

POWERING A **BETTER FUTURE**

2022 Second Quarter Review

Aug. 4, 2022



Forward-looking Statements

COMPANY INFORMATION

Black Hills Corporation

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This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. This includes, without limitations, our 2022 earnings guidance and long-term growth targets. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2021 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

- The accuracy of our assumptions on which our earnings guidance and growth targets are based;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings on periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy;
- Our ability to successfully execute our financing plans;
- Our ability to achieve our greenhouse gas emissions intensity reduction goals;
- Board of Directors’ approval of any future quarterly dividends;
- The impact of future governmental regulation;
- Our ability to overcome the impacts of supply chain disruptions on availability and cost of materials;
- The effects of inflation and volatile energy prices; and
- Other factors discussed from time to time in our filings with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Second Quarter 2022 Review



Delivering Results for Stakeholders



Financial Performance

- ✓ New rates and rider recovery tempered by inflationary impacts
- ✓ Winter Storm Uri cost recovery true-up



Operations Excellence

- ✓ Safe and reliable service with strong generation availability
- ✓ All-time peak electric loads for South Dakota and Wyoming
- ✓ Proactive execution of capital plan



Resiliency, Growth and Sustainability

- ✓ Colorado Clean Energy Plan filed
- ✓ First Blockchain Interruptible Tariff customer
- ✓ Voluntary renewable natural gas tariff filings in Colorado and Kansas



Regulatory Initiatives

- ✓ Wyoming Electric rate review filed
- ✓ Winter Storm Uri cost recovery progress

Regulatory Update

Current Activities

- Advancing Arkansas Gas rate review; expect resolution by year-end
- Filed Wyoming Electric rate review
- Received final approval for Winter Storm Uri cost recovery for Arkansas Gas
- Filed for approval of voluntary RNG and carbon offset program in Colorado and Kansas
- Filed Colorado Clean Energy Plan
- Advancing Ready Wyoming 260-mile electric transmission project through approval process

Upcoming Activities

- Expect to file rate review for Rocky Mountain Natural Gas intrastate pipeline in Colorado by year-end
- Expect to file for approval of voluntary RNG and carbon offset program in Nebraska in third quarter
- Evaluating next steps to add a total of nearly 600 MW of renewable resources and battery storage for electric resource plans in South Dakota and Colorado

Regulatory Activity

Rate Review Jurisdiction	Filing Date	Annual Revenue Increase	ROE	Debt / Equity	Comments / Status
Arkansas Gas Docket 21-097-U	Dec. 10, 2021	\$21.6 million*	10.2%*	49.1% / 50.9%*	Seeking new rates in Q4 2022 and an enhanced system safety, integrity and reliability rider
Wyoming Electric Docket 20003-214-ER-22	June 1, 2022	\$15.4 million*	10.3%*	46% / 54%*	Seeking new rates in Q1 2023

Winter Storm Uri Incremental Cost Recovery Jurisdiction	Recovery Period	Comments / Status
Arkansas Gas	5 years	Approved; rates effective July 1, 2022, replacing interim rates in place since June 1, 2021
Colorado Electric	2 years	Approved; rates effective April 10, 2022
Colorado Gas	1-3 years	Approved; rates effective April 10, 2022
Iowa Gas	2 years	Approved; rates effective Jan. 1, 2022, replacing interim rates in place since April 9, 2021
Kansas Gas	5 years	Approved; rates effective Feb. 1, 2022
Nebraska Gas	3 years	Approved; rates effective July 1, 2021
South Dakota Electric	1 year	Approved and collected; rates effective June 1, 2021
Wyoming Electric	1 year	Recovery through normal energy cost adjustment
Wyoming Gas	3 years *	Recovery plan filed; interim rates effective Sept. 1, 2021
Expected cost recovery by year **		(in millions) 2021: \$36 2022: \$191 2023: \$143 2024: \$91 2025: \$52 2026: \$32

* As requested in filing; excludes ongoing rider recovery requested to be included in base rates

** Estimated recovery of \$546 million excludes carrying costs

Colorado Clean Energy Plan

Roadmap to 90% Carbon Emissions Reduction by 2030

Filed plan on May 27

Opted in to 80% by
2030 legislation

Issue “all source” RFP in Q2 2023

Colorado legislation allows ownership
of up to 50% of new resources

Resources to be placed in service in 2025 to 2030



149 MW
wind

258 MW
solar

50 MW
battery
storage

450 MW of clean
energy resources
by 2030*

* Preferred plan as submitted to Colorado Public Utilities Commission

South Dakota and Wyoming Electric Integrated Resource Plan*

Roadmap to Reliable, Cleaner and Cost-Effective Grid of the Future

Add 100MW of renewable generation



Convert 90MW of coal generation to natural gas in 2025

Evaluate 20MW of battery storage



Maintain cost-effective, reliable coal-fired capacity through engineered life



Evaluate and develop transmission opportunities



Support research for emissions-reducing technologies



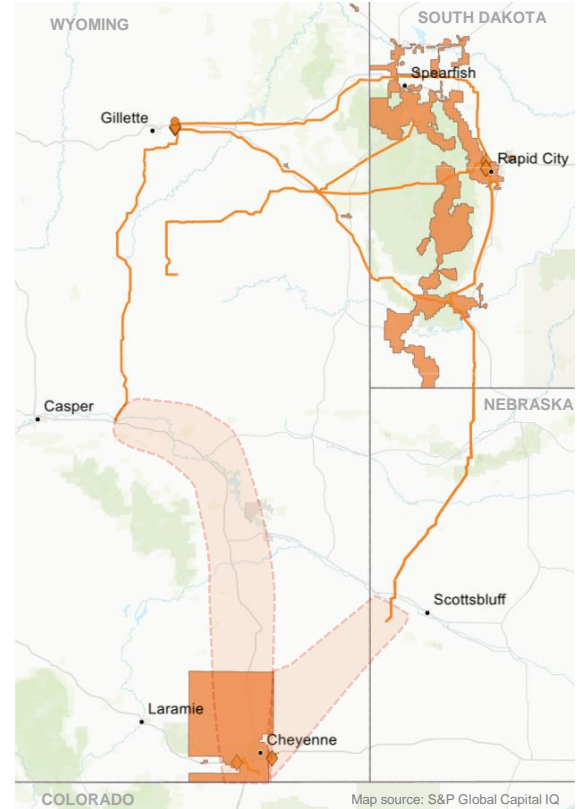
* Preferred plan as submitted to South Dakota Public Utilities Commission and Wyoming Public Service Commission

Ready Wyoming

Estimated 260-mile, \$260 million electric transmission project to further interconnect and expand our Wyoming Electric system

Long-term benefits for our customers, communities and shareholders

- *Customer cost* – provides long-term cost stability for customers
- *Resiliency* – enhances system-wide ability to withstand stress events
- *Optionality* – expands access to power markets and provides flexibility as power markets develop in Western states
- *Growth* – attracts and enables customer solutions such as serving data centers, blockchain customers and economic growth in Wyoming
- *Cleaner profile* – expands access to renewable resources and facilitates additional renewable development across wind- and sun-rich resource area with strong natural gas optionality to back up renewables
- On Feb. 15, filed for approval from Wyoming Public Service Commission
- If approved, construction to commence in early 2023 in multiple phases, or segments, through 2025



- Black Hills' SD/WY and Cheyenne electric system and service area
- ▨ Proposed transmission lines

Responsibly Reducing GHG Emissions

Achieved Greater than One-third Reduction to Date Since 2005

Electric Utilities

Since 2005:

✓ 33%+ in 2021

- ✓ Retired 123.3 megawatts of coal generation
- ✓ Added 288.8 megawatts of owned renewable wind resources

40% by 2030

- Convert 90-megawatt coal plant to gas at end of engineered life (*Neil Simpson II in 2025*)
- Add renewable and battery resources

70% by 2040

- Convert or replace remaining coal plants at end of engineered lives (*see footnote below*)
- Add renewable and battery resources

Natural Gas Utilities

Since 2005:

✓ 33%+ in 2021

- ✓ Replaced at-risk and aging pipeline materials

50% by 2035

- Replacing at-risk and aging pipeline materials
- Develop and integrate RNG opportunities, integrate leak detection and emissions reduction technologies and processes

Note: Goals are based on greenhouse gas emissions intensity as compared to 2005 levels. Electric goals are for our owned electric generation and purchased power. Anticipated retirement or re-powering of coal plants is subject to change based on costs and feasibility of other alternatives. Natural gas goals are for distribution main and service pipelines.

