

Standing Strong. Embracing Change. **Shaping Our Future.**



Full Year and Fourth Quarter 2021 Earnings Conference Call

February 24, 2022

Today's Presenters



Jeff Householder

President, Chief Executive Officer



Beth Cooper

Executive Vice President,
Chief Financial Officer 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



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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, 2021 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.

- Achieved **15th** consecutive year of earnings growth*
- Increased full-year 2021 Diluted EPS from continuing operations by **12.4%**
- Doubled Net Income over last **6** years
- Drove **\$33 million** in adjusted gross margin growth
- Deployed approximately **\$228 million** on new capital investments
- Experienced **4.5%** growth in residential gas customers
- Added **19,000** customers from propane acquisition, expanding our service territory into NC and SC
- Completed **1st** RNG transportation project
- Paid dividends for **61** consecutive years

*Excludes TCJA impact in 2017



Growth Platform Accomplishments



Organic Growth:

- 4.5% residential customer growth on Delmarva
- 4.7% residential customer growth in Florida
- New customers from CGS conversions
- Escambia Meter Station acquisition



Gas Transmission:

- Completed Somerset, MD pipeline expansion
- First pipeline expansion in Ohio (Guernsey)
- Announced Winter Haven, Beachside and Southern expansions



Propane Distribution:

- Expanded service territory into the Carolinas through the acquisition of Diversified Energy's propane assets



Marlin Gas Services:

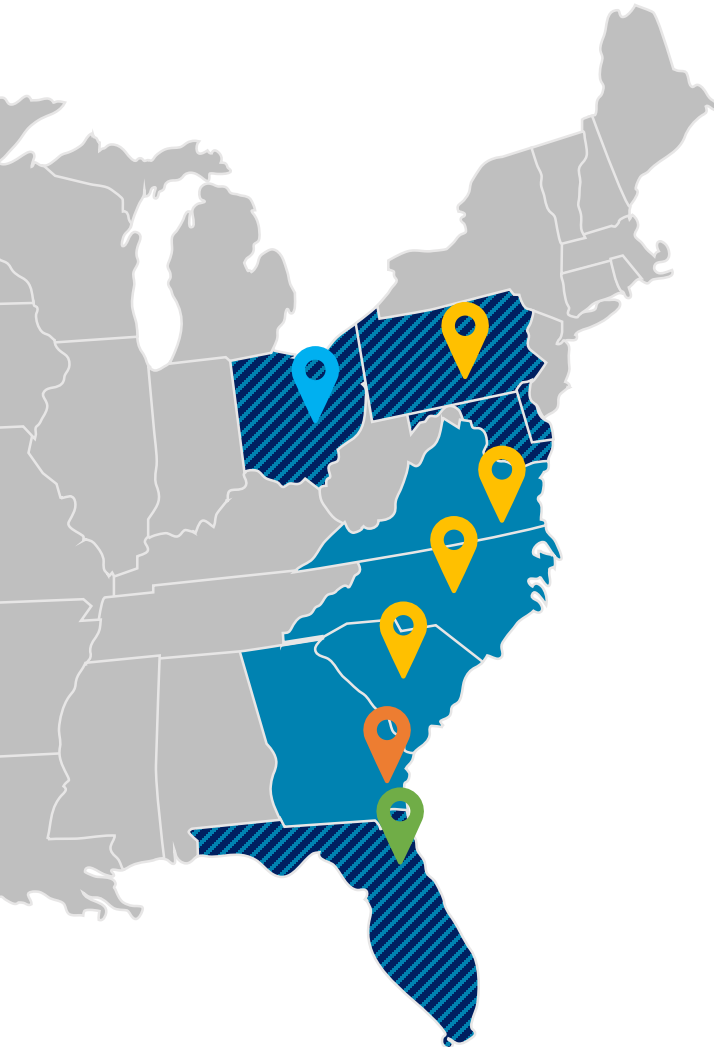
- CNG filling station at Port of Savannah significantly underway
- Built complex tankers for hydrogen testing at Eight Flags CHP facility





Sustainable Investments:

- Completed 33-mile RNG pipeline
- Successful hydrogen testing at Eight Flags CHP
- Secured sustainability-linked financing
- Published inaugural ESG report

Expanding Our Service Territory With Sustainable Investments



-  Both Regulated and Unregulated
-  Unregulated



Noble Road Landfill RNG Pipeline

- 33-mile pipeline transporting RNG to Aspire Energy's gathering system



Diversified Energy Propane Acquisition

- \$37.5 million purchase price
- ~19,000 new customers
- ~10 million gallons distributed annually
- \$11.3 million annual adjusted gross margin
- Opportunity for AutoGas expansion



Port of Savannah CNG Filling Station

- To be completed in Q2 2022
- 14,000 vehicles pass by each day on I-95
- Built to distribute RNG

