

Evergy, Inc.

First Quarter 2021 Earnings

Released May 6, 2021

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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 March 31, 2021 should be read in conjunction with this financial information. The enclosed statements have been prepared for the purpose of providing information concerning Evergy, Evergy Kansas Central and Evergy Metro and not in connection with any sale, offer for sale, or solicitation to buy any securities.

EVERGY, INC.
Consolidated Statements of Income
(Unaudited)

Three Months Ended March 31	2021	2020	Change	% Change
(millions, except per share amounts)				
REVENUES:				
Residential	\$ 396.7	\$ 402.5	\$ (5.8)	(1.4)
Commercial	346.0	384.7	(38.7)	(10.1)
Industrial	133.6	140.6	(7.0)	(5.0)
Other retail	7.4	10.6	(3.2)	(30.2)
Total electric retail	883.7	938.4	(54.7)	(5.8)
Wholesale	487.5	63.5	424.0	667.7
Transmission	86.0	75.6	10.4	13.8
Other	154.7	39.2	115.5	294.6
Total Revenues	1,611.9	1,116.7	495.2	44.3
OPERATING EXPENSES:				
Fuel and purchased power	635.1	258.2	376.9	146.0
SPP network transmission costs	69.4	62.0	7.4	11.9
Operating and maintenance	275.5	288.2	(12.7)	(4.4)
Depreciation and amortization	219.3	218.5	0.8	0.4
Taxes other than income tax	94.9	92.3	2.6	2.8
Total Operating Expenses	1,294.2	919.2	375.0	40.8
INCOME FROM OPERATIONS	317.7	197.5	120.2	60.9
OTHER INCOME (EXPENSE):				
Investment earnings (loss)	1.6	(0.8)	2.4	N/M
Other income	11.2	2.3	8.9	N/M
Other expense	(20.9)	(22.7)	1.8	(7.9)
Total Other Expense, Net	(8.1)	(21.2)	13.1	(61.8)
Interest expense	94.0	96.2	(2.2)	(2.3)
INCOME BEFORE INCOME TAXES	215.6	80.1	135.5	169.2
Income tax expense	23.0	10.1	12.9	127.7
Equity in earnings of equity method investees, net of income taxes	2.0	2.2	(0.2)	(9.1)
NET INCOME	194.6	72.2	122.4	169.5
Less: Net income attributable to noncontrolling interests	3.0	2.8	0.2	7.1
NET INCOME ATTRIBUTABLE TO EVERGY, INC.	\$ 191.6	\$ 69.4	\$ 122.2	176.1
BASIC AND DILUTED EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING ATTRIBUTABLE TO EVERGY (See 10-Q Note 1)				
Basic earnings per common share	\$ 0.84	\$ 0.31	\$ 0.53	171.0
Diluted earnings per common share	\$ 0.84	\$ 0.31	\$ 0.53	171.0
AVERAGE COMMON SHARES OUTSTANDING				
Basic	227.3	227.1	0.2	0.1
Diluted	227.6	227.5	0.1	—
Effective income tax rate	10.6 %	12.2 %		

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31	December 31
	2021	2020
ASSETS	(millions, except share amounts)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 482.0	\$ 144.9
Receivables, net of allowance for credit losses of \$23.6 and \$19.3, respectively	247.5	273.9
Accounts receivable pledged as collateral	365.0	360.0
Fuel inventory and supplies	492.3	504.5
Income taxes receivable	59.9	62.9
Regulatory assets	255.9	206.2
Prepaid expenses and other assets	99.3	71.9
Total Current Assets	2,001.9	1,624.3
PROPERTY, PLANT AND EQUIPMENT, NET	20,102.2	19,951.0
PROPERTY, PLANT AND EQUIPMENT OF VARIABLE INTEREST ENTITIES, NET	153.2	154.9
OTHER ASSETS:		
Regulatory assets	2,192.0	1,868.2
Nuclear decommissioning trust fund	686.5	652.1
Goodwill	2,336.6	2,336.6
Other	547.7	527.7
Total Other Assets	5,762.8	5,384.6
TOTAL ASSETS	\$ 28,020.1	\$ 27,114.8

