	2,372.7
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	55.5	59.4
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(54.8)	(127.5)
Cash dividends paid	(465.0)	(462.5)
Repurchase of common stock under repurchase plan	—	(1,628.7)
Distributions to shareholders of noncontrolling interests	—	(8.6)
Other financing activities	(13.6)	(6.7)
Cash Flows used in Financing Activities	(98.4)	(805.8)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	121.7	(137.1)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	23.2	160.3
End of period	\$ 144.9	\$ 23.2

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

Evergy, Inc
Fourth Quarter 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Evergy, Inc.	\$ 63.9	\$ 0.28
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	(20.4)	A (0.09)
Operating and maintenance	13.9	B 0.06
Depreciation and amortization	(5.4)	C (0.02)
Taxes other than income tax	(0.9)	—
Other expense, net	7.1	D 0.03
Interest expense	3.3	E 0.01
Income tax expense	(10.6)	F (0.05)
Equity in earnings of equity method investees, net of income taxes	0.3	—
Net income attributable to noncontrolling interests	(0.2)	—
Change in shares outstanding		
2020 net income attributable to Evergy, Inc.	\$ 51.0	\$ 0.22

^(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 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 - (\$8.7M); a decrease for recovery of programs costs for energy efficiency programs under MEEIA in 2020, which have a direct offset in operating and maintenance expense - (\$3.2M); and a decrease primarily related to Evergy Kansas Central's and Evergy Metro's TDC riders in 2020 - (\$3.0M).
- B Due primarily to a decrease in transmission and distribution operating and maintenance expense primarily due to a decrease due to lower vegetation management expense at Evergy Kansas Central and Evergy Metro and lower labor expense in 2020 - \$10.3M; a decrease in various administrative and general operating and maintenance expenses primarily driven by a decrease in labor and employee benefits expense and a decrease in outside services expenses at Evergy Kansas Central and Evergy Metro in 2020 - \$8.5M; external costs incurred to rebrand the legacy Westar and KCP&L utility brands to Evergy in 2019 - \$7.4M; and a decrease in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - \$3.2M; partially offset by an increase in plant operating and maintenance expense at fossil-fuel generating units - (\$11.0M); and an increase in voluntary severance expenses incurred in 2020 - (\$7.3M).
- C Due primarily to capital additions at Evergy Kansas Central and Evergy Metro.
- D Due primarily to higher interest and dividend income in 2020 - \$6.7M; and higher Evergy Kansas Central and Evergy Metro equity allowance for funds used during construction (AFUDC) in 2020 - \$6.0M; partially offset by an increase due to recording lower Evergy Kansas Central corporate-owned life insurance (COLI) benefits in 2020 - (\$3.3M).
- E Due primarily to lower commercial paper balances and weighted-average interest rates on short-term borrowings in 2020 - \$3.0M.
- F Due primarily to a net increase due to lower wind and other income tax credits in 2020 - (\$7.2M)

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

Evergy, Inc
Year Ended December 2020 vs. 2019

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2019 net income attributable to Evergy, Inc.	\$ 669.9	\$ 2.79
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	(80.3)	A (0.33)
Operating and maintenance	55.5	B 0.23
Depreciation and amortization	(18.4)	C (0.08)
Taxes other than income tax	1.3	0.01
Other expense, net	2.9	D 0.01
Interest expense	(9.9)	E (0.04)
Income tax expense	(5.2)	F (0.02)
Equity in earnings of equity method investees, net of income taxes	(1.5)	(0.01)
Net income attributable to noncontrolling interests	4.0	0.02
Change in shares outstanding		G 0.14
2020 net income attributable to Evergy, Inc.	\$ 618.3	\$ 2.72

