



2023 AGA Financial Forum



May 2023

Forward-Looking Statements

The statements in this presentation by RGC Resources, Inc. (the "Company") that are not historical facts constitute "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the Company's expectations regarding earnings per share, EBITDA, future expansion opportunities, natural gas reserves and potential discoverable natural gas reserves, technological advances in natural gas production, comparison of natural gas consumption and natural gas production, cost of natural gas, including relativity to other fuel sources, demand for natural gas, possibility of system expansion, general potential for customer growth, relationship of Company with primary regulator, future capital expenditures, current and future economic growth, estimated completion dates for Mountain Valley Pipeline ("MVP") and MVP Southgate milestones, potential of MVP to provide additional source of natural gas, additional capacity to meet future demands, increased capital spending and area expansion opportunity, potential new customers and growth rates in potential expansion area. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results may differ materially from those expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, financial challenges affecting expected earnings per share and EBITDA; technical, political or regulatory issues with natural gas exploration, production or transportation; impact of increased natural gas demand on natural gas prices; relative cost of alternative fuel sources; lower demand for natural gas; regulatory, legal, technical, political or economic issues frustrating system or area expansion; regulatory, legal, technical, political or economic issues that may affect MVP; delay in completion of MVP; increase in cost to complete MVP, including increases in cost of raw materials or labor due to economic factors or regulatory issues such as tariffs; economic challenges that may affect the service area generally and customer growth or demand and deterioration of relationship with primary regulator, and those risk factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is available at www.sec.gov and on the Company's website at www.rgcreources.com.

Underlying net income and earnings per share, as reflected in this presentation, are non-GAAP measures that exclude the after-tax impairment charge related to RGC Midstream, LLC's investment in the Mountain Valley Pipeline, LLC to enhance the comparability of financial results between periods. Management considers these non-GAAP measures to provide useful information to both management and investors for purpose of such comparability and in evaluating operating performance, but they should be considered in addition to results prepared in accordance with GAAP and should not be considered a substitute for, or superior to, GAAP results.

The statements made in this presentation are based on information available to the Company as of the date on the cover of this presentation and the Company undertakes no obligation to update any of the forward-looking statements after the date of this presentation.

Agenda

- ❑ Company Overview
- ❑ Key Highlights
- ❑ Growth Strategy
- ❑ 2023 Update
- ❑ Financial Highlights
- ❑ Outlook



Organizational Structure



NASDAQ: RGCO

Regulated



- ☐ Local Distribution Company (LDC), located in Roanoke, VA
- ☐ Founded in 1883

Non-Utility



- ☐ Partner in Mountain Valley Pipeline (MVP)
- ☐ Partner in proposed MVP Southgate

Roanoke Gas Service Territory

❑ Serve over 63,217 natural gas customers

❑ Customer Count breakdown:

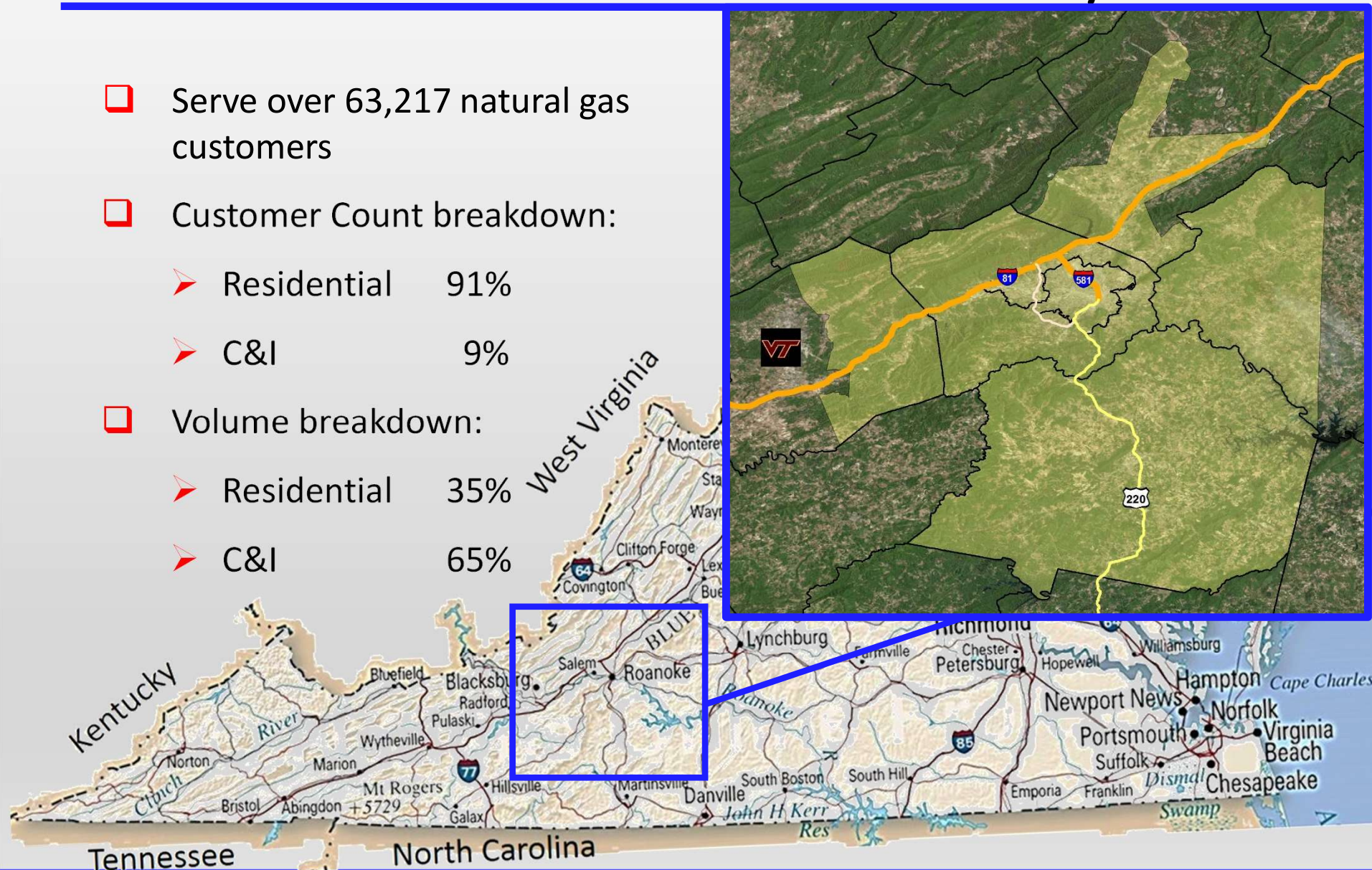
➤ Residential 91%

➤ C&I 9%

❑ Volume breakdown:

➤ Residential 35%

➤ C&I 65%



Note: Number of customers based on customer count at March 31, 2023. Volume breakdown per prior fiscal year.

