Southern Company

3rd Quarter 2022 Earnings

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News

Media Contact: Southern Company Media Relations
404-506-5333 or 1-866-506-5333
www.southerncompany.com

Investor Relations Contact:
Scott Gammill
404-506-0901
sagammil@southernco.com

October 27, 2022

Southern Company reports third-quarter 2022 earnings

ATLANTA – Southern Company today reported third-quarter earnings of $1.5 billion, or $1.36 per share, in 2022 compared with $1.1 billion, or $1.04 per share, in 2021. For the nine months ended September 30, 2022, Southern Company reported earnings of $3.6 billion, or $3.38 per share, compared with $2.6 billion, or $2.46 per share, for the same period in 2021.

Excluding the items described under "Net Income – Excluding Items" in the table below, Southern Company earned $1.4 billion, or $1.31 per share, during the third quarter of 2022, compared with $1.3 billion, or $1.23 per share, during the third quarter 2021. For the nine months ended September 30, 2022, excluding these items, Southern Company earned $3.6 billion, or $3.35 per share, compared with $3.2 billion, or $3.05 per share, for the same period in 2021.

Non-GAAP Financial Measures	**Three Months Ended September**		**Year-to-Date September**	
Net Income - Excluding Items (in millions)	**2022**	2021	**2022**	2021
Net Income - As Reported	**$ 1,472**	$ 1,101	**$ 3,611**	$ 2,608
Less:				
Estimated Loss on Plants Under Construction	**62**	(271)	**7**	(779)
Tax Impact	**(16)**	69	**(2)**	198
Acquisition and Disposition Impacts	**14**	119	**19**	120
Tax Impact	**—**	(112)	**(2)**	(112)
Wholesale Gas Services	**—**	—	**—**	18
Tax Impact	**—**	1	**—**	(3)
Asset Impairments	**—**	(2)	**—**	(91)
Tax Impact	**—**	(7)	**—**	19
Net Income - Excluding Items	**$ 1,412**	$ 1,304	**$ 3,589**	$ 3,238
Average Shares Outstanding - (in millions)	**1,082**	1,061	**1,070**	1,060
Basic Earnings Per Share - Excluding Items	**$ 1.31**	$ 1.23	**$ 3.35**	$ 3.05

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 third quarter 2022, as compared with the same period in 2021, were higher revenues associated with increased usage, rates and pricing at the company's regulated utilities,

partially offset by higher non-fuel operations and maintenance costs, reflecting a rising cost environment and the company's long-term commitment to reliability and resilience, along with higher interest expense.

Third-quarter 2022 operating revenues were $8.4 billion, compared with $6.2 billion for the third quarter of 2021, an increase of 34.3 percent. For the nine months ended September 30, 2022, operating revenues were $22.2 billion, compared with $17.3 billion for the corresponding period in 2021, an increase of 28.2 percent. These increases were primarily due to higher fuel costs.

"Our premier, state-regulated electric and gas utilities continued to perform well during the third quarter," commented Chairman, President and CEO, Thomas A. Fanning. "The economies within our service territories remain strong, and customer growth outpaced our expectations."

Added Fanning, "At Plant Vogtle Unit 3, we successfully completed initial fuel load with the safe transfer of all 157 fuel assemblies from the spent fuel pool to the reactor core. This historic milestone marks the completion of another critical step toward start-up and commercial operation of Unit 3."

Southern Company's third-quarter earnings slides with supplemental financial information, including earnings guidance, 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 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 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.

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Southern Company

Financial Highlights

(In Millions of Dollars Except Earnings Per Share)

Net Income–As Reported (See Notes)	Three Months Ended September 2022	Three Months Ended September 2021	Year-To-Date September 2022	Year-To-Date September 2021
Traditional Electric Operating Companies	**$ 1,445**	$ 1,085	**$ 3,256**	$ 2,352
Southern Power	**95**	78	**265**	211
Southern Company Gas	**83**	56	**516**	389
Total	**1,623**	1,219	**4,037**	2,952
Parent Company and Other	**(151)**	(118)	**(426)**	(344)
Net Income–As Reported	**$ 1,472**	$ 1,101	**$ 3,611**	$ 2,608
Basic Earnings Per Share[1]	**$ 1.36**	$ 1.04	**$ 3.38**	$ 2.46
Average Shares Outstanding *(in millions)*	**1,082**	1,061	**1,070**	1,060
End of Period Shares Outstanding *(in millions)*			**1,089**	1,060

