Reconciliation of Non-GAAP Information

In this proxy statement, we show EPS as calculated in accordance with GAAP and adjusted EPS which excludes certain items. Southern Company management uses this non-GAAP measure to evaluate the performance of Southern Company's ongoing business activities and its annual performance on a basis consistent with the assumptions used in developing applicable performance targets and to compare certain results to prior periods. Southern Company believes this presentation is useful to investors by providing additional information for purposes of evaluating the performance of its business activities. This presentation is not meant to be considered a substitute for financial measures prepared in accordance with GAAP.

	Year Ended December 31,		
(In millions, except earnings per share)	**2023**	**2022**	**2021**
Net Income – GAAP	**$ 3,976**	**$ 3,524**	**$ 2,393**
Average Shares Outstanding	**1,092**	**1,075**	**1,061**
Basic Earnings Per Share	**$ 3.64**	**$ 3.28**	**$ 2.26**
Net Income – GAAP	**$ 3,976**	**$ 3,524**	**$ 2,393**
Less Non-GAAP Excluding Items:			
Acquisition and Disposition Impacts[1]	(1)	(115)	209
Tax Impact	33	32	(90)
Estimated Loss on Plants Under Construction[2]	51	(199)	(1,703)
Tax Impact	(13)	51	433
Wholesale Gas Services[3]	—	—	18
Tax Impact	—	—	(3)
Impairments[4]	—	(119)	(91)
Tax Impact	—	—	19
Loss on Extinguishment of Debt[5]	(5)	—	(23)
Tax Impact	1	—	6
Estimated Loss on Qualifying Infrastructure Plant and Other Capital Investments[6]	(96)	—	—
Tax Impact	24	—	—
Net Income – Excluding Items	**$ 3,982**	**$ 3,874**	**$ 3,618**
Basic Earnings Per Share – Excluding Items	**$ 3.65**	**$ 3.60**	**$ 3.41**

(1) Net income for the year ended December 31, 2023 includes a $35 million favorable tax impact related to a reversal of an uncertain tax position associated with the 2019 sale of Gulf Power. Net income for the year ended December 31, 2022 includes impairment charges totaling $131 million pretax ($99 million after tax) and other disposition impacts associated with the sales of two Southern Company Gas natural gas storage facilities. Net income for the year ended December 31, 2022 also includes 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. Net income for the year ended December 31, 2021 includes: (i) a $93 million pre-tax ($99 million after-tax) gain associated with the termination of a leasehold interest in assets associated with two leveraged lease projects; (ii) $16 million of income tax benefits recognized as the result of another leveraged lease investment disposition; and (iii) a $121 million pre-tax ($92 million after-tax) gain on the sale of Sequent, as well as $85 million of additional tax expense due to the resulting changes in state apportionment rates.

(2) Net income for the year ended December 31, 2023 includes a net credit of $68 million pretax ($50 million after tax) and for the years ended December 31, 2022 and 2021 includes aggregate net charges of $183 million pretax ($137 million after tax) and $1.7 billion pretax ($1.3 billion after tax), respectively, for estimated probable losses associated with Georgia Power's construction of Plant Vogtle Units 3 and 4. Further charges may occur; however, the amount and timing of any such charges are uncertain. Net income for all periods presented includes charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power's Kemper IGCC. Mississippi Power 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.

(3) Net income for the year ended December 31, 2021 includes the Wholesale Gas Services business, which was sold on July 1, 2021. Presenting net income 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.

(4) Net income for the year ended December 31, 2022 includes an impairment charge associated with goodwill at PowerSecure. Net income for the year ended December 31, 2021 includes impairment charges associated with two leveraged leases. Net income for the year ended December 31, 2021 also includes impairment charges totaling $84 million pretax ($67 million after tax) related to Southern Company Gas' investment in the PennEast Pipeline project. Impairment charges may occur in the future; however, the amounts and timing of any such charges are uncertain.

(5) Net income for the years ended December 31, 2023 and 2021 includes costs associated with the extinguishment of debt at Southern Company. Further debt extinguishment charges may occur at Southern Company or its non-regulated subsidiaries; however, the amounts and timing of any such costs are uncertain.

(6) Net income for the year ended December 31, 2023 includes charges totaling $96 million pretax ($72 million after tax) for estimated losses at Southern Company Gas associated with the Illinois Commission disallowances related to (i) its review of the Qualifying Infrastructure Plant (QIP) capital investments by Nicor Gas under the QIP rider, or Investing in Illinois program, and (ii) Nicor Gas' general base rate case proceeding. Further charges may occur; however, the amount and timing of any such charges are uncertain.