

To: Investment Community

From: CMS Energy Investor Relations
<http://www.cmsenergy.com>

Date: July 27th, 2023

Subject: CMS Energy Second Quarter 2023 Results and Outlook

CMS Energy will hold a webcast to discuss its Second Quarter 2023 Results and Outlook on Thursday, July 27th at 8:30 a.m. (ET).

To participate in the webcast, go to CMS Energy's home page (www.cmsenergy.com), select "Investor Relations", "Events and Presentations", and "CMS Energy Second Quarter 2023 Earnings Call" or [click here](#).

CMS Energy Announces Second Quarter Results, Reaffirms 2023 Adjusted EPS Guidance

JACKSON, Mich., July 27, 2023 – CMS Energy announced today reported earnings per share of \$0.67 for the second quarter of 2023, compared to \$0.50 per share for the same quarter in 2022. The company's adjusted earnings per share for the second quarter of 2023 were \$0.75, compared to \$0.53 per share for the same quarter in 2022. For the first six months of the year, the company reported \$1.36 per share compared to \$1.71 per share for the same timeframe in 2022. On an adjusted earnings per share basis year to date, the company reported \$1.45 per share in 2023, compared to \$1.73 per share in 2022.

CMS Energy reaffirmed its 2023 adjusted earnings guidance of \$3.06 to \$3.12* per share (*See below for important information about non-GAAP measures) and reaffirmed long-term adjusted EPS growth of 6 to 8 percent, with continued confidence toward the high end of the adjusted EPS growth range.

"CMS Energy has continued to deliver on our triple bottom line of people, planet, and prosperity. In addition to our strong financial performance this quarter, we closed our Karn coal plants, which supports our net zero carbon goal by 2040, while protecting the environment for Michigan residents. We also recently purchased the Covert natural gas plant which is adding reliable and affordable energy to meet our customers' needs," said Garrick Rochow, President and CEO of CMS Energy and Consumers Energy.

CMS Energy (NYSE: CMS) is a Michigan-based energy provider featuring Consumers Energy as its primary business. It also owns and operates independent power generation businesses.

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CMS Energy will hold a webcast to discuss its 2023 second quarter results and provide a business and financial outlook on Thursday, July 27 at 8:30 a.m. (EDT). To participate in the webcast, go to CMS Energy's homepage (cmsenergy.com) and select "Events and Presentations."

Important information for investors about non-GAAP measures and other disclosures.

This news release contains non-Generally Accepted Accounting Principles (non-GAAP) measures, such as adjusted earnings. All references to net income refer to net income available to common stockholders and references to earnings per share are on a diluted basis. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, business optimization initiative, changes in accounting principles, voluntary separation program, changes in federal tax policy, regulatory items from prior years, unrealized gains or losses from mark-to-market adjustments recognized in net income related to NorthStar Clean Energy's interest expense, or other items. Management views adjusted earnings as a key measure of the company's present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the company uses adjusted earnings to measure and assess performance. Because the company is not able to estimate the impact of specific line items, which have the potential to significantly impact, favorably or unfavorably, the company's reported earnings in future periods, the company is not providing reported earnings guidance nor is it providing a reconciliation for the comparable future period earnings. The company's adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for the reported earnings.

This news release contains "forward-looking statements." The forward-looking statements are subject to risks and uncertainties that could cause CMS Energy's and Consumers Energy's results to differ materially. All forward-looking statements should be considered in the context of the risk and other factors detailed from time to time in CMS Energy's and Consumers Energy's Securities and Exchange Commission filings.

Investors and others should note that CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution.

For more information on CMS Energy, please visit our website at cmsenergy.com. To sign up for email [alert notifications](#), please visit the Investor Relations section of our website.