Roanoke Gas Top Customers

Building Materials



Healthcare



Manufacturing



Metalsa



Higher Education



Fleet



Municipal



Roanoke Gas

**Highly Stable
Business Model**

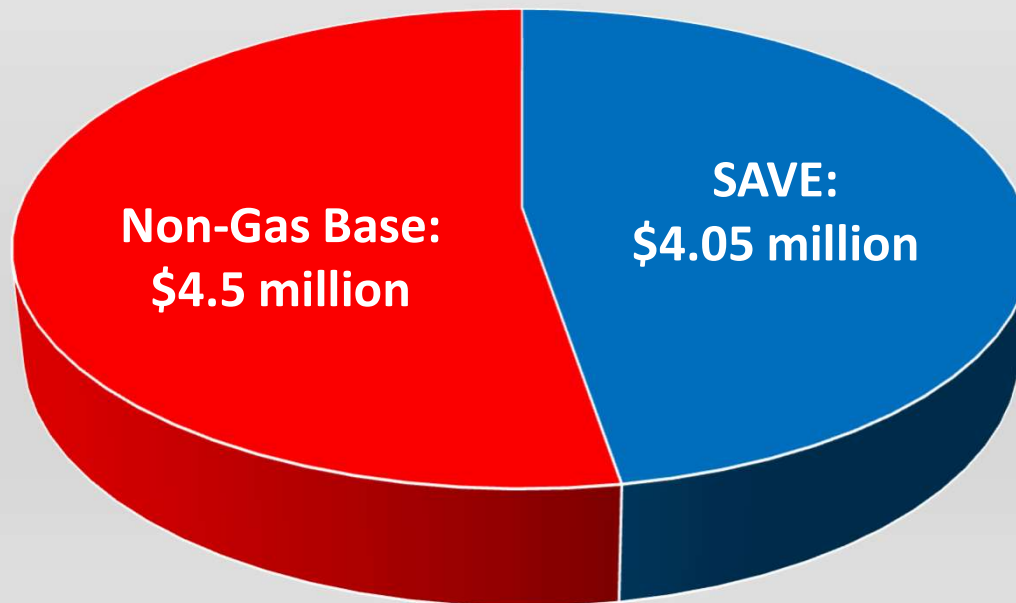
Regulated Utility

- ❑ VA State Corporation Commission (SCC)
- ❑ 9.44% authorized ROE
- ❑ Alternative Cost Recovery Mechanisms
 - Weather Normalization
 - Revenue Sharing
 - Purchase Gas Adjustment (quarterly)
 - Infrastructure Riders
 - SAVE
 - RNG



Rate Case

- ❑ Annual base rate increase of \$8.55 million, effective January 1, 2023:
 - Audit in progress
 - Rate year Capex (\$22 million) included in rate base
 - Expected resolution late fiscal 2023



SAVE Rider

❑ Proposed plan filed March 31:

➤ Rate effective October 1, 2023 (FY 2024)

➤ Investment:



Roanoke Gas RNG Facility

- ✓ Customer Billing
- ✓ In-service

March 2023

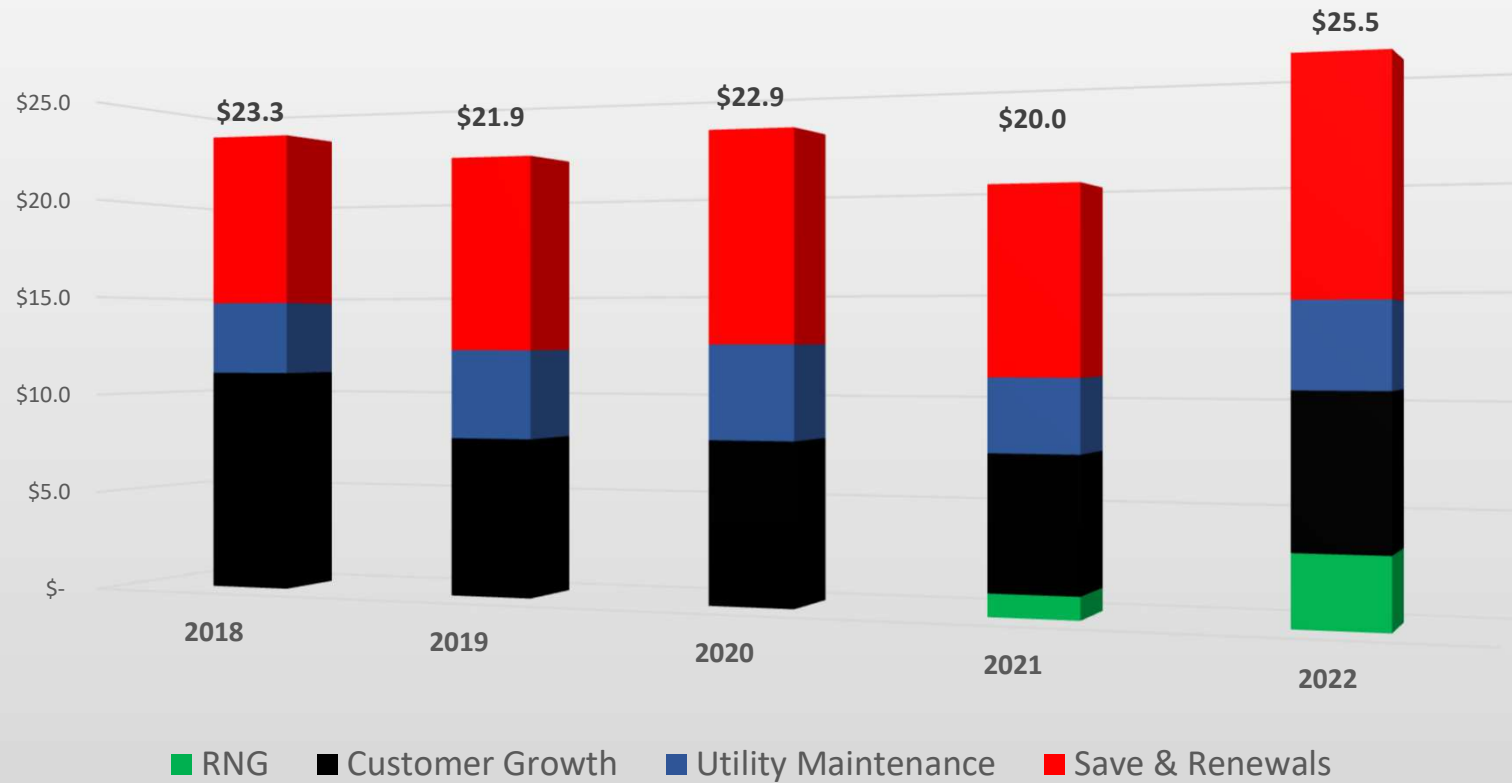


Growth Strategy

- ❑ Regulated Utility Investment
 - CapEx
- ❑ Ongoing Regulated Utility Growth
 - Volumes Delivered
 - Customer Growth
- ❑ Sustainable Investments
 - RNG



