

A woman wearing a white hard hat with 'CPDS' and 'SAFETY' logos, safety glasses, and a high-visibility yellow safety vest is working on a wind turbine tower. She is looking to the right. The background shows a blurred view of wind turbines and a clear sky.

2021 Fourth Quarter and Full Year Review

Feb. 10, 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 are 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 2020 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, including targets of a 50 to 60 percent dividend payout ratio and continuing our track record of continuous annual dividend increases;
- 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;
- 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.

2021 Review



READY TO SERVE

Up early at the Natural Bridge Pipeline construction in central Wyoming in 2019

Black Hills' Strategic Execution

Well-positioned to Deliver for 2022 Guidance and 5% to 7% Long-term EPS Growth Target

Resilient Team and System Performance

- ✓ Delivered safe and reliable energy through extreme weather events and energy market volatility
- ✓ Deployed \$680 million of capital investments for safe, resilient infrastructure and customer growth

Regulatory Progress

- ✓ Completed natural gas rate reviews in Colorado, Iowa and Kansas
- ✓ Filed Arkansas Gas rate review and rider request
- ✓ Recovering Winter Storm Uri costs in six states; settlement agreements filed in Colorado

Ready to Serve our Energy Future

- ✓ Submitted electric resource plan for SD/WY to meet customer needs while reducing emissions
- ✓ Announced Ready Wyoming transmission expansion project
- ✓ Developed other incremental opportunities and Energy Forward continuous improvement focus
- ✓ On track to achieve emissions reduction goals

2021 and Recent Highlights

Operational Excellence

- ✓ Safety focus: 1.06 TCIR, 37% reduction in PMVI, OSHA Gold Star safety rating at CPGS
- ✓ Top-quartile reliability metrics for all three electric utilities (EEI 2020 SAIDI excluding major events)
- ✓ Excellent team response and system performance during extremes of Winter Storm Uri and summer heat
- ✓ New summer and winter electric system peaks in South Dakota and Wyoming
- ✓ \$680 million of capital investment in 2021
- ✓ Strong generation availability and energy sales

Sustainability Focus

- ✓ New and enhanced ESG reporting; new SASB and NCSI disclosures and updated sustainability report
- ✓ Methane emissions reduction goals reinforced by joining ONE Future Coalition
- ✓ Emissions reduction research support emissions reduction technologies
- ✓ Sixth RNG interconnect project in service

Finance and Regulatory Progress

- ✓ Annual dividend increased 51 consecutive years
- ✓ Colorado, Iowa and Kansas gas rate reviews approved
- ✓ Arkansas Gas rate review filed
- ✓ Winter Storm Uri recovery underway in six states and settlement agreements filed for approval in Colorado
- ✓ Secured liquidity to carry Winter Storm Uri costs
- ✓ Disciplined cost control and cash conservation measures

Resource and Growth Planning

- ✓ South Dakota and Wyoming Electric integrated resource plan submitted
- ✓ 285-mile electric transmission expansion project announced (Ready Wyoming)
- ✓ Exploring organized wholesale market in western interconnect
- ✓ Blockchain request for proposals; robust response
- ✓ Customer growth accelerated by population migration