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CMS ENERGY CORPORATION

Consolidated Statements of Income

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>					
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	Change	6/30/23	6/30/22	Change
Operating Revenue						
Electric utility	\$ 1,128	\$ 1,325	\$ (197)	\$ 2,219	\$ 2,566	\$ (347)
Gas utility	357	477	(120)	1,476	1,519	(43)
NorthStar Clean Energy	70	118	(48)	144	209	(65)
Total operating revenue	<u>1,555</u>	<u>1,920</u>	<u>(365)</u>	<u>3,839</u>	<u>4,294</u>	<u>(455)</u>
Operating Expenses						
Fuel for electric generation	110	241	(131)	247	408	(161)
Purchased and interchange power	342	483	(141)	683	938	(255)
Purchased power – related parties	17	18	(1)	36	35	1
Cost of gas sold	84	216	(132)	631	684	(53)
Maintenance and other operating expenses	406	392	14	837	726	111
Depreciation and amortization	255	242	13	608	587	21
General taxes	97	89	8	239	221	18
Total operating expenses	<u>1,311</u>	<u>1,681</u>	<u>(370)</u>	<u>3,281</u>	<u>3,599</u>	<u>(318)</u>
Operating Income (Loss)						
Electric utility	204	196	8	307	418	(111)
Gas utility	52	45	7	270	285	(15)
NorthStar Clean Energy	(8)	1	(9)	(12)	(4)	(8)
Other	(4)	(3)	(1)	(7)	(4)	(3)
Total operating income	<u>244</u>	<u>239</u>	<u>5</u>	<u>558</u>	<u>695</u>	<u>(137)</u>
Other Income (Expense)						
Nonoperating retirement benefits, net	45	52	(7)	90	100	(10)
Other income	103	2	101	118	6	112
Other expense	(2)	(11)	9	(6)	(15)	9
Total other income	<u>146</u>	<u>43</u>	<u>103</u>	<u>202</u>	<u>91</u>	<u>111</u>
Earnings Before Interest, Taxes, and Other Charges	<u>390</u>	<u>282</u>	<u>108</u>	<u>760</u>	<u>786</u>	<u>(26)</u>
Interest on long-term debt	152	122	30	296	243	53
Interest expense - related parties	3	3	-	6	6	-
Other interest expense	6	1	5	6	2	4
Allowance for borrowed funds used during construction	(1)	-	(1)	(1)	(1)	-
Income tax expense	41	14	27	70	53	17
Income From Continuing Operations	<u>189</u>	<u>142</u>	<u>47</u>	<u>383</u>	<u>483</u>	<u>(100)</u>
Income from discontinued operations, net of tax	1	-	1	1	4	(3)
Net Income	<u>190</u>	<u>142</u>	<u>48</u>	<u>384</u>	<u>487</u>	<u>(103)</u>
Loss attributable to noncontrolling interests	(8)	(6)	(2)	(18)	(14)	(4)
Net Income Attributable to CMS Energy	<u>198</u>	<u>148</u>	<u>50</u>	<u>402</u>	<u>501</u>	<u>(99)</u>
Preferred stock dividends	3	3	-	5	5	-
Net Income Available to Common Stockholders	<u>\$ 195</u>	<u>\$ 145</u>	<u>\$ 50</u>	<u>\$ 397</u>	<u>\$ 496</u>	<u>\$ (99)</u>
<i>Reconciling items:</i>						
Disposal of discontinued operations (gain) loss	(1)	*	(1)	(1)	(5)	4
Tax impact	*	(*)	*	*	1	(1)
Other exclusions from adjusted earnings	2	(*)	2	5	(1)	6
Tax impact	(*)	*	(*)	(1)	*	(1)
Voluntary separation program	28	11	17	28	11	17
Tax impact	(7)	(3)	(4)	(7)	(3)	(4)
Adjusted Net Income – Non-GAAP	<u>\$ 217</u>	<u>\$ 153</u>	<u>\$ 64</u>	<u>\$ 421</u>	<u>\$ 499</u>	<u>\$ (78)</u>
Average Common Shares Outstanding - Diluted	<u>291.3</u>	<u>290.1</u>	<u>1.2</u>	<u>291.2</u>	<u>290.0</u>	<u>1.2</u>
Diluted Earnings Per Average Common Share	<u>\$ 0.67</u>	<u>\$ 0.50</u>	<u>\$ 0.17</u>	<u>\$ 1.36</u>	<u>\$ 1.71</u>	<u>\$ (0.35)</u>
<i>Reconciling items:</i>						
Disposal of discontinued operations (gain) loss	(*)	*	(*)	(*)	(0.01)	0.01
Tax impact	*	(*)	*	*	*	(*)
Other exclusions from adjusted earnings	0.01	(*)	0.01	0.02	(*)	0.02
Tax impact	(*)	*	(*)	(*)	*	(*)
Voluntary separation program	0.09	0.04	0.05	0.09	0.04	0.05
Tax impact	(0.02)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 0.75</u>	<u>\$ 0.53</u>	<u>\$ 0.22</u>	<u>\$ 1.45</u>	<u>\$ 1.73</u>	<u>\$ (0.28)</u>

* Less than \$0.5 million or \$0.01 per share.