2021 Sustainability Report and new and updated reporting available soon at:
www.blackhillsenergy.com/sustainability

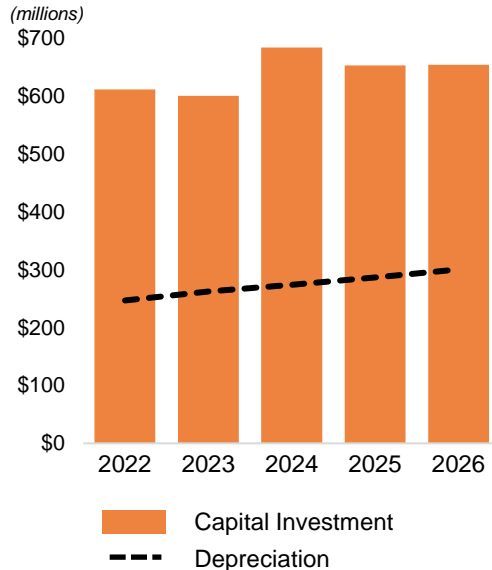


Disciplined Growth Plan with Upside



Capital Forecast

\$3.2+ billion 2022-2026



Incremental Projects

- ▲ Electric generation and transmission projects
- ▲ Large natural gas pipeline and storage projects
- ▲ Additional long-term investment programs
- ▲ Investments to comply with safety requirements



Other Earnings Drivers

Pursuing Profitable Growth

- ▲ Data center, blockchain and technology growth
- ▲ Population migration into our territories
- ▲ Innovative solutions, products and technologies, including renewables
- ▲ Cost discipline and focus on continuous improvement

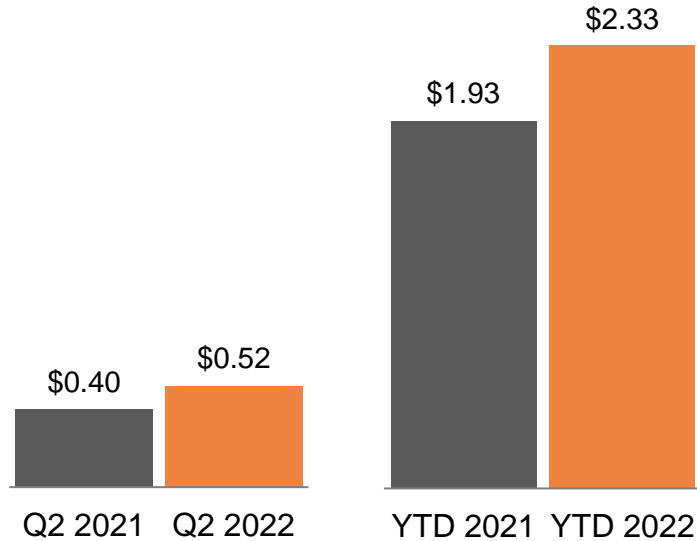
Financial Overview



The employees at our Gas Meter Shop in Council Bluffs, Iowa, maintain all types and sizes of natural gas meters and instruments needed to serve our customers

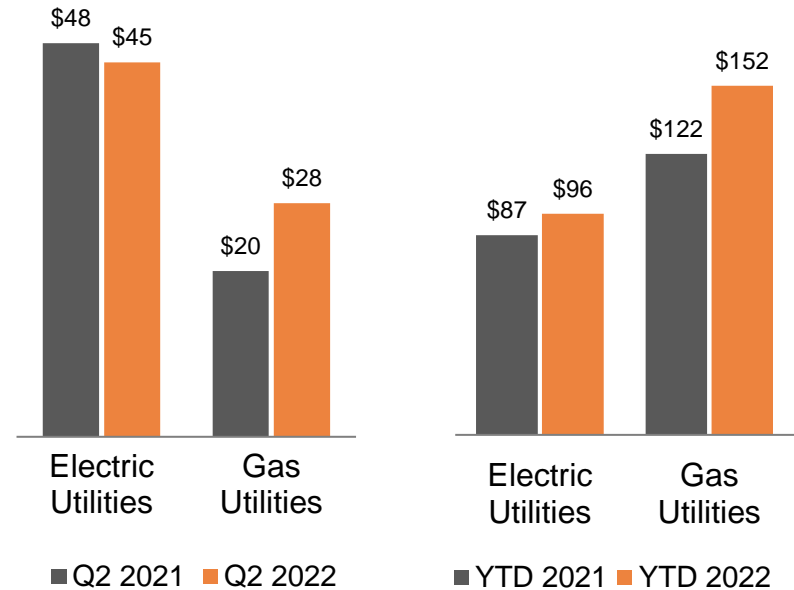
Q2 2022 Financial Review

EPS



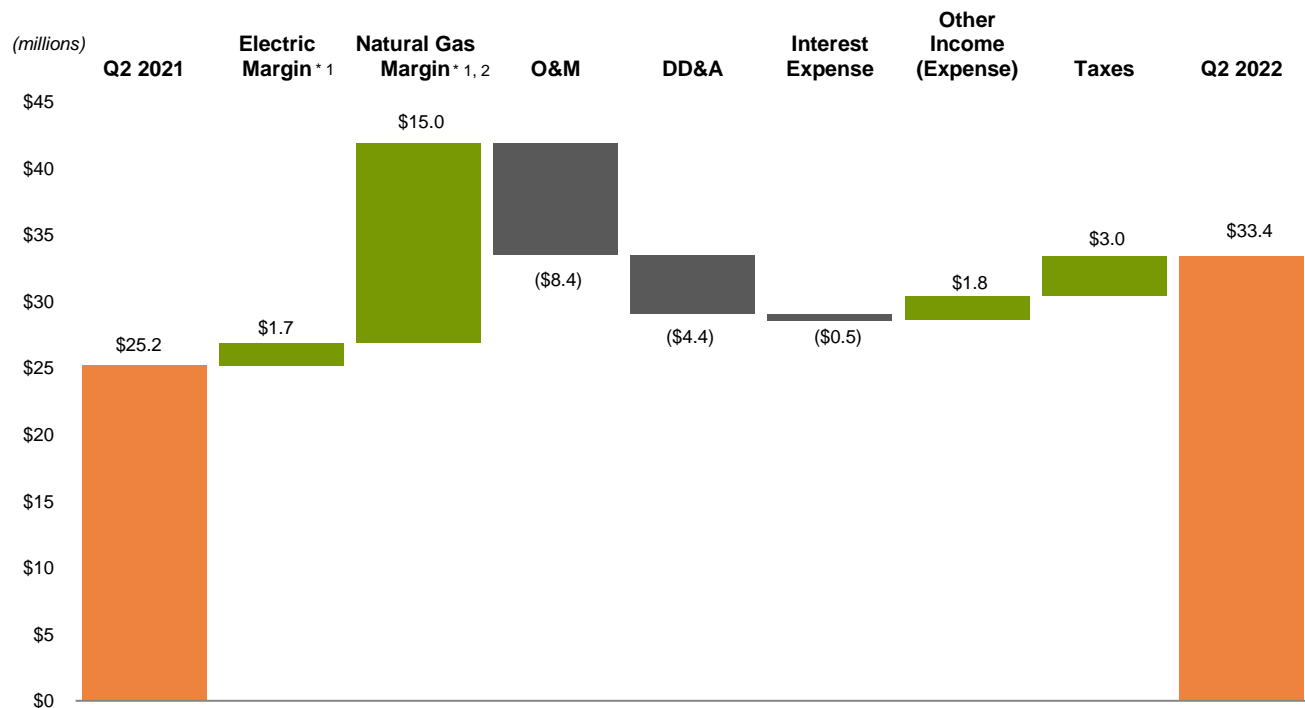
Operating Income

(millions)