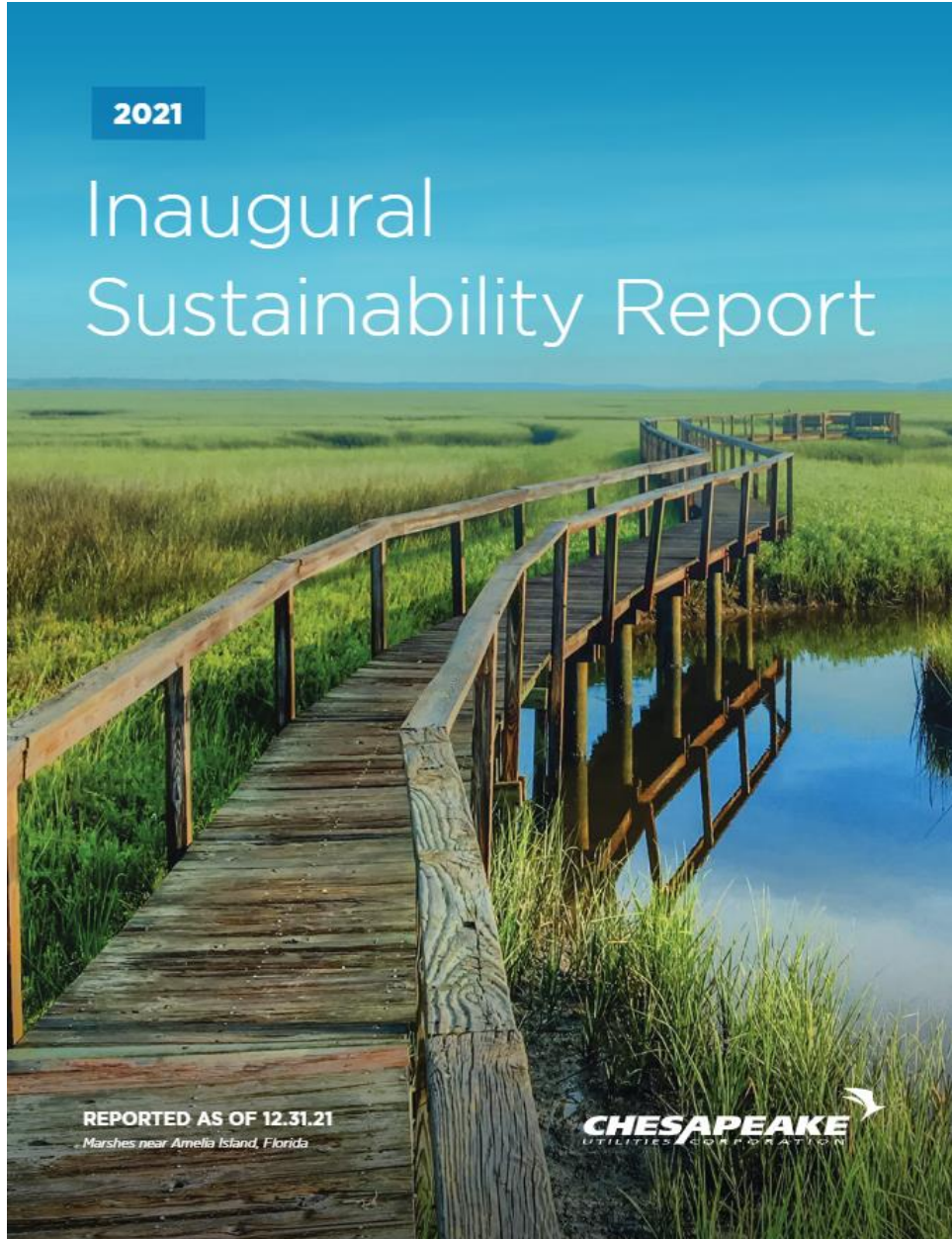


Hydrogen Testing at Eight Flags CHP

- Successful test of 4% hydrogen blend
- Hydrogen transported by Marlin Gas Services
- Goal to scale to 20%

Published Inaugural Sustainability Report

Established ESO and ESG Committee



Our ESG Commitments

- Chesapeake Utilities will be a leader in the transition to a lower-carbon future.
- We will continue to promote a diverse and inclusive workplace and further the sustainability of the communities we serve.
- Our businesses will be operated with integrity and the highest ethical standards.

Continued Commitment to ESG

Shane Breakie
Environmental
Sustainability Officer



Amanda Chi
Director, ESG Strategy and
Reporting



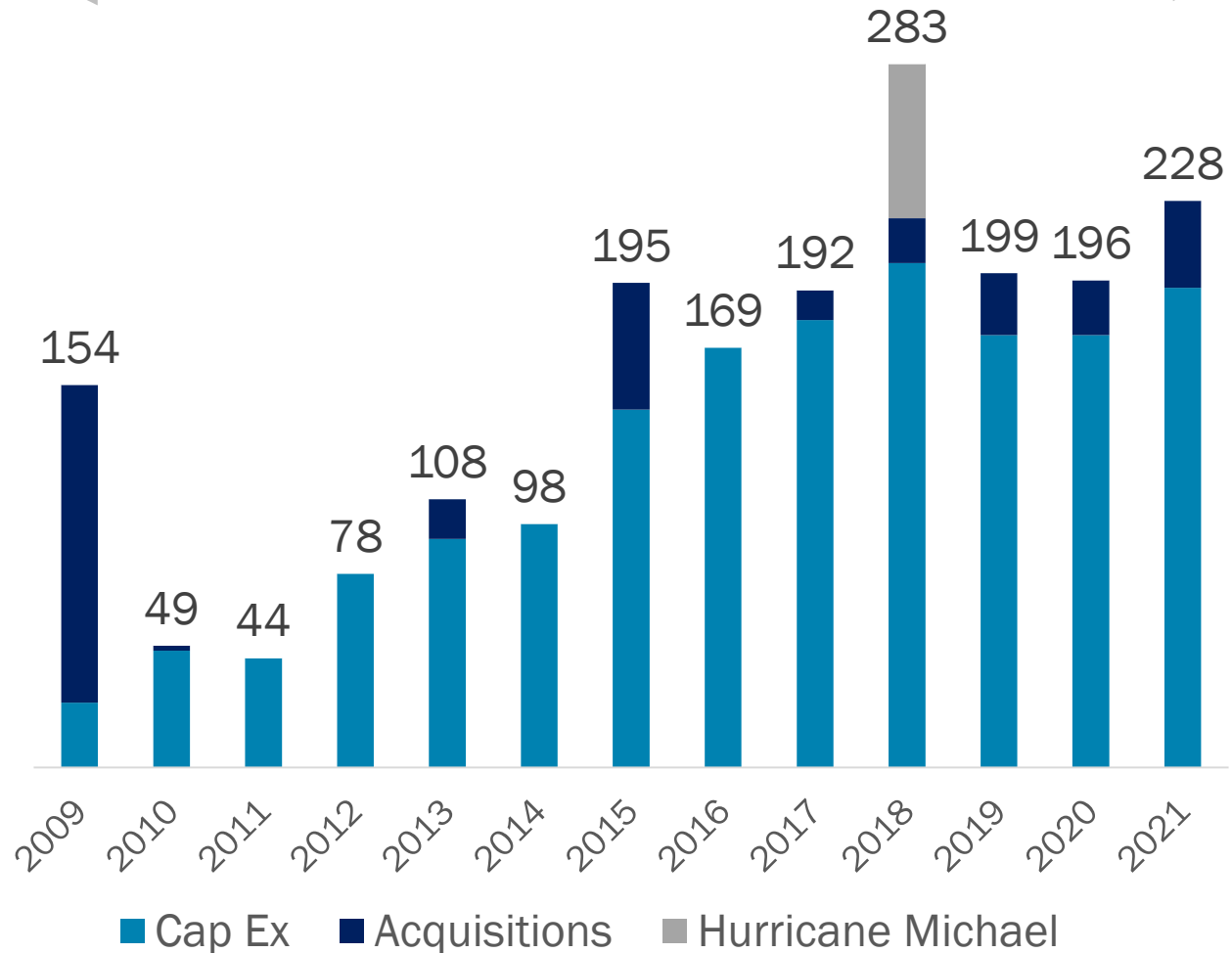
Capital Investment Has Driven Our Earnings Growth

