

# Southern Company

## 1st Quarter 2023 Earnings

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April 27, 2023

## Southern Company reports first-quarter 2023 earnings

ATLANTA – Southern Company today reported first-quarter earnings of \$862 million, or 79 cents per share, in 2023 compared with earnings of \$1.03 billion, or 97 cents per share, in the first quarter of 2022.

Excluding the items described under “Net Income – Excluding Items” in the table below, Southern Company earned \$867 million, or 79 cents per share, during the first quarter of 2023, compared with \$1.03 billion, or 97 cents per share, during the first quarter of 2022.

| Non-GAAP Financial Measures                       | Three Months Ended March |                 |
|---|--------------------------|-----------------|
|   | 2023                     | 2022            |
| <b>Net Income - Excluding Items (in millions)</b> |                          |                 |
| Net Income - As Reported                          | \$ 862                   | \$ 1,032        |
| Less:   |                          |                 |
| Estimated Loss on Plants Under Construction       | (2)                      | (1)             |
| Tax Impact  | 1                        | —               |
| Loss on Extinguishment of Debt                    | (5)                      | —               |
| Tax Impact  | 1                        | —               |
| <b>Net Income - Excluding Items</b>               | <b>\$ 867</b>            | <b>\$ 1,033</b> |
| Average Shares Outstanding - (in millions)        | 1,091                    | 1,063           |
| Basic Earnings Per Share - Excluding Items        | \$ 0.79                  | \$ 0.97         |

NOTE: For more information regarding these non-GAAP adjustments, see the footnotes accompanying the Financial Highlights page of the earnings package.

Adjusted earnings drivers for the first quarter 2023, as compared with 2022, were increased depreciation and amortization, milder weather and higher interest expense, partially offset by higher revenues associated with rates and pricing at the company’s regulated utilities.

First-quarter 2023 operating revenues were \$6.5 billion, compared with \$6.6 billion for the first quarter of 2022, a decrease of 2.5 percent.

“Southern Company delivered a solid start to 2023 despite the mildest weather on record for a first quarter in the Southeastern United States,” said President Christopher C. Womack. Added Womack, “We are

encouraged by continued strong residential customer growth in both the electric and gas sectors, as well as healthy economies and a robust economic development pipeline in our service footprint.”

Southern Company’s first-quarter earnings slides with supplemental financial information are available at <http://investor.southerncompany.com>.

Southern Company’s financial analyst call will begin at 1 p.m. Eastern Time today, during which Womack and Chief Financial Officer Daniel S. Tucker will discuss earnings and provide a general business update. Investors, media and the public may listen to a live webcast of the call and view associated slides at <http://investor.southerncompany.com>. A replay of the webcast will be available on the site for 12 months.

### **About Southern Company**

Southern Company (NYSE: SO) is a leading energy provider serving 9 million customers across the Southeast and beyond through its family of companies. Providing clean, safe, reliable and affordable energy with excellent service is our mission. The company has electric operating companies in three states, natural gas distribution companies in four states, a competitive generation company, a leading distributed energy distribution company with national capabilities, a fiber optics network and telecommunications services. Through an industry-leading commitment to innovation, resilience and sustainability, we are taking action to meet customers’ and communities’ needs while advancing our goal of net zero greenhouse gas emissions by 2050. Our uncompromising values ensure we put the needs of those we serve at the center of everything we do and are the key to our sustained success. We are transforming energy into economic, environmental and social progress for tomorrow. Our corporate culture and hiring practices have earned the company national awards and recognition from numerous organizations, including Forbes, The Military Times, DiversityInc, Black Enterprise, J.D. Power, Fortune, Human Rights Campaign and more. To learn more, visit [www.southerncompany.com](http://www.southerncompany.com).

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**Southern Company**  
**Financial Highlights**  
*(In Millions of Dollars Except Earnings Per Share)*

| <b>Net Income—As Reported (See Notes)</b>             | <b>Three Months Ended March</b> |                 |
|---|---------------------------------|-----------------|
|   | <b>2023</b>                     | <b>2022</b>     |
| Traditional Electric Operating Companies              | \$ 610                          | \$ 774          |
| Southern Power  | 102                             | 72              |
| Southern Company Gas                                  | 309                             | 319             |
| <b>Total</b>  | <b>1,021</b>                    | <b>1,165</b>    |
| Parent Company and Other                              | (159)                           | (133)           |
| <b>Net Income—As Reported</b>                         | <b>\$ 862</b>                   | <b>\$ 1,032</b> |
| Basic Earnings Per Share <sup>1</sup>                 | \$ 0.79                         | \$ 0.97         |
| Average Shares Outstanding <i>(in millions)</i>       | 1,091                           | 1,063           |
| End of Period Shares Outstanding <i>(in millions)</i> | 1,090                           | 1,063           |