Q2 2022 Earnings Drivers

Change in Net Income Available for Common Stock



- ▲ New rates and rider recovery
- ▲ One-time Winter Storm Uri carrying cost true-up²
- ▲ Tax benefit from state rate change
- ▼ Higher depreciation on larger asset base
- ▼ Higher outside services, cloud computing and vehicle fuel expense
- ▼ Wygen I contract pricing

* Utility margin, a non-GAAP measure defined in the Appendix

¹ Utility margins not impacted significantly by weather (favorable \$0.1 million to prior period for electric utilities and unfavorable \$0.1 million impact for gas utilities)

² Natural Gas margins positively impacted by \$10.3 million pre-tax, \$7.9 million after tax, one-time adjustment to reflect Commission-authorized rates for Winter Storm Uri costs

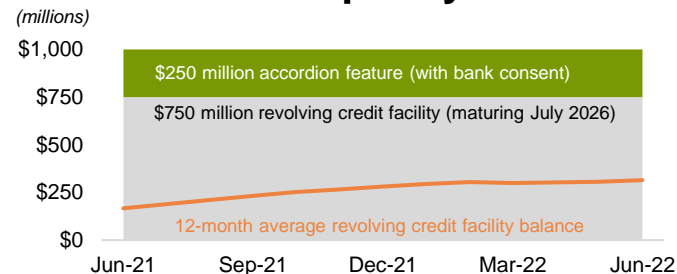
Solid Financial Position

Committed to Strong Investment-Grade Credit Ratings

Credit Ratings

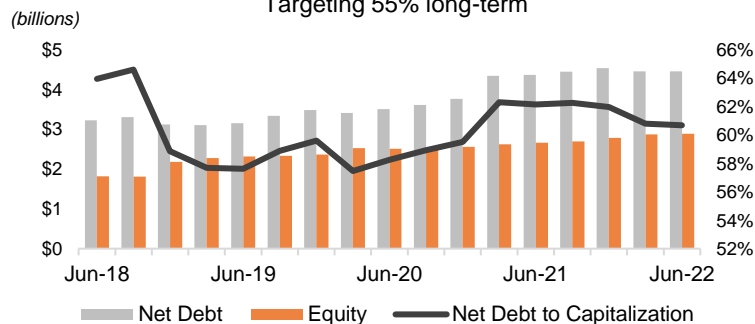
S&P	Moody's	Fitch
BBB+	Baa2	BBB+
Stable outlook (Oct. 20, 2021)	Stable outlook (Dec. 20, 2021)	Stable outlook (Sept. 17, 2021)

Liquidity



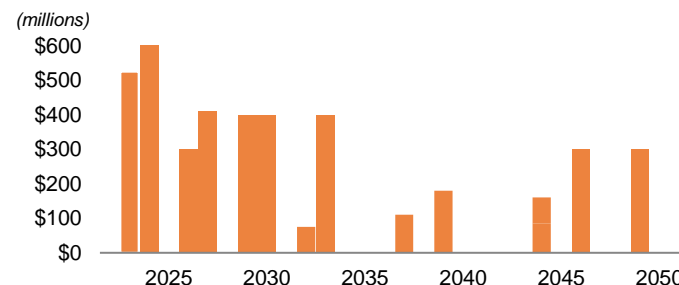
Capital Structure *

Targeting 55% long-term



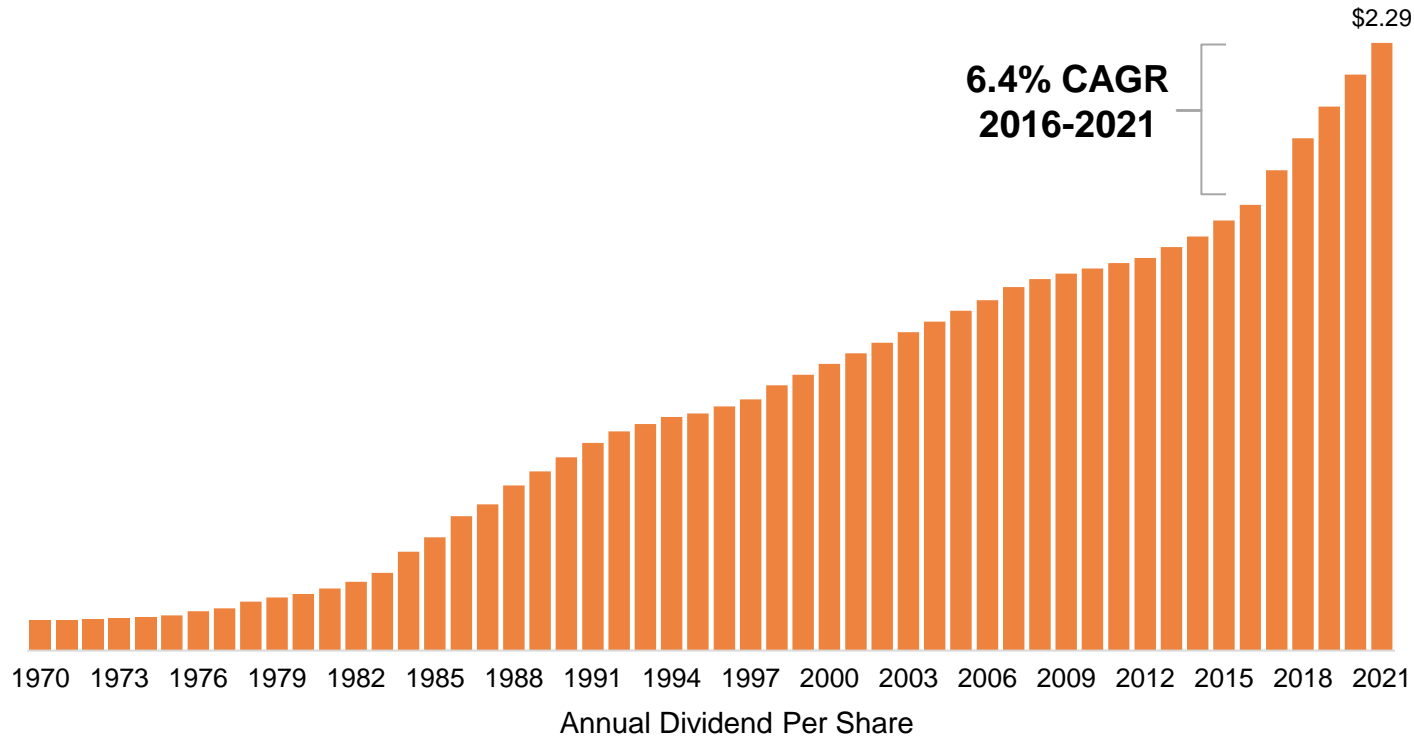
Note: information as of June 30, 2022 * Excludes noncontrolling interest

