



# Fourth Quarter and Full Year 2022

Earnings Conference Call

February 23, 2023

# Today's Presenters



**Jeff Householder**

President, Chief Executive Officer



**Beth Cooper**

Executive Vice President,  
Chief Financial Officer,  
Treasurer and Assistant  
Corporate Secretary



**Jim Moriarty**

Executive Vice President,  
General Counsel, Corporate Secretary  
and Chief Policy and Risk Officer



**Alex Whitelam**

Head of Investor Relations



# Forward Looking Statements and Other Statements

## Safe Harbor Statement

Some of the Statements in this document concerning future Company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements. You should refer to the additional information contained in Chesapeake Utilities' Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC and other subsequent SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

## Non-GAAP Financial Information

This presentation includes non-GAAP financial measures including Adjusted Gross Margin. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's historical or future performance that includes or excludes amounts, or that is subject to adjustments, so as to be different from the most directly comparable measure calculated or presented in accordance with GAAP. Our management believes certain non-GAAP financial measures, when considered together with GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. A reconciliation of GAAP to non-GAAP financial measures is included in the appendix of this presentation.

The Company calculates Adjusted Gross Margin by deducting the purchased cost of natural gas, propane and electricity and the cost of labor spent on direct revenue-producing activities from operating revenues. The costs included in Adjusted Gross Margin exclude depreciation and amortization and certain costs presented in operations and maintenance expenses in accordance with regulatory requirements. Adjusted Gross Margin should not be considered an alternative to Gross Margin under US GAAP which is defined as the excess of sales over cost of goods sold. The Company believes that Adjusted Gross Margin, although a non-GAAP measure, is useful and meaningful to investors as a basis for making investment decisions. It provides investors with information that demonstrates the profitability achieved by the Company under the Company's allowed rates for regulated energy operations and under the Company's competitive pricing structures for unregulated energy operations. The Company's management uses Adjusted Gross Margin as one of the financial measures in assessing a business unit's performance. Other companies may calculate Adjusted Gross Margin in a different manner.

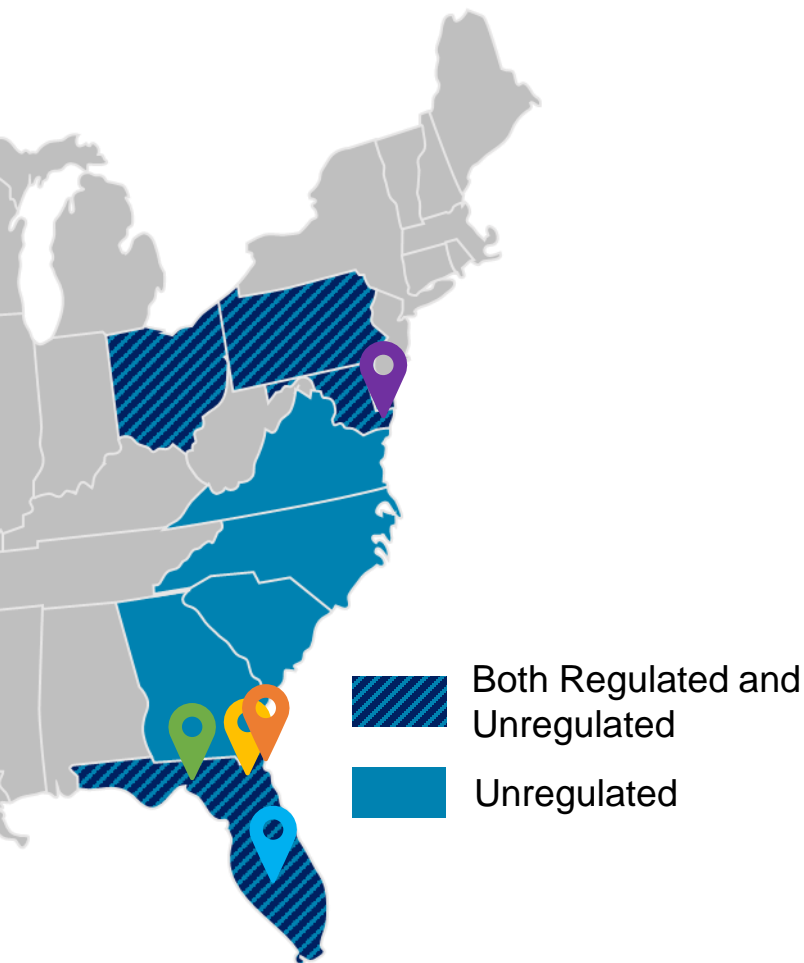
# 2022 Financial Highlights



- Achieved **16<sup>th</sup>** consecutive year with increased earnings\*
- Full year Diluted EPS of \$5.04, **up 6.6%** over 2021
- Drove **\$37 million** in adjusted gross margin growth
- Deployed approximately **\$141 million** on new capital investments. Approximately **\$40 million** planned for 2022, now earmarked for 2023.
- Experienced approximately **5.0%** residential natural gas customer growth, adding **8,400+** new customers
- Completed **2 propane acquisitions**, expanding our customer bases in North Carolina and Florida
- Florida natural gas rate case **approved**, final order expected March 2023
- Tested **4%** hydrogen blend at Eight Flags combined heat and power facility. Testing of **10% and 20%** blends scheduled for 2023
- Paid dividends for **62** consecutive years
- Increased EPS guidance for 2025 to **\$6.15-\$6.35** and our 2021 to 2025 capital expenditure guidance to **\$900 million to \$1.1 billion**

# Advancing Sustainable Energy Projects

## Recently Announced Projects



### Planet Found Biogas Facility

- First poultry waste-to-energy project on the Delmarva Peninsula, capable of producing RNG



### Clean Energy Expansion

- 2.2-mile pipeline transporting natural gas to support Clean Energy Fuels' CNG fueling station



### Radio Road RNG Injection Point

- Can accept RNG, CNG and LNG
- Our first gate system in Florida to allow alternative fuels to be injected into pipeline delivery system



### Full Circle Dairy RNG Processing Facility

- First full-scale RNG processing facility
- Processing and delivering more than 100K Dts per year of RNG utilizing dairy cow waste as feedstock

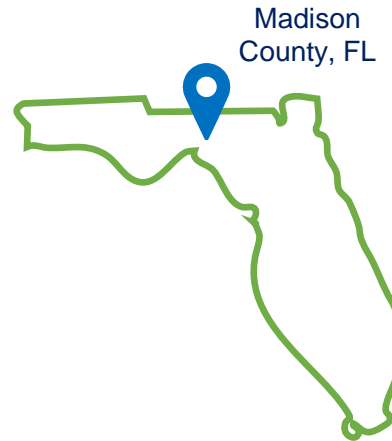


### Hydrogen Testing at Eight Flags CHP

- Successful test of 4% hydrogen blend in early 2022
- New turbine installed in December 2022, which can accommodate greater quantities of hydrogen
- Testing with 10% and 20% blends scheduled for 2023

# Full Circle Dairy

## Project Details



- Chesapeake Utilities' first RNG production facility
- 100,000+ Dts of RNG produced from cow manure generated at Full Circle Dairy
- Project expected to complete in H1 2024
- Estimated to capture and redirect more than 1,100 metric tons of methane per year, or approximately 27,900 mt CO<sub>2</sub>e
- Emission reduction equivalent to powering 3,500 homes annually