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

EVERGY, INC.
Consolidated Balance Sheets
(Unaudited)

	March 31 2021	December 31 2020
LIABILITIES AND EQUITY	(millions, except share amounts)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 533.5	\$ 436.4
Current maturities of long-term debt of variable interest entities	—	18.8
Notes payable and commercial paper	1,295.0	315.0
Collateralized note payable	365.0	360.0
Accounts payable	345.3	654.0
Accrued taxes	231.2	143.8
Accrued interest	148.2	123.4
Regulatory liabilities	92.8	26.1
Asset retirement obligations	31.3	40.2
Accrued compensation and benefits	57.3	55.5
Other	144.8	182.6
Total Current Liabilities	3,244.4	2,355.8
LONG-TERM LIABILITIES:		
Long-term debt, net	9,090.6	9,190.9
Deferred income taxes	1,707.6	1,664.8
Unamortized investment tax credits	185.2	186.7
Regulatory liabilities	2,647.0	2,638.8
Pension and post-retirement liability	1,136.3	1,149.4
Asset retirement obligations	914.0	901.7
Other	300.6	308.2
Total Long-Term Liabilities	15,981.3	16,040.5
Commitments and Contingencies (See 10-Q Note 9)		
EQUITY:		
Evergy, Inc. Shareholders' Equity:		
Common stock - 600,000,000 shares authorized, without par value 226,995,620 and 226,836,670 shares issued, stated value	7,081.5	7,080.0
Retained earnings	1,772.8	1,702.8
Accumulated other comprehensive loss	(48.0)	(49.4)
Total Evergy, Inc. Shareholders' Equity	8,806.3	8,733.4
Noncontrolling Interests	(11.9)	(14.9)
Total Equity	8,794.4	8,718.5
TOTAL LIABILITIES AND EQUITY	\$ 28,020.1	\$ 27,114.8

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

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

Three Months Ended March 31	2021	2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:	(millions)	
Net income	\$ 194.6	\$ 72.2
Adjustments to reconcile income to net cash from operating activities:		
Depreciation and amortization	219.3	218.5
Amortization of nuclear fuel	13.3	14.4
Amortization of deferred refueling outage	5.8	6.3
Amortization of corporate-owned life insurance	6.7	6.5
Non-cash compensation	3.1	4.6
Net deferred income taxes and credits	20.0	8.1
Allowance for equity funds used during construction	(7.5)	(1.8)
Payments for asset retirement obligations	(0.8)	(3.1)
Equity in earnings of equity method investees, net of income taxes	(2.0)	(2.2)
Income from corporate-owned life insurance	(0.6)	(1.9)
Other	0.2	0.3
Changes in working capital items:		
Accounts receivable	26.3	42.6
Accounts receivable pledged as collateral	(5.0)	17.0
Fuel inventory and supplies	12.4	(17.1)
Prepaid expenses and other current assets	(82.6)	0.4
Accounts payable	(242.4)	(153.4)
Accrued taxes	90.4	83.0
Other current liabilities	50.6	(9.4)
Changes in other assets	(324.6)	39.4
Changes in other liabilities	(5.8)	(3.8)
Cash Flows from (used in) Operating Activities	(28.6)	320.6
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(467.7)	(354.4)
Purchase of securities - trusts	(44.6)	(18.8)
Sale of securities - trusts	40.9	15.0
Investment in corporate-owned life insurance	(1.0)	(2.0)
Proceeds from investment in corporate-owned life insurance	0.8	30.8
Other investing activities	(3.6)	(4.0)
Cash Flows used in Investing Activities	(475.2)	(333.4)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Short-term debt, net	980.0	493.1
Collateralized short-term borrowings, net	5.0	(17.0)
Retirements of long-term debt	(1.1)	(1.1)
Retirements of long-term debt of variable interest entities	(18.8)	(32.3)
Borrowings against cash surrender value of corporate-owned life insurance	0.4	—
Repayment of borrowings against cash surrender value of corporate-owned life insurance	(0.1)	(27.8)
Cash dividends paid	(121.4)	(114.5)
Other financing activities	(3.1)	(6.4)
Cash Flows from Financing Activities	840.9	294.0
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	337.1	281.2
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	144.9	23.2
End of period	\$ 482.0	\$ 304.4