CapEx History



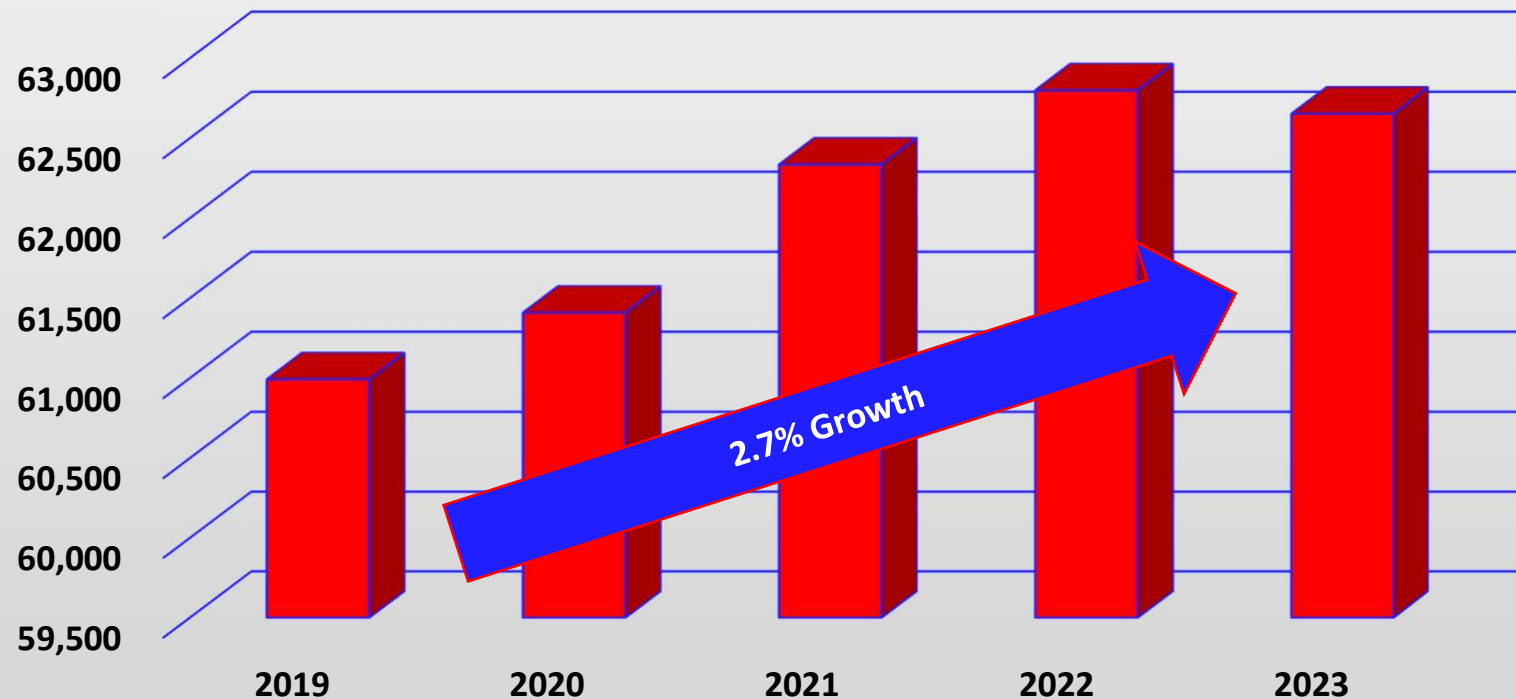
5 year cumulative totals:

SAVE Infrastructure Replacement	\$48.3
Customer Growth & System Expansion	\$40.7
Utility Maintenance	\$20.1
RNG	\$4.5
Total	\$113.6

Regulated Utility Growth: Customers

Average Customers

(twelve-months ended March 31)

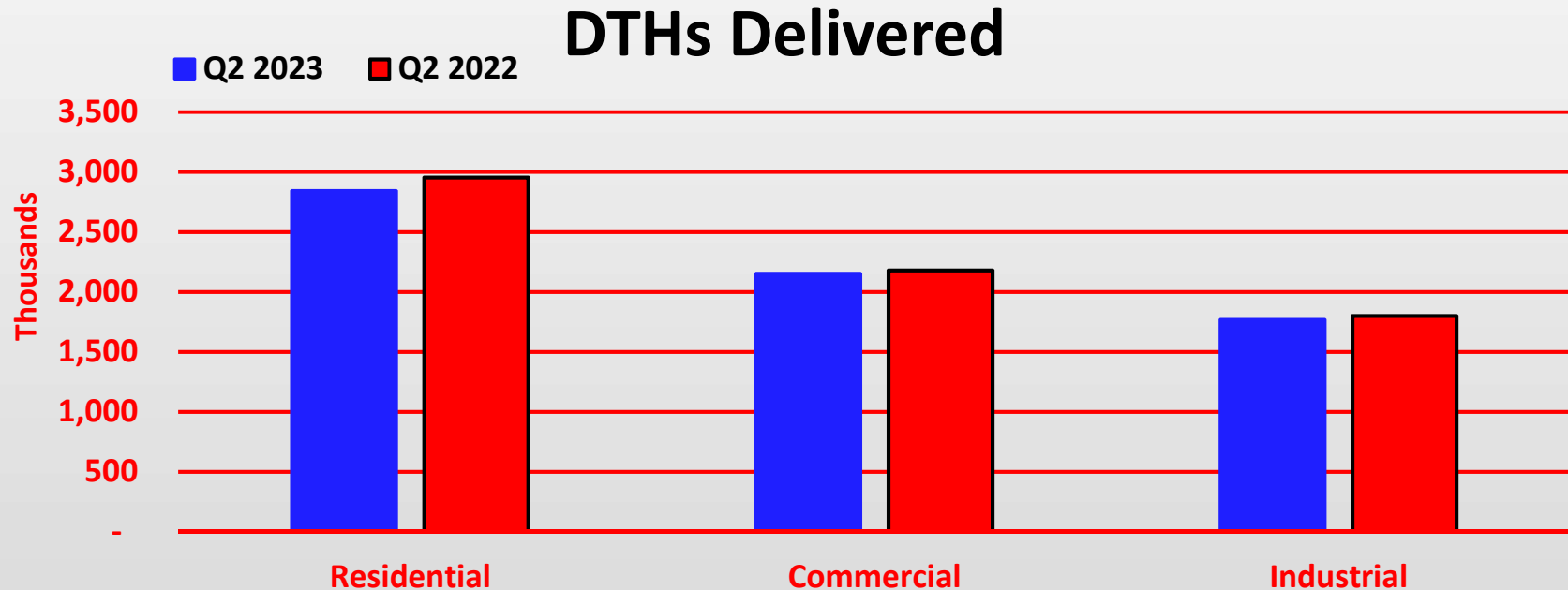


❑ Six Months Ended March 31, 2023:

