

CMS Energy provides historical financial results on both a reported (GAAP) and adjusted (non-GAAP) basis and provides forward-looking guidance on an adjusted basis. During an oral presentation, references to “earnings” are on an adjusted basis. 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, changes in accounting principles, 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 CMS Enterprises’ 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 adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for the reported earnings.

GAAP Reconciliation

CMS ENERGY CORPORATION
Reconciliation of GAAP Cash Flows from Operating Activities to
Non-GAAP Adjusted Cash Flows from Operating Activities
(Unaudited)



	<i>In Millions</i>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Cash Flows from Operating Activities	\$ 1,705	\$ 1,703	\$ 1,790	\$ 1,276	\$ 1,819
Adjustments - Discretionary Pension Contributions	-	240	-	700	-
Adjustments - EnerBank Operating Cash Flows	(52)	(61)	(89)	(91)	24
Non-GAAP Adjusted Cash Flows from Operating Activities	<u>\$ 1,653</u>	<u>\$ 1,882</u>	<u>\$ 1,701</u>	<u>\$ 1,885</u>	<u>\$ 1,843</u>

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		Twelve Months Ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Electric Utility				
Reported net income per share available to common stockholders	\$ 0.21	\$ 0.32	\$ 1.95	\$ 1.94
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	0.01	-	0.04
Tax impact	-	(*)	-	(0.01)
Loss on fleet impairment	0.07	-	0.07	-
Tax impact	(0.02)	-	(0.02)	-
Voluntary separation program	-	*	-	0.03
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.26</u>	<u>\$ 0.33</u>	<u>\$ 2.00</u>	<u>\$ 1.99</u>
Gas Utility				
Reported net income per share available to common stockholders	\$ 0.33	\$ 0.34	\$ 1.05	\$ 0.91
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	*	-	*
Tax impact	-	(*)	-	(*)
Loss on fleet impairment	0.03	-	0.03	-
Tax impact	(0.01)	-	(0.01)	-
Voluntary separation program	-	-	-	0.01
Tax impact	-	-	-	(*)
Adjusted income per share – non-GAAP	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 1.07</u>	<u>\$ 0.92</u>
Enterprises				
Reported net income (loss) per share available to common stockholders	\$ (0.01)	\$ 0.01	\$ 0.08	\$ 0.13
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	(*)	(*)	*
Tax impact	(*)	*	*	(*)
Tax reform	-	-	-	(0.01)
Voluntary separation program	-	-	-	*
Tax impact	-	(*)	-	(*)
Adjusted income (loss) per share – non-GAAP	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.12</u>
Corporate Interest and Other				
Reported net loss per share available to common stockholders	\$ (0.13)	\$ (0.20)	\$ (0.50)	\$ (0.54)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	*	(*)	(*)
Tax impact	(*)	(*)	*	*
Tax reform	-	-	-	(0.02)
Adjusted loss per share – non-GAAP	<u>\$ (0.13)</u>	<u>\$ (0.20)</u>	<u>\$ (0.50)</u>	<u>\$ (0.56)</u>
Discontinued Operations				
Reported net income per share available to common stockholders	\$ 1.80	\$ 0.08	\$ 2.08	\$ 0.20
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Adjusted income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consolidated				
Reported net income per share available to common stockholders	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>
Average Common Shares Outstanding – Diluted	<u>289.7</u>	<u>286.9</u>	<u>289.5</u>	<u>286.3</u>

* 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		Twelve Months Ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Net Income Available to Common Stockholders	\$ 637	\$ 158	\$ 1,348	\$ 755
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(665)	-	(657)	-
Tax impact	145	-	143	-
Discontinued operations income	-	(32)	(115)	(76)
Tax impact	-	8	27	18
Other exclusions from adjusted earnings**	*	2	(1)	13
Tax impact	(*)	(1)	*	(3)
Loss on fleet impairment	29	-	29	-
Tax impact	(7)	-	(7)	-
Tax reform	-	-	-	(9)
Voluntary separation program	-	*	-	11
Tax impact	-	(*)	-	(3)
Adjusted net income – non-GAAP	\$ 139	\$ 135	\$ 767	\$ 706
Average Common Shares Outstanding				
Basic	289.1	285.7	289.0	285.0
Diluted	289.7	286.9	289.5	286.3
Basic Earnings Per Average Common Share				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.65
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	\$ 0.47	\$ 0.48	\$ 2.65	\$ 2.48
Diluted Earnings Per Average Common Share				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	\$ 0.47	\$ 0.48	\$ 2.65	\$ 2.47