CMS ENERGY CORPORATION

Summarized Consolidated Balance Sheets

(Unaudited)

	<i>In Millions</i>	
	As of	
	6/30/23	12/31/22
Assets		
Current assets		
Cash and cash equivalents	\$ 389	\$ 164
Restricted cash and cash equivalents	17	18
Other current assets	2,197	3,251
Total current assets	2,603	3,433
Non-current assets		
Plant, property, and equipment	24,264	22,713
Other non-current assets	5,398	5,207
Total Assets	\$ 32,265	\$ 31,353
Liabilities and Equity		
Current liabilities ⁽¹⁾	\$ 1,605	\$ 1,866
Non-current liabilities ⁽¹⁾	7,832	7,583
Capitalization		
Debt and finance leases (excluding securitization debt) ⁽²⁾	14,966	14,139
Preferred stock and securities	224	224
Noncontrolling interests	561	580
Common stockholders' equity	6,921	6,791
Total capitalization (excluding securitization debt)	22,672	21,734
Securitization debt ⁽²⁾	156	170
Total Liabilities and Equity	\$ 32,265	\$ 31,353

⁽¹⁾ Excludes debt and finance leases.

⁽²⁾ Includes current and non-current portions.

CMS ENERGY CORPORATION

Summarized Consolidated Statements of Cash Flows

(Unaudited)

	<i>In Millions</i>	
	Six Months Ended	
	6/30/23	6/30/22
Beginning of Period Cash and Cash Equivalents, Including Restricted Amounts	\$ 182	\$ 476
Net cash provided by operating activities	1,705	1,059
Net cash used in investing activities	(2,079)	(1,139)
Cash flows from operating and investing activities	(374)	(80)
Net cash provided by (used in) financing activities	598	(300)
Total Cash Flows	\$ 224	\$ (380)
End of Period Cash and Cash Equivalents, Including Restricted Amounts	\$ 406	\$ 96

CMS ENERGY CORPORATION

Selected Financial Data

(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	6/30/23	12/31/22	6/30/22
EBIT – Non-GAAP ⁽¹⁾			
Consolidated	\$ 1,438	\$ 1,441	\$ 1,374
Consumers Energy	1,355	1,441	1,395
Depreciation and Amortization			
Consolidated	\$ 1,147	\$ 1,126	\$ 1,119
Consumers Energy	1,108	1,088	1,083
EBITDA – Non-GAAP ⁽¹⁾			
Consolidated	\$ 2,585	\$ 2,567	\$ 2,493
Consumers Energy	2,463	2,529	2,478
Dividends and Other Distributions From Subsidiaries	\$ 641	\$ 769	\$ 1,646
Interest Expense, Net			
Consolidated	\$ 576	\$ 519	\$ 501
Energy parent	186	181	183
Consumers Energy	390	335	312
	<i>In Millions</i>		
	As of		
	6/30/23	12/31/22	6/30/22
Book Value Per Share	\$ 23.72	\$ 23.31	\$ 22.93
Common Shares Outstanding – End of Period	291.7	291.3	290.2
Average Common Shares Outstanding			
Basic	290.8	289.5	289.4
Diluted	291.2	290.0	290.0
Debt ⁽²⁾			
Energy parent	\$ 4,719	\$ 3,930	\$ 3,929
NorthStar Clean Energy	208	122	-
Consumers Energy (excluding securitization bonds)	10,039	10,087	8,317
Consolidated (excluding securitization bonds)	14,966	14,139	12,246
Securitization bonds	156	170	184
Consolidated	\$ 15,122	\$ 14,309	\$ 12,430
Unrestricted Cash and Cash Equivalents			
Energy parent	\$ 222	\$ 36	\$ 31
Consumers Energy	99	43	8
CMS Treasury Services	27	39	8
Other	41	46	30
Consolidated	\$ 389	\$ 164	\$ 77
Consumers Energy			
Regulated Common Equity Ratio (13-Month Average)			
Electric	42.3%	43.5%	43.7%
Gas	42.3%	43.5%	43.7%
Regulated Rate Base (13-Month Average, in Millions)			
Electric ⁽³⁾	\$ 14,348	\$ 13,796	\$ 13,658
Gas	9,225	8,668	7,901
Regulated Return on Average Common Equity (12-Month Ended)			
Electric ⁽³⁾	8.0%	9.3%	9.6%
Gas	8.0%	10.0%	10.2%

⁽¹⁾ EBIT (non-GAAP) equals net income available to common stockholders + income taxes + interest charges + noncontrolling interests + discontinued operations + writedowns + impairments + losses (gains) on asset sales + accounting changes. EBITDA (non-GAAP) equals EBIT + depreciation and amortization.