^(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 and hours of operation and capacity limitations resulting from government restrictions to slow the spread of COVID-19, partially offset by an increase in weather-normalized residential demand - (\$71.4M); 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 - (\$14.4M); and a decrease primarily related to Evergy Kansas Central's and Evergy Metro's TDC riders in 2020 - (\$5.9M); 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 - \$3.8M; and an increase in MEEIA throughput disincentive in 2020 - \$7.6M.
- B Due primarily to 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 lower vegetation management expense at Evergy Kansas Central and Evergy Metro and lower labor expense in 2020 - \$44.2M; 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 outside services expenses at Evergy Kansas Central and Evergy Metro in 2020 and a decrease in property insurance expense - \$37.4M; a decrease in plant operating and maintenance expense at fossil-fuel generating units - \$27.2M; and external costs incurred to rebrand the legacy Westar and KCP&L utility brands to Evergy in 2019 - \$12.1M; partially offset by an increase in voluntary severance expenses incurred in 2020 - (\$46.7M); advisor expenses incurred in 2020 by Evergy associated with strategic planning - (\$32.3M); and an increase in program costs for energy efficiency programs under MEEIA, which have a direct offset in revenue - (\$3.8M).
- C Due primarily to capital additions at Evergy Kansas Central and Evergy Metro.
- D Due primarily to higher Evergy Kansas Central and Evergy Metro equity AFUDC in 2020 - \$15.0M; partially offset by recording lower Evergy Kansas Central COLI benefits in 2020 - (\$10.3M); and higher Evergy Metro pension non-service costs in 2020 - (\$2.9M).
- E Due primarily to Evergy's issuance of \$1.6 billion of senior notes in September 2019 - (\$35.3M); the issuance of Evergy Kansas Central's \$500.0 million of 3.45% FMBs in April 2020, net of a decrease due to the repayment of Evergy Kansas Central's \$250.0 million of 5.10% FMBs in May 2020 - (\$6.6M); and the issuance of Evergy Metro's \$400.0M of 2.25% Mortgage Bonds in May 2020 - (\$5.4M); 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 - \$29.5M; 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; and the repayment of Evergy Kansas South's \$300.0 million of 6.70% FMBs in June 2019, net of an increase due to the issuance of Evergy Kansas Central's \$300.0 million of 3.25% FMBs in August 2019 - (\$3.1M).
- 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); a valuation allowance reversal in 2019 - (\$5.8M) and lower wind and other income tax credits in 2020 - (\$3.9M); partially offset by lower Evergy pre-tax income in 2020 - \$13.3M; and a due to flow-through items primarily driven by higher amortization of excess deferred income taxes - \$5.1M.
- 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 Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

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
(Dollars in millions)								
Three Months Ended December 31	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenues	\$ 1,094.4	\$ 1,131.6	\$ 553.6	\$ 576.1	\$ 377.3	\$ 375.3	\$ 165.1	\$ 181.5
Fuel and purchased power	266.5	286.1	97.7	117.7	110.1	101.7	60.2	67.9
SPP network transmission costs	65.4	62.6	65.4	62.6	—	—	—	—
Operating and maintenance	297.5	311.4	137.3	134.1	101.8	110.7	48.9	55.6
Depreciation and amortization	222.0	216.6	114.1	112.5	82.5	79.4	26.6	25.8
Taxes other than income tax	90.0	89.1	48.2	47.0	29.2	31.3	12.5	10.7
Income from operations	153.0	165.8	90.9	102.2	53.7	52.2	16.9	21.5
Other expense, net	0.6	(6.5)	(0.5)	1.0	(1.1)	(4.3)	(3.5)	(3.5)
Interest expense	93.4	96.7	39.9	42.9	28.1	28.2	13.3	14.2
Income tax expense (benefit)	8.4	(2.2)	6.6	5.9	2.0	(8.2)	1.3	(1.0)
Equity in earnings of equity method investees, net of income taxes	2.2	1.9	1.2	1.0	—	—	—	—
Net income (loss)	54.0	66.7	45.1	55.4	22.5	27.9	(1.2)	4.8
Less: net income attributable to noncontrolling interests	3.0	2.8	3.0	2.8	—	—	—	—
Net income (loss) attributable to controlling interest	51.0	63.9	42.1	52.6	22.5	27.9	(1.2)	4.8
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,094.4	1,131.6	553.6	576.1	377.3	375.3	165.1	181.5
Fuel and purchased power	266.5	286.1	97.7	117.7	110.1	101.7	60.2	67.9
SPP network transmission costs	65.4	62.6	65.4	62.6	—	—	—	—
Utility gross margin ^(a)	762.5	782.9	390.5	395.8	267.2	273.6	104.9	113.6
Operating and maintenance	297.5	311.4	137.3	134.1	101.8	110.7	48.9	55.6
Depreciation and amortization	222.0	216.6	114.1	112.5	82.5	79.4	26.6	25.8
Taxes other than income tax	90.0	89.1	48.2	47.0	29.2	31.3	12.5	10.7
Income from operations	153.0	165.8	90.9	102.2	53.7	52.2	16.9	21.5
(Dollars in millions)								
Revenues								
Residential	393.6	371.8	173.7	153.5	142.5	136.9	77.4	81.4
Commercial	368.8	390.4	154.6	152.7	159.0	172.6	55.2	65.1
Industrial	142.0	142.7	95.3	92.8	29.2	30.2	17.5	19.7
Other retail revenues	9.3	11.8	4.4	5.2	2.8	4.0	2.1	2.6
Total electric retail	913.7	916.7	428.0	404.2	333.5	343.7	152.2	168.8
Wholesale revenues	68.2	75.8	47.3	57.4	18.3	16.2	4.2	3.5
Transmission	80.0	75.7	72.1	67.8	3.5	3.5	4.4	4.4
Other	32.5	63.4	6.2	46.7	22.0	11.9	4.3	4.8
Operating revenues	1,094.4	1,131.6	553.6	576.1	377.3	375.3	165.1	181.5
(MWh in thousands)								
Electricity Sales								
Residential	3,369	3,329	1,381	1,357	1,181	1,164	807	809
Commercial	4,021	4,286	1,609	1,726	1,668	1,795	744	766
Industrial	2,072	2,042	1,331	1,336	416	410	326	296
Other retail revenues	33	34	10	10	17	18	5	5
Total electric retail	9,495	9,691	4,331	4,429	3,282	3,387	1,882	1,876
Wholesale revenues	4,618	3,526	2,076	1,949	2,267	1,413	275	162
Total electricity sales	14,113	13,217	6,407	6,378	5,549	4,800	2,157	2,038

