Southern Company

1st Quarter 2022 Earnings

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News

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April 28, 2022

Southern Company reports first-quarter 2022 earnings

ATLANTA – Southern Company today reported first-quarter 2022 earnings of $1.03 billion, or 97 cents per share, compared with earnings of $1.14 billion, or $1.07 per share, in the first quarter of 2021.

Excluding the items described under "Net Income – Excluding Items" in the table below, Southern Company earned $1.03 billion, or 97 cents per share, during the first quarter of 2022, compared with $1.04 billion, or 98 cents per share, during the first quarter of 2021.

Non-GAAP Financial Measures	**Three Months Ended March**	
Net Income - Excluding Items (in millions)	**2022**	2021
Net Income - As Reported	**$ 1,032**	$ 1,135
Less:		
Estimated Loss on Plants Under Construction	**(1)**	(45)
Tax Impact	**—**	11
Wholesale Gas Services	**—**	166
Tax Impact	**—**	(40)
Net Income - Excluding Items	**$ 1,033**	$ 1,043
Average Shares Outstanding - (in millions)	**1,063**	1,060
Basic Earnings Per Share - Excluding Items	**$ 0.97**	$ 0.98

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 2022, as compared with 2021, were higher non-fuel operations and maintenance costs, which reflects a trend towards more normal operating conditions relative to significantly reduced levels during the first quarter 2021, largely offset by constructive state regulatory actions and robust customer growth at our state regulated utilities.

First-quarter 2022 operating revenues were $6.6 billion, compared with $5.9 billion for the first quarter of 2021, an increase of 12.5 percent. These increases were primarily due to higher fuel costs.

"Southern Company saw strong adjusted earnings results for the first quarter 2022," said Chairman, President and CEO, Thomas A. Fanning. "The economies within our Southeast service territories are

among the best in the United States, and we believe we are well-positioned to achieve our financial objectives for 2022," added Fanning.

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 Fanning 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 https://investor.southerncompany.com/events-and-presentations/default.aspx. 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 company serving 9 million customers through its subsidiaries. The company provides clean, safe, reliable and affordable energy through electric operating companies in three states, natural gas distribution companies in four states, a competitive generation company serving wholesale customers across America, a leading distributed energy infrastructure company, a fiber optics network and telecommunications services. Southern Company brands are known for excellent customer service, high reliability and affordable prices below the national average. For more than a century, we have been building the future of energy and developing the full portfolio of energy resources, including carbon-free nuclear, advanced carbon capture technologies, natural gas, renewables, energy efficiency and storage technology. Through an industry-leading commitment to innovation and a low-carbon future, Southern Company and its subsidiaries develop the customized energy solutions our customers and communities require to drive growth and prosperity. Our uncompromising values ensure we put the needs of those we serve at the center of everything we do and govern our business to the benefit of our world. Our corporate culture and hiring practices have been recognized nationally by the U.S. Department of Defense, G.I. Jobs magazine, DiversityInc, Black Enterprise, Forbes and the Women's Choice Award. To learn more, visit www.southerncompany.com.

Cautionary Note Regarding Forward-Looking Statements:
Certain information contained in this release is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, expectations regarding achievement of 2022 financial objectives. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's Annual Report on Form 10-K for the year ended December 31, 2021, Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including tax, environmental and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; the potential effects of the continued COVID-19 pandemic; the extent and timing of costs and legal requirements related to coal combustion residuals; current and future litigation or regulatory investigations, proceedings, or inquiries, including litigation and other disputes related to the Kemper County energy facility; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels and commodities; the ability to complete necessary or desirable pipeline expansion or infrastructure projects, limits on pipeline capacity, and operational interruptions to natural gas distribution