⁽²⁾ Includes current maturities, leases and notes payable.

⁽³⁾ Includes Renewable Portfolio Standard (RPS) renewables rate base of ~\$1.2 billion in total.

CMS ENERGY CORPORATION
Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA
(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	6/30/23	12/31/22	6/30/22
Net Income Available to Common Stockholders	\$ 728	\$ 827	\$ 1,319
<i>Reconciling items:</i>			
Income tax expense	110	94	239
Interest on long-term debt	562	509	485
Interest expense - related parties	12	12	12
Other interest expense	4	-	7
Allowance for borrowed funds used during construction	(2)	(2)	(3)
Loss attributable to noncontrolling interests	(28)	(24)	(25)
Preferred stock dividends	10	10	10
Disposal of discontinued operations gain	(1)	(5)	(667)
Discontinued operations income	-	-	(42)
Other exclusions from adjusted earnings	14	8	(1)
Loss on fleet impairment	-	-	29
Voluntary separation program	29	12	11
EBIT – Non-GAAP	1,438	1,441	1,374
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,147	1,126	1,119
EBITDA – Non-GAAP	<u>\$ 2,585</u>	<u>\$ 2,567</u>	<u>\$ 2,493</u>

CONSUMERS ENERGY COMPANY
Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA
(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	6/30/23	12/31/22	6/30/22
Net Income Available to Common Stockholder	\$ 786	\$ 943	\$ 896
<i>Reconciling items:</i>			
Income tax expense	133	140	145
Interest on long-term debt	375	325	298
Interest expense - related parties	13	12	12
Other interest expense	5	-	5
Allowance for borrowed funds used during construction	(2)	(2)	(3)
Preferred stock dividends	2	2	2
Other exclusions from adjusted earnings	14	9	-
Loss on fleet impairment	-	-	29
Voluntary separation program	29	12	11
EBIT – Non-GAAP	1,355	1,441	1,395
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,108	1,088	1,083
EBITDA – Non-GAAP	<u>\$ 2,463</u>	<u>\$ 2,529</u>	<u>\$ 2,478</u>

CMS ENERGY CORPORATION

Non-GAAP Adjusted Earnings Per Share Variance Analysis

(Unaudited)

Three Months Ended June 30			
	6/30/23	6/30/22	Variance
Adjusted EPS – Non-GAAP			
Electric utility	\$ 0.55	\$ 0.50	\$ 0.05
Gas utility	0.11	0.14	(0.03)
NorthStar Clean Energy	0.01	0.02	(0.01)
Energy parent	0.08	(0.13)	0.21
Consolidated	<u>\$ 0.75</u>	<u>\$ 0.53</u>	<u>\$ 0.22</u>
Variance Explanations:			
ELECTRIC UTILITY			
- Deliveries of 8,815 GWh, down 248 GWh (weather-driven impact, down 276 GWh)			\$ (0.07)
- Electric rate relief			0.16
- Lower operating & maintenance expenses, including storm costs			0.01
- Higher investment costs (depreciation, property taxes and fixed costs)			(0.06)
- Other, including higher interest earnings			0.01
- Change in shares outstanding			*
			<u>\$ 0.05</u>
GAS UTILITY			
- Deliveries, including transportation to end-use customers, of 48.9 bcf, down 2.3 bcf (weather-driven impact, down 1.8 bcf)			\$ (0.06)
- Gas rate relief			0.07
- Lower operating & maintenance expenses			0.04
- Higher investment costs (depreciation, property taxes and fixed costs)			(0.05)
- Higher ETR, including absence of tax benefits from 2020 gas rate case settlement			(0.03)
- Change in shares outstanding			*
			<u>\$ (0.03)</u>
NORTHSTAR CLEAN ENERGY AND ENERGY PARENT			
- NorthStar Clean Energy			\$ (0.01)
- Energy parent, including corporate financings			0.21
- Change in shares outstanding			*
			<u>\$ 0.20</u>
WEATHER IMPACTS			
	6/30/23	6/30/22	
Weather			
- Warmer (colder) than normal using 15-year average temperatures	5.4 %	0.2 %	
Electric Utility			
- Increase (decrease) from normal in:			
Electric sales (GWh)	(36)	240	
EPS	\$ (0.01)	\$ 0.07	
Gas Utility			
- Increase (decrease) from normal in:			
Gas sales (bcf)	(0.6)	1.2	
EPS	\$ (0.01)	\$ 0.01	
Total EPS Weather Impacts	<u>\$ (0.02)</u>	<u>\$ 0.08</u>	