Non-GAAP Financial Measures	Three Months Ended September 2022	Three Months Ended September 2021	Year-To-Date September 2022	Year-To-Date September 2021
Net Income–Excluding Items (See Notes)				
Net Income–As Reported	**$ 1,472**	$ 1,101	**$ 3,611**	$ 2,608
Less:				
Estimated Loss on Plants Under Construction[2]	**62**	(271)	**7**	(779)
Tax Impact	**(16)**	69	**(2)**	198
Acquisition and Disposition Impacts[3]	**14**	119	**19**	120
Tax Impact	**—**	(112)	**(2)**	(112)
Wholesale Gas Services[4]	**—**	—	**—**	18
Tax Impact	**—**	1	**—**	(3)
Asset Impairments[5]	**—**	(2)	**—**	(91)
Tax Impact	**—**	(7)	**—**	19
Net Income–Excluding Items	**$ 1,412**	$ 1,304	**$ 3,589**	$ 3,238
Basic Earnings Per Share–Excluding Items	**$ 1.31**	$ 1.23	**$ 3.35**	$ 3.05

- 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 $1.35 and $3.36 for the three and nine months ended September 30, 2022 and was $1.03 and $2.44 for the three and nine months ended September 30, 2021, respectively.

(2) Earnings for the three and nine months ended September 30, 2022 include a net credit of $70 million pre tax ($52 million after tax) and $18 million pre tax ($13 million after tax), respectively, earnings for the three months ended September 30, 2021 include a charge of $264 million pre tax ($197 million after tax), and earnings for the nine months ended September 30, 2021 include charges totaling $772 million pre tax ($576 million after tax) for estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. Further charges and credits may occur; however, the amount and timing are uncertain. Earnings for the three and nine months ended September 30, 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 and nine months ended September 30, 2022 include a $14 million pre-tax ($11 million after-tax) gain as a result of the early termination of the transition services agreement related to the 2019 sale of Gulf Power. Earnings for the three and nine months ended September 30, 2021 include a preliminary $121 million pre-tax ($93 million after-tax) gain on the sale of Sequent, as well as $85 million in additional tax expense resulting from the sale. Further impacts may result from future acquisition and disposition activities; however, the amount and timing of any such impacts are uncertain.

(4) Earnings for the three and nine months ended September 30, 2021 include results of the Wholesale Gas Services business. 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. Amounts subsequent to the July 1, 2021 sale of Sequent represent final income adjustments.

(5) Earnings for the three and nine months ended September 30, 2021 include pre-tax impairment charges of $2 million ($9 million after tax) and $84 million ($67 million after tax), respectively, related to Southern Company Gas' investment in the PennEast Pipeline project. Earnings for the nine months ended September 30, 2021 also include a pre-tax impairment charge of $7 million ($6 million after tax) related to a leveraged lease investment. Southern Company Gas expects to record a pre-tax impairment charge totaling approximately $125 million ($95 million after tax) in the fourth quarter 2022 related to the pending sale of two natural gas storage facilities. Additional impairment charges may occur in the future; however, the amount and timing of any such charges are uncertain.

Southern Company
Significant Factors Impacting EPS

	Three Months Ended September			Year-To-Date September		
	2022	2021	Change	**2022**	2021	Change
Earnings Per Share– As Reported[1] (See Notes)	**$ 1.36**	$ 1.04	**$ 0.32**	**$ 3.38**	$ 2.46	**$ 0.92**
Significant Factors:						
Traditional Electric Operating Companies			**$ 0.34**			**$ 0.85**
Southern Power			**0.02**			**0.05**
Southern Company Gas			**0.03**			**0.12**
Parent Company and Other			**(0.04)**			**(0.07)**
Increase in Shares			**(0.03)**			**(0.03)**
Total–As Reported			**$ 0.32**			**$ 0.92**

	Three Months Ended September			Year-To-Date September		
Non-GAAP Financial Measures	**2022**	2021	Change	**2022**	2021	Change
Earnings Per Share– Excluding Items (See Notes)	**$ 1.31**	$ 1.23	**$ 0.08**	**$ 3.35**	$ 3.05	**$ 0.30**
Total–As Reported			**$ 0.32**			**$ 0.92**
Less:						
Estimated Loss on Plants Under Construction[2]			**0.23**			**0.56**
Acquisition and Disposition Impacts[3]			**—**			**0.01**
Wholesale Gas Services[4]			**—**			**(0.02)**
Asset Impairments[5]			**0.01**			**0.07**
Total–Excluding Items			**$ 0.08**			**$ 0.30**

- See Notes on the following page.