# Growth Platform Focus



## Organic Growth:

- 5.7% residential customer growth on Delmarva in 2022
- 4.2% residential customer growth in Florida in 2022
- Continued propane CGS conversions to natural gas



## Gas Transmission:

- FERC approval for Southern Expansion
- Other pipeline expansions continue to advance
- Wildlight expansion in Yulee, Florida
- Clean Energy expansion for CNG fueling station in Davenport, Florida



## Propane Distribution:

- Completed two acquisitions in 2022, expanding service in North Carolina and Florida



## Marlin Gas Services:

- \$2.8M of increased demand for CNG services in 2022
- Providing interim service for Clean Energy's CNG fueling station in Davenport, Florida



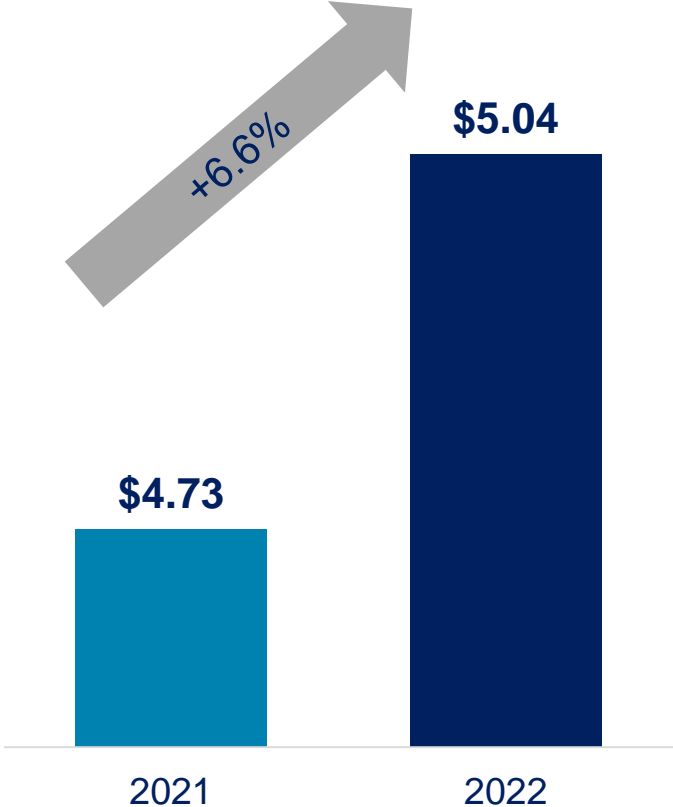
## Sustainable Investments:

- Announced plan to construct and operate a RNG facility at Full Circle Dairy in Madison County, Florida
- Established RNG injection point in Yulee, Florida
- Hydrogen testing at Eight Flags planned for 2023

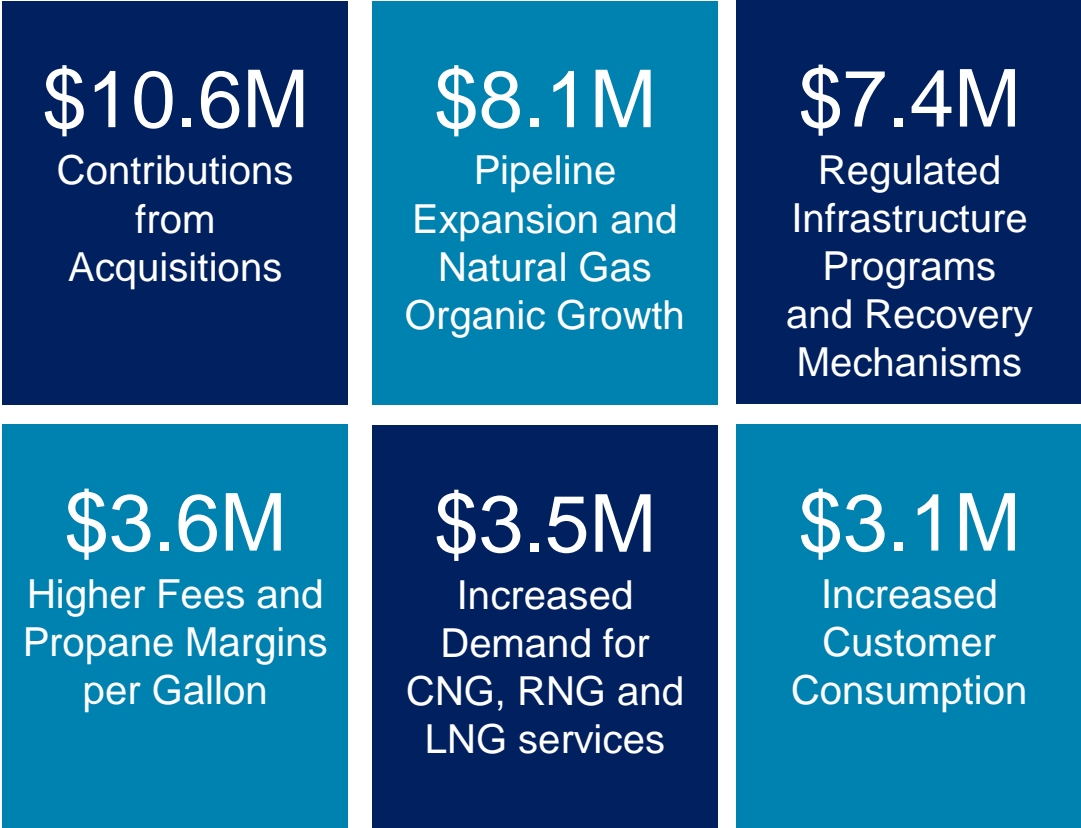
# 2022 Financial Performance

## Solid Growth Despite Inflationary Pressures

Diluted Earnings Per Share



2022 Key Adjusted Gross Margin Drivers





# Fourth Quarter and Full Year 2022 Financial Summary

## Consolidated

(in thousands except per share data)