Historical Capital Expenditures and Acquisitions



Last 10 Years: \$1.75 Billion

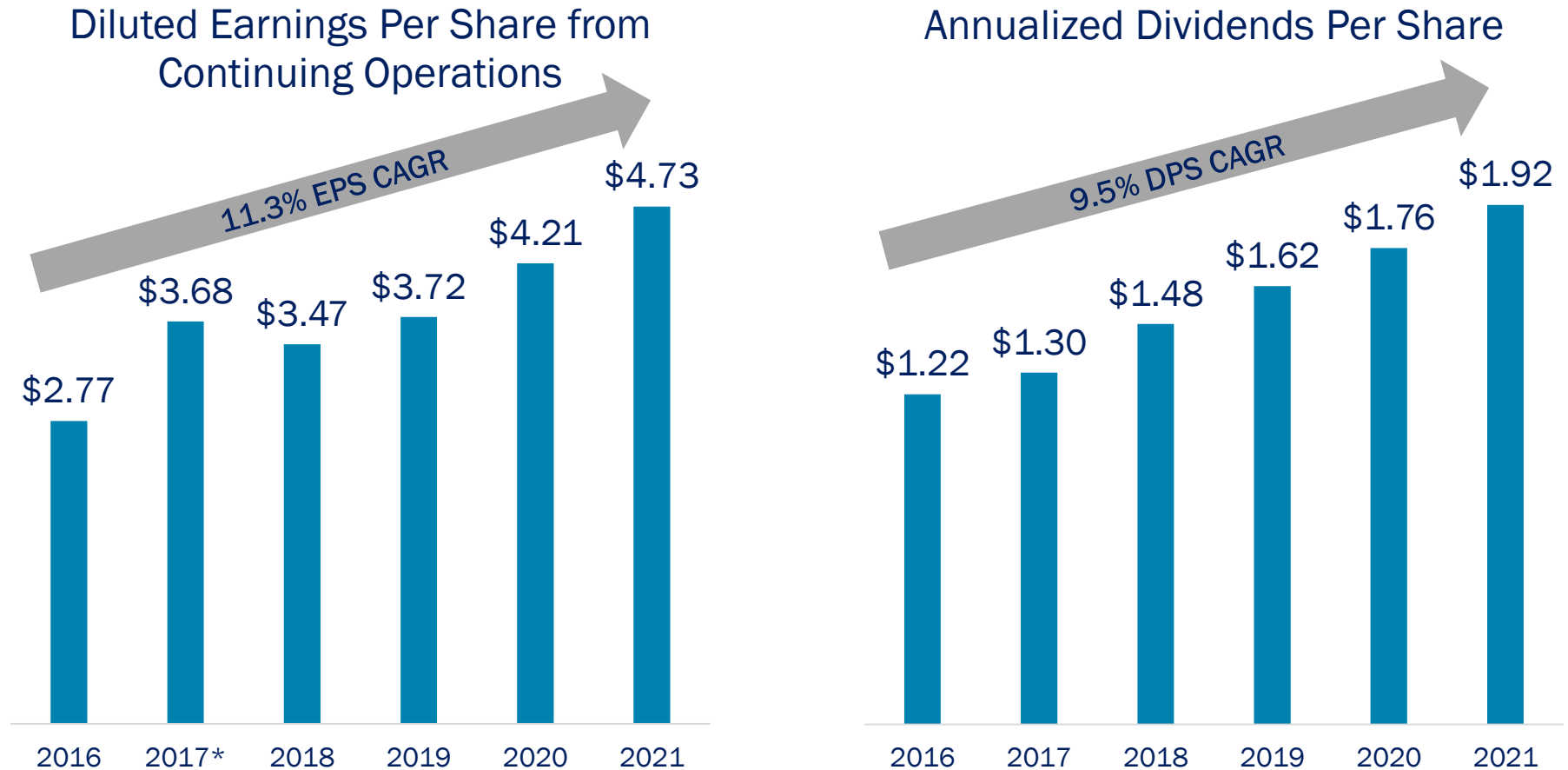
Since FPU Acquisition: \$1.99 Billion



Amounts in chart reflected in millions.