| <b>Non-GAAP Financial Measures</b>                       | <b>Three Months Ended March</b> |                 |
|--|---------------------------------|-----------------|
|  | <b>2023</b>                     | <b>2022</b>     |
| <b>Net Income—Excluding Items (See Notes)</b>            |                                 |                 |
| Net Income—As Reported                                   | \$ 862                          | \$ 1,032        |
| Less:  |                                 |                 |
| Estimated Loss on Plants Under Construction <sup>2</sup> | (2)                             | (1)             |
| Tax Impact   | 1                               | —               |
| Loss on Extinguishment of Debt <sup>3</sup>              | (5)                             | —               |
| Tax Impact   | 1                               | —               |
| <b>Net Income—Excluding Items</b>                        | <b>\$ 867</b>                   | <b>\$ 1,033</b> |
| Basic Earnings Per Share—Excluding Items                 | \$ 0.79                         | \$ 0.97         |

- See Notes on the following page.

## **Southern Company**

### **Financial Highlights**

#### **Notes**

- (1) Dilution is not material in any period presented. Diluted earnings per share was \$0.79 and \$0.97 for the three months ended March 31, 2023 and 2022, respectively.
- (2) Earnings for the three months ended March 31, 2023 and 2022 also include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Mississippi Power Company expects to incur additional pre-tax period costs to complete dismantlement of the abandoned gasifier-related assets and site restoration activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, net of salvage, totaling approximately \$15 million annually through 2025. Additionally, further charges and credits related to estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing are uncertain.
- (3) Earnings for the three months ended March 31, 2023 include costs associated with the extinguishment of debt at Southern Company. Similar transaction costs may occur in the future at Southern Company or one of its unregulated subsidiaries; however, the amount and timing of any such costs are uncertain.

**Southern Company**  
**Significant Factors Impacting EPS**

|  | <b>Three Months Ended March</b> |                |                  |
|--|---------------------------------|----------------|------------------|
|  | <b>2023</b>                     | <b>2022</b>    | <b>Change</b>    |
| <b>Earnings Per Share–<br/>As Reported<sup>1</sup> (See Notes)</b> | <b>\$ 0.79</b>                  | <b>\$ 0.97</b> | <b>\$ (0.18)</b> |

|  |  |  |                         |
|--|--|--|-------------------------|
| <b>Significant Factors:</b>              |  |  |                         |
| Traditional Electric Operating Companies |  |  | <b>\$ (0.16)</b>        |
| Southern Power                           |  |  | <b>0.03</b>             |
| Southern Company Gas                     |  |  | <b>(0.01)</b>           |
| Parent Company and Other                 |  |  | <b>(0.02)</b>           |
| Increase in Shares                       |  |  | <b>(0.02)</b>           |
| <b>Total–As Reported</b>                 |  |  | <b><u>\$ (0.18)</u></b> |

| <b>Non-GAAP Financial Measures</b>                         | <b>Three Months Ended March</b> |                |                  |
|--|---------------------------------|----------------|------------------|
|  | <b>2023</b>                     | <b>2022</b>    | <b>Change</b>    |
| <b>Earnings Per Share–<br/>Excluding Items (See Notes)</b> | <b>\$ 0.79</b>                  | <b>\$ 0.97</b> | <b>\$ (0.18)</b> |

|  |  |  |                         |
|--|--|--|-------------------------|
| <b>Total–As Reported</b>                                 |  |  | <b>\$ (0.18)</b>        |
| Less:  |  |  |                         |
| Estimated Loss on Plants Under Construction <sup>2</sup> |  |  | <b>—</b>                |
| Loss on Extinguishment of Debt <sup>3</sup>              |  |  | <b>—</b>                |
| <b>Total–Excluding Items</b>                             |  |  | <b><u>\$ (0.18)</u></b> |

- See Notes on the following page.

## **Southern Company**

### **Significant Factors Impacting EPS**

#### **Notes**

- (1) Dilution is not material in any period presented. Diluted earnings per share was \$0.79 and \$0.97 for the three months ended March 31, 2023 and 2022, respectively.
- (2) Earnings for the three months ended March 31, 2023 and 2022 also include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Mississippi Power Company expects to incur additional pre-tax period costs to complete dismantlement of the abandoned gasifier-related assets and site restoration activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, net of salvage, totaling approximately \$15 million annually through 2025. Additionally, further charges and credits related to estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing are uncertain.
- (3) Earnings for the three months ended March 31, 2023 include costs associated with the extinguishment of debt at Southern Company. Similar transaction costs may occur in the future at Southern Company or one of its unregulated subsidiaries; however, the amount and timing of any such costs are uncertain.