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Non-GAAP Adjusted Earnings Per Share Variance Analysis

(Unaudited)

Six Months Ended June 30				
	6/30/23	6/30/22	Variance	
Adjusted EPS – Non-GAAP				
Electric utility	\$ 0.79	\$ 1.08	\$ (0.29)	
Gas utility	0.65	0.88	(0.23)	
NorthStar Clean Energy	0.03	0.05	(0.02)	
Energy parent	(0.02)	(0.28)	0.26	
Consolidated	<u>\$ 1.45</u>	<u>\$ 1.73</u>	<u>\$ (0.28)</u>	
Variance Explanations:				
ELECTRIC UTILITY				NORTHSTAR CLEAN ENERGY AND ENERGY PARENT
- Deliveries of 17,653 GWh, down 657 GWh (weather-driven impact, down 532 GWh)		\$ (0.20)		- NorthStar Clean Energy \$ (0.02)
- Electric rate relief		0.21		- Energy parent, including corporate financings 0.26
- Higher operating & maintenance expenses, including storm costs		(0.19)		- Change in shares outstanding *
- Higher investment costs (depreciation, property taxes and fixed costs)		(0.12)		<u>\$ 0.24</u>
- Other, including higher interest earnings		0.02		
- Change in shares outstanding		(0.01)		
		<u>\$ (0.29)</u>		
GAS UTILITY				WEATHER IMPACTS
- Deliveries, including transportation to end-use customers, of 168.4 bcf, down 23.2 bcf (weather-driven impact, down 21.1 bcf)		\$ (0.26)		
- Gas rate relief		0.25		
- Lower operating & maintenance expenses		0.04		
- Higher investment costs (depreciation, property taxes and fixed costs)		(0.11)		
- Higher ETR, including absence of tax benefits from 2020 gas rate case settlement		(0.17)		
- Other, including higher interest earnings		0.02		
- Change in shares outstanding		*		
		<u>\$ (0.23)</u>		
				Weather
				- Warmer (colder) than normal using 15-year average temperatures (0.5) % (1.7) %
				Electric Utility
				- Increase (decrease) from normal in:
				Electric sales (GWh) (247) 285
				EPS \$ (0.07) \$ 0.08
				Gas Utility
				- Increase (decrease) from normal in:
				Gas sales (bcf) (15.0) 6.1
				EPS \$ (0.16) \$ 0.06
				Total EPS Weather Impacts
				<u>\$ (0.23)</u> <u>\$ 0.14</u>

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS by Segment

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Six Months Ended	
	6/30/23	6/30/22	6/30/23	6/30/22
Electric Utility				
Reported net income per share	\$ 0.50	\$ 0.48	\$ 0.74	\$ 1.06
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	0.01	-	0.01	-
Tax impact	(*)	-	(*)	-
Voluntary separation program	0.05	0.03	0.05	0.03
Tax impact	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.55</u>	<u>\$ 0.50</u>	<u>\$ 0.79</u>	<u>\$ 1.08</u>
Gas Utility				
Reported net income per share	\$ 0.08	\$ 0.13	\$ 0.61	\$ 0.87
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	-	0.01	-
Tax impact	(*)	-	(*)	-
Voluntary separation program	0.04	0.01	0.04	0.01
Tax impact	(0.01)	(*)	(0.01)	(*)
Adjusted net income per share – non-GAAP	<u>\$ 0.11</u>	<u>\$ 0.14</u>	<u>\$ 0.65</u>	<u>\$ 0.88</u>
NorthStar Clean Energy				
Reported net income per share	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.05
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	(*)	-	(*)
Tax impact	-	*	-	*
Voluntary separation program	-	*	-	*
Tax impact	-	(*)	-	(*)
Adjusted net income per share – non-GAAP	<u>\$ 0.01</u>	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ 0.05</u>
Corporate Interest and Other				
Reported net income (loss) per share	\$ 0.08	\$ (0.13)	\$ (0.02)	\$ (0.28)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	*	-	*
Tax impact	-	(*)	-	(*)
Adjusted net income (loss) per share – non-GAAP	<u>\$ 0.08</u>	<u>\$ (0.13)</u>	<u>\$ (0.02)</u>	<u>\$ (0.28)</u>
Discontinued Operations				
Reported net income per share	\$ -	\$ -	\$ -	\$ 0.01
<i>Reconciling items:</i>				
Disposal of discontinued operations (gain) loss	(*)	*	(*)	(0.01)
Tax impact	*	(*)	*	*
Adjusted net income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consolidated				
Reported net income per share	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.71
<i>Reconciling items:</i>				
Disposal of discontinued operations (gain) loss	(*)	*	(*)	(0.01)
Tax impact	*	(*)	*	*
Other exclusions from adjusted earnings	0.01	(*)	0.02	(*)
Tax impact	(*)	*	(*)	*
Voluntary separation program	0.09	0.04	0.09	0.04
Tax impact	(0.02)	(0.01)	(0.02)	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.75</u>	<u>\$ 0.53</u>	<u>\$ 1.45</u>	<u>\$ 1.73</u>
Average Common Shares Outstanding – Diluted	291.3	290.1	291.2	290.0