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

Eversource Energy, Inc.
First Quarter 2021 vs. 2020

Earnings Variances

	Change	
	(dollars in millions)	(\$ per share)
2020 net income attributable to Eversource Energy, Inc.	\$ 69.4	\$ 0.31
	<i>Favorable/(Unfavorable)</i>	
Utility gross margin ^(a)	110.9	A 0.48
Operating and maintenance	12.7	B 0.05
Depreciation and amortization	(0.8)	—
Taxes other than income tax	(2.6)	(0.01)
Other expense, net	13.1	C 0.06
Interest expense	2.2	0.01
Income tax expense	(12.9)	D (0.06)
Equity in earnings of equity method investees, net of income taxes	(0.2)	—
Net income attributable to noncontrolling interests	(0.2)	—
Change in shares outstanding		
2021 net income attributable to Eversource Energy, Inc.	\$ 191.6	\$ 0.84

^(a) Utility gross margin is a non-GAAP financial measure. See explanation of utility gross margin in the Utility Gross Margin (Non-GAAP) section below.

Major factors influencing the period to period change in EPS-- Favorable/(Unfavorable)

- A Due primarily to non-regulated marketing margins recognized at Eversource Kansas Central during the winter weather event in February 2021 - \$96.5M; higher retail sales driven by colder winter weather and an increase in weather-normalized residential and industrial demand, partially offset by a decrease in weather-normalized commercial demand - \$22.0M; partially offset by a decrease in revenues due to rate reductions beginning January 1, 2021 to reflect Eversource Kansas Central's and Eversource Metro's exemption from Kansas corporate income taxes - (\$7.2M); and a net decrease due to other impacts primarily from the February 2021 winter weather event (\$0.4M).
- B Due primarily to a decrease in voluntary severance expenses incurred in 2021 - \$24.9M; a decrease in advisor expenses incurred in 2021 associated with strategic planning - \$5.1M; partially offset by an increase in plant operating and maintenance expense related to a major maintenance outage at Jeffrey Energy Center (JEC) in 2021 - (\$6.5M); costs associated with executive transition in 2021 - (\$5.5M); an increase in property insurance expense - (\$3.0M); and costs at Eversource Kansas Central related to non-regulated energy marketing margins recognized during the winter weather event in February 2021 - (\$2.0M).
- C Due primarily to higher Eversource Kansas Central and Eversource Metro equity allowance for funds used during construction (AFUDC) in 2021 - \$5.7M; other income related to contract termination fees in 2021 - \$3.1M; and higher investment earnings in 2021 - \$2.4M.
- D Due primarily to higher Eversource Kansas Central pre-tax income in 2021 - (\$36.5M); partially offset by a decrease as a result of the state of Kansas exempting certain public utilities, including Eversource Kansas Central and Eversource Metro, from Kansas corporate income tax beginning in 2021 - \$10.2M; a decrease due to flow-through items primarily driven by higher amortization of excess deferred income taxes - \$9.0M; and a decrease due to higher wind and other income tax credits in 2021 - \$3.7M.

The Notes to the Unaudited Consolidated Financial Statements in Eversource's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