Debt Maturities



Strong Dividend Track Record

51 Consecutive Years of Annual Increases and 79 Consecutive Years Paid



5%+ Annual Growth Target 2022-2026*
50-60% payout

* Future dividends subject to board approval

Financial Outlook

Q2 2022

EPS of \$0.52 versus \$0.40 in Q2 2021

2022

EPS guidance of \$3.95 to \$4.15

2023-2026

5% to 7% long-term EPS growth target *

Dividend

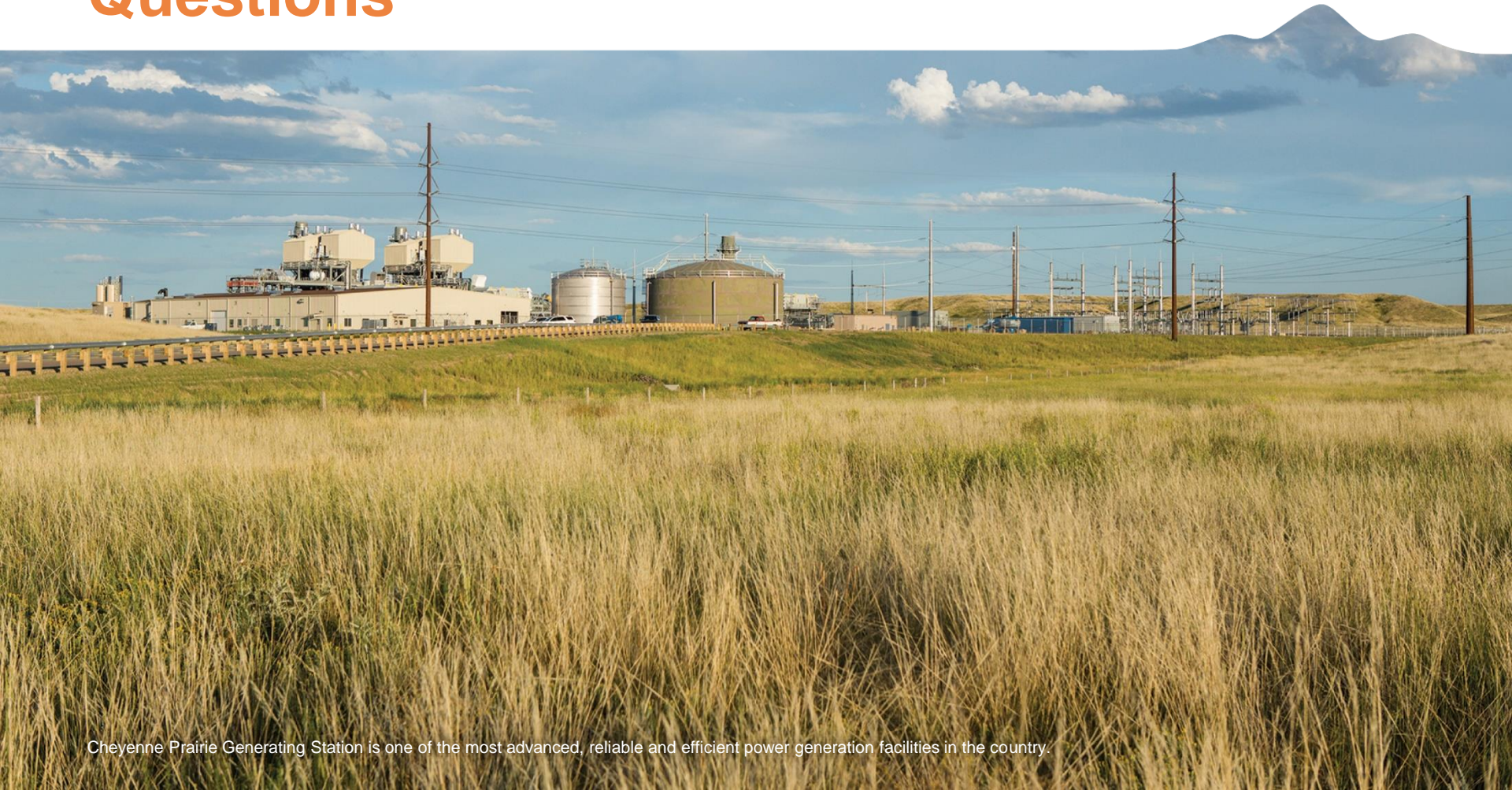
5%+ annual growth rate target through 2026

**Capital
Investment**

\$3.2+ billion forecast through 2026

* 2023 to 2026 compound annual growth rate, off 2022 base

Questions



Cheyenne Prairie Generating Station is one of the most advanced, reliable and efficient power generation facilities in the country.

Appendix



Our Southern Colorado energy system – including Busch Ranch shown here – is one of the cleanest in the nation, fueled entirely by natural gas and renewable energy.

Integrated Utility with Strong Growth Outlook

\$3.2+ billion

Capital Investment 2022-2026

- Incremental projects likely
- Additional growth opportunities

5% to 7%

Long-term EPS growth target¹

5%+

Annual dividend growth target²
50% to 60% payout target

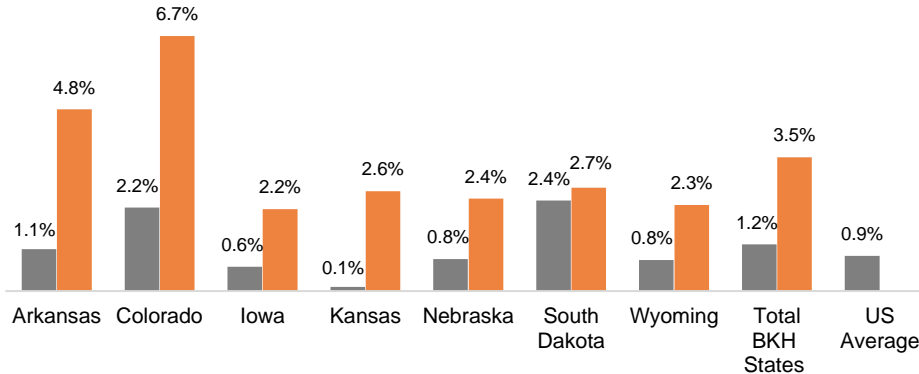
- Integrated pure-play utility
- Diversified and complementary electric and gas mix
- Stable, growing and constructive service territories
- Strong financial position and liquidity
- Robust capital plan with timely recovery

¹ 2023 to 2026 compound annual growth rate, off 2022 base

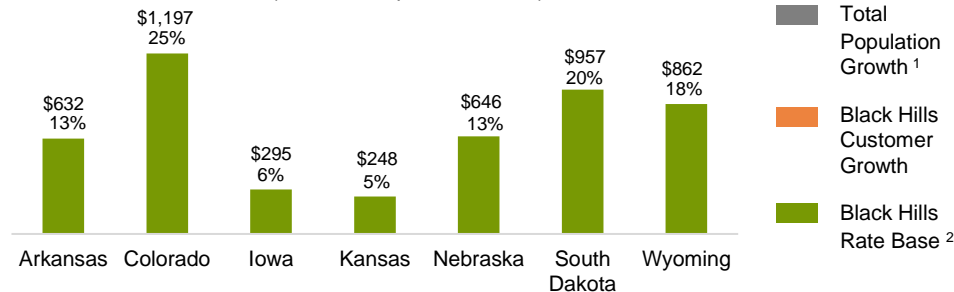
² Future dividends subject to board approval

Strong Customer Growth and Employment

Total Population and Customer Growth ¹
(Year-end 2018-2021)



Estimated Rate Base ²
(millions and percent of total)