- 2.7 miles new main
- 336 new customers



YTD Gas Volumes

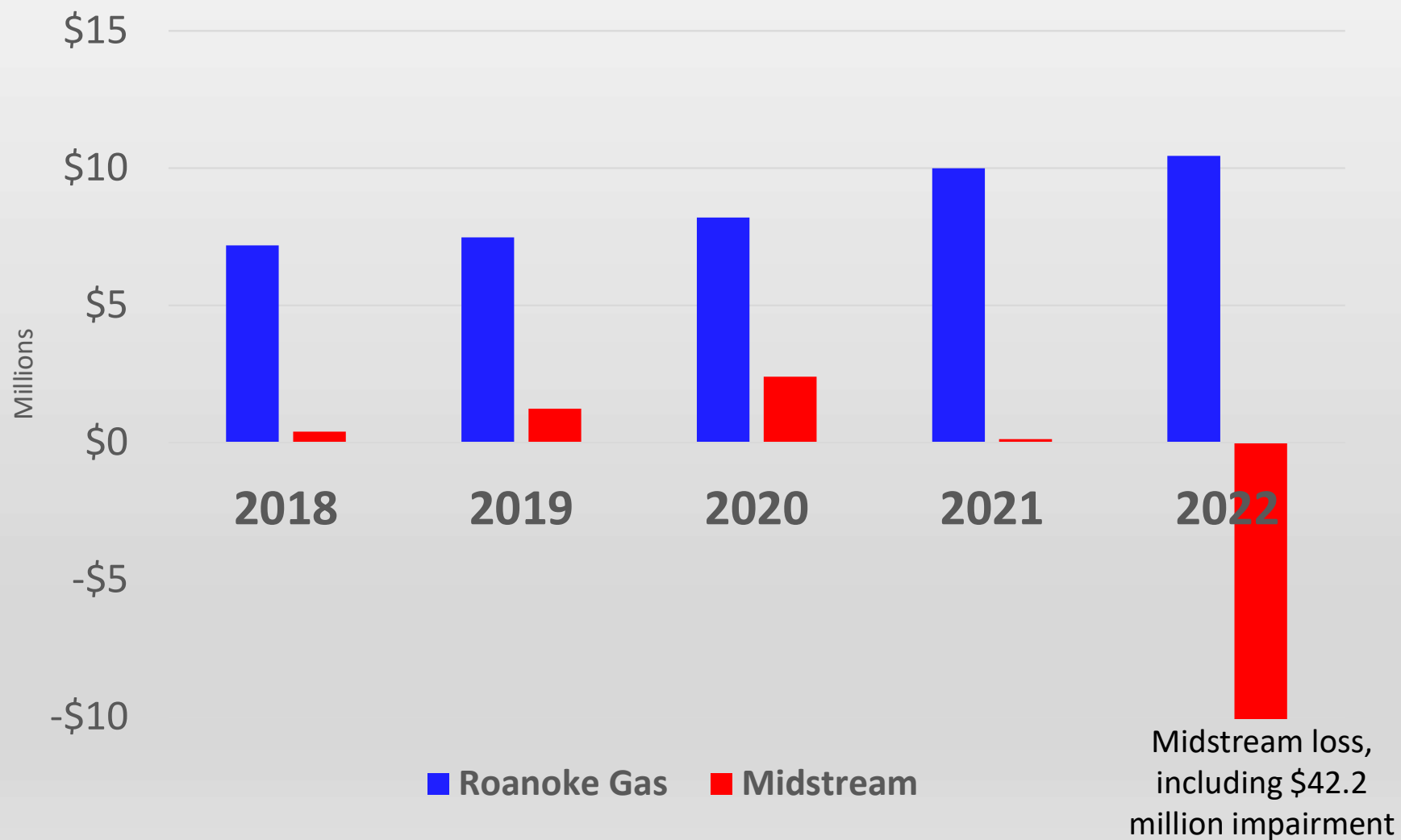


2023 vs 2022

Total Volumes	(2%)
Commercial & Industrial Volumes	(2%)
Heating Degree Days	(2%)