### Total Adjusted Gross Margin<sup>1</sup>

### Operating Income

### Other Income, Net

### Interest Charges

### Pre-tax Income

### Income Taxes

### Income from Cont. Ops.

### Income (loss) from Discont. Ops.

### Net Income

### Diluted EPS

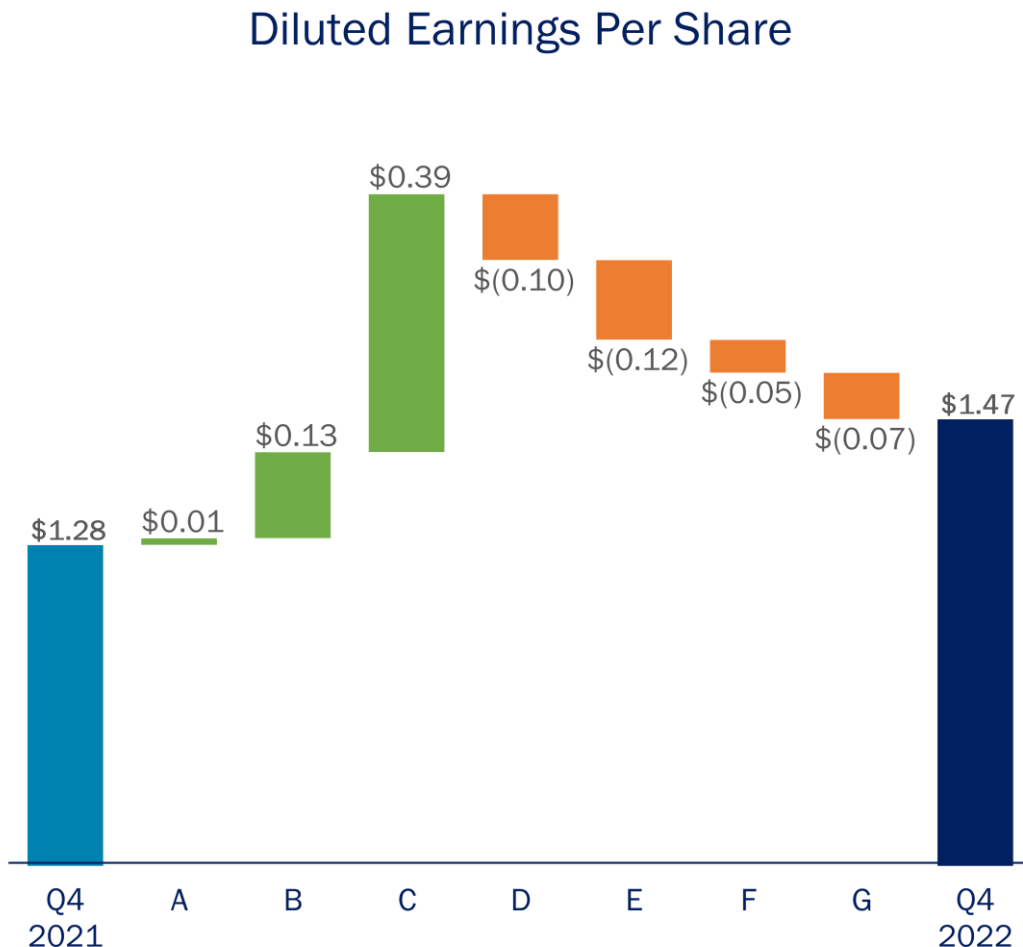
	Fourth Quarter		Change		Full Year		Change	
	2022	2021	\$	%	2022	2021	\$	%
<b>Total Adjusted Gross Margin<sup>1</sup></b>	<b>\$ 115,297</b>	<b>\$ 101,779</b>	<b>\$ 13,518</b>	<b>13.3%</b>	<b>\$ 420,198</b>	<b>\$ 383,018</b>	<b>\$ 37,180</b>	<b>9.7%</b>
<b>Operating Income</b>	<b>42,952</b>	36,824	<b>6,128</b>	<b>16.6%</b>	<b>142,933</b>	131,112	<b>11,821</b>	<b>9.0%</b>
<b>Other Income, Net</b>	<b>597</b>	(459)	<b>1,056</b>	<b>NMF</b>	<b>5,051</b>	1,721	<b>3,330</b>	<b>NMF</b>
<b>Interest Charges</b>	<b>6,952</b>	5,001	<b>1,951</b>	<b>39.0%</b>	<b>24,356</b>	20,135	<b>4,221</b>	<b>21.0%</b>
<b>Pre-tax Income</b>	<b>36,597</b>	31,364	<b>5,233</b>	<b>16.7%</b>	<b>123,628</b>	112,698	<b>10,930</b>	<b>9.7%</b>
<b>Income Taxes</b>	<b>10,447</b>	8,667	<b>1,780</b>	<b>20.5%</b>	<b>33,832</b>	29,231	<b>4,601</b>	<b>15.7%</b>
<b>Income from Cont. Ops.</b>	<b>26,150</b>	22,697	<b>3,453</b>	<b>15.2%</b>	<b>89,796</b>	83,467	<b>6,329</b>	<b>7.6%</b>
<b>Income (loss) from Discont. Ops.</b>	<b>-</b>	15	<b>(15)</b>	<b>NMF</b>	<b>-</b>	(1)	<b>1</b>	<b>NMF</b>
<b>Net Income</b>	<b>\$ 26,150</b>	<b>\$ 22,712</b>	<b>\$ 3,438</b>	<b>15.1%</b>	<b>\$ 89,796</b>	<b>\$ 83,466</b>	<b>\$ 6,330</b>	<b>7.6%</b>
<b>Diluted EPS</b>	<b>\$ 1.47</b>	<b>\$ 1.28</b>	<b>\$ 0.19</b>	<b>14.8%</b>	<b>\$ 5.04</b>	<b>\$ 4.73</b>	<b>\$ 0.31</b>	<b>6.6%</b>

Strong earnings growth in the fourth quarter leads to  
16<sup>th</sup> consecutive year with increased earnings

# Key Drivers of Our Performance

## Quarter Ended December 31, 2022

Diluted Earnings Per Share



Q4 2021 Diluted Earnings Per Share		\$1.28
A	Interest income from federal income tax refund	\$0.01
B	Contributions from recent acquisitions	\$0.13
C	Core business growth	\$0.39
D	Operating expenses tied to recent acquisitions	-\$0.10
E	Operating expenses tied to core business growth	-\$0.12
F	Depreciation, amortization and property tax costs due to new capital investments	-\$0.05
G	Interest and other changes	-\$0.07
<b>Q4 2022 Diluted Earnings Per Share</b>		<b>\$1.47</b>

# Key Drivers of Our Performance

## Year Ended December 31, 2022

### Diluted Earnings Per Share



2021 Diluted Earnings Per Share		\$4.73
A	Absence of 2021 non-recurring items	-\$0.15
B	2022 non-recurring items	\$0.11
C	Contributions from recent acquisitions	\$0.43
D	Core business growth	\$1.04
E	Operating expenses tied to recent acquisitions	-\$0.39
F	Operating expenses tied to core business growth	-\$0.24
G	Depreciation, amortization and property tax costs due to new capital investments	-\$0.26
H	Interest and other changes	-\$0.18
I	Change in shares outstanding due to 2021 and 2022 equity offerings	-\$0.05
2022 Diluted Earnings Per Share		\$5.04

# Regulated Energy Segment Financial Summary

Chesapeake Utilities' Regulated Energy Segment Drives Sustained Growth

## Regulated Energy Segment

(in thousands except per share data)