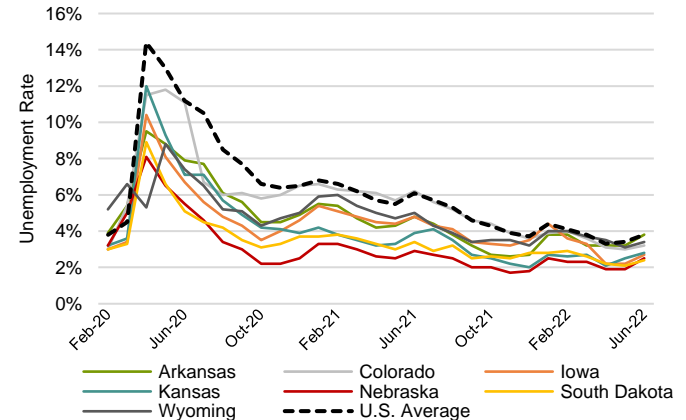
Rapid City Ranked as Fastest Growing Midwest Metro Area

Information based on Elevate Rapid City analysis of U.S. Census Bureau Annual Estimates of Resident Population

Rapid City Recognized as #1 Emerging Housing Market

Based on information from WSJ/Realtor.com Spring 2022 Emerging Housing Markets Index

Better Than Average Employment ³



¹ Total population and customer growth from year-end 2018 to year-end 2021; population data from Bureau of Economic Analysis (bea.gov)

² Estimated rate base as of year-end 2021 calculated using state specific requirements and includes value of rate base recovered through riders

³ Unemployment information from U.S. Department of Labor

Income Statement

(in millions, except earnings per share)

	Second Quarter		Year to Date	
	2021	2022	2020	2021
Revenue	\$ 372.6	\$ 474.2	\$ 1,006.0	\$ 1,297.8
Fuel, purchased power and cost of natural gas sold	(108.5)	(188.2)	(401.6)	(625.1)
Operations and maintenance expense	(138.4)	(149.5)	(283.1)	(302.3)
Depreciation, depletion and amortization	(58.4)	(64.1)	(115.7)	(124.6)
Operating income	67.3	72.4	205.6	245.7
Interest expense, net	(38.2)	(38.8)	(75.8)	(77.3)
Other income (expense), net	(0.2)	1.6	0.1	2.3
Income before taxes	28.9	35.2	129.9	170.7
Income tax (expense)	(0.6)	0.7	(1.1)	(13.8)
Net income before non-controlling interest	\$ 28.3	\$ 35.8	\$ 128.8	\$ 156.9
Net income attributable to non-controlling interest	(3.1)	(2.4)	(7.3)	(5.9)
Net income available to common stock	\$ 25.2	\$ 33.4	\$ 121.5	\$ 150.9
EPS - Net income available for common stock	\$ 0.40	\$ 0.52	\$ 1.93	\$ 2.33
Diluted shares outstanding	62.9	64.9	62.8	64.8
EBITDA*	\$ 125.5	\$ 138.1	\$ 321.4	\$ 372.6

* Non-GAAP measure defined and reconciled to GAAP on slides [32-35](#)

Capital Structure

(\$ in millions)

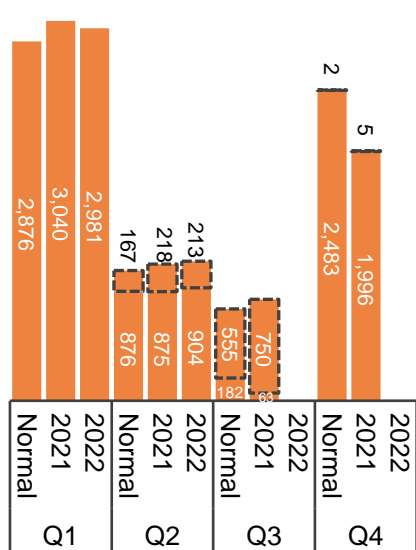
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Capitalization					
Short-term Debt	\$ 837	\$ 333	\$ 420	\$ 342	\$ 335
Long-term Debt	3,530	4,126	4,127	4,128	4,130
Total Debt	4,367	4,458	4,547	4,470	4,465
Equity*	2,659	2,698	2,787	2,872	2,885
Total Capitalization	\$ 7,026	\$ 7,156	\$ 7,334	\$ 7,342	\$ 7,350
Net Debt to Net Capitalization					
Debt	\$ 4,367	\$ 4,458	\$ 4,547	\$ 4,470	\$ 4,465
Cash and Cash Equivalents	(1)	(10)	(9)	(16)	(10)
Net Debt	4,366	4,448	4,538	4,454	4,455
Net Capitalization	\$ 7,025	\$ 7,145	\$ 7,325	\$ 7,325	\$ 7,340
Debt to Capitalization	62.2%	62.3%	62.0%	60.9%	60.7%
Net Debt to Capitalization (Net of Cash)	62.1%	62.2%	62.0%	60.8%	60.7%
Long-term Debt to Total Debt	80.8%	92.5%	90.8%	92.4%	92.5%

* Excludes noncontrolling interest

Utility Weather and Demand

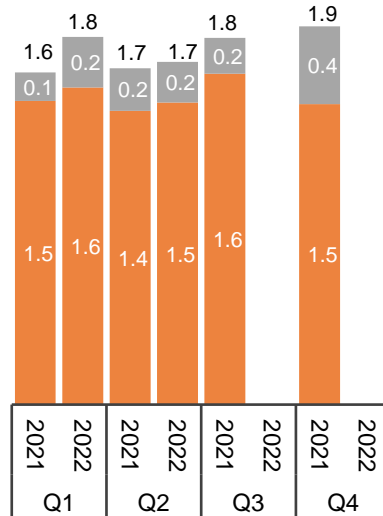
Electric - Degree Days

Total for all electric service areas weighted by customer count



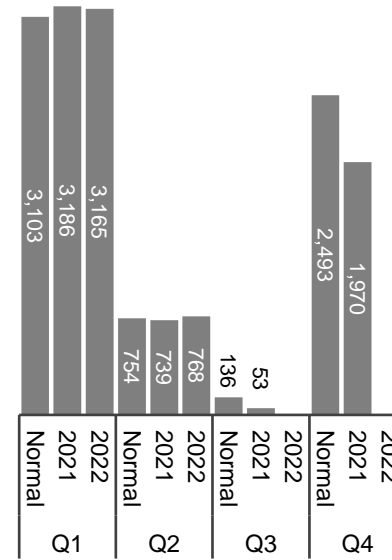
Electric Utility -Total MWh Sales

(in millions)



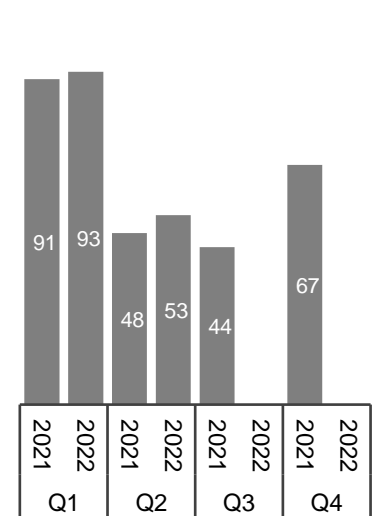
Gas - Degree Days*

Total for all natural gas service areas weighted by customer count



Gas Utility - Total Dth Sales

(in millions)