Historical Earnings and Dividend Growth

Earnings and Dividend Performance for Periods Ended December 31st

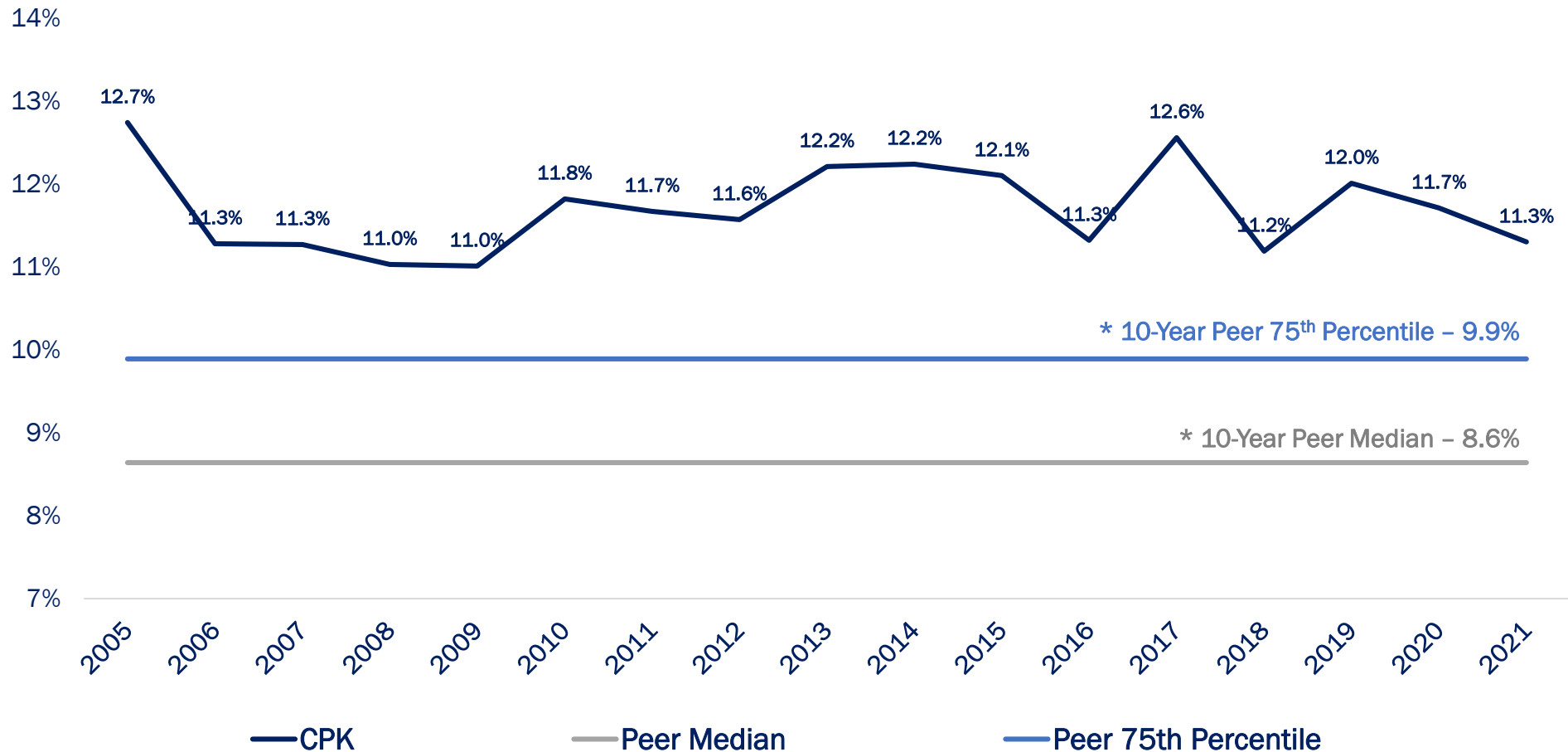


Long history of industry leading earnings and dividend growth

Solid Track Record of Return on Equity

Consistently Exceeding Peer Median and 75th Percentile

Return on Equity

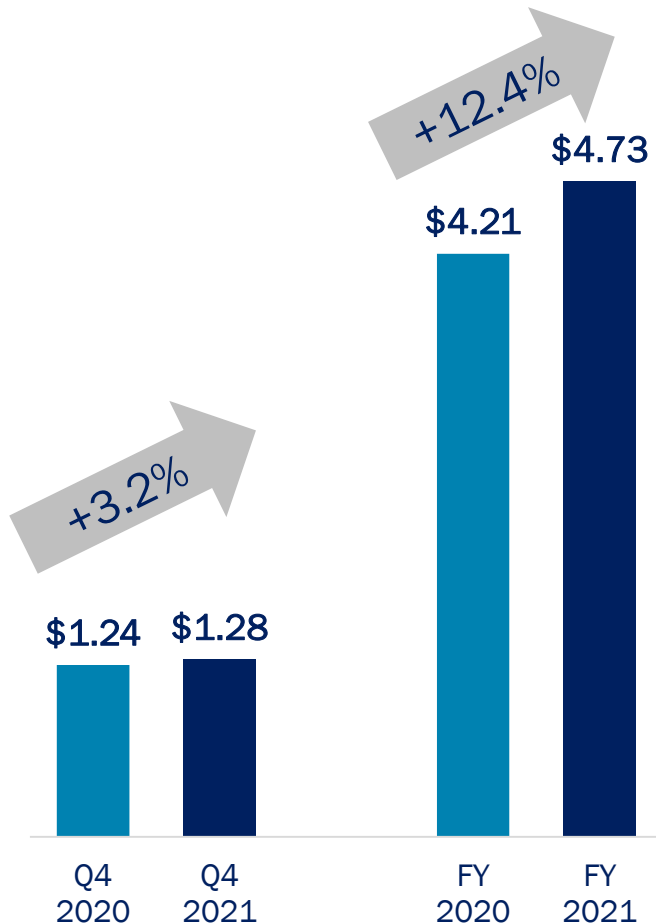


17 years with 11%+ Return on Equity

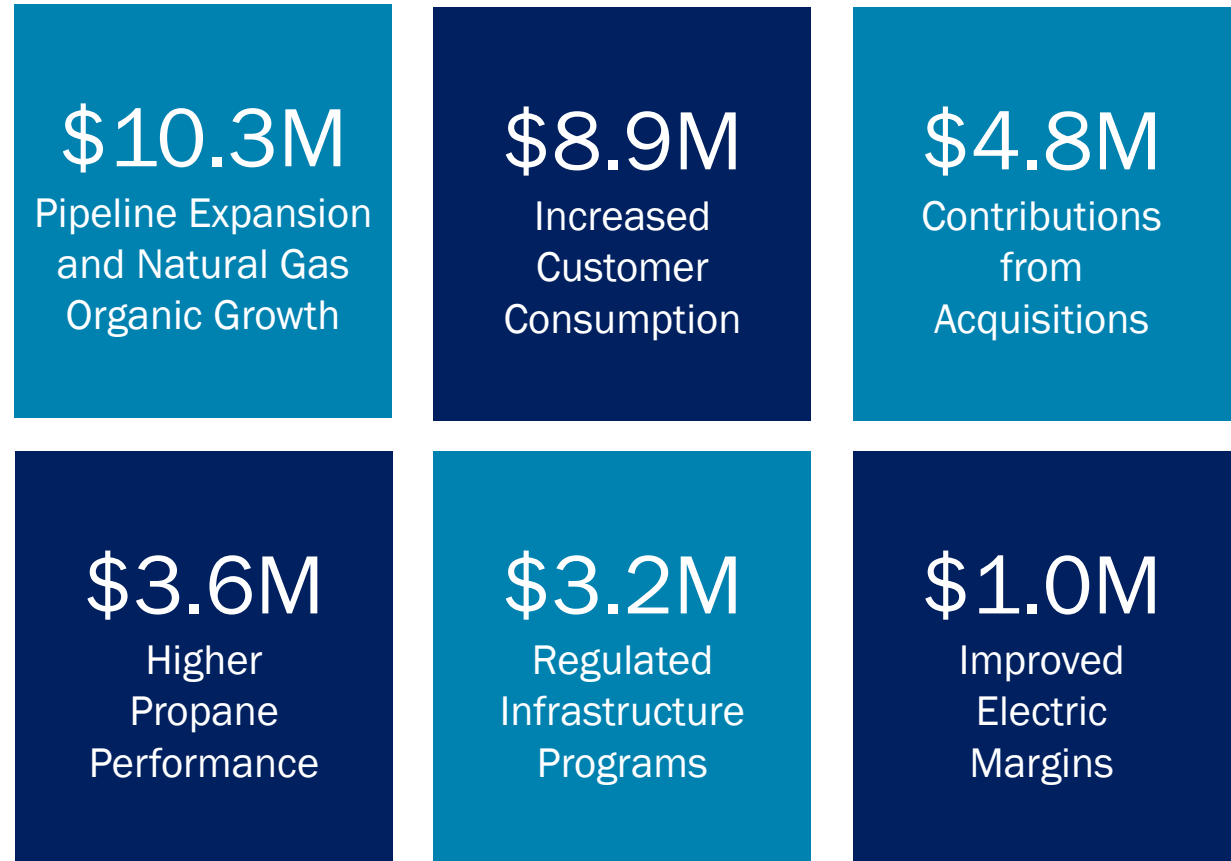
2021 Financial Performance

Record Earnings Growth

Diluted Earnings Per Share from Continuing Operations



Key Drivers of Earnings Growth¹



¹ See appendix for non-GAAP to GAAP reconciliation of adjusted gross margin

Fourth Quarter and Full Year Financial Summary

Financial results for the quarters and full years ended December 31, 2021 and 2020

(in thousands except per share data)

Total Adjusted Gross Margin¹

Operating Income

Other Income (Expense), Net

Interest Charges

Pre-tax Income

Income Taxes

Income from Cont. Ops

Income (Loss) Discont. Ops

Gain on sale of Discont. Ops., Net of tax

Net Income

Diluted EPS from Cont. Ops.

	Fourth Quarter		Change		Full Year		Change	
	2021	2020	\$	%	2021	2020	\$	%
Total Adjusted Gross Margin ¹	\$ 101,779	\$ 96,841	\$ 4,938	5.1%	\$ 383,018	\$ 350,260	\$ 32,758	9.4%
Operating Income	\$ 36,825	\$ 35,206	\$ 1,619	4.6%	\$ 131,112	\$ 112,723	\$ 18,389	16.3%
Other Income (Expense), Net	(459)	224	(683)		1,721	3,222	(1,501)	
Interest Charges	5,001	6,313	(1,312)		20,135	21,765	(1,630)	
Pre-tax Income	31,365	29,117	2,248	7.7%	112,698	94,180	18,518	19.7%
Income Taxes	8,667	7,456	1,211		29,231	23,538	5,693	
Income from Cont. Ops	22,698	21,661	1,037	4.8%	83,467	70,642	12,825	18.2%
Income (Loss) Discont. Ops	15	691	(676)		(1)	686	(687)	
Gain on sale of Discont. Ops., Net of tax	-	-	-		-	170	(170)	
Net Income	\$ 22,713	\$ 22,352	\$ 361	1.6%	\$ 83,466	\$ 71,498	\$ 11,968	16.7%
Diluted EPS from Cont. Ops.	\$ 1.28	\$ 1.24	\$ 0.04	3.2%	\$ 4.73	\$ 4.21	\$ 0.52	12.4%