Net Income by Year



Consolidated Underlying Financial Results

For the periods ended March 31,

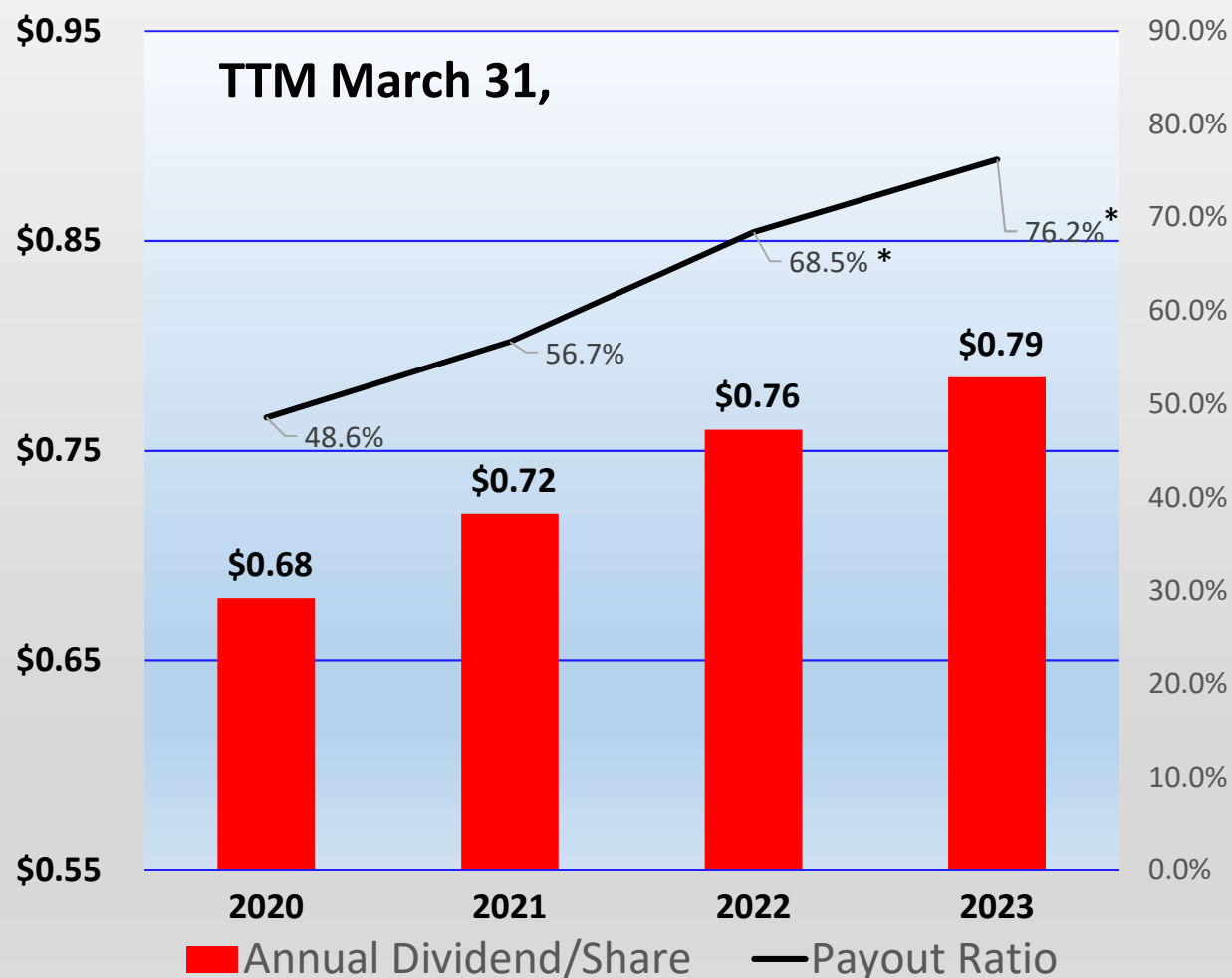
(Presented in thousands, except per share data)

	Second Quarter		Twelve Months Ended	
	2023	2022	2023	2022
Consolidated Net Income (Loss)	\$ 6,342	\$ (24,494)	\$ (1,224)	\$ (20,299)
Non-cash Impairment, Net	-	29,572	11,340	29,572
Underlying Net Income	\$ 6,342	\$ 5,078	\$ 10,116	\$ 9,273
<i>Increase</i>		\$ 1,264 24.9%		\$ 843 9.1%
Underlying Earnings Per Share	\$ 0.64	\$ 0.60	\$ 1.03	\$ 1.11



Shareholder Return: Dividend

- 317 consecutive quarterly dividends
- Dividend increase 19 consecutive years



* Based on underlying earnings per share

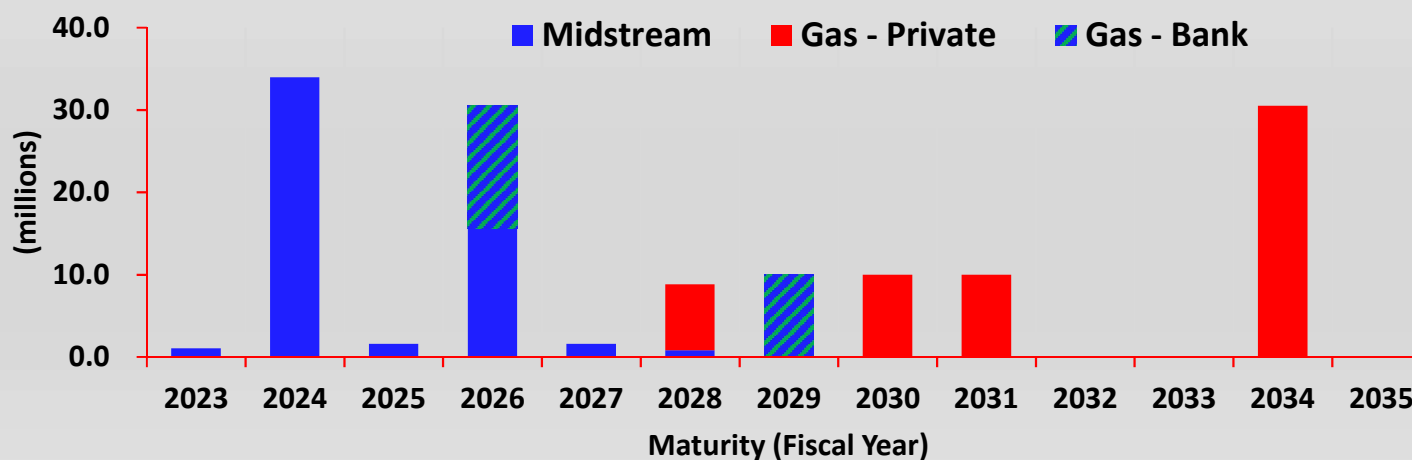
Equity and Debt Profile

Equity:

- ❑ Top shareholders:
 - Anita G. Zucker 14%
 - T. Rowe Price 8%
 - Vanguard 4%
- ❑ 5.3% insider ownership
- ❑ \$180M Market Capitalization
- ❑ Common shares issued and outstanding: 9,942,005
- ❑ \$40M availability on equity shelf
 - At the market (ATM)

Debt:

- ❑ Remaining \$120M on private shelf facilities
- ❑ Up to \$25M availability on LOC facility



Outlook

- ❑ ESG
- ❑ MVP
- ❑ Roanoke Gas Growth and Capital
- ❑ EPS



EEnvironmental

- ✓ System Modernization
- ✓ Emissions Reductions
- ✓ Reduced Carbon Footprint
- ✓ Customer Partnerships