Eversource Energy, Inc.
Financial Results, Revenue and Sales

Supplemental Data

Financial Results	Eversource Energy		Eversource Kansas Central		Eversource Metro		Eversource Missouri West	
	2021	2020	2021	2020	2021	2020	2021	2020
(Dollars in millions)								
Operating revenues	\$ 1,611.9	\$ 1,116.7	\$ 901.1	\$ 560.1	\$ 516.2	\$ 375.5	\$ 196.2	\$ 182.1
Fuel and purchased power	635.1	258.2	294.8	99.2	241.2	92.5	100.7	67.6
SPP network transmission costs	69.4	62.0	69.4	62.0	—	—	—	—
Operating and maintenance	275.5	288.2	130.8	123.7	93.4	105.9	48.8	49.9
Depreciation and amortization	219.3	218.5	115.5	112.1	78.4	81.4	26.6	26.2
Taxes other than income tax	94.9	92.3	50.3	48.6	32.0	32.0	12.5	11.6
Income from operations	317.7	197.5	240.3	114.5	71.2	63.7	7.6	26.8
Other expense, net	(8.1)	(21.2)	(3.2)	(11.1)	(4.3)	(6.9)	(3.0)	(3.6)
Interest expense	94.0	96.2	40.3	41.6	28.3	28.6	13.2	14.4
Income tax expense (benefit)	23.0	10.1	16.6	7.8	5.1	2.6	(4.1)	(0.8)
Equity in earnings of equity method investees, net of income taxes	2.0	2.2	0.9	1.2	—	—	—	—
Net income (loss)	194.6	72.2	181.1	55.2	33.5	25.6	(4.5)	9.6
Less: net income attributable to noncontrolling interests	3.0	2.8	3.0	2.8	—	—	—	—
Net income (loss) attributable to controlling interest	191.6	69.4	178.1	52.4	33.5	25.6	(4.5)	9.6
Reconciliation of utility gross margin to income from operations:								
Operating revenues	1,611.9	1,116.7	901.1	560.1	516.2	375.5	196.2	182.1
Fuel and purchased power	635.1	258.2	294.8	99.2	241.2	92.5	100.7	67.6
SPP network transmission costs	69.4	62.0	69.4	62.0	—	—	—	—
Utility gross margin ^(a)	907.4	796.5	536.9	398.9	275.0	283.0	95.5	114.5
Operating and maintenance	275.5	288.2	130.8	123.7	93.4	105.9	48.8	49.9
Depreciation and amortization	219.3	218.5	115.5	112.1	78.4	81.4	26.6	26.2
Taxes other than income tax	94.9	92.3	50.3	48.6	32.0	32.0	12.5	11.6
Income from operations	317.7	197.5	240.3	114.5	71.2	63.7	7.6	26.8
(Dollars in millions)								
Revenues								
Residential	396.7	402.5	183.4	167.8	122.2	147.4	91.1	87.3
Commercial	346.0	384.7	153.7	151.1	132.5	172.1	59.8	61.5
Industrial	133.6	140.6	93.0	92.1	22.3	30.1	18.3	18.4
Other retail revenues	7.4	10.6	3.2	4.7	2.1	3.5	2.1	2.4
Total electric retail	883.7	938.4	433.3	415.7	279.1	353.1	171.3	169.6
Wholesale revenues	487.5	63.5	272.4	54.8	200.5	6.8	16.2	3.0
Transmission	86.0	75.6	77.9	68.2	4.0	3.1	4.1	4.3
Other	154.7	39.2	117.5	21.4	32.6	12.5	4.6	5.2
Operating revenues	1,611.9	1,116.7	901.1	560.1	516.2	375.5	196.2	182.1
(MWh in thousands)								
Electricity Sales								
Residential	3,962	3,578	1,538	1,407	1,411	1,265	1,013	906
Commercial	4,222	4,206	1,635	1,624	1,798	1,811	789	771
Industrial	2,058	1,999	1,326	1,278	396	415	336	307
Other retail revenues	31	33	8	11	17	17	5	4
Total electric retail	10,273	9,816	4,507	4,320	3,622	3,508	2,143	1,988
Wholesale revenues	4,313	2,874	3,249	1,469	751	1,271	314	134
Total electricity sales	14,586	12,690	7,756	5,789	4,373	4,779	2,457	2,122

^(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

Degree Days	Evergy			
	Three Months Ended March 31			
	2021	2020/ Normal	Change	% Change
Cooling				
Actual compared to last year	—	—	—	—
Actual compared to normal	—	4	(4)	N/M
Heating				
Actual compared to last year	2,534	2,293	241	10.5
Actual compared to normal	2,534	2,529	5	0.2

Evergy, Inc.
Capitalization

	March 31, 2021		December 31, 2020	
	(dollars in millions)			
Current maturities of long-term debt	\$	533.5	\$	436.4
Current maturities of long-term debt of VIEs		—		18.8
Long-term debt, net		9,090.6		9,190.9
Total long-term debt		9,624.1	52.3 %	9,646.1 52.5 %
Common equity		8,806.3	47.8 %	8,733.4 47.6 %
Noncontrolling interests		(11.9)	(0.1)%	(14.9) (0.1)%
Total capitalization	\$	18,418.5	100.0 %	\$ 18,364.6 100.0 %
GAAP Book value per share	\$	38.80	\$	38.50
Period end shares outstanding		226,995,620		226,836,670

The Notes to the Unaudited Consolidated Financial Statements in Evergy's Quarterly Report on Form 10-Q for the period ended March 31, 2021 should be read in conjunction with this financial information.