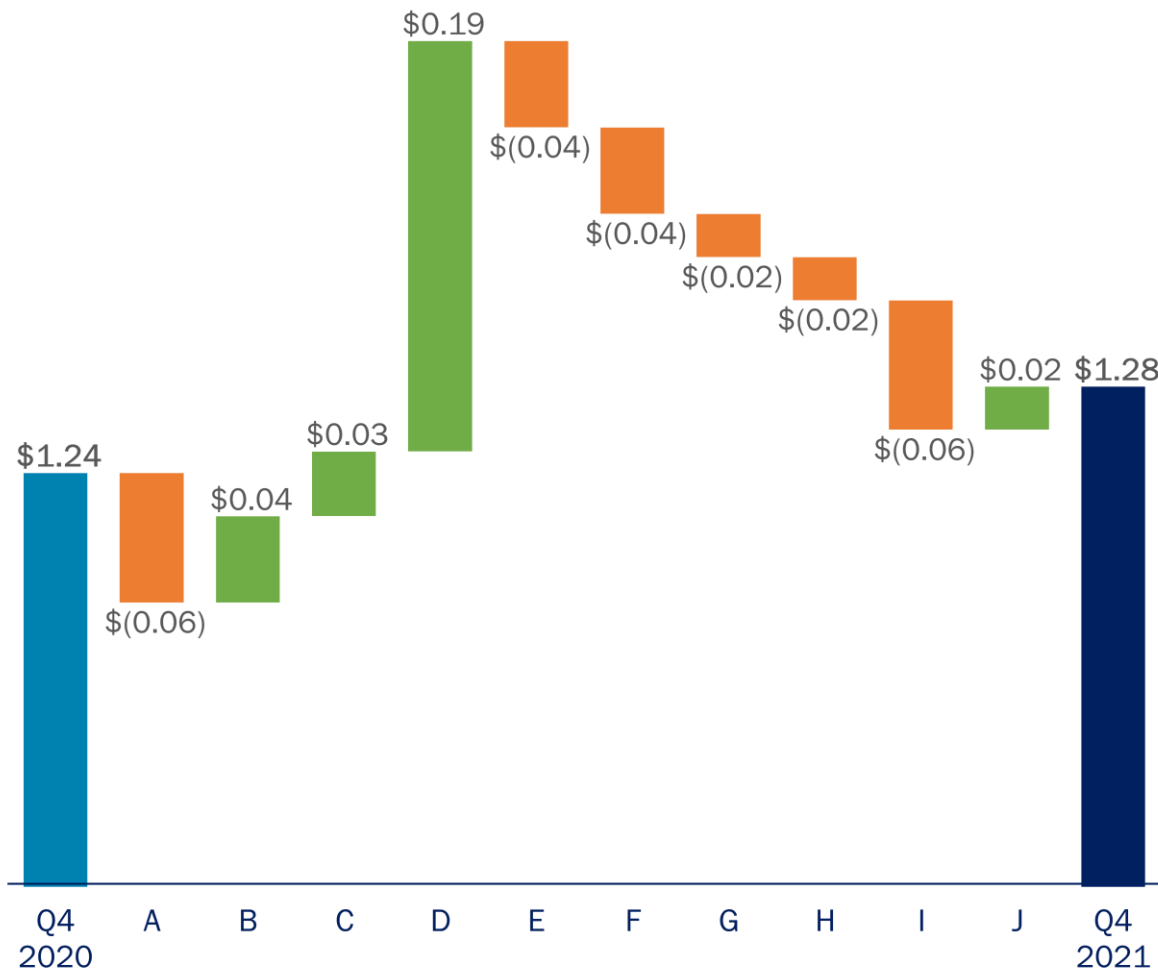
Strong performance of each growth platform drove \$33 million in incremental adjusted gross margin over 2020

¹ See appendix for non-GAAP to GAAP reconciliation of adjusted gross margin

Key Drivers of Our Performance

Quarter Ended December 31, 2021

Diluted Earnings Per Share

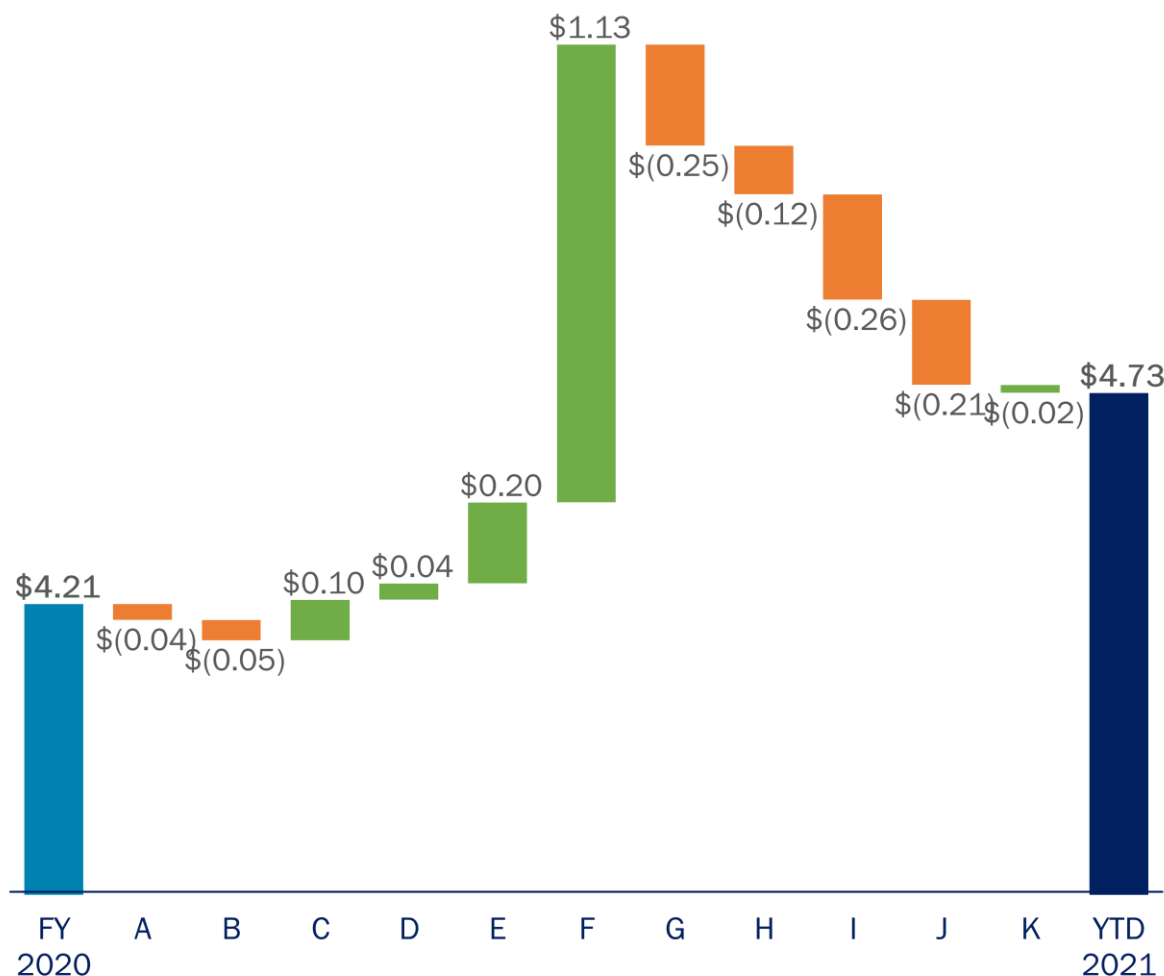


Q4 2020 Diluted Earnings Per Share		\$1.24
A	Absence of regulatory deferral of COVID-19 expenses per PSC's orders	-\$0.06
B	Reduced interest expense related to early extinguishment of FPU mortgage bonds	\$0.04
C	Contributions from recent acquisitions	\$0.03
D	Core business growth	\$0.19
E	Decreased customer consumption - primarily weather related	-\$0.04
F	Depreciation, amortization and property tax costs due to new capital investments	-\$0.04
G	Operating expenses tied to recent acquisitions	-\$0.02
H	Operating expenses tied to core business growth	-\$0.02
I	Change in shares outstanding due to 2020 and 2021 equity offerings	-\$0.06
J	Other items	\$0.02
Q4 2021 Diluted Earnings Per Share		\$1.28