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Six Months Ended	
	6/30/23	6/30/22	6/30/23	6/30/22
Net Income Available to Common Stockholders	\$ 195	\$ 145	\$ 397	\$ 496
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(1)	*	(1)	(5)
Tax impact	*	(*)	*	1
Other exclusions from adjusted earnings**	2	(*)	5	(1)
Tax impact	(*)	*	(1)	*
Voluntary separation program	28	11	28	11
Tax impact	(7)	(3)	(7)	(3)
Adjusted net income – non-GAAP	<u>\$ 217</u>	<u>\$ 153</u>	<u>\$ 421</u>	<u>\$ 499</u>
Average Common Shares Outstanding - Diluted	291.3	290.1	291.2	290.0
Diluted Earnings Per Average Common Share				
Reported net income per share	\$ 0.67	\$ 0.50	\$ 1.36	\$ 1.71
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(*)	*	(*)	(0.01)
Tax impact	*	(*)	*	*
Other exclusions from adjusted earnings**	0.01	(*)	0.02	(*)
Tax impact	(*)	*	(*)	*
Voluntary separation program	0.09	0.04	0.09	0.04
Tax impact	(0.02)	(0.01)	(0.02)	(0.01)
Adjusted net income per share – non-GAAP	<u>\$ 0.75</u>	<u>\$ 0.53</u>	<u>\$ 1.45</u>	<u>\$ 1.73</u>

* Less than \$0.5 million or \$0.01 per share.

** Includes restructuring costs, business optimization initiative, and unrealized gains or losses from mark-to-market adjustments, recognized in net income related to NorthStar Clean Energy's interest expense.

Management views adjusted (non-Generally Accepted Accounting Principles) earnings as a key measure of the Company's present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the Company uses adjusted earnings to measure and assess performance. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, business optimization initiative, changes in accounting principles, voluntary separation program, changes in federal tax policy, regulatory items from prior years, unrealized gains or losses from mark-to-market adjustments, recognized in net income related to NorthStar Clean Energy's interest expense, or other items. The adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for reported earnings.

CMS ENERGY CORPORATION

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income by Quarter (Unaudited)

<i>In Millions, Except Per Share Amounts</i>		
2023		
	1Q	2Q
Net Income Available to Common Stockholders	\$ 202	\$ 195
<i>Reconciling items:</i>		
Electric utility and gas utility	3	30
Tax impact	(1)	(7)
NorthStar Clean Energy	-	-
Tax impact	-	-
Corporate interest and other	-	-
Tax impact	-	-
Disposal of discontinued operations (gain) loss	-	(1)
Tax impact	-	*
Adjusted Net Income – Non-GAAP	\$ 204	\$ 217
Average Common Shares Outstanding – Diluted	291.2	291.3
Diluted Earnings Per Average Common Share	\$ 0.69	\$ 0.67
<i>Reconciling items:</i>		
Electric utility and gas utility	0.01	0.10
Tax impact	(*)	(0.02)
NorthStar Clean Energy	-	-
Tax impact	-	-
Corporate interest and other	-	-
Tax impact	-	-
Disposal of discontinued operations (gain) loss	-	(*)
Tax impact	-	*
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 0.70	\$ 0.75