and transmission activities; transmission constraints; effects of inflation; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects, including Plant Vogtle Units 3 and 4 (which includes components based on new technology that only within the last few years began initial operation in the global nuclear industry at this scale) and Plant Barry Unit 8 due to current and/or future challenges which include but are not limited to, changes in labor costs, availability and productivity, challenges with management of contractors or vendors, subcontractor performance, adverse weather conditions, shortages, delays, increased costs, or inconsistent quality of equipment, materials, and labor, contractor or supplier delay, delays due to judicial or regulatory action, nonperformance under construction, operating, or other agreements, operational readiness, including specialized operator training and required site safety programs, engineering or design problems or any remediation related thereto, design and other licensing-based compliance matters, including, for nuclear units, inspections and the timely submittal by Southern Nuclear of the Inspections, Tests, Analyses, and Acceptance Criteria documentation for each unit and the related investigations, reviews and approvals by the U.S. Nuclear Regulatory Commission ("NRC") necessary to support NRC authorization to load fuel, challenges with start-up activities, including major equipment failure or system integration, and/or operational performance; and challenges related to the COVID-19 pandemic; the ability to overcome or mitigate the current challenges at Plant Vogtle Units 3 and 4, that could further impact the cost and schedule for the project; legal proceedings and regulatory approvals and actions related to construction projects, such as Plant Vogtle Units 3 and 4, Plant Barry Unit 8, including Public Service Commission approvals and Federal Energy Regulatory Commission and NRC actions; under certain specified circumstances, a decision by holders of more than 10% of the ownership interests of Plant Vogtle Units 3 and 4 not to proceed with construction and the ability of other Vogtle owners to tender a portion of their ownership interests to Georgia Power following certain construction cost increases; in the event Georgia Power becomes obligated to provide funding to Municipal Electric Authority of Georgia ("MEAG") with respect to the portion of MEAG's ownership interest in Plant Vogtle Units 3 and 4 involving Jacksonville Electric Authority, any inability of Georgia Power to receive repayment of such funding; the ability to construct facilities in accordance with the requirements of permits and licenses (including satisfaction of NRC requirements), to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of the employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology, including the pace and extent of development of low- to no carbon energy technologies and negative carbon concepts; performance of counterparties under ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to return on equity, equity ratios, additional generating capacity and fuel and other cost recovery mechanisms; the ability to successfully operate the electric utilities' generation, transmission, and distribution facilities, Southern Power Company's generation facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating and constructing nuclear generating facilities; the inherent risks involved in transporting and storing natural gas; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or physical attack and the threat of physical attacks; interest rate fluctuations and financial market conditions and the results of financing efforts; access to capital markets and other financing sources; changes in Southern Company's and any of its subsidiaries' credit ratings; the replacement of LIBOR with an alternative reference rate; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms,

droughts, pandemic health events, political unrest, wars or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources; impairments of goodwill or long-lived assets; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company expressly disclaims any obligation to update any forward-looking information.

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

	Three Months Ended March	
Net Income–As Reported (See Notes)	**2022**	2021
Traditional Electric Operating Companies	**$ 774**	$ 756
Southern Power	**72**	97
Southern Company Gas	**319**	398
Total	**1,165**	1,251
Parent Company and Other	**(133)**	(116)
Net Income–As Reported	**$ 1,032**	$ 1,135
Basic Earnings Per Share[1]	**$ 0.97**	$ 1.07
Average Shares Outstanding *(in millions)*	**1,063**	1,060
End of Period Shares Outstanding *(in millions)*	**1,063**	1,059

Non-GAAP Financial Measures	Three Months Ended March	
Net Income–Excluding Items (See Notes)	**2022**	2021
Net Income–As Reported	**$ 1,032**	$ 1,135
Less:		
Estimated Loss on Plants Under Construction[2]	**(1)**	(45)
Tax Impact	**—**	11
Wholesale Gas Services[3]	**—**	166
Tax Impact	**—**	(40)
Net Income–Excluding Items	**$ 1,033**	$ 1,043
Basic Earnings Per Share–Excluding Items	**$ 0.97**	$ 0.98

- 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 $0.97 and $1.06 for the three months ended March 31, 2022 and 2021, respectively.

(2) Earnings for the three months ended March 31, 2021 include a charge of $48 million pre tax ($36 million after tax) for estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. Further charges may occur; however, the amount and timing of any such charges are uncertain. Earnings for the three months ended March 31, 2022 and 2021 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 $10 million to $20 million annually through 2025.

(3) Earnings for the three months ended March 31, 2021 include results of the Wholesale Gas Services business, which was sold on July 1, 2021. Presenting earnings and earnings per share excluding Wholesale Gas Services provided an additional measure of operating performance that excluded the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended March		
	2022	2021	Change
Earnings Per Share– As Reported[1] (See Notes)	**$ 0.97**	$ 1.07	**$ (0.10)**
Significant Factors:			
Traditional Electric Operating Companies			**$ 0.02**
Southern Power			**(0.02)**
Southern Company Gas			**(0.08)**
Parent Company and Other			**(0.02)**
Increase in Shares			—
Total–As Reported			**$ (0.10)**

	Three Months Ended March		
Non-GAAP Financial Measures	**2022**	2021	Change
Earnings Per Share– Excluding Items (See Notes)	**$ 0.97**	$ 0.98	**$ (0.01)**
Total–As Reported			**$ (0.10)**
Less:			
Estimated Loss on Plants Under Construction[2]			**0.03**
Wholesale Gas Services[3]			**(0.12)**
Total–Excluding Items			**$ (0.01)**

- See Notes on the following page.