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

** Includes restructuring costs and unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' 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, changes in accounting principles, 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 CMS Enterprises' 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>			
	2021			
	1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$ 349	\$ 176	\$ 186	\$ 637
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	29
Tax impact	-	-	-	(7)
Enterprises	(1)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	5	3	(665)
Tax impact	-	(1)	(1)	145
Discontinued operations income	(43)	(30)	(42)	-
Tax impact	9	8	10	-
Adjusted Net Income – Non-GAAP	<u>\$ 314</u>	<u>\$ 158</u>	<u>\$ 156</u>	<u>\$ 139</u>
Average Common Shares Outstanding – Diluted	289.1	289.4	289.6	289.7
Diluted Earnings Per Average Common Share	\$ 1.21	\$ 0.61	\$ 0.64	\$ 2.20
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	0.10
Tax impact	-	-	-	(0.03)
Enterprises	(*)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	0.02	0.01	(2.30)
Tax impact	-	(0.01)	(*)	0.50
Discontinued operations income	(0.15)	(0.10)	(0.14)	-
Tax impact	0.03	0.03	0.03	-
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 1.09</u>	<u>\$ 0.55</u>	<u>\$ 0.54</u>	<u>\$ 0.47</u>
	<i>In Millions, Except Per Share Amounts</i>			
	2020			
	1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$ 243	\$ 136	\$ 218	\$ 158
<i>Reconciling items:</i>				
Electric utility and gas utility	15	4	4	2
Tax impact	(4)	(1)	(1)	(1)
Enterprises	1	(*)	*	(*)
Tax impact	(4)	*	(*)	*
Corporate interest and other	(2)	*	(*)	*
Tax impact	(4)	(*)	*	(*)
Discontinued operations income	(17)	(11)	(16)	(32)
Tax impact	3	3	4	8
Adjusted Net Income – Non-GAAP	<u>\$ 231</u>	<u>\$ 131</u>	<u>\$ 209</u>	<u>\$ 135</u>
Average Common Shares Outstanding – Diluted	285.2	286.5	286.9	286.9
Diluted Earnings Per Average Common Share	\$ 0.85	\$ 0.48	\$ 0.76	\$ 0.55
<i>Reconciling items:</i>				
Electric utility and gas utility	0.05	0.02	0.01	0.01
Tax impact	(0.01)	(0.01)	(*)	(*)
Enterprises	*	(*)	*	(*)
Tax impact	(0.01)	*	(*)	*
Corporate interest and other	(*)	*	(*)	*
Tax impact	(0.02)	(*)	*	(*)
Discontinued operations income	(0.06)	(0.04)	(0.05)	(0.11)
Tax impact	0.01	0.01	0.01	0.03
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 0.81</u>	<u>\$ 0.46</u>	<u>\$ 0.73</u>	<u>\$ 0.48</u>

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

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



	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/21	12/31/20	12/31/19
Net Income Available to Common Stockholders	\$ 1,348	\$ 755	\$ 680
<i>Reconciling items:</i>			
Income tax expense	265	133	147
Interest on long-term debt	481	483	439
Interest expense - related parties	12	12	9
Other interest expense	10	12	16
Allowance for borrowed funds used during construction	(3)	(2)	(4)
Income (loss) attributable to noncontrolling interests	(23)	(3)	2
Preferred stock dividends	5	-	-
Disposal of discontinued operations gain	(657)	-	-
Discontinued operations income	(115)	(76)	(65)
Other exclusions from adjusted earnings	(1)	13	37
Loss on fleet impairment	29	-	-
Tax reform	-	(9)	-
Voluntary separation program	-	11	-
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EBIT – Non-GAAP	1,351	1,329	1,261
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,114	1,043	989
	<hr/>	<hr/>	<hr/>
EBITDA – Non-GAAP	<u>\$ 2,465</u>	<u>\$ 2,372</u>	<u>\$ 2,250</u>

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



	<i>In Millions</i>		
	Twelve Months Ended		
	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>
Net Income Available to Common Stockholder	\$ 866	\$ 814	\$ 741
<i>Reconciling items:</i>			
Income tax expense	156	173	185
Interest on long-term debt	294	299	277
Interest expense - related parties	12	12	9
Other interest expense	8	11	15
Allowance for borrowed funds used during construction	(3)	(2)	(4)
Preferred stock dividends	2	2	2
Other exclusions from adjusted earnings	-	14	6
Loss on fleet impairment	29	-	-
Voluntary separation program	-	11	-
	<u>1,364</u>	<u>1,334</u>	<u>1,231</u>
EBIT – Non-GAAP	1,364	1,334	1,231
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,077	1,023	975
	<u>1,077</u>	<u>1,023</u>	<u>975</u>
EBITDA – Non-GAAP	<u>\$ 2,441</u>	<u>\$ 2,357</u>	<u>\$ 2,206</u>