Financial Outlook

2022

Reaffirmed EPS guidance of \$3.95 to \$4.15

2023-2026

Extended 5% to 7% long-term EPS growth target through 2026 *

Capital
Investment

\$3.2+ billion forecast through 2026

Dividend

Extended 5%+ annual growth rate target through 2026

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

Disciplined Growth Plan with Upside



Capital Forecast

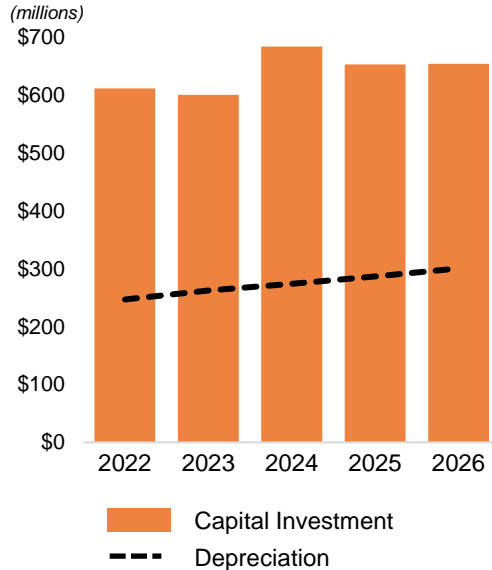


Incremental Projects



Other Earnings Drivers

\$3.2+ billion 2022-2026



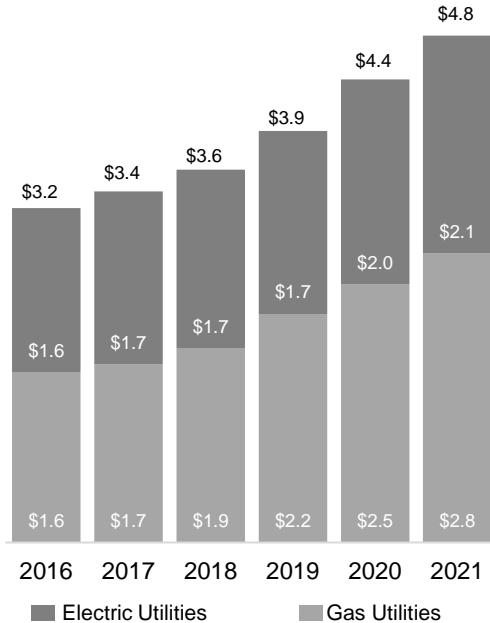
- ▲ Electric generation and transmission projects
- ▲ Large natural gas pipeline and storage projects
- ▲ Additional long-term investment programs
- ▲ Investments to comply with safety requirements

Pursuing Profitable Growth

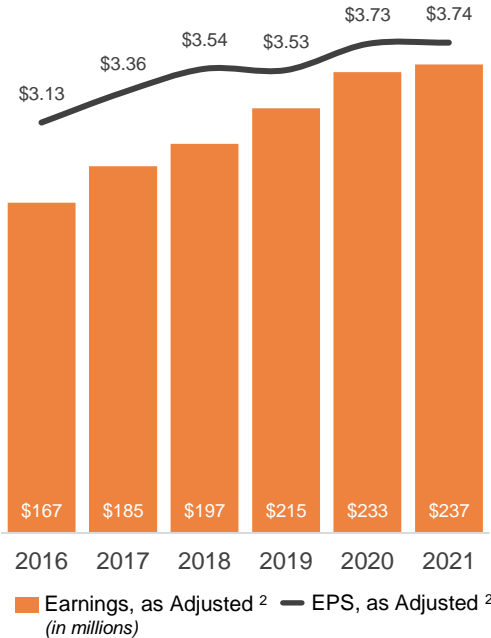
- ▲ Data center, blockchain and technology growth
- ▲ Population migration into our territories
- ▲ Innovative solutions, products and technologies, including renewables
- ▲ Cost discipline and focus on continuous improvement

Strategic Execution Delivers Results

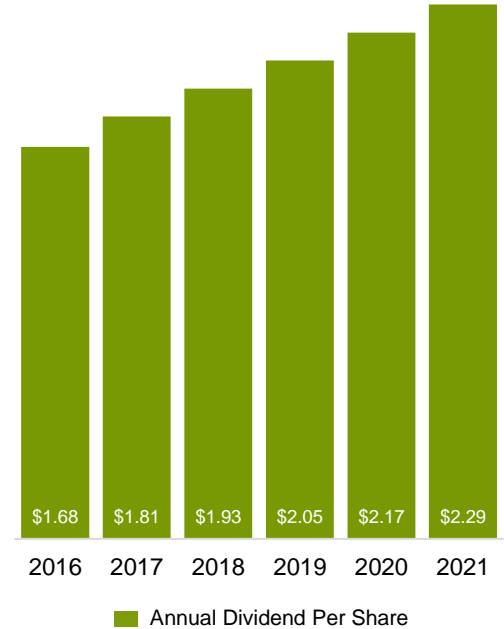
8.7% Rate Base¹ CAGR



7.2% Earnings CAGR
3.6% EPS CAGR



6.4% Dividend CAGR



Invest for Customers

Earnings Growth

Dividend Growth

¹ Estimated in billions as of year end

² Earnings and EPS, as adjusted from continuing operations are non-GAAP measures; reconciled to GAAP in Appendix; earnings, as adjusted in millions

Responsibly Reducing GHG Emissions

Integrating Renewables and Delivering Cleaner Critical Generating Capacity
(Goals and progress are based on reduction in greenhouse gas emissions intensity since 2005)

Electric Operations

✓ 30% by 2020

■ 40% by 2030

■ 70% by 2040

Natural Gas Utilities

✓ 33% by 2020

■ 50% by 2035

Note: Achievement of these goals assumes coal plant operation through original engineered life with conversion to natural gas based on current costs and feasibility of other alternatives. Actual emission reductions and plant alternatives are subject to change with advancement of emissions reduction technologies.

Financial Overview