Evergy, Inc.
Non-GAAP Measures

Utility Gross Margin (non-GAAP)

Utility gross margin is a financial measure that is not calculated in accordance with GAAP. Utility gross margin, as used by Evergy, Evergy Kansas Central and Evergy Metro (collectively, the Evergy Companies), is defined as operating revenues less fuel and purchased power costs and amounts billed by the SPP for network transmission costs. Expenses for fuel and purchased power costs, offset by wholesale sales margin, are subject to recovery through cost adjustment mechanisms. As a result, changes in fuel and purchased power costs are offset in operating revenues with minimal impact on net income. In addition, SPP network transmission costs fluctuate primarily due to investments by SPP members for upgrades to the transmission grid within the SPP Regional Transmission Organization (RTO). As with fuel and purchased power costs, changes in SPP network transmission costs are mostly reflected in the prices charged to customers with minimal impact on net income.

Management believes that utility gross margin provides a meaningful basis for evaluating the Evergy Companies' operations across periods because utility gross margin excludes the revenue effect of fluctuations in these expenses. Utility gross margin is used internally to measure performance against budget and in reports for management and the Evergy Board. Utility gross margin should be viewed as a supplement to, and not a substitute for, income from operations, which is the most directly comparable financial measure prepared in accordance with GAAP. The Evergy Companies' definition of utility gross margin may differ from similar terms used by other companies. See page 6 for the reconciliation of utility gross margin to income from operations for the three months ended March 31, 2021 and 2020, respectively.

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

Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) for the three months ended March 31, 2021, were \$125.4 million or \$0.55 per share, respectively. For the three months ended March 31, 2020, Evergy's adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) were \$94.2 million or \$0.41 per share, respectively. In addition to net income attributable to Evergy, Inc. and diluted EPS, Evergy's management uses adjusted earnings (non-GAAP) and adjusted EPS (non-GAAP) to evaluate earnings and EPS without the income or costs resulting from non-regulated energy marketing margins from the February 2021 winter weather event, as well as executive transition, severance and advisor expenses.

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 table provides 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 March 31	Earnings (Loss)	Earnings (Loss) per Diluted Share	Earnings (Loss)	Earnings (Loss) per Diluted Share
	2021		2020	
	(millions, except per share amounts)			
Net income attributable to Evergy, Inc.	\$ 191.6	\$ 0.84	\$ 69.4	\$ 0.31
Non-GAAP reconciling items:				
Non-regulated energy marketing margin related to winter weather event, pre-tax ^(a)	(96.5)	(0.42)	—	—
Non-regulated energy marketing costs related to winter weather event, pre-tax ^(b)	2.0	0.01	—	—
Executive transition costs, pre-tax ^(c)	5.5	0.02	—	—
Severance costs, pre-tax ^(d)	1.6	0.01	27.0	0.12
Advisor expenses, pre-tax ^(e)	1.5	0.01	6.6	0.02
Income tax expense (benefit) ^(f)	19.7	0.08	(8.8)	(0.04)
Adjusted earnings (non-GAAP)	\$ 125.4	\$ 0.55	\$ 94.2	\$ 0.41

^(a) Reflects non-regulated energy marketing margins related to the winter weather event in February 2021 and are included in operating revenues on the consolidated statements of comprehensive income.

^(b) Reflects non-regulated energy marketing incentive compensation costs related to the winter weather event in February 2021 and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(c) Reflects costs associated with executive transition including inducement bonuses, severance agreements and other transition expenses and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

^(d) Reflects severance costs incurred associated with certain voluntary severance programs at the Evergy Companies and are included in operating and maintenance expense on the consolidated statements of comprehensive income.

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

^(f) Reflects an income tax effect calculated at a statutory rate of approximately 22% in 2021 and 26% in 2020, with the exception of certain non-deductible items.