Key Drivers of Our Performance

Year Ended December 31, 2021

Diluted Earnings Per Share from Continuing Operations



FY 2020 Diluted Earnings Per Share from Continuing Operations		\$4.21
A	Gain on sale of assets in 2020	-\$0.04
B	Net impact of CARES Act items	-\$0.05
C	Regulatory deferral of COVID-19 expenses per PSC's orders	\$0.10
D	Reduced interest expense related to early extinguishment of FPU mortgage bonds	\$0.04
E	Contributions from recent acquisitions	\$0.20
F	Core business growth	\$1.13
G	Depreciation, amortization and property tax costs due to new capital investments	-\$0.25
H	Operating expenses tied to recent acquisitions	-\$0.12
I	Operating expenses tied to core business growth	-\$0.26
J	Change in shares outstanding due to 2020 and 2021 equity offerings	-\$0.21
K	Other items	-\$0.02
FY 2021 Diluted Earnings Per Share from Continuing Operations		\$4.73

Chesapeake Utilities' Regulated Energy Segment Drives Sustained Growth

Regulated Energy Segment

(in thousands except per share data)

	Fourth Quarter		Change	Percent Change	Full Year		Change	Percent Change
	2021	2020			2021	2020		
Adjusted gross margin	\$ 73,465	\$ 69,007	\$ 4,458	6.5%	\$ 283,183	\$ 260,752	\$ 22,431	8.6%
Dep., amort. & property taxes	17,863	17,223	640	3.7%	68,656	64,367	4,289	6.7%
Other operating expenses	28,748	26,035	2,713	10.4%	108,463	104,261	4,202	4.0%
Operating Income	<u>\$ 26,854</u>	<u>\$ 25,749</u>	<u>\$ 1,105</u>	<u>4.3%</u>	<u>\$ 106,064</u>	<u>\$ 92,124</u>	<u>\$ 13,940</u>	<u>15.1%</u>



Full Year 2021 Highlights

- Operating income up **15.1%** driven by:
 - Pipeline expansions by ESG and PPC
 - Organic growth in natural gas distribution
 - Increased consumption from a return toward pre-pandemic consumption levels and cooler temperatures
 - Contributions from Elkton Gas and the Escambia Meter Station
 - Capital infrastructure programs
 - Continued focus on Business Transformation, which reduced our operating expense as a percent of adjusted gross margin

Chesapeake Utilities Driving Higher Returns with Complementary Unregulated Energy Segment

Unregulated Energy Segment

(in thousands except per share data)

	Fourth Quarter		Change	Percent Change	Full Year		Change	Percent Change
	2021	2020			2021	2020		
Adjusted gross margin	\$ 28,344	\$ 27,864	\$ 480	1.7%	\$ 99,969	\$ 89,746	\$ 10,223	11.4%
Dep., amort. & property taxes	4,030	3,568	462	12.9%	15,582	13,438	2,144	16.0%
Other operating expenses	15,709	14,682	1,027	7.0%	60,005	55,644	4,361	7.8%
Operating Income	\$ 8,605	\$ 9,614	\$ (1,009)	-10.5%	\$ 24,382	\$ 20,664	\$ 3,718	18.0%



Full Year 2021 Highlights

- Operating income up **18.0%** driven by:
 - Colder temperatures compared to 2020
 - Improved propane performance
 - Contributions from the acquisition of Western Natural Gas and Diversified Energy
 - Increased demand for CNG transportation services from Marlin Higher overall rates from Aspire Energy of Ohio
 - Ongoing Business Transformation efforts, resulting in lower operating costs as a percent of adjusted gross margin

Capital Expenditures

(dollars in thousands)

Regulated Energy:

	2021	Forecast 2022	
	Actual	Low	High
Natural gas distribution	\$ 78,084	\$ 87,000	\$ 92,000
Natural gas transmission	55,149	60,000	67,000
Electric distribution	6,500	7,000	12,000
Total Regulated Energy	139,733	154,000	171,000
	63%	89%	87%

Unregulated Energy:

Propane distribution	46,023	10,000	14,000
Energy transmission	20,101	5,000	6,000
Other unregulated energy	15,527	4,000	5,000
Total Unregulated Energy	81,651	19,000	25,000
	37%	11%	13%

Other:

Corporate and other businesses	6,425	2,000	4,000
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Total Forecasted Capital Expenditures

	\$ 227,809	\$ 175,000	\$ 200,000
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2021 Capital Expenditures were \$227.8 million

2021 Key Projects:

- Acquisition of Diversified Energy propane assets
- RNG transport from Noble Road Landfill
- Del-Mar Energy Pathway
- Florida's Western Palm Beach County Expansion
- Florida GRIP
- Natural gas distribution and transmission system expansions including several previously announced projects in 2021
- Natural gas and electric system infrastructure improvement activities
- Expansion of Marlin Gas Services' fleet to support CNG, LNG and RNG transport growth

Expect \$175 million to \$200 million of capital expenditures in 2022, supporting long-term guidance of \$750 million to \$1 billion from 2021-2025

Capital Structure Overview

Strong Balance Sheet to Support Growth

	12/31/21	12/31/2020
Stockholders' equity	\$ 774,130	\$ 697,085
Long-term debt, net of current maturities	549,903	508,499
Total permanent capitalization	\$ 1,324,033	\$ 1,205,584
Current portion of long-term debt	17,962	13,600
Short-term debt	221,634	175,644
Total capitalization and short-term financing	\$ 1,563,629	\$ 1,394,828
Equity to Permanent Capital	58.5%	57.8%
Equity to Total Capitalization	49.5%	50.0%
New Long-Term Debt Issuance	\$ 59,590	\$ 90,000
Net New Equity Issuance	\$ 22,774	\$ 89,700

Long-Term Debt

Avg. Interest Rate: 3.45%
 \$50M: 2.49% Dec. 2021
 \$50M: 2.95% March 2022

Short-Term Debt

\$400 Million Facility
 \$200M: LIBOR + 0.70%
 \$200M: LIBOR + 0.95%

LT debt includes \$9.6M
 of sustainability linked
 financing

Year-end propane
 acquisition initially
 funded with ST debt

Stockholders' Equity increased \$77.0 million in 2021 driven by:

- Strong Net Income performance of \$83.5 million
- Dividend Reinvestment and Stock Compensation Plans increases of \$22.8 million
- Continued Dividend payments of \$33.4 million
- Other Comprehensive Income was \$4.2 million

Key Projects Driving Adjusted Gross Margin Growth

<i>(in thousands)</i>	Adjusted Gross Margin for the Period			
	Year Ended December 31,		Estimate for Fiscal	
	2020	2021	2022	2023
Pipeline Expansions:				
Western Palm Beach County, Florida Expansion	\$ 4,167	\$ 4,729	\$ 5,227	\$ 5,227
Del-Mar Energy Pathway	2,462	4,584	6,867	6,890
Callahan Intrastate Pipeline	3,080	7,564	7,564	7,564
Guernsey Power Station	—	187	1,380	1,486
Southern Expansion	—	—	586	2,344
Winter Haven Expansion	—	—	759	976
Beachside Pipeline Expansions	—	—	—	2,451
Total Pipeline Expansions	9,709	17,064	22,383	26,938
CNG Transportation	7,231	7,566	8,500	9,500
RNG Transportation	—	—	1,000	1,000
Acquisitions:				
Diversified Energy	—	603	11,300	12,000
Elkton Gas	1,344	3,548	3,720	3,743
Western Natural Gas	389	1,772	2,001	2,061
Escambia Meter Station	—	583	1,000	1,000
Total Acquisitions	1,733	6,506	18,021	18,804
Regulatory Initiatives:				
Florida GRIP	15,178	16,995	18,797	19,475
Hurricane Michael Regulatory Proceeding	10,864	11,492	11,704	11,818
Capital Cost Surcharge Programs	523	1,199	2,002	1,961
Elkton STRIDE Plan	—	26	299	354
Total Regulatory Initiatives	26,565	29,712	32,802	33,608
Total	\$ 45,238	\$ 60,848	\$ 82,706	\$ 89,850

**Incremental
Adjusted Gross Margin
from Major Projects**

2021: \$15.6 million

2022: \$21.9 million

2023: \$7.1 million

**Total: \$44.6 million over
2020**

Key Expansion Projects

Pipeline Growth Contribution

Project	Capital Investment	Fully In Service	Annual Adjusted Gross Margin Estimate
Callahan Pipeline (JV)*	\$33.5 million CPK 50%	2020 Second Quarter	\$7.6 million
Del-Mar Energy Pathway*	\$60.1 million	2021 Fourth Quarter	\$6.9 million
West Palm Beach County*	\$28.9 million	2021 Fourth Quarter	\$5.2 million
Guernsey Power Station	\$6.5 million	2021 Fourth Quarter	\$1.5 million
Winter Haven Expansion	\$3.5 million	2022 Second Quarter	\$1.0 million
Southern Expansion	\$14.0 million	2022 Fourth Quarter	\$2.3 million
Beachside Pipeline Extension	\$16.7 million	2023 First Quarter	\$2.5 million

Total investments of \$163.2 million generate incremental adjusted gross margin of \$27.0 million once fully in service in 2023

Florida GRIP

- Natural gas pipe replacement program approved by the Florida PSC.
- Since inception in August 2012, invested \$189.5 million of capital expenditures to replace 348 miles of qualifying distribution mains, including \$23.6 million of new pipes throughout 2021.
- Annual adjusted gross margin of \$17.0 million in 2021, with \$18.8 million expected in 2022.

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 \$0.3 million of adjusted gross margin in 2022 and \$0.4 million annually thereafter.

Eastern Shore Capital Cost Surcharge Programs

- Eastern Shore recovery mechanism for capital costs associated with mandated highway or railroad relocation projects that required the replacement of existing Eastern Shore facilities.
- Generated adjusted gross margin of \$1.2 million in 2021, with \$2.0 million expected in 2022 and 2023.

Committed to Strong Corporate Citizenship

- Published inaugural sustainability report
- Established Environmental Sustainability Office and internal ESG Committee to advance our ESG strategy
- Greenhouse gas emissions reduced by 3,760 mtCO₂e from 2019 to 2020
- Robust employee and community engagement programs, including those focused on equity, diversity and inclusion
- Rapid and impactful COVID-19 response to keep employees safe and assist customers and community partners in need
- We continue to strengthen our safety culture
- Accelerated business transformation initiatives to employ technology enhancements and an organizational structure that will support our continued responsible growth.



Internal Employee Resource Groups



Chesapeake Cares



More than 100 local charities supported each year



More than 130 scholarships awarded to children of CPK employees

Recent Awards and Recognitions



Named Top Work Place in US for 2022, Top Work Place in Delaware for 10 Years in a Row



Chesapeake Utilities named 2021 Best Company with Over 50 People. Sharp Energy named 2021 Best Propane Company.