Social

- ✓ Employees
- ✓ Community Engagement
- ✓ Safety
- ✓ Economic Development

GGovernance

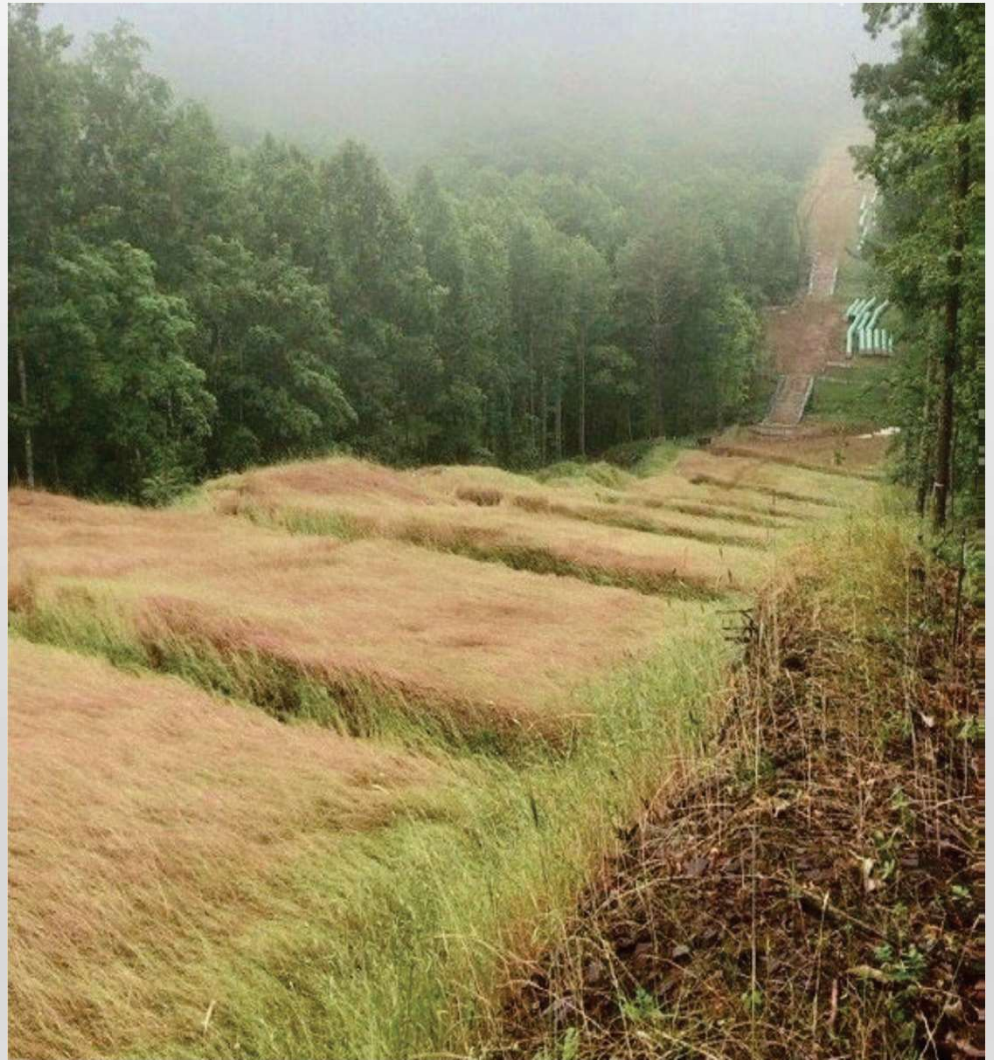
- ✓ Diverse Board of Directors
- ✓ Compliance and Risk Management
- ✓ Diversified Shareholder Ownership
- ✓ Incentive Compensation Aligned with Mission

MVP Permits

- ✓ FWS Biological Opinion
(Feb 28, 2023)
- ✓ USFS Record of Decision
(May 15, 2023)
- ✓ BLM Right of Way
(May 18, 2023)