Southern Company

Significant Factors Impacting EPS

Notes

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Southern Company
EPS Earnings Analysis
Three Months Ended March 2022 vs. March 2021

Description	Cents
Retail Sales	2¢
Retail Revenue Impacts	4
Weather	1
Non-Fuel O&M(*)	(8)
Depreciation and Amortization, Interest Expense, Other	—
Total Traditional Electric Operating Companies	**(1)¢**
Southern Power	(2)
Southern Company Gas	4
Parent and Other	(2)
Total Change in EPS (Excluding Items)	**(1)¢**
Estimated Loss on Plants Under Construction[1]	3
Wholesale Gas Services[2]	(12)
Total Change in EPS (As Reported)	**(10)¢**

(*) 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, 2021 include a charge of $48 million pre tax ($36 million after tax) for estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. Further charges may occur; however, the amount and timing of any such charges are uncertain. Earnings for the three months ended March 31, 2022 and 2021 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 $10 million to $20 million annually through 2025.

(2) Earnings for the three months ended March 31, 2021 include results of the Wholesale Gas Services business, which was sold on July 1, 2021. Presenting earnings and earnings per share excluding Wholesale Gas Services provided an additional measure of operating performance that excluded the volatility resulting from mark-to-market and lower of weighted average cost or current market price accounting adjustments.

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

	Three Months Ended March		
	2022	2021	Change
Retail Electric Revenues-			
Fuel	**$ 1,014**	$ 838	$ 176
Non-Fuel	**2,599**	2,504	95
Wholesale Electric Revenues	**664**	545	119
Other Electric Revenues	**177**	170	7
Natural Gas Revenues	**2,058**	1,694	364
Other Revenues	**136**	159	(23)
Total Operating Revenues	**6,648**	5,910	738
Fuel and Purchased Power	**1,343**	1,055	288
Cost of Natural Gas	**1,095**	583	512
Cost of Other Sales	**69**	82	(13)
Non-Fuel O&M	**1,516**	1,372	144
Depreciation and Amortization	**892**	871	21
Taxes Other Than Income Taxes	**372**	345	27
Estimated Loss on Plant Vogtle Units 3 and 4	**—**	48	(48)
Gain on Dispositions, net	**(23)**	(44)	21
Total Operating Expenses	**5,264**	4,312	952
Operating Income	**1,384**	1,598	(214)
Allowance for Equity Funds Used During Construction	**51**	46	5
Earnings from Equity Method Investments	**46**	45	1
Interest Expense, Net of Amounts Capitalized	**462**	450	12
Other Income (Expense), net	**145**	58	87
Income Taxes	**173**	190	(17)
Net Income	**991**	1,107	(116)
Dividends on Preferred Stock of Subsidiaries	**4**	4	—
Net Loss Attributable to Noncontrolling Interests	**(45)**	(32)	(13)
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	**$ 1,032**	$ 1,135	$ (103)

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)

	Three Months Ended March			
	2022	2021	Change	Weather Adjusted Change
Kilowatt-Hour Sales-				
Total Sales	**48,728**	46,422	5.0 %	
Total Retail Sales-	**35,155**	34,651	1.5 %	0.8 %
Residential	**12,103**	12,040	0.5 %	(1.1)%
Commercial	**10,987**	10,743	2.3 %	1.9 %
Industrial	**11,912**	11,708	1.7 %	1.7 %
Other	**153**	160	(4.7)%	(4.3)%
Total Wholesale Sales	**13,573**	11,771	15.3 %	N/A

(In Thousands of Customers)

	Period Ended March		
	2022	2021	Change
Regulated Utility Customers-			
Total Utility Customers-	**8,755**	8,673	0.9%
Total Traditional Electric	**4,397**	4,338	1.4%
Southern Company Gas	**4,358**	4,335	0.5%

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

	Three Months Ended March		
	2022	2021	% Change
Southern Company –			
Operating Revenues	**$ 6,648**	$ 5,910	12.5 %
Earnings Before Income Taxes	**1,164**	1,297	(10.3)%
Net Income Available to Common	**1,032**	1,135	(9.1)%
Alabama Power –			
Operating Revenues	**$ 1,649**	$ 1,559	5.8 %
Earnings Before Income Taxes	**458**	473	(3.2)%
Net Income Available to Common	**347**	359	(3.3)%
Georgia Power –			
Operating Revenues	**$ 2,208**	$ 1,970	12.1 %
Earnings Before Income Taxes	**415**	369	12.5 %
Net Income Available to Common	**385**	351	9.7 %
Mississippi Power –			
Operating Revenues	**$ 335**	$ 307	9.1 %
Earnings Before Income Taxes	**50**	49	2.0 %
Net Income Available to Common	**42**	45	(6.7)%
Southern Power –			
Operating Revenues	**$ 539**	$ 440	22.5 %
Earnings Before Income Taxes	**15**	55	(72.7)%
Net Income Available to Common	**72**	97	(25.8)%
Southern Company Gas –			
Operating Revenues	**$ 2,058**	$ 1,694	21.5 %
Earnings Before Income Taxes	**416**	519	(19.8)%
Net Income Available to Common	**319**	398	(19.8)%

Notes

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