█ Electric heating degree days
 Electric cooling degree days

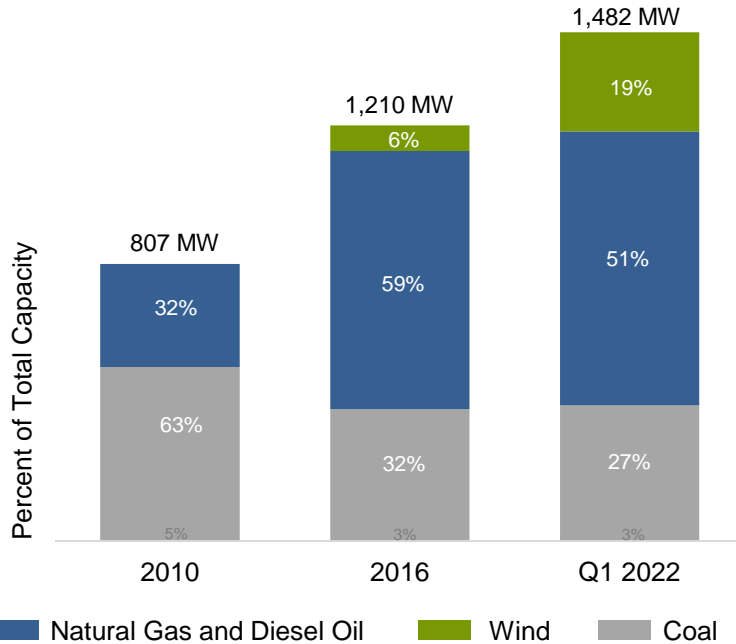
█ Utility customer sales
█ Off-system sales

* Gas Degree Days excludes Kansas data due to weather normalization in the state. Arkansas is partially excluded based on normalization mechanism in effect from November through April.
 Note: normal degree days listed for prior quarters based on data as of 2021; current quarter normal based on average of currently available data

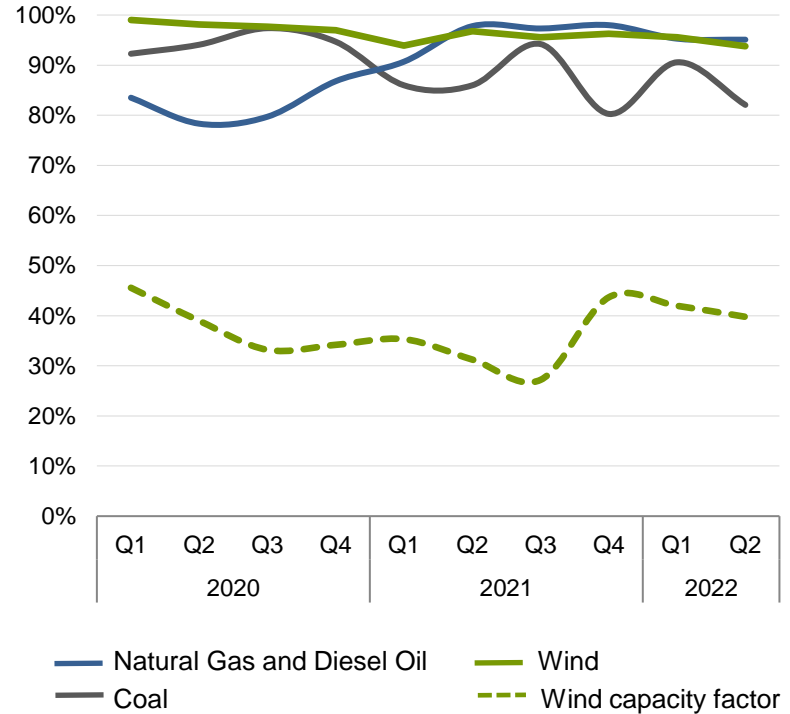
Electric Generation Capacity and Performance

Owned Generation Capacity

70% Natural Gas and Wind



Electric Generation Availability



* Ownership includes 49.9 percent ownership in a Colorado subsidiary by a third party representing approximately 100 megawatts; excludes power purchase agreements from third parties

2022 Earnings Guidance Assumptions

Black Hills reaffirmed its guidance for 2022 EPS available for common stock, to be in the range of \$3.95 to \$4.15, based on the following assumptions as most recently updated on Feb. 9, 2022:

- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Constructive and timely outcomes of utility regulatory dockets
- No significant unplanned outages at any of our generating facilities
- Adjusted contract price for Wygen I power purchase agreement beginning Jan. 1, 2022
- Production tax credits of \$20 million associated with wind generation assets
- Capital investment of \$611 million
- Equity issuance of \$100 million to \$120 million through the at-the-market equity offering program
- No material net impact from COVID-19

Capital Investment by Segment and Recovery

(in millions)	2022F	2023F	2024F	2025F	2026F	2022-2026F
Minimal Lag Capital - Electric Utilities ¹	\$30	\$34	\$30	\$92	\$32	\$218
Rider Eligible Capital - Electric Utilities ²	70	52	121	63	19	324
Growth Capital - Electric Utilities ³	37	23	34	19	17	131
Other	102	95	100	57	87	442
Electric Utilities	\$239	\$205	\$285	\$231	\$155	\$1,115
Minimal Lag Capital - Gas Utilities ¹	79	95	113	94	88	469
Rider Eligible Capital - Gas Utilities ²	181	166	156	149	146	798
Growth Capital - Gas Utilities ³	68	99	74	73	76	389
Other	35	24	43	33	36	171
Gas Utilities	\$363	\$383	\$386	\$349	\$346	\$1,827
Total Utilities	\$602	\$588	\$671	\$580	\$501	\$2,942
Corporate	9	12	13	13	13	59
^ Incremental Projects	0	0	0	~60	~140	~200
Total Black Hills Forecast	\$611	\$600	\$684	\$653	\$654	\$3,202

Incremental projects being evaluated for timing, cost and other factors

¹ Minimal Lag Capital - investment with regulatory lag of less than one year or incurred during expected regulatory test periods

² Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets minimal lag capital definition

³ Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

Regulated Utility Capital Investment by Type

(in millions)

	2022F	2023F	2024F	2025F	2026F	2022-2026F
Safety, Reliability and Integrity ¹	\$167	\$148	\$222	\$185	\$109	\$831
Growth ²	37	23	34	19	17	131
General Plant	35	34	29	27	29	153
Electric Utilities	\$239	\$205	\$285	\$231	\$155	\$1,115
Safety, Reliability and Integrity ¹	263	248	273	244	234	1,262
Growth ²	68	99	74	73	76	389
General Plant	33	36	40	32	36	176
Gas Utilities	363	383	386	349	346	\$1,827
Total Utilities	\$602	\$588	\$671	\$580	\$501	\$2,942

Incremental projects being evaluated for timing, cost and other factors

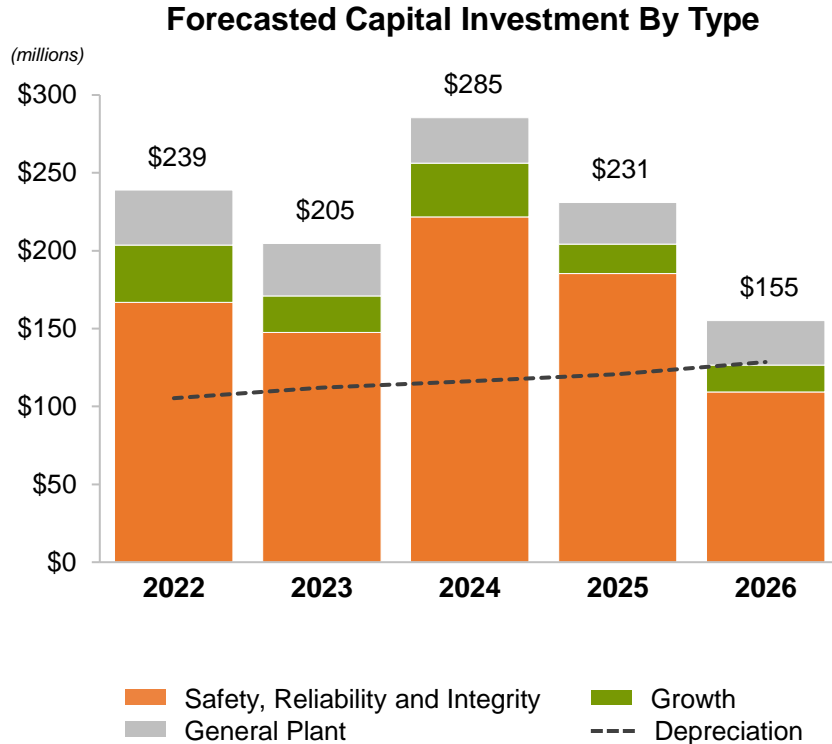
¹ Safety, Reliability and Integrity Capital - capital expenditures related to improving or maintaining system integrity