Southern Company
Significant Factors Impacting EPS

Notes

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(2) Earnings for the three and nine months ended September 30, 2022 include a net credit of $70 million pre tax ($52 million after tax) and $18 million pre tax ($13 million after tax), respectively, earnings for the three months ended September 30, 2021 include a charge of $264 million pre tax ($197 million after tax), and earnings for the nine months ended September 30, 2021 include charges totaling $772 million pre tax ($576 million after tax) for estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. Further charges and credits may occur; however, the amount and timing are uncertain. Earnings for the three and nine months ended September 30, 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.

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Southern Company
EPS Earnings Analysis

Description	Three Months Ended September 2022 vs. 2021	Year-To-Date September 2022 vs. 2021
Retail Sales	6¢	13¢
Retail Revenue Impacts	11	32
Weather	2	13
Wholesale & Other Operating Revenues	2	4
Non-Fuel O&M(*)	(5)	(19)
Depreciation and Amortization, Interest Expense, Other	(4)	(7)
Income Taxes	(1)	(6)
Total Traditional Electric Operating Companies	**11¢**	**30¢**
Southern Power	2	5
Southern Company Gas	2	7
Parent and Other	(4)	(9)
Increase in Shares	(3)	(3)
Total Change in EPS (Excluding Items)	**8¢**	**30¢**
Estimated Loss on Plants Under Construction[1]	23	56
Acquisition and Disposition Impacts[2]	—	1
Wholesale Gas Services[3]	—	(2)
Asset Impairments[4]	1	7
Total Change in EPS (As Reported)	**32¢**	**92¢**

(*) 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 and nine months ended September 30, 2022 include a net credit of $70 million pre tax ($52 million after tax) and $18 million pre tax ($13 million after tax), respectively, earnings for the three months ended September 30, 2021 include a charge of $264 million pre tax ($197 million after tax), and earnings for the nine months ended September 30, 2021 include charges totaling $772 million pre tax ($576 million after tax) for estimated probable losses on Georgia Power Company's construction of Plant Vogtle Units 3 and 4. Further charges and credits may occur; however, the amount and timing are uncertain. Earnings for the three and nine months ended September 30, 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.

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(3) Earnings for the three and nine months ended September 30, 2021 include results of the Wholesale Gas Services business. 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. Amounts subsequent to the July 1, 2021 sale of Sequent represent final income adjustments.

(4) Earnings for the three and nine months ended September 30, 2021 include pre-tax impairment charges of $2 million ($9 million after tax) and $84 million ($67 million after tax), respectively, related to Southern Company Gas' investment in the PennEast Pipeline project. Earnings for the nine months ended September 30, 2021 also include a pre-tax impairment charge of $7 million ($6 million after tax) related to a leveraged lease investment. Southern Company Gas expects to record a pre-tax impairment charge totaling approximately $125 million ($95 million after tax) in the fourth quarter 2022 related to the pending sale of two natural gas storage facilities. Additional impairment charges may occur in the future; however, the amount and timing of any such charges are uncertain.

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

	Three Months Ended September			Year-To-Date September		
	2022	2021	Change	**2022**	2021	Change
Retail Electric Revenues-						
Fuel	**$ 2,320**	$ 1,186	$ 1,134	**$ 4,942**	$ 2,899	$ 2,043
Non-Fuel	**3,641**	3,365	276	**9,421**	8,593	828
Wholesale Electric Revenues	**1,197**	731	466	**2,798**	1,822	976
Other Electric Revenues	**185**	179	6	**554**	525	29
Natural Gas Revenues	**857**	623	234	**3,998**	2,994	1,004
Other Revenues	**178**	154	24	**519**	513	6
Total Operating Revenues	**8,378**	6,238	2,140	**22,232**	17,346	4,886
Fuel and Purchased Power	**3,068**	1,522	1,546	**6,534**	3,642	2,892
Cost of Natural Gas	**294**	129	165	**1,840**	943	897
Cost of Other Sales	**92**	71	21	**275**	255	20
Non-Fuel O&M	**1,547**	1,446	101	**4,621**	4,257	364
Depreciation and Amortization	**922**	896	26	**2,728**	2,658	70
Taxes Other Than Income Taxes	**352**	312	40	**1,073**	969	104
Estimated Loss on Plant Vogtle Units 3 and 4	**(70)**	264	(334)	**(18)**	772	(790)
Gain on Dispositions, net	**(20)**	(125)	105	**(53)**	(179)	126
Total Operating Expenses	**6,185**	4,515	1,670	**17,000**	13,317	3,683
Operating Income	**2,193**	1,723	470	**5,232**	4,029	1,203
Allowance for Equity Funds Used During Construction	**59**	49	10	**163**	140	23
Earnings from Equity Method Investments	**28**	30	(2)	**109**	35	74
Interest Expense, Net of Amounts Capitalized	**511**	451	60	**1,461**	1,352	109
Other Income (Expense), net	**132**	131	1	**414**	290	124
Income Taxes	**414**	372	42	**891**	550	341
Net Income	**1,487**	1,110	377	**3,566**	2,592	974
Dividends on Preferred Stock of Subsidiaries	**3**	4	(1)	**10**	11	(1)
Net Income (Loss) Attributable to Noncontrolling Interests	**12**	5	7	**(55)**	(27)	(28)
NET INCOME ATTRIBUTABLE TO SOUTHERN COMPANY	**$ 1,472**	$ 1,101	$ 371	**$ 3,611**	$ 2,608	$ 1,003