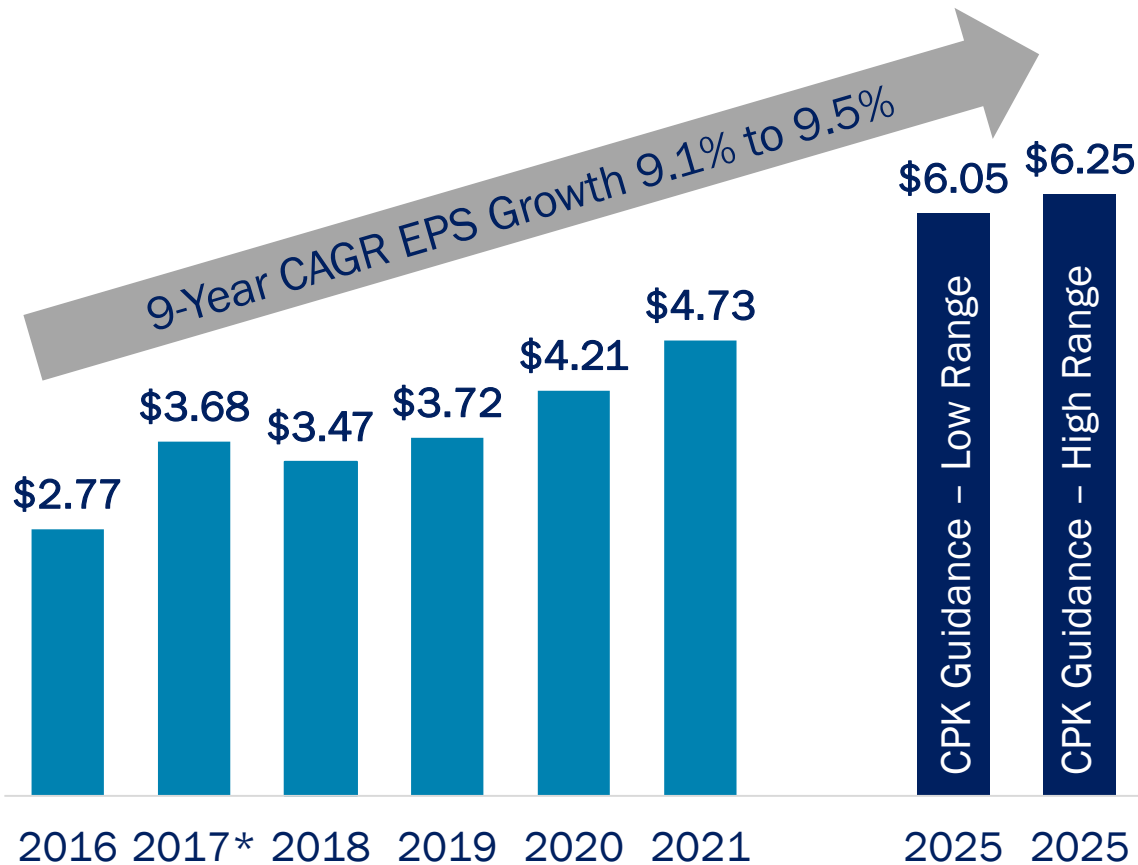


CPK Named 2021 Best Corporate Governance in the North American Utilities Sector

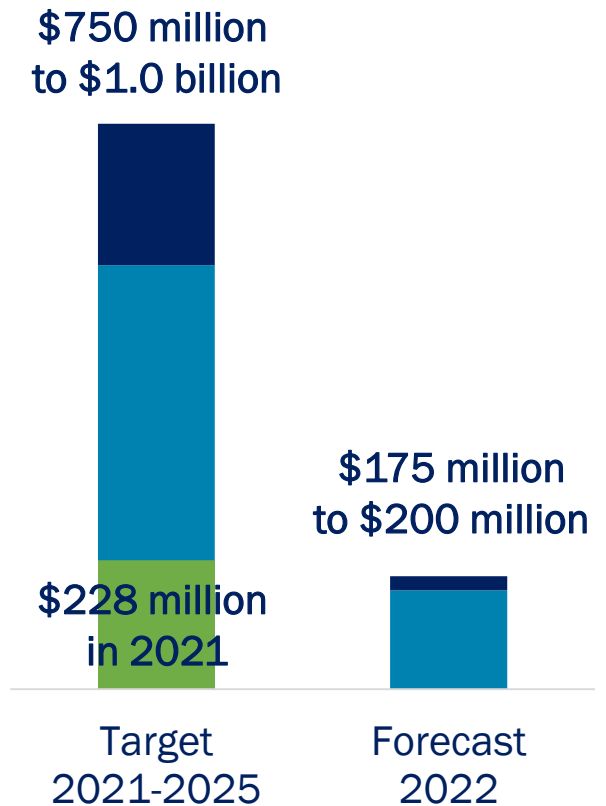


Four CPK Businesses Received AGA Safety Related Awards in 2021

Diluted Earnings Per Share from Continuing Operations Guidance through 2025



Capital Expenditures Guidance through 2025 and for 2022



Strategic capital investments
continue to drive earnings growth.

* 2017 Includes TCJA Impact

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.

Investment Proposition

Committed to Superior Performance

We seek to identify and develop opportunities to drive our future earnings growth and increase shareholder value.

- Capitalizing on new organic growth and continuing our Business Transformation initiatives
- Investing in pipeline systems that provide natural gas service to downstream customers
- Identifying propane opportunities to access new markets with significant growth potential
- Pursuing virtual pipeline opportunities utilizing Marlin’s capabilities (CNG, LNG, RNG, etc.)
- Expanding our RNG footprint by using our energy delivery solutions and expertise throughout our service areas
- Investing in our diverse talented team
- Engaging with communities where we work and live
- Driving brand excellence through safety awards, top workplace, employee engagement and community service



Financial Objectives in Support of Increased Shareholder Value:

- Investing \$750 million to \$1 billion through 2025
- Targeting 2025 EPS \$6.05 to \$6.25
- Seeking 11.0% or higher consolidated return on equity
- Pursuing dividend growth supported by earnings growth
- Maintaining a strong balance sheet

Average Annualized Shareholder Return

For Periods Ending December 31, 2021

1 Year	3 Year	5 Year	10 Year	20 Year
37%	24%	19%	20%	16%

Standing Strong. Embracing Change. **Shaping Our Future.**



Appendix

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 expense¹

Gross Margin (GAAP)

Operations & maintenance expense¹

Depreciation & amortization

Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Full Year	
	2021	2020	2021	2020
Operating Revenues	\$ 160,365	\$ 137,037	\$ 569,968	\$ 488,198
Natural gas, propane and electric costs	(58,586)	(40,196)	(186,950)	(137,938)
Depreciation & amortization	(16,200)	(15,324)	(62,661)	(58,117)
Operations & maintenance expense ¹	(14,697)	(13,839)	(56,724)	(53,853)
Gross Margin (GAAP)	70,882	67,678	263,633	238,290
Operations & maintenance expense ¹	14,697	13,839	56,724	53,853
Depreciation & amortization	16,200	15,324	62,661	58,117
Adjusted Gross Margin (non-GAAP)	\$ 101,779	\$ 96,841	\$ 383,018	\$ 350,260

¹ 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, 2021 for additional details.

Non-GAAP Reconciliation

Regulated Energy Segment Results

Regulated Energy Segment Results

(in thousands except per share data)

Operating Revenues

Cost of Sales:

Natural gas and electric costs

Depreciation & amortization

Operations & maintenance expense¹

Gross Margin (GAAP)

Operations & maintenance expense¹

Depreciation & amortization

Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Full Year	
	2021	2020	2021	2020
Operating Revenues	\$ 101,417	\$ 93,511	\$ 383,920	\$ 352,746
Natural gas and electric costs	(27,952)	(24,504)	(100,737)	(91,994)
Depreciation & amortization	(12,591)	(12,099)	(48,748)	(46,079)
Operations & maintenance expense ¹	(8,558)	(11,500)	(32,890)	(31,237)
Gross Margin (GAAP)	52,316	45,408	201,545	183,436
Operations & maintenance expense ¹	8,558	11,500	32,890	31,237
Depreciation & amortization	12,591	12,099	48,748	46,079
Adjusted Gross Margin (non-GAAP)	\$ 73,465	\$ 69,007	\$ 283,183	\$ 260,752

¹ 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, 2021 for additional details.

Non-GAAP Reconciliation

Unregulated Energy Segment Results

Unregulated Energy Segment Results

(in thousands except per share data)

Operating Revenues

Cost of Sales:

Natural gas and propane costs

Depreciation & amortization

Operations & maintenance expense¹

Gross Margin (GAAP)

Operations & maintenance expense¹

Depreciation & amortization

Adjusted Gross Margin (non-GAAP)

	Fourth Quarter		Full Year	
	2021	2020	2021	2020
Operating Revenues	\$ 65,227	\$ 48,060	\$ 206,869	\$ 152,526
Natural gas and propane costs	(36,883)	(20,196)	(106,899)	(62,780)
Depreciation & amortization	(3,598)	(3,213)	(13,869)	(11,988)
Operations & maintenance expense ¹	(6,212)	(5,873)	(24,168)	(22,914)
Gross Margin (GAAP)	18,534	18,778	61,933	54,844
Operations & maintenance expense ¹	6,212	5,873	24,168	22,914
Depreciation & amortization	3,598	3,213	13,869	11,988
Adjusted Gross Margin (non-GAAP)	\$ 28,344	\$ 27,864	\$ 99,970	\$ 89,746

¹ 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, 2021 for additional details.