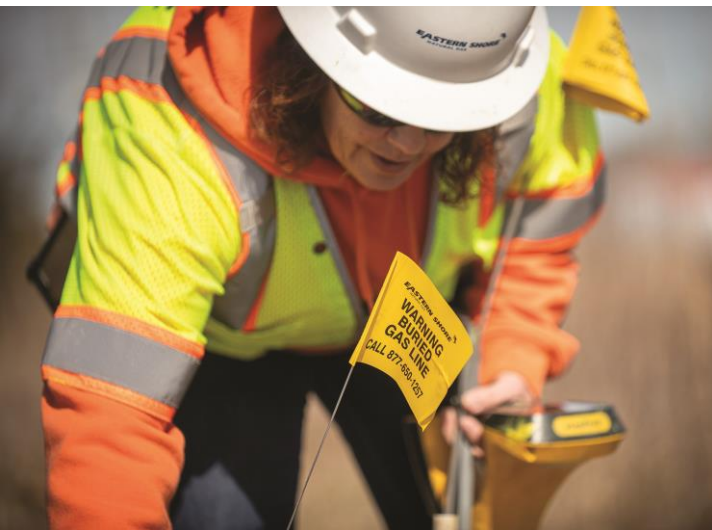
### Adjusted Gross Margin<sup>1</sup>

Dep., amort. & property taxes

Other operating expenses

Operating income

	Fourth Quarter		Change		Year to Date		Change	
	2022	2021	\$	%	2022	2021	\$	%
Adjusted Gross Margin <sup>1</sup>	<u>\$ 79,452</u>	<u>\$ 73,465</u>	<u>\$ 5,987</u>	<u>8.1%</u>	<u>\$302,252</u>	<u>\$283,183</u>	<u>\$ 19,069</u>	<u>6.7%</u>
Dep., amort. & property taxes	18,736	17,863	873	4.9%	73,961	68,656	5,305	7.7%
Other operating expenses	<u>29,601</u>	<u>28,262</u>	<u>1,339</u>	<u>4.7%</u>	<u>112,974</u>	<u>108,353</u>	<u>4,621</u>	<u>4.3%</u>
Operating income	<u>\$ 31,115</u>	<u>\$ 27,340</u>	<u>\$ 3,775</u>	<u>13.8%</u>	<u>\$115,317</u>	<u>\$106,174</u>	<u>\$ 9,143</u>	<u>8.6%</u>



## 2022 Highlights

- Operating income up **8.6%** driven by:
  - Pipeline expansions by Eastern Shore Natural Gas, Peninsula Pipeline and Aspire Energy Express
  - Organic growth in natural gas distribution operations, including propane CGS conversions
  - Incremental contributions from regulated infrastructure programs
  - Increased customer consumption
  - Interim rates associated with Florida natural gas base rate proceeding
  - Contributions from the Escambia Meter Station acquisition

# Unregulated Energy Segment Financial Summary

Strong Unregulated Margin Growth Driving Earnings Growth for the Year

## Unregulated Energy Segment

(in thousands except per share data)

**Adjusted Gross Margin<sup>1</sup>**

**Dep., amort. & property taxes**

**Other operating expenses**

**Operating income / (loss)**

	Fourth Quarter		Change		Year to Date		Change	
	2022	2021	\$	%	2022	2021	\$	%
<b>Adjusted Gross Margin<sup>1</sup></b>	<b>\$ 35,874</b>	<b>\$ 28,344</b>	<b>\$ 7,530</b>	<b>26.6%</b>	<b>\$118,067</b>	<b>\$ 99,969</b>	<b>\$ 18,098</b>	<b>18.1%</b>
<b>Dep., amort. &amp; property taxes</b>	<b>4,540</b>	4,030	<b>510</b>	<b>12.7%</b>	<b>17,809</b>	15,582	<b>2,227</b>	<b>14.3%</b>
<b>Other operating expenses</b>	<b>19,541</b>	15,511	<b>4,030</b>	<b>26.0%</b>	<b>72,908</b>	59,960	<b>12,948</b>	<b>21.6%</b>
<b>Operating income / (loss)</b>	<b>\$ 11,793</b>	<b>\$ 8,803</b>	<b>\$ 2,990</b>	<b>34.0%</b>	<b>\$ 27,350</b>	<b>\$ 24,427</b>	<b>\$ 2,923</b>	<b>12.0%</b>



## 2022 Highlights

- Operating income up **12.0%** driven by:
  - Contributions from the acquisitions of Diversified Energy and Davenport Energy's Siler City propane division
  - Propane margins and higher service fees
  - Increased demand for CNG, RNG and LNG services
  - Increased consumption on Aspire Energy system

# Capital Structure Overview

## Strong Balance Sheet to Support Growth

	12/31/2022	12/31/2021
Stockholders' equity	\$ 832,801	\$ 774,130
Long-term debt, net of current maturities	578,388	549,903
Total permanent capitalization	\$ 1,411,189	\$ 1,324,033
Current portion of long-term debt	21,483	17,962
Short-term debt	202,157	221,634
Total capitalization and short-term financing	\$ 1,634,829	\$ 1,563,629
Equity to Permanent Capital	59.0%	58.5%
Equity to Total Capitalization	50.9%	49.5%
New Long-Term Debt Issuance	\$ 50,000	\$ 59,590
Net New Equity Issuance	\$ 8,916	\$ 22,774

Stockholders' Equity increased \$58.7 million since the end of 2021 primarily driven by:

- Strong Net Income performance of \$89.8 million
- Dividend Reinvestment and Stock Compensation Plans increases of \$8.9 million
- Continued Dividend payments of \$37.4 million

### Long-Term Debt

- Avg. Interest Rate: 3.38%
- \$50M: 2.95% issued in March 2022
- \$80M: 5.43% committed for issuance in March 2023

### Short-Term Debt

- \$400M facility
  - \$200M: SOFR + 0.70%
  - \$200M: SOFR + 0.95%
- Amended facilities to be based off of SOFR
- Eliminated investment thresholds
- Added green sublimit pricing to \$200M short-term facility (already included in long-term facility)
  - Funded \$9.4M acquisition of Planet Found with green sublimit
- Entered into interest rate swap on \$50M for 3 years at 3.98%

# Major Projects and Initiatives

## Key Projects Driving Adjusted Gross Margin

### Project/Initiative

*in thousands*

#### Pipeline Expansions:

Western Palm Beach County, Florida Expansion <sup>1</sup>				
Del-Mar Energy Pathway <sup>1,2</sup>				
Guernsey Power Station Southern Expansion				
Winter Haven Expansion				
Beachside Pipeline Extension				
North Ocean City Connector				
St. Cloud / Twin Lakes Expansion				
Clean Energy <sup>1</sup>				
Wildlight				
Total Pipeline Expansions				

#### CNG/RNG/LNG Transportation and Infrastructure

#### Acquisitions:

Propane Acquisitions				
Escambia Meter Station				
Total Acquisitions				

#### Regulatory Initiatives:

Florida GRIP				
Capital Cost Surcharge Programs				
Elkton Gas STRIDE Plan				
Florida Rate Case Proceeding				
Electric Storm Protection Plan				
Total Regulatory Initiatives				