² Growth Capital - generates immediate revenue on customer connections

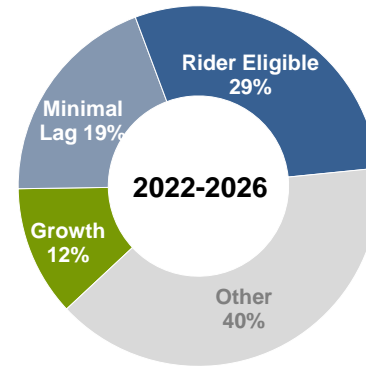
Note: Some totals may differ due to rounding

Electric Utilities Capital Investment

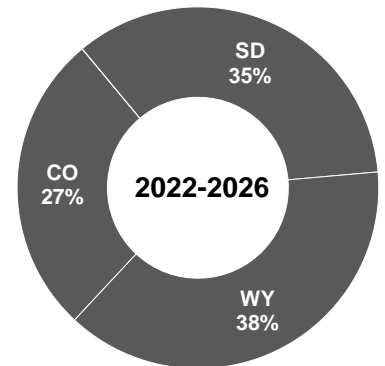
Five-year Forecast of \$1.1+ Billion Focused on Safety, System Integrity and Growth



60% with Timely Recovery*



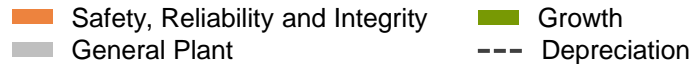
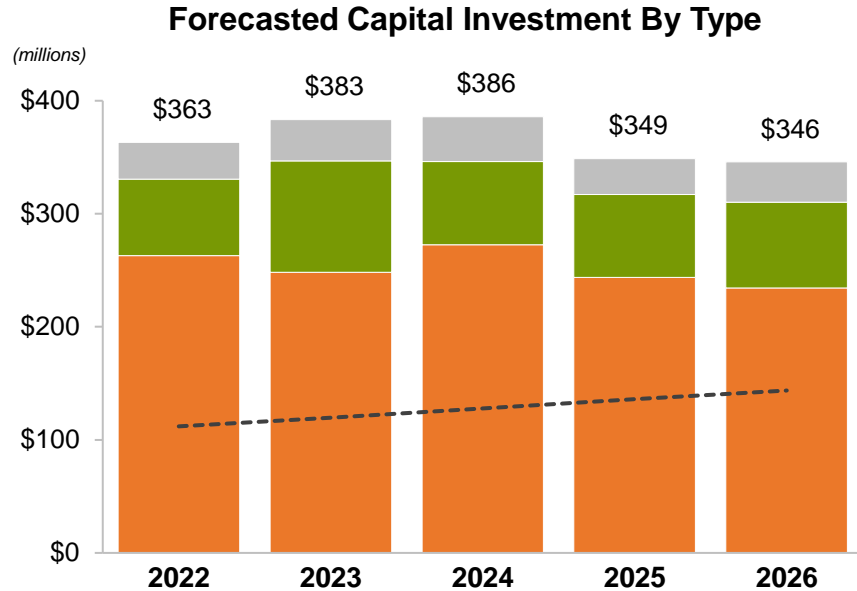
Forecasted Capital by State



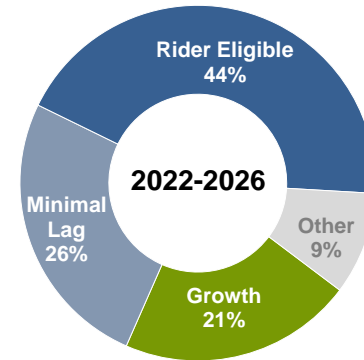
* Growth Capital - generates immediate revenue upon customer connections
 Minimal Lag Capital - capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets Minimal Lag Capital definition

Natural Gas Utilities Capital Investment

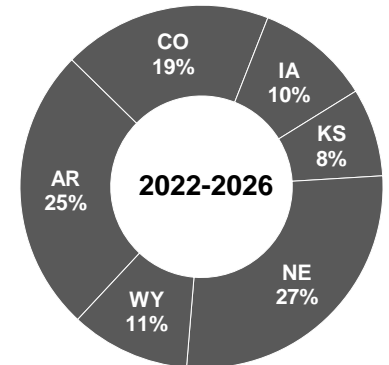
Five-year Forecast of \$1.8+ Billion Focused on Safety, System Integrity and Growth



91% with Timely Recovery*



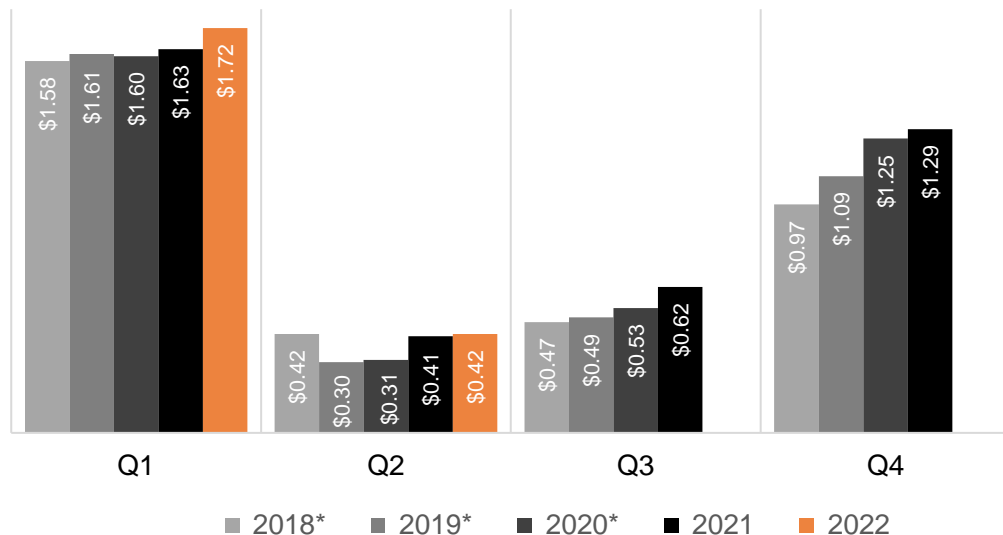
Forecasted Capital by State



* Growth Capital - generates immediate revenue upon customer connections
 Minimal Lag Capital - capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs and meets Minimal Lag Capital definition

Normalized EPS Seasonality

EPS, as Adjusted, Normalized for Impacts of Weather, Mark-to-Market and Winter Storm Uri*



- Q1 and Q4 seasonality driven by peak heating demand at gas utilities
- Q2 and Q3 driven by peak cooling demand, off-system energy sales opportunities and agricultural irrigation for gas utilities

* Earnings per share, as adjusted is a non-GAAP measure and is reconciled to GAAP in the appendix; normalized total excludes weather impact versus normal, Mark-to-Market impacts on energy contracts and one-time Winter Storm Uri impacts

EPS, as adjusted*

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$1.63	\$0.45	\$0.42	\$1.05	\$3.54
2019*	\$1.73	\$0.24	\$0.44	\$1.13	\$3.53
2020*	\$1.59	\$0.33	\$0.58	\$1.23	\$3.73
2021	\$1.54	\$0.40	\$0.70	\$1.11	\$3.74
2022	\$1.82	\$0.52			\$2.34