**Southern Company**  
**EPS Earnings Analysis**  
**Three Months Ended March 2023 vs. March 2022**

| <b>Description</b>                                       | <b>Cents</b> |
|--|--------------|
| Retail Sales   | 1¢           |
| Retail Revenue Impacts                                   | 7            |
| Weather  | (11)         |
| Wholesale & Other Operating Revenues                     | 3            |
| Non-Fuel O&M <sup>(*)</sup>                              | 2            |
| Depreciation and Amortization                            | (14)         |
| Interest Expense and Other                               | (5)          |
| Income Taxes   | 1            |
| <b>Total Traditional Electric Operating Companies</b>    | <b>(16)¢</b> |
| Southern Power   | 3            |
| Southern Company Gas                                     | (1)          |
| Parent Company and Other                                 | (2)          |
| Increase in Shares                                       | (2)          |
| <b>Total Change in EPS (Excluding Items)</b>             | <b>(18)¢</b> |
| Estimated Loss on Plants Under Construction <sup>1</sup> | —            |
| Loss on Extinguishment of Debt <sup>2</sup>              | —            |
| <b>Total Change in EPS (As Reported)</b>                 | <b>(18)¢</b> |

(\*) Includes non-service cost-related benefits income.

- See additional Notes on the following page.



## **Southern Company**

### **EPS Earnings Analysis**

#### **Notes**

- (1) Earnings for the three months ended March 31, 2023 and 2022 also include charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power Company's integrated coal gasification combined cycle facility project in Kemper County, Mississippi. Mississippi Power Company expects to incur additional pre-tax period costs to complete dismantlement of the abandoned gasifier-related assets and site restoration activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, net of salvage, totaling approximately \$15 million annually through 2025. Additionally, further charges and credits related to estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4 may occur; however, the amount and timing are uncertain.
- (2) Earnings for the three months ended March 31, 2023 include costs associated with the extinguishment of debt at Southern Company. Similar transaction costs may occur in the future at Southern Company or one of its unregulated subsidiaries; however, the amount and timing of any such costs are uncertain.

**Southern Company**  
**Consolidated Earnings**  
**As Reported**  
*(In Millions of Dollars)*

|   | <b>Three Months Ended March</b> |                 |                 |
|---|---------------------------------|-----------------|-----------------|
|   | <b>2023</b>                     | <b>2022</b>     | <b>Change</b>   |
| Retail Electric Revenues-                           |                                 |                 |                 |
| Fuel  | \$ 1,050                        | \$ 1,014        | \$ 36           |
| Non-Fuel  | 2,549                           | 2,599           | (50)            |
| Wholesale Electric Revenues                         | 599                             | 664             | (65)            |
| Other Electric Revenues                             | 190                             | 177             | 13              |
| Natural Gas Revenues                                | 1,875                           | 2,058           | (183)           |
| Other Revenues                                      | 217                             | 136             | 81              |
| <b>Total Operating Revenues</b>                     | <b>6,480</b>                    | <b>6,648</b>    | <b>(168)</b>    |
| Fuel and Purchased Power                            | 1,292                           | 1,343           | (51)            |
| Cost of Natural Gas                                 | 898                             | 1,095           | (197)           |
| Cost of Other Sales                                 | 127                             | 69              | 58              |
| Non-Fuel O&M  | 1,482                           | 1,516           | (34)            |
| Depreciation and Amortization                       | 1,111                           | 892             | 219             |
| Taxes Other Than Income Taxes                       | 394                             | 372             | 22              |
| Gain on Dispositions, net                           | (42)                            | (23)            | (19)            |
| <b>Total Operating Expenses</b>                     | <b>5,262</b>                    | <b>5,264</b>    | <b>(2)</b>      |
| Operating Income                                    | 1,218                           | 1,384           | (166)           |
| Allowance for Equity Funds Used During Construction | 65                              | 51              | 14              |
| Earnings from Equity Method Investments             | 48                              | 46              | 2               |
| Interest Expense, Net of Amounts Capitalized        | 582                             | 462             | 120             |
| Other Income (Expense), net                         | 147                             | 145             | 2               |
| Income Taxes  | 97                              | 173             | (76)            |
| <b>Net Income</b>                                   | <b>799</b>                      | <b>991</b>      | <b>(192)</b>    |
| Dividends on Preferred Stock of Subsidiaries        | —                               | 4               | (4)             |
| Net Loss Attributable to Noncontrolling Interests   | (63)                            | (45)            | (18)            |
| <b>NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY</b>  | <b>\$ 862</b>                   | <b>\$ 1,032</b> | <b>\$ (170)</b> |

**Notes**

- Certain prior year data may have been reclassified to conform with current year presentation.