^(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 Ended December 31	2020	2019	2020	2019	2020	2019	2020	2019
	(Dollars in millions)							
Operating revenues	\$ 4,913.4	\$ 5,147.8	\$ 2,418.1	\$ 2,507.4	\$ 1,705.6	\$ 1,806.5	\$ 795.1	\$ 836.4
Fuel and purchased power	1,099.0	1,265.0	427.6	493.0	416.1	482.1	260.8	292.6
SPP network transmission costs	263.2	251.3	263.2	251.3	—	—	—	—
Operating and maintenance	1,163.0	1,218.5	513.6	530.5	407.5	451.9	199.8	213.0
Depreciation and amortization	880.1	861.7	453.1	443.8	326.1	318.4	105.6	104.2
Taxes other than income tax	364.2	365.5	193.3	192.3	121.6	127.6	49.1	46.6
Income from operations	1,143.9	1,185.8	567.3	596.5	434.3	426.5	179.8	180.0
Other expense, net	(36.1)	(39.0)	(12.7)	(12.9)	(14.9)	(15.8)	(10.6)	(12.3)
Interest expense	383.9	374.0	167.6	177.0	113.6	119.8	55.9	57.8
Income tax expense (benefit)	102.2	97.0	155.8	52.1	7.1	35.7	(44.0)	19.7
Equity in earnings of equity method investees, net of income taxes	8.3	9.8	4.6	4.6	—	—	—	—
Net income	630.0	685.6	235.8	359.1	298.7	255.2	157.3	90.2
Less: net income attributable to noncontrolling interests	11.7	15.7	11.7	15.7	—	—	—	—
Net income attributable to controlling interest	618.3	669.9	224.1	343.4	298.7	255.2	157.3	90.2
Reconciliation of utility gross margin to income from operations:								
Operating revenues	4,913.4	5,147.8	2,418.1	2,507.4	1,705.6	1,806.5	795.1	836.4
Fuel and purchased power	1,099.0	1,265.0	427.6	493.0	416.1	482.1	260.8	292.6
SPP network transmission costs	263.2	251.3	263.2	251.3	—	—	—	—
Utility gross margin ^(a)	3,551.2	3,631.5	1,727.3	1,763.1	1,289.5	1,324.4	534.3	543.8
Operating and maintenance	1,163.0	1,218.5	513.6	530.5	407.5	451.9	199.8	213.0
Depreciation and amortization	880.1	861.7	453.1	443.8	326.1	318.4	105.6	104.2
Taxes other than income tax	364.2	365.5	193.3	192.3	121.6	127.6	49.1	46.6
Income from operations	1,143.9	1,185.8	567.3	596.5	434.3	426.5	179.8	180.0
Revenues	(Dollars in millions)							
Residential	1,909.2	1,908.1	801.2	793.9	714.7	712.4	393.3	401.8
Commercial	1,641.7	1,781.6	665.6	709.1	717.1	786.1	259.0	286.4
Industrial	588.7	621.6	379.9	401.3	128.8	136.9	80.0	83.4
Other retail revenues	38.5	47.1	17.7	21.0	11.7	16.3	9.1	9.8
Total electric retail	4,178.1	4,358.4	1,864.4	1,925.3	1,572.3	1,651.7	741.4	781.4
Wholesale revenues	264.0	327.5	215.4	239.9	35.0	70.9	19.0	19.4
Transmission	318.5	309.2	287.3	273.3	13.9	17.5	17.3	18.4
Other	152.8	152.7	51.0	68.9	84.4	66.4	17.4	17.2
Operating revenues	4,913.4	5,147.8	2,418.1	2,507.4	1,705.6	1,806.5	795.1	836.4
Electricity Sales	(MWh in thousands)							
Residential	15,483	15,492	6,491	6,460	5,430	5,425	3,562	3,607
Commercial	16,995	18,295	6,875	7,399	7,028	7,623	3,091	3,273
Industrial	8,243	8,570	5,242	5,622	1,695	1,713	1,307	1,235
Other retail revenues	132	139	41	45	71	75	20	19
Total electric retail	40,853	42,496	18,649	19,526	14,224	14,836	7,980	8,134
Wholesale revenues	14,860	14,398	7,851	7,540	5,957	6,098	1,053	761
Total electricity sales	55,713	56,894	26,500	27,066	20,181	20,934	9,033	8,895