#### **Total**

#### **Year-Over-Year Change**

	Adjusted Gross Margin*			
	Year Ended December 31,		Estimate for Fiscal	
	2021	2022	2023	2024
	\$	\$	\$	\$
Western Palm Beach County, Florida Expansion <sup>1</sup>	4,729	5,227	5,227	5,227
Del-Mar Energy Pathway <sup>1,2</sup>	4,584	6,909	6,980	6,903
Guernsey Power Station Southern Expansion	187	1,377	1,486	1,482
Winter Haven Expansion	—	—	586	2,344
Winter Haven Expansion	—	260	576	626
Beachside Pipeline Extension	—	—	1,825	2,451
North Ocean City Connector	—	—	—	200
St. Cloud / Twin Lakes Expansion	—	—	414	584
Clean Energy <sup>1</sup>	—	126	1,009	1,009
Wildlight	—	—	528	2,000
Total Pipeline Expansions	9,500	13,899	18,631	22,826
CNG/RNG/LNG Transportation and Infrastructure	7,566	11,100	11,892	12,348
Propane Acquisitions	603	10,762	12,000	12,250
Escambia Meter Station	583	999	1,000	1,000
Total Acquisitions	1,186	11,761	13,000	13,250
Florida GRIP	16,995	19,885	19,885	19,885
Capital Cost Surcharge Programs	1,199	2,001	2,811	2,831
Elkton Gas STRIDE Plan	26	264	354	357
Florida Rate Case Proceeding	—	2,474	15,362	17,153
Electric Storm Protection Plan	—	486	1,137	2,113
Total Regulatory Initiatives	18,220	25,110	39,549	42,339
<b>Total</b>	<b>\$ 36,472</b>	<b>\$ 61,870</b>	<b>\$ 83,072</b>	<b>\$ 90,763</b>
<b>Year-Over-Year Change</b>			<b>\$ 21,202</b>	<b>\$ 7,691</b>

\* See appendix for non-GAAP to GAAP reconciliation of adjusted gross margin

<sup>1</sup> Includes adjusted gross margin generated from interim services

<sup>2</sup> Includes adjusted gross margin from natural gas distribution services.

# Key Expansion Projects

## Significant Activity in 2023

Project	Capital Investment	Fully In Service	Annual Adjusted Gross Margin Estimate
Del-Mar Energy Pathway*	\$60.1 million	Q4 2021	\$7.0 million
West Palm Beach County*	\$28.9 million	Q4 2021	\$5.2 million
Guernsey Power Station	\$6.5 million	Q4 2021	\$1.5 million
Winter Haven Expansion	\$3.5 million	Q3 2022	\$0.6 million
North Ocean City Connector**	\$6.3 million	Q1 2023	\$0.4 million
St. Cloud / Twin Lakes Expansion	\$3.5 million	Q2 2023	\$0.6 million
Beachside Pipeline Extension	\$10.5 million	Q2 2023	\$2.5 million
Clean Energy Expansion	\$4.2 million	Q3 2023	\$1.0 million
Southern Expansion	\$14.0 million	Q4 2023	\$2.3 million
Wildlight Expansion	\$13.4 million	2025	\$2.0 million

Total investments of \$150.9 million generate incremental adjusted gross margin of \$23.1 million once fully in service in 2025



# Regulatory Initiatives

## Florida Natural Gas Base Rate Proceeding

- Florida natural gas distribution businesses collectively filed a consolidated natural gas base rate proceeding in May 2022
- In Jan. 2023, the Florida PSC approved an annual rate increase of approximately \$17.2 million with an equity return of 10.25%
- Additionally, approximately \$19.9 million formerly recovered through GRIP will be incorporated into rate base
- The Florida PSC voted on the new rate structure on Feb. 21, 2023 and the final order is expected in March 2023.
- New rates are expected to be implemented for all meter readings beginning on March 1, 2023.

## Storm Protection Plan

- In 2020, the Florida PSC implemented rules that allow electric utilities to recover costs associated with the investments that protect a system in the event of a storm and prevent loss of service. Plan updates are required every 3 years.
- FPU's electric utility Storm Protection Plan and Storm Protection Plan Cost Recovery mechanisms were approved in the fourth quarter of 2022, with modifications by the Florida PSC.
- Annual adjusted gross margin of \$1.1 million in 2023 and \$2.1 million in 2024, with continued investment going forward

## Florida GRIP

- Natural gas pipe replacement program approved by the Florida PSC.
- Since inception in August 2012, invested \$203.2 million of capital expenditures to replace 353 miles of qualifying distribution mains, including \$13.7 million in 2022.
- Assets will be included in rate base, following approval of the Florida Natural Gas Base Rate proceeding.
- Annual adjusted gross margin of \$19.9 million in 2023 and 2024.

# Regulatory Initiatives (continued)

## Elkton Gas STRIDE Plan

- Settlement reached with the Maryland PSC Staff and the Maryland Office of the Peoples Counsel.
- Aldyl-A pipeline replacement program which enables recovery of the capital investment in the form of a fixed charge rider through a proposed 5-year surcharge.
- Went into service in September 2021 and is expected to generate \$0.4 million of adjusted gross margin in 2023 and thereafter.

## Eastern Shore Capital Cost Surcharge Programs

- Eastern Shore recovery mechanism for capital costs associated with mandated highway and railroad relocation projects, along with PHMSA required safety upgrades that required the replacement of existing Eastern Shore facilities.
- Expect the program will generate adjusted gross margin of approximately \$2.8 million in 2023 and 2024.

# Corporate Culture

Internal Employee Engagement Investments

Top Work Place Award



Implemented New Learning Management System



Unveiled Chesapeake Total Wellness Program



Named Top Work Places in USA for 2023, Third Year in a Row

# Committed to Our Communities



United Negro College Fund



BOYS & GIRLS CLUB



**2022 Community Engagement**

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**\$850K** of charitable contributions and community sponsorships