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 September				Year-To-Date September			
	2022	2021	Change	Weather Adjusted Change	**2022**	2021	Change	Weather Adjusted Change
Kilowatt-Hour Sales-								
Total Sales	**56,606**	54,134	4.6 %		**156,874**	146,576	7.0 %	
Total Retail Sales-	**41,490**	40,441	2.6 %	1.8 %	**113,716**	109,747	3.6 %	1.6 %
Residential	**14,467**	14,063	2.9 %	1.3 %	**38,632**	36,941	4.6 %	0.4 %
Commercial	**13,827**	13,458	2.7 %	2.0 %	**37,060**	35,701	3.8 %	2.0 %
Industrial	**13,048**	12,762	2.2 %	2.2 %	**37,575**	36,632	2.6 %	2.6 %
Other	**148**	158	(6.2)%	(6.3)%	**449**	473	(5.0)%	(5.0)%
Total Wholesale Sales	**15,116**	13,693	10.4 %	N/A	**43,158**	36,829	17.2 %	N/A

(In Thousands of Customers)

	Period Ended September		
	2022	2021	Change
Regulated Utility Customers-			
Total Utility Customers-	**8,722**	8,656	0.8%
Total Traditional Electric	**4,422**	4,373	1.1%
Southern Company Gas	**4,300**	4,283	0.4%

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

	Three Months Ended September			Year-To-Date September		
	2022	2021	% Change	**2022**	2021	% Change
Southern Company –						
Operating Revenues	**$ 8,378**	$ 6,238	34.3 %	**$22,232**	$17,346	28.2 %
Earnings Before Income Taxes	**1,901**	1,482	28.3 %	**4,457**	3,142	41.9 %
Net Income Available to Common	**1,472**	1,101	33.7 %	**3,611**	2,608	38.5 %
Alabama Power –						
Operating Revenues	**$ 2,444**	$ 1,904	28.4 %	**$ 6,023**	$ 5,019	20.0 %
Earnings Before Income Taxes	**694**	655	6.0 %	**1,660**	1,566	6.0 %
Net Income Available to Common	**525**	499	5.2 %	**1,256**	1,189	5.6 %
Georgia Power –						
Operating Revenues	**$ 3,889**	$ 2,856	36.2 %	**$ 9,218**	$ 7,050	30.8 %
Earnings Before Income Taxes	**1,084**	649	67.0 %	**2,272**	1,111	104.5 %
Net Income Available to Common	**858**	536	60.1 %	**1,851**	1,030	79.7 %
Mississippi Power –						
Operating Revenues	**$ 510**	$ 378	34.9 %	**$ 1,279**	$ 988	29.5 %
Earnings Before Income Taxes	**79**	60	31.7 %	**188**	155	21.3 %
Net Income Available to Common	**62**	50	24.0 %	**150**	133	12.8 %
Southern Power –						
Operating Revenues	**$ 1,180**	$ 679	73.8 %	**$ 2,618**	$ 1,610	62.6 %
Earnings Before Income Taxes	**143**	92	55.4 %	**259**	181	43.1 %
Net Income Available to Common	**95**	78	21.8 %	**265**	211	25.6 %
Southern Company Gas –						
Operating Revenues	**$ 857**	$ 623	37.6 %	**$ 3,998**	$ 2,994	33.5 %
Earnings Before Income Taxes	**110**	189	(41.8)%	**677**	613	10.4 %
Net Income Available to Common	**83**	56	48.2 %	**516**	389	32.6 %

Notes

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