Weather impact versus normal

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$0.05	\$0.02	(\$0.05)	\$0.07	\$0.09
2019*	\$0.12	(\$0.04)	(\$0.05)	\$0.04	\$0.06
2020*	(\$0.04)	\$0.02	\$0.05	(\$0.01)	\$0.03
2021	\$0.07	\$0.01	—	(\$0.16)	(\$0.07)
2022	\$0.06	\$0.01			\$0.07

Mark-to-Market energy contract impact

	Q1	Q2	Q3	Q4	FY / YTD
2018*	—	\$0.01	—	\$0.01	\$0.02
2019*	—	(\$0.02)	—	—	(\$0.02)
2020*	\$0.03	—	—	(\$0.01)	\$0.02
2021	(\$0.01)	(\$0.02)	\$0.08	(\$0.02)	\$0.03
2022	\$0.04	(\$0.03)			\$0.01

Winter Storm Uri one-time impacts

	Q1	Q2	Q3	Q4	FY / YTD
2021	(\$0.15)				(\$0.15)
2022		\$0.12			\$0.12

Weather, MTM and Uri normalized EPS, as adjusted*

	Q1	Q2	Q3	Q4	FY / YTD
2018*	\$1.58	\$0.42	\$0.47	\$0.97	\$3.43
2019*	\$1.61	\$0.30	\$0.49	\$1.09	\$3.49
2020*	\$1.60	\$0.31	\$0.53	\$1.25	\$3.68
2021	\$1.63	\$0.41	\$0.62	\$1.29	\$3.78
2022	\$1.72	\$0.42			\$2.26

Strategic Objectives



Profitable Growth

Achieve consistent growth that creates value

- Meet growing demand through innovative solutions and customer-focused, cost effective, rate-based utility assets
- Enhance reliability and satisfaction
- Acquire small utility systems within or near existing service territories

READY.

Valued Service

Deliver reliable and highly valued products and services

- Invest in infrastructure to maintain safety and reliability of electric and gas systems
- Cost effectively integrate additional renewable resources



Better Every Day

Continuously improve to achieve industry-leading results

- Achieve top-tier performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology



Great Workplace

Promote a workplace that inspires individual growth and pride in what we do

- Be the safest company in our industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

Vision Be the energy partner of choice.

Mission Improving life with energy.

Company Values



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Customer Service

We are committed to providing a superior customer experience every day.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Respect

We respect each other. Our unique talents and diversity anchor a culture of success.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve ... always.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Safety

We commit to live and work safely every day.

Non-GAAP Financial Measures

Gas and Electric Utility Margin

Gas and Electric Utility margin (revenue less cost of sales) is considered a non-GAAP financial measure due to the exclusion of operation and maintenance expenses, depreciation and amortization expenses, and property and production taxes from the measure. The presentation of Gas and Electric Utility margin is intended to supplement investors' understanding of operating performance.

Electric Utility margin is calculated as operating revenue less cost of fuel and purchased power. Gas Utility margin is calculated as operating revenue less cost of gas sold. Our Gas and Electric Utility margin is impacted by the fluctuations in power purchases and natural gas and other fuel supply costs. However, while these fluctuating costs impact Gas and Electric Utility margin as a percentage of revenue, they only impact total Gas and Electric Utility margin if the costs cannot be passed through to customers.

Our Gas and Electric Utility margin measure may not be comparable to other companies' Gas and Electric Utility margin measures. Furthermore, this measure is not intended to replace operating income as determined in accordance with GAAP as an indicator of operating performance.

EBITDA and EBITDA, as adjusted

We believe that our presentation of earnings before interest, income taxes, depreciation and amortization (EBITDA) and EBITDA, as adjusted (EBITDA adjusted for special items as defined by management), both non-GAAP measures, are important supplemental measures of operating performance. We believe EBITDA and EBITDA, as adjusted, when considered with measures calculated in accordance with GAAP, give investors a more complete understanding of operating results before the impact of investing and financing transactions and income taxes. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of past and present operating results and as a means to evaluate the results of core on-going operations. Our presentation of EBITDA may be different from the presentation used by other companies and, therefore, comparability may be limited. Depreciation and amortization expense, interest expense, income taxes and other items have been and will be incurred and are not reflected in the presentation of EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBITDA does not consider capital expenditures and other investing activities and should not be considered a measure of our liquidity. We compensate for these limitations by providing relevant disclosure of our depreciation and amortization, interest and income taxes, capital expenditures and other items both in our reconciliation to the GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

Note: continued on next page

Non-GAAP Financial Measures

Net Income Available for Common Stock and EPS, as adjusted

We have provided non-GAAP earnings data reflecting adjustments for special items as specified in the GAAP to non-GAAP adjustment reconciliation table in this presentation. Operating Income (loss), as adjusted, Income (loss) from continuing operations, as adjusted, and Net income (loss), as adjusted, are defined as Segment Revenue, Operating Income (loss), Income (loss) from continuing operations and Net income (loss), adjusted for expenses, gains and losses that the company believes do not reflect the company's core operating performance. The company believes that non-GAAP financial measures are useful to investors because the items excluded are not indicative of the company's continuing operating results. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

Earnings per share, as adjusted and earnings from continuing operations, per share, as adjusted

Earnings per share from continuing operations available for common stock, as adjusted, and earnings from continuing operations, per share, as adjusted, are Non-GAAP financial measures. Earnings per share, as adjusted, and earnings from continuing operations available for common stock, per share, as adjusted, are defined as GAAP Earnings per share and GAAP earnings from continuing operations, adjusted for expenses, gains and losses that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include unique one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation tables in this presentation. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Limitations on the Use of Non-GAAP Measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine, or non-recurring items.

Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Non-GAAP Financial Measures

Earnings before Interest, Income Taxes, Depreciation and Amortization

<i>(in thousands)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2021	2022	2021	2022
Net income	\$ 28,287	\$ 35,846	\$ 128,774	\$ 156,870
Depreciation, depletion and amortization	58,443	64,128	115,712	124,591
Interest expense, net	38,202	38,764	75,802	77,309
Income tax expense (benefit)	586	(658)	1,080	13,830
EBITDA	\$ 125,518	\$ 138,080	\$ 321,368	\$ 372,600

Non-GAAP Financial Measures

	Earnings, as adjusted (in millions)					Earnings Per Share, as adjusted				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Net income (loss) available for common stock (GAAP)	\$ 177.0	\$ 258.4	\$ 199.3	\$ 227.6	\$ 236.7	\$ 3.21	\$ 4.66	\$ 3.28	\$ 3.65	\$ 3.74
Loss from discontinued operations (GAAP)	17.1	6.9	-	-	-	0.31	0.12	-	-	-
Net income from continuing operations available for common stock (GAAP)	194.1	265.3	199.3	227.6	236.7	3.52	4.78	3.28	3.65	3.74
<u>Adjustments, after tax</u>										
Acquisition / integration costs	2.8	-	-	-	-	0.05	-	-	-	-
Tax reform and other tax items	(11.7)	4.0	-	-	-	(0.21)	0.07	-	-	-
Legal restructuring - income tax benefit	-	(72.8)	-	-	-	-	(1.31)	-	-	-
Impairment of investment	-	-	15.2	5.3	-	-	-	0.25	0.08	-
Rounding	0.1	-	-	-	-	-	-	-	-	-
Total Non-GAAP adjustments	(8.8)	(68.8)	15.2	5.3	-	(0.16)	(1.24)	0.25	0.08	-
Net income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$ 185.3	\$ 196.5	\$ 214.5	\$ 232.9	\$ 236.7	\$ 3.36	\$ 3.54	\$ 3.53	\$ 3.73	\$ 3.74



BH
Black Hills Energy

LINE
SUSTAIN

BH
Black Hills Corporation
Ready