Inspiring all girls to be strong, smart, and bold



People to People



Arbor Day Foundation®

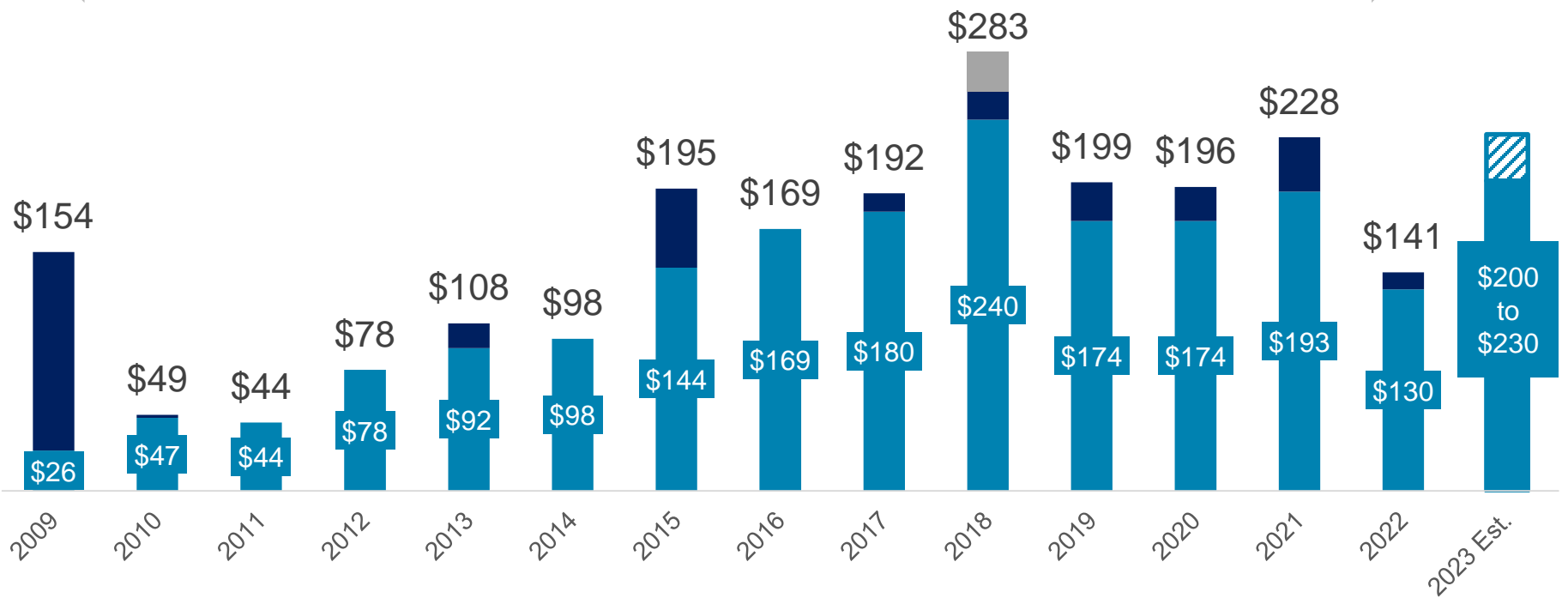


Beacon Rescue Mission  
Est. 1988



# Historical Capital Expenditures

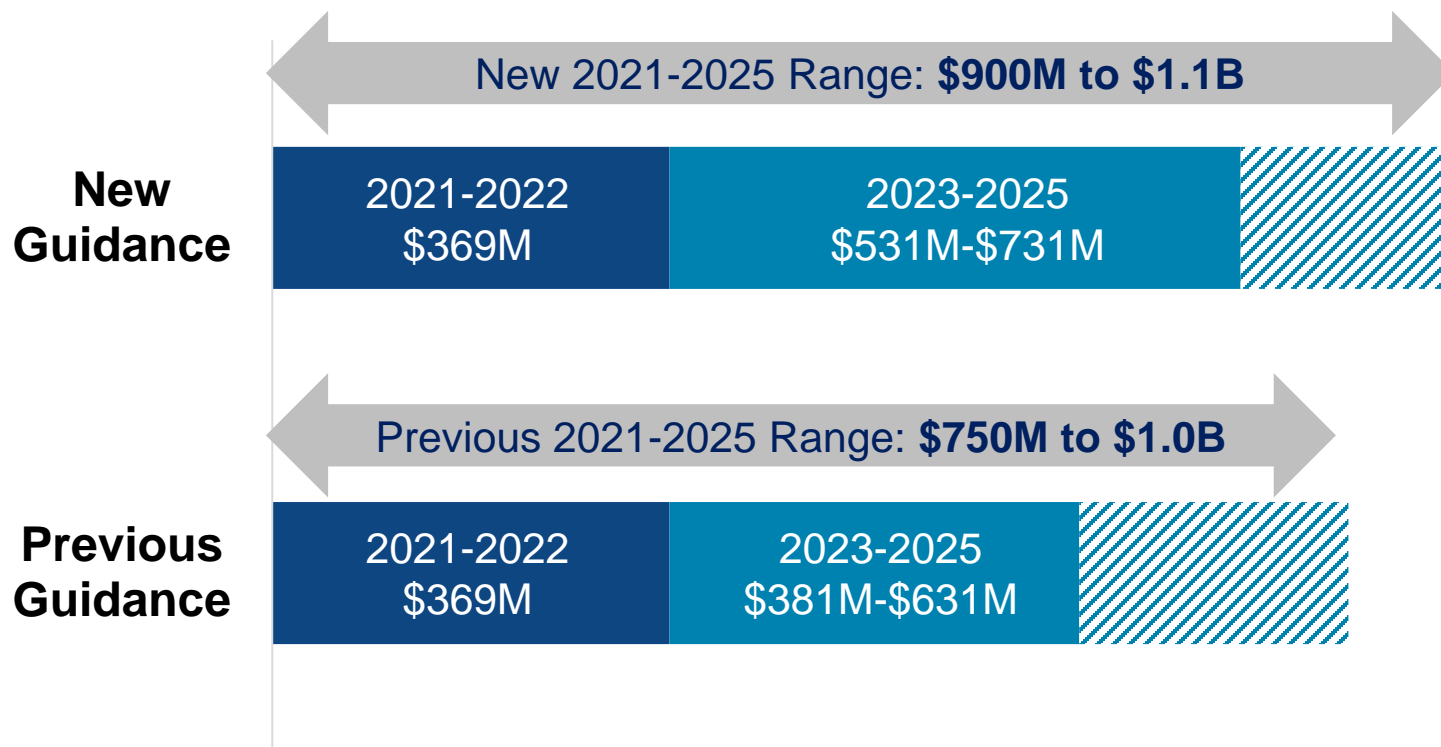
## 2023 Estimate Continues Growth Track Record



■ Capital investments ■ Acquisitions ■ Hurricane Michael

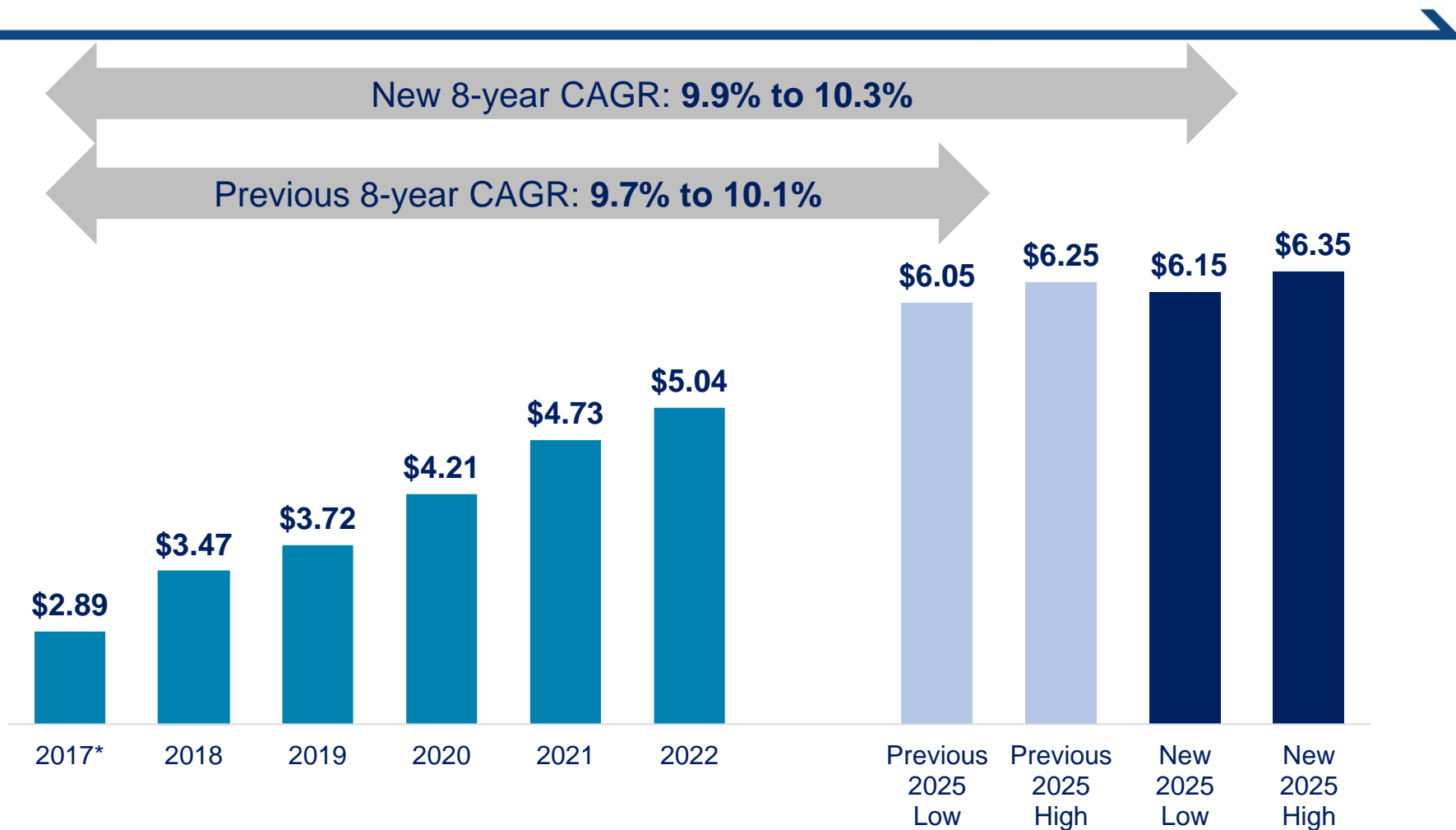
Amounts in chart reflected in millions.