<i>In Millions, Except Per Share Amounts</i>				
2022				
	1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$ 351	\$ 145	\$ 163	\$ 168
<i>Reconciling items:</i>				
Electric utility and gas utility	-	11	(*)	10
Tax impact	-	(3)	*	(2)
NorthStar Clean Energy	(1)	(*)	-	-
Tax impact	*	*	-	-
Corporate interest and other	-	*	*	*
Tax impact	-	(*)	(*)	(*)
Disposal of discontinued operations (gain) loss	(5)	*	-	-
Tax impact	1	(*)	-	-
Adjusted Net Income – Non-GAAP	\$ 346	\$ 153	\$ 163	\$ 176
Average Common Shares Outstanding – Diluted	289.9	290.1	290.1	290.1
Diluted Earnings Per Average Common Share	\$ 1.21	\$ 0.50	\$ 0.56	\$ 0.58
<i>Reconciling items:</i>				
Electric utility and gas utility	-	0.04	(*)	0.03
Tax impact	-	(0.01)	*	(0.01)
NorthStar Clean Energy	(*)	(*)	-	-
Tax impact	*	*	-	-
Corporate interest and other	-	*	*	*
Tax impact	-	(*)	(*)	(*)
Disposal of discontinued operations (gain) loss	(0.01)	*	-	-
Tax impact	*	(*)	-	-
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	\$ 1.20	\$ 0.53	\$ 0.56	\$ 0.60

* Less than \$0.5 million or \$0.01 per share.

CONSUMERS ENERGY COMPANY

Consolidated Statements of Income

(Unaudited)

	<i>In Millions</i>					
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	Change	6/30/23	6/30/22	Change
Operating Revenue						
Electric utility	\$ 1,128	\$ 1,325	\$ (197)	\$ 2,219	\$ 2,566	\$ (347)
Gas utility	357	477	(120)	1,476	1,519	(43)
Total operating revenue	1,485	1,802	(317)	3,695	4,085	(390)
Operating Expenses						
Fuel for electric generation	85	173	(88)	183	297	(114)
Purchased and interchange power	326	468	(142)	660	905	(245)
Purchased power – related parties	17	18	(1)	36	35	1
Cost of gas sold	83	213	(130)	629	678	(49)
Maintenance and other operating expenses	380	370	10	789	683	106
Depreciation and amortization	245	233	12	589	569	20
General taxes	94	86	8	233	215	18
Total operating expenses	1,230	1,561	(331)	3,119	3,382	(263)
Operating Income (Loss)						
Electric utility	204	196	8	307	418	(111)
Gas utility	52	46	6	270	286	(16)
Other	(1)	(1)	-	(1)	(1)	-
Total operating income	255	241	14	576	703	(127)
Other Income (Expense)						
Nonoperating retirement benefits, net	42	49	(7)	85	94	(9)
Other income	15	4	11	27	8	19
Other expense	(1)	(11)	10	(5)	(14)	9
Total other income	56	42	14	107	88	19
Interest Charges						
Interest on long-term debt	101	75	26	200	150	50
Interest expense - related parties	4	3	1	7	6	1
Other interest expense	6	-	6	6	1	5
Allowance for borrowed funds used during construction	(1)	-	(1)	(1)	(1)	-
Total interest charges	110	78	32	212	156	56
Income Before Income Taxes	201	205	(4)	471	635	(164)
Income Tax Expense	34	32	2	72	79	(7)
Net Income	167	173	(6)	399	556	(157)
Preferred Stock Dividends	1	1	-	1	1	-
Net Income (Loss) Available to Common Stockholder						
Electric utility	147	140	7	217	307	(90)
Gas utility	23	36	(13)	177	252	(75)
Other	(4)	(4)	-	4	(4)	8
Total net income available to common stockholder	\$ 166	\$ 172	\$ (6)	\$ 398	\$ 555	\$ (157)

CONSUMERS ENERGY COMPANY

Electric Utility Statistics

(Unaudited)

	<i>In Millions of kWh, Except as Noted</i>					
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	% Change	6/30/23	6/30/22	% Change
Electric Deliveries						
Residential	2,810	3,043	(7.7)	5,851	6,370	(8.1)
Commercial	2,872	2,784	3.2	5,609	5,692	(1.5)
Industrial	2,152	2,144	0.4	4,255	4,169	2.1
Other	32	27	18.5	70	66	6.1
Wholesale	65	77	(15.6)	132	150	(12.0)
Retail open access	884	988	(10.5)	1,736	1,863	(6.8)
Total customer deliveries	8,815	9,063	(2.7)	17,653	18,310	(3.6)
Intersystem	626	947	(33.9)	1,276	2,609	(51.1)
Total electric deliveries	9,441	10,010	(5.7)	18,929	20,919	(9.5)
Weather-Normalized Electric Deliveries ⁽¹⁾						
Residential	2,832	2,859	(0.9)	6,028	6,144	(1.9)
Commercial	2,886	2,739	5.4	5,681	5,643	0.7
Industrial	2,152	2,139	0.6	4,256	4,165	2.2
Other	32	27	18.5	70	66	6.1
Wholesale	65	77	(15.6)	132	150	(12.0)
Retail open access	884	982	(10.0)	1,733	1,857	(6.7)
Total weather-normalized electric deliveries	8,851	8,823	0.3	17,900	18,025	(0.7)
Weather-Normalized Electric Deliveries ⁽¹⁾						
(By Class, Including Retail Open Access)						
Residential	2,832	2,859	(0.9)	6,028	6,144	(1.9)
Commercial	3,108	2,969	4.7	6,115	6,087	0.5
Industrial	2,814	2,891	(2.7)	5,555	5,578	(0.4)
Other	32	27	18.5	70	66	6.1
Wholesale	65	77	(15.6)	132	150	(12.0)
Total weather-normalized electric deliveries	8,851	8,823	0.3	17,900	18,025	(0.7)