^(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	2020	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	48	23	25	N/M
Actual compared to normal	48	38	10	26.3
Heating				
Actual compared to last year	1,718	1,934	(216)	N/M
Actual compared to normal	1,718	1,869	(151)	(8.1)

Evergy				
Year Ended December 31				
Degree Days	2020	2019/ Normal	Change	% Change
Cooling				
Actual compared to last year	1,499	1,577	(78)	(4.9)
Actual compared to normal	1,499	1,510	(11)	(0.7)
Heating				
Actual compared to last year	4,552	5,123	(571)	(11.1)
Actual compared to normal	4,552	4,855	(303)	(6.2)

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 2020 should be read in conjunction with this financial information.

Evergy, Inc.
Capitalization

	December 31, 2020		December 31, 2019	
	(dollars in millions)			
Current maturities of long-term debt	\$	436.4	\$	251.1
Current maturities of long-term debt of VIEs		18.8		32.3
Long-term debt, net		9,190.9		8,746.7
Long-term debt of variable interest entities, net		—		18.8
Total long-term debt		9,646.1	52.5 %	9,048.9 51.4 %
Common equity		8,733.4	47.6 %	8,571.9 48.7 %
Noncontrolling interests		(14.9)	(0.1)%	(26.6) (0.2)%
Total capitalization	\$	18,364.6	100.0 %	\$ 17,594.2 100.0 %
GAAP Book value per share	\$	38.50	\$	37.82
Period end shares outstanding		226,836,670		226,641,443

The Notes to the Consolidated Financial Statements in Evergy's annual report on Form 10-K for the year ended December 31, 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 December 31, 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 2020 were \$705.5 million or \$3.10 per share, respectively. For 2019, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$694.0 million or \$2.89 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 a change in the Kansas corporate income tax rate.

Non-GAAP Measures

Adjusted Earnings and Adjusted EPS

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).

Three Months Ended December 31	2020		2019	
	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.	\$ 51.0	\$ 0.22	\$ 63.9	\$ 0.28
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(a)	—	—	7.4	0.03
Voluntary severance costs, pre-tax ^(b)	11.0	0.05	4.7	0.02
Advisor expenses, pre-tax ^(c)	6.2	0.03	—	—
Income tax benefit ^(d)	(4.4)	(0.02)	(3.2)	(0.01)
Adjusted earnings (non-GAAP)	\$ 63.8	\$ 0.28	\$ 72.8	\$ 0.32

Year Ended December 31	2020		2019	
	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.	\$ 618.3	\$ 2.72	\$ 669.9	\$ 2.79
Non-GAAP reconciling items:				
Rebranding costs, pre-tax ^(a)	—	—	12.1	0.05
Voluntary severance costs, pre-tax ^(b)	66.3	0.29	19.8	0.08
Advisor expenses, pre-tax ^(c)	32.3	0.14	—	—
Income tax benefit ^(d)	(25.2)	(0.11)	(7.8)	(0.03)
Kansas corporate income tax change ^(e)	13.8	0.06	—	—
Adjusted earnings (non-GAAP)	\$ 705.5	\$ 3.10	\$ 694.0	\$ 2.89

^(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.