# Capital Expenditure Guidance Update



Strategic capital investments continue to drive earnings growth

# Diluted EPS Guidance Update



# Investment Proposition

## Committed to Superior Performance

Growth

ESG

Business  
Transformation

Track Record

Energized Team

Strong Foundation for  
Sustainable Growth

Financial Discipline

Platforms for Growth

### Financial Objectives in Support of Increased Shareholder Value:

- ✓ Investing \$900 million to \$1.1 billion through 2025 with increasing renewable energy investments
- ✓ Targeting 2025 EPS \$6.15 to \$6.35
- ✓ Targeting 11.0% or higher consolidated ROE
- ✓ Pursuing dividend growth supported by earnings growth, with a ramp towards a dividend payout ratio of ~45%
- ✓ Maintaining a strong balance sheet



# Appendix



# GAAP to Non-GAAP Reconciliation

## Consolidated Results

### Consolidated Results

(in thousands except per share data)

#### Operating Revenues

#### Cost of Sales:

Natural gas, propane and electric costs

Depreciation & amortization

Operations & maintenance expense<sup>1</sup>

#### Gross Margin (GAAP)

Operations & maintenance expense<sup>1</sup>

Depreciation & amortization

#### Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Change		Year-to-Date		Change	
	2022	2021	\$	%	2022	2021	\$	%
<b>Operating Revenues</b>	<b>\$ 187,300</b>	<b>\$ 160,365</b>	<b>\$ 26,935</b>	<b>16.8%</b>	<b>\$ 680,704</b>	<b>\$ 569,968</b>	<b>\$ 110,736</b>	<b>19.4%</b>
<b>Cost of Sales:</b>								
Natural gas, propane and electric costs	(72,003)	(58,586)	(13,417)	22.9%	(260,506)	(186,950)	(73,556)	39.3%
Depreciation & amortization	(17,441)	(16,200)	(1,241)	7.7%	(68,973)	(62,661)	(6,312)	10.1%
Operations & maintenance expense <sup>1</sup>	(17,589)	(14,697)	(2,892)	19.7%	(65,288)	(56,724)	(8,564)	15.1%
<b>Gross Margin (GAAP)</b>	<b>80,267</b>	<b>70,882</b>	<b>9,385</b>	<b>13.2%</b>	<b>285,937</b>	<b>263,633</b>	<b>22,304</b>	<b>8.5%</b>
Operations & maintenance expense <sup>1</sup>	17,589	14,697	2,892	19.7%	65,288	56,724	8,564	15.1%
Depreciation & amortization	17,441	16,200	1,241	7.7%	68,973	62,661	6,312	10.1%
<b>Adjusted Gross Margin (non-GAAP)</b>	<b>\$ 115,297</b>	<b>\$ 101,779</b>	<b>\$ 13,518</b>	<b>13.3%</b>	<b>\$ 420,198</b>	<b>\$ 383,018</b>	<b>\$ 37,180</b>	<b>9.7%</b>

<sup>1</sup> Operations & maintenance expenses within the Consolidated Statements of Income are presented in accordance with regulatory requirements and to provide comparability within the industry. Operations & maintenance expenses which are deemed to be directly attributable to revenue producing activities have been separately presented above in order to calculate Gross Margin as defined under US GAAP. See Chesapeake Utilities' Annual Report on Form 10-K for the year ended December 31, 2022 for additional details.

# GAAP to Non-GAAP Reconciliation

## Regulated Energy Segment

### Regulated Energy Segment

(in thousands except per share data)

#### Operating Revenues

#### Cost of Sales:

Natural gas and electric costs

Depreciation & amortization

Operations & maintenance expense<sup>1</sup>

#### Gross Margin (GAAP)

Operations & maintenance expense<sup>1</sup>

Depreciation & amortization

#### Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Change		Year-to-Date		Change	
	2022	2021	\$	%	2022	2021	\$	%
<b>Operating Revenues</b>	<b>\$ 118,360</b>	<b>\$ 101,417</b>	<b>\$ 16,943</b>	<b>16.7%</b>	<b>\$ 429,424</b>	<b>\$ 383,920</b>	<b>\$ 45,504</b>	<b>11.9%</b>
<b>Cost of Sales:</b>								
Natural gas and electric costs	(38,908)	(27,952)	(10,956)	39.2%	(127,172)	(100,737)	(26,435)	26.2%
Depreciation & amortization	(13,211)	(12,591)	(620)	4.9%	(52,707)	(48,748)	(3,959)	8.1%
Operations & maintenance expense <sup>1</sup>	(9,779)	(8,072)	(1,707)	21.1%	(35,472)	(32,780)	(2,692)	8.2%
<b>Gross Margin (GAAP)</b>	<b>56,462</b>	<b>52,802</b>	<b>3,660</b>	<b>6.9%</b>	<b>214,073</b>	<b>201,655</b>	<b>12,418</b>	<b>6.2%</b>
Operations & maintenance expense <sup>1</sup>	9,779	8,072	1,707	21.1%	35,472	32,780	2,692	8.2%
Depreciation & amortization	13,211	12,591	620	4.9%	52,707	48,748	3,959	8.1%
<b>Adjusted Gross Margin (non-GAAP)</b>	<b>\$ 79,452</b>	<b>\$ 73,465</b>	<b>\$ 5,987</b>	<b>8.1%</b>	<b>\$ 302,252</b>	<b>\$ 283,183</b>	<b>\$ 19,069</b>	<b>6.7%</b>

<sup>1</sup> Operations & maintenance expenses within the Consolidated Statements of Income are presented in accordance with regulatory requirements and to provide comparability within the industry. Operations & maintenance expenses which are deemed to be directly attributable to revenue producing activities have been separately presented above in order to calculate Gross Margin as defined under US GAAP. See Chesapeake Utilities' Annual Report on Form 10-K for the year ended December 31, 2022 for additional details.