⁽¹⁾ Excludes intersystem deliveries.

	<i>In Millions, Except as Noted</i>					
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	% Change	6/30/23	6/30/22	% Change
Electric Utility Revenue						
Residential	\$ 513	\$ 597	(14.1)	\$ 1,041	\$ 1,188	(12.4)
Commercial	393	420	(6.4)	740	804	(8.0)
Industrial	159	207	(23.2)	320	375	(14.7)
Other	9	7	28.6	18	16	12.5
Total sales revenue	1,074	1,231	(12.8)	2,119	2,383	(11.1)
Wholesale	5	6	(16.7)	10	10	-
Retail open access	9	9	-	18	17	5.9
Intersystem	19	67	(71.6)	40	132	(69.7)
Miscellaneous	21	12	75.0	32	24	33.3
Total electric utility revenue	\$ 1,128	\$ 1,325	(14.9)	\$ 2,219	\$ 2,566	(13.5)

CONSUMERS ENERGY COMPANY

Gas Utility Statistics

(Unaudited)

				<i>In Thousands of mcf, Except as Noted</i>		
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	% Change	6/30/23	6/30/22	% Change
Gas Deliveries						
Residential	20,578	22,831	(9.9)	86,340	102,105	(15.4)
Commercial	8,264	9,140	(9.6)	32,912	37,873	(13.1)
Industrial	1,186	1,511	(21.5)	4,433	5,368	(17.4)
Other	24	20	20.0	85	160	(46.9)
Transportation	18,818	17,691	6.4	44,675	46,117	(3.1)
Total customer deliveries	48,870	51,193	(4.5)	168,445	191,623	(12.1)
Off-system transportation						
MCV	17,586	12,356	42.3	38,171	30,019	27.2
Other	5,357	3,874	38.3	7,991	9,040	(11.6)
Total gas deliveries	71,813	67,423	6.5	214,607	230,682	(7.0)
Weather-Normalized Gas Deliveries ⁽¹⁾						
Residential	21,150	21,865	(3.3)	96,605	97,586	(1.0)
Commercial	8,318	8,405	(1.0)	35,951	35,993	(0.1)
Industrial	1,219	1,457	(16.3)	4,853	5,154	(5.8)
Other	25	19	31.6	99	154	(35.7)
Transportation	18,817	18,264	3.0	45,959	46,602	(1.4)
Total weather-normalized gas deliveries	49,529	50,010	(1.0)	183,467	185,489	(1.1)
Weather-Normalized Gas Deliveries ⁽¹⁾						
(By Class, Including Transportation)						
Residential	21,355	22,068	(3.2)	97,314	98,336	(1.0)
Commercial	13,764	13,967	(1.5)	51,557	51,684	(0.2)
Industrial	14,385	13,956	3.1	34,457	35,315	(2.4)
Other	25	19	31.6	139	154	(9.7)
Total weather-normalized gas deliveries	49,529	50,010	(1.0)	183,467	185,489	(1.1)

⁽¹⁾ Excludes off-system transportation deliveries.

				<i>In Millions, Except as Noted</i>		
	Three Months Ended			Six Months Ended		
	6/30/23	6/30/22	% Change	6/30/23	6/30/22	% Change
Gas Utility Revenue						
Residential	\$ 229	\$ 317	(27.8)	\$ 1,005	\$ 1,051	(4.4)
Commercial	68	98	(30.6)	315	318	(0.9)
Industrial	8	15	(46.7)	39	43	(9.3)
Other	-	-	100.0	1	1	-
Total sales revenue	305	430	(29.1)	1,360	1,413	(3.8)
Transportation	27	23	17.4	65	57	14.0
Miscellaneous	25	24	4.2	51	49	4.1
Total gas utility revenue	\$ 357	\$ 477	(25.2)	\$ 1,476	\$ 1,519	(2.8)