Pending

- WV 401
- USACE Water Crossings



MVP In-service

December 2023

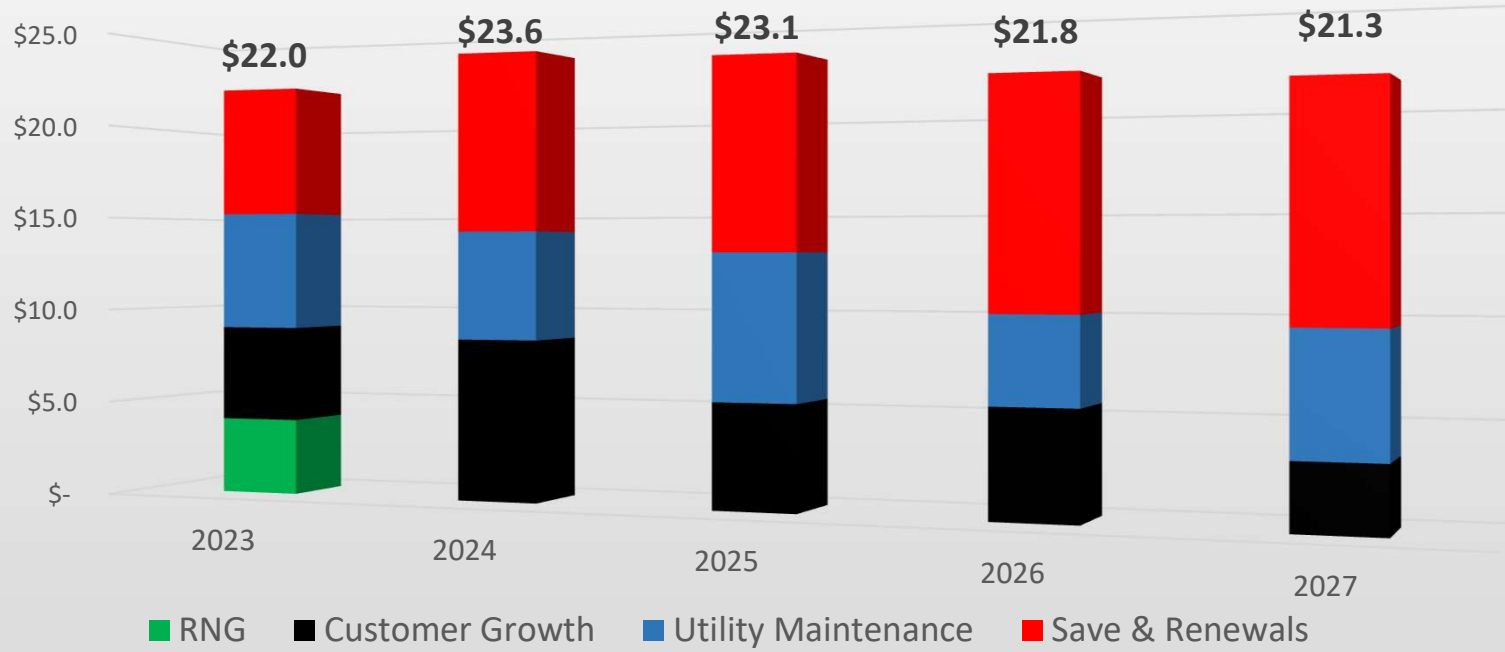
or

Later 2024

**Annual EBITDA to
RGC Midstream:
~\$4.0M**



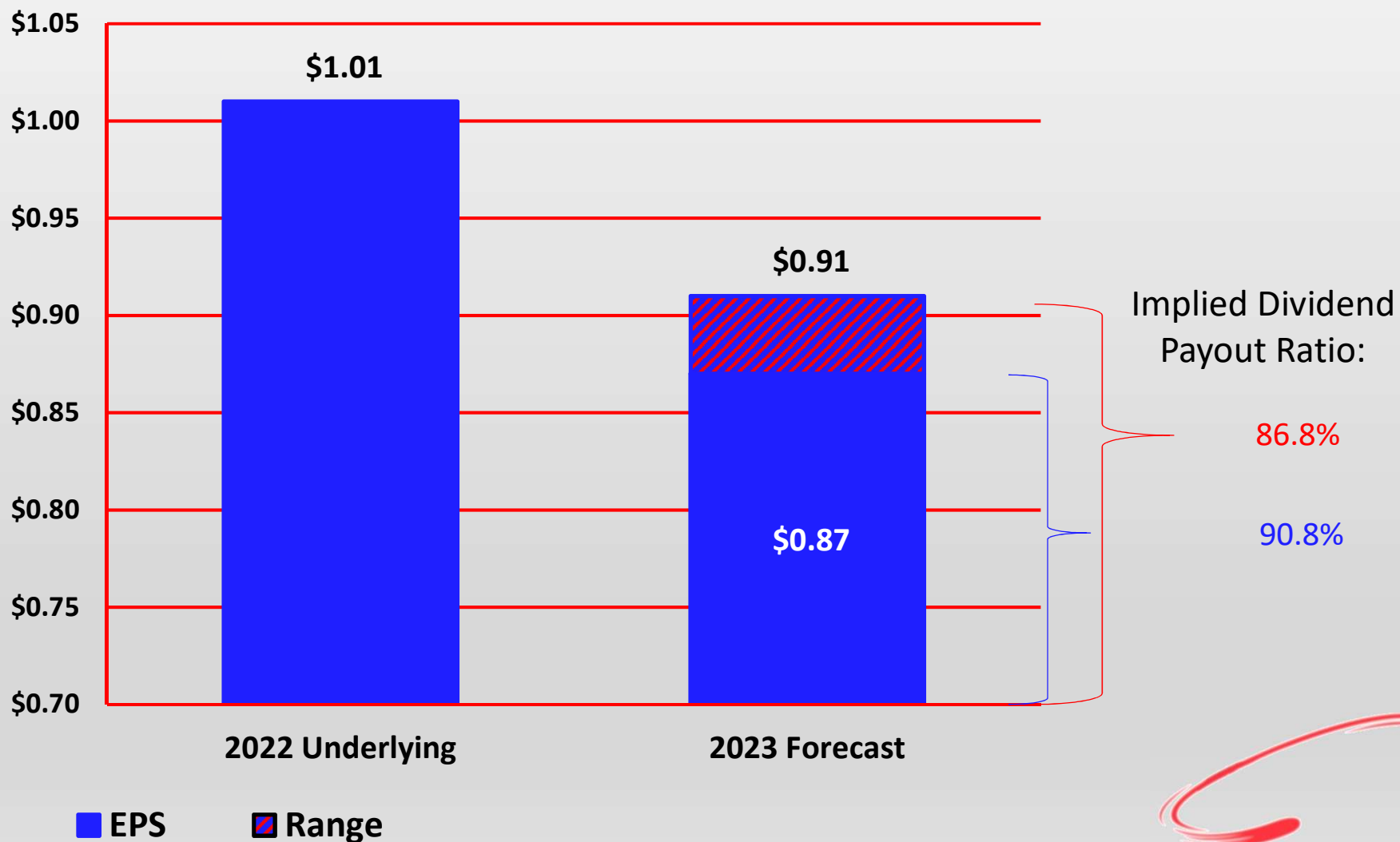
CapEx Forecast



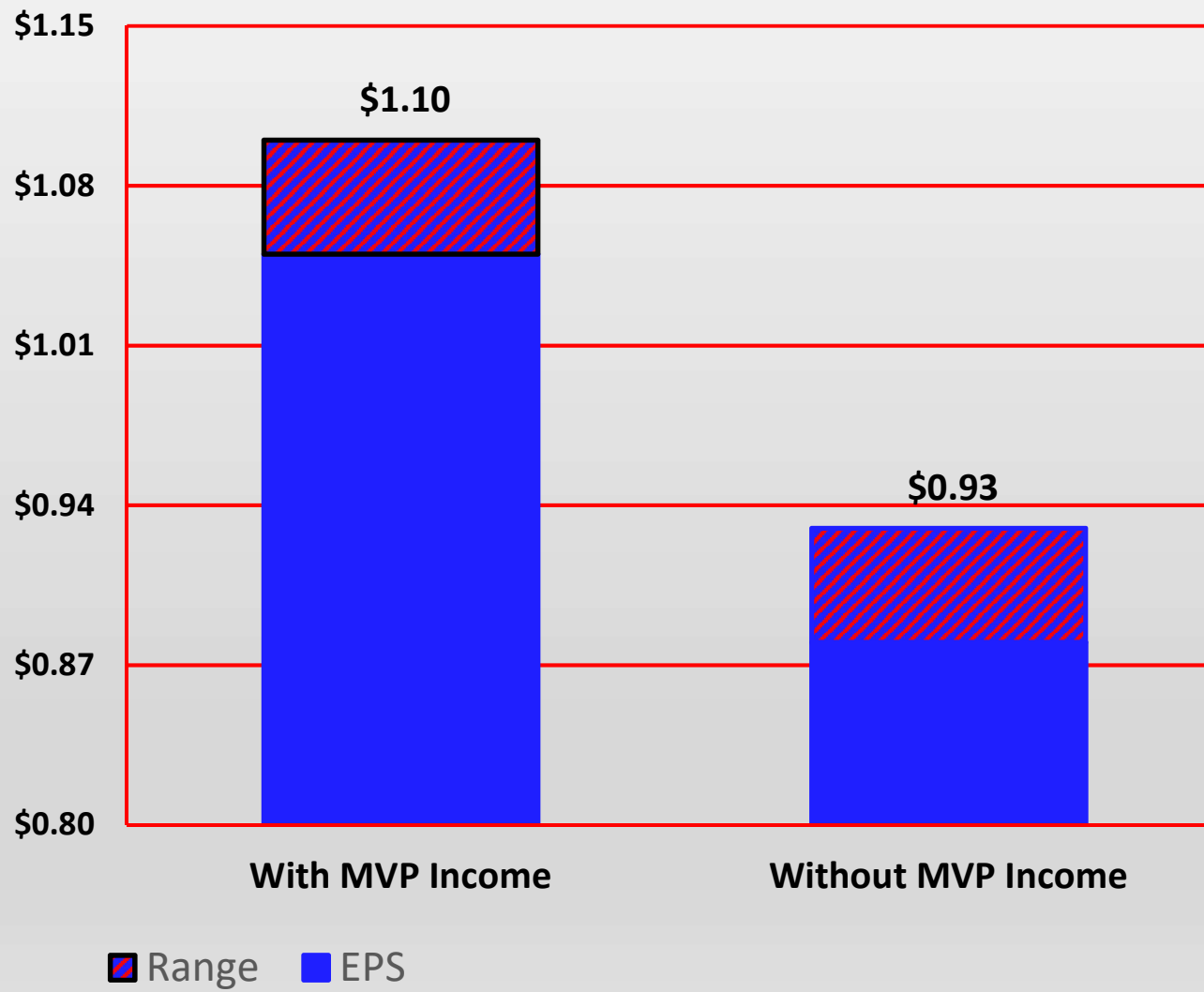
Forecast totals through 2027:

SAVE Infrastructure Replacement	\$49.6
Customer Growth & System Expansion	\$28.0
Utility Maintenance	\$30.2
RNG	\$4.0
Total	\$111.8

Earnings Per Share 2023



Earnings Per Share 2024





Appendix: Consolidated Financial Results

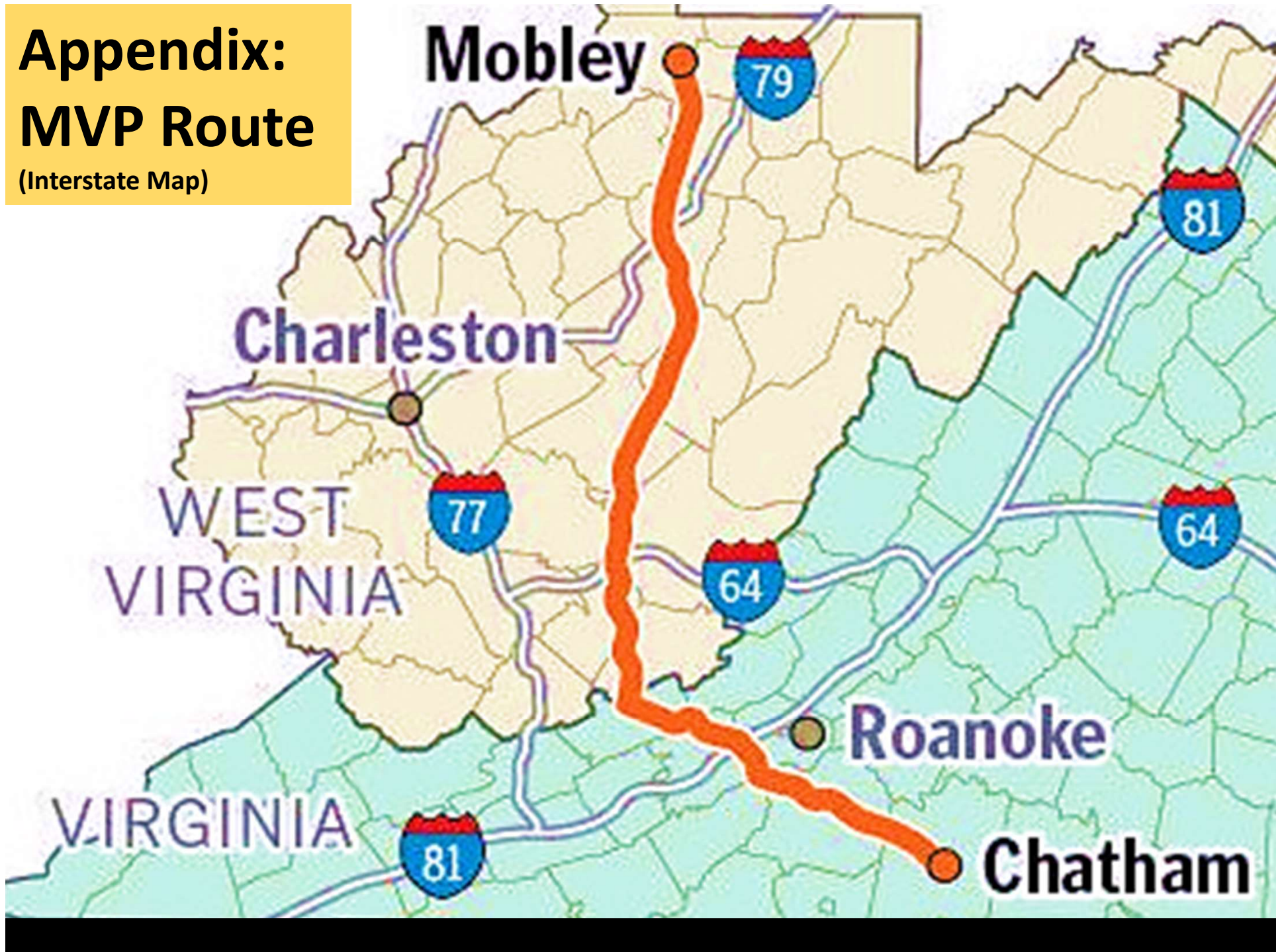
For the periods ended March 31,

(Presented in thousands, except per share data)

	Second Quarter		Twelve Months Ended	
	2023	2022	2023	2022
Operating revenues	\$ 38,030	\$ 29,530	\$ 102,684	\$ 80,197
Operating expenses	28,438	22,086	85,454	65,278
Operating income	9,592	7,444	17,230	14,919
Equity in earnings of unconsolidated affiliate	3	-	6	386
Impairment of unconsolidated affiliates	-	(39,823)	(15,270)	(39,822)
Other income, net	121	345	987	962
Interest expense	1,396	1,104	5,054	4,233
Income (loss) before income taxes	8,320	(33,138)	(2,101)	(27,788)
Income tax expense (benefit)	1,978	(8,644)	(877)	(7,489)
Net income (loss)	\$ 6,342	\$ (24,494)	\$ (1,224)	\$ (20,299)
Basic earnings (loss) per share	\$ 0.64	\$ (2.89)	\$ (0.12)	\$ (2.42)
Diluted earnings (loss) per share	\$ 0.64	\$ (2.89)	\$ (0.12)	\$ (2.42)

Appendix: MVP Route

(Interstate Map)



Appendix: MVP Route (County Map)