# GAAP to Non-GAAP Reconciliation

## Unregulated Energy Segment

### Unregulated Energy Segment

(in thousands except per share data)

#### Operating Revenues

#### Cost of Sales:

Natural gas and propane

Depreciation & amortization

Operations & maintenance expense<sup>1</sup>

#### Gross Margin (GAAP)

Operations & maintenance expense<sup>1</sup>

Depreciation & amortization

#### Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Change		Year-to-Date		Change	
	2022	2021	\$	%	2022	2021	\$	%
<b>Operating Revenues</b>	<b>\$ 78,081</b>	<b>\$ 65,227</b>	<b>\$ 12,854</b>	<b>19.7%</b>	<b>\$ 280,750</b>	<b>\$ 206,869</b>	<b>\$ 73,881</b>	<b>35.7%</b>
<b>Cost of Sales:</b>								
Natural gas and propane	(42,207)	(36,883)	(5,324)	14.4%	(162,683)	(106,900)	(55,783)	52.2%
Depreciation & amortization	(4,232)	(3,598)	(634)	17.6%	(16,257)	(13,869)	(2,388)	17.2%
Operations & maintenance expense <sup>1</sup>	(8,114)	(6,014)	(2,100)	34.9%	(29,825)	(24,123)	(5,702)	23.6%
<b>Gross Margin (GAAP)</b>	<b>23,528</b>	<b>18,732</b>	<b>4,796</b>	<b>25.6%</b>	<b>71,985</b>	<b>61,977</b>	<b>10,008</b>	<b>16.1%</b>
Operations & maintenance expense <sup>1</sup>	8,114	6,014	2,100	34.9%	29,825	24,123	5,702	23.6%
Depreciation & amortization	4,232	3,598	634	17.6%	16,257	13,869	2,388	17.2%
<b>Adjusted Gross Margin (non-GAAP)</b>	<b>\$ 35,874</b>	<b>\$ 28,344</b>	<b>\$ 7,530</b>	<b>26.6%</b>	<b>\$ 118,067</b>	<b>\$ 99,969</b>	<b>\$ 18,098</b>	<b>18.1%</b>

<sup>1</sup> Operations & maintenance expenses within the Consolidated Statements of Income are presented in accordance with regulatory requirements and to provide comparability within the industry. Operations & maintenance expenses which are deemed to be directly attributable to revenue producing activities have been separately presented above in order to calculate Gross Margin as defined under US GAAP. See Chesapeake Utilities' Annual Report on Form 10-K for the year ended December 31, 2022 for additional details.

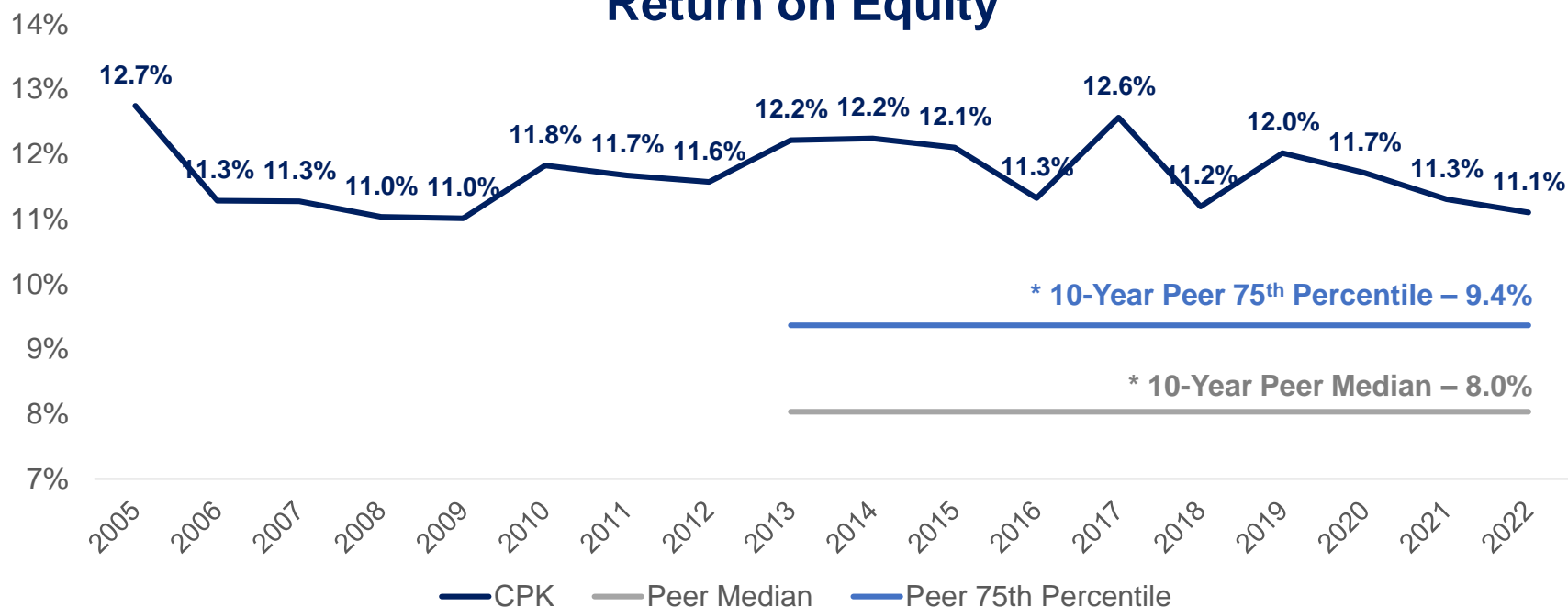
# Quarterly Earnings Cadence

Year	Q1 EPS	Q2 EPS	Q3 EPS	Q4 EPS	FY EPS
2022	\$2.08	\$0.96	\$0.54	\$1.46	\$5.04
<i>% of FY</i>	41%	19%	11%	29%	
2021	\$1.96	\$0.78	\$0.71	\$1.28	\$4.73
<i>% of FY</i>	41%	16%	15%	27%	
2020	\$1.77	\$0.64	\$0.56	\$1.24	\$4.21
<i>% of FY</i>	42%	15%	13%	29%	
2019	\$1.75	\$0.54	\$0.38	\$1.04	\$3.72*
<i>% of FY</i>	47%	15%	10%	28%	
2018	\$1.66	\$0.35	\$0.37	\$1.09	\$3.47
<i>% of FY</i>	48%	10%	11%	31%	
<b>5yr % Band</b>	<b>41% - 48%</b>	<b>10% - 19%</b>	<b>10% - 15%</b>	<b>27% - 31%</b>	

# Solid Track Record of Return on Equity

Consistently exceeding peer median and 75<sup>th</sup> percentile

## Return on Equity



18 years with 11%+ Return on Equity

# Mission, Vision and Values

## OUR **Mission**

**We deliver energy that makes life better for the people and communities we serve.**

## OUR **Vision**

**We will be a leader in delivering energy that contributes to a sustainable future.**

## OUR **Values**

### Care

**We put people first.**

Keep them safe. Build trusting relationships. Foster a culture of equity, diversity and inclusion. Make a meaningful difference everywhere we live and work.

### Integrity

**We tell the truth.**

Ensure moral and ethical principles drive our decision-making. Do the right thing even when no one is watching.

### Excellence

**We achieve great things together.**

Hold each other accountable to do the work that makes us better, every day. Never give up.