**Southern Company**  
**Kilowatt-Hour Sales and Customers**  
*(In Millions of KWHs)*

|                             | <b>Three Months Ended March</b> |             |               |                                |
|-----------------------------|---------------------------------|-------------|---------------|--------------------------------|
|                             | <b>2023</b>                     | <b>2022</b> | <b>Change</b> | <b>Weather Adjusted Change</b> |
| <b>Kilowatt-Hour Sales-</b> |                                 |             |               |                                |
| Total Sales                 | <b>46,725</b>                   | 48,728      | (4.1)%        |                                |
| Total Retail Sales-         | <b>33,382</b>                   | 35,155      | (5.0)%        | 0.4 %                          |
| Residential                 | <b>10,630</b>                   | 12,103      | (12.2)%       | 1.2 %                          |
| Commercial                  | <b>10,883</b>                   | 10,987      | (0.9)%        | 1.8 %                          |
| Industrial                  | <b>11,724</b>                   | 11,912      | (1.6)%        | (1.6)%                         |
| Other                       | <b>145</b>                      | 153         | (4.9)%        | (4.0)%                         |
| Total Wholesale Sales       | <b>13,343</b>                   | 13,573      | (1.7)%        | N/A                            |

*(In Thousands of Customers)*

|                                     | <b>Period Ended March</b> |             |               |
|-------------------------------------|---------------------------|-------------|---------------|
|                                     | <b>2023</b>               | <b>2022</b> | <b>Change</b> |
| <b>Regulated Utility Customers-</b> |                           |             |               |
| Total Utility Customers-            | <b>8,824</b>              | 8,755       | 0.8%          |
| Total Traditional Electric          | <b>4,449</b>              | 4,397       | 1.2%          |
| Southern Company Gas                | <b>4,375</b>              | 4,358       | 0.4%          |

**Southern Company**  
**Financial Overview**  
**As Reported**  
*(In Millions of Dollars)*

|                                | <b>Three Months Ended March</b> |             |                 |
|--------------------------------|---------------------------------|-------------|-----------------|
|                                | <b>2023</b>                     | <b>2022</b> | <b>% Change</b> |
| <b>Southern Company –</b>      |                                 |             |                 |
| Operating Revenues             | \$ 6,480                        | \$ 6,648    | (2.5)%          |
| Earnings Before Income Taxes   | 896                             | 1,164       | (23.0)%         |
| Net Income Available to Common | 862                             | 1,032       | (16.5)%         |
| <b>Alabama Power –</b>         |                                 |             |                 |
| Operating Revenues             | \$ 1,647                        | \$ 1,649    | (0.1)%          |
| Earnings Before Income Taxes   | 253                             | 458         | (44.8)%         |
| Net Income Available to Common | 255                             | 347         | (26.5)%         |
| <b>Georgia Power –</b>         |                                 |             |                 |
| Operating Revenues             | \$ 2,176                        | \$ 2,208    | (1.4)%          |
| Earnings Before Income Taxes   | 349                             | 415         | (15.9)%         |
| Net Income Available to Common | 296                             | 385         | (23.1)%         |
| <b>Mississippi Power –</b>     |                                 |             |                 |
| Operating Revenues             | \$ 390                          | \$ 335      | 16.4 %          |
| Earnings Before Income Taxes   | 71                              | 50          | 42.0 %          |
| Net Income Available to Common | 58                              | 42          | 38.1 %          |
| <b>Southern Power –</b>        |                                 |             |                 |
| Operating Revenues             | \$ 508                          | \$ 539      | (5.8)%          |
| Earnings Before Income Taxes   | 32                              | 15          | 113.3 %         |
| Net Income Available to Common | 102                             | 72          | 41.7 %          |
| <b>Southern Company Gas –</b>  |                                 |             |                 |
| Operating Revenues             | \$ 1,875                        | \$ 2,058    | (8.9)%          |
| Earnings Before Income Taxes   | 412                             | 416         | (1.0)%          |
| Net Income Available to Common | 309                             | 319         | (3.1)%          |

**Notes**

- See Financial Highlights pages for discussion of certain significant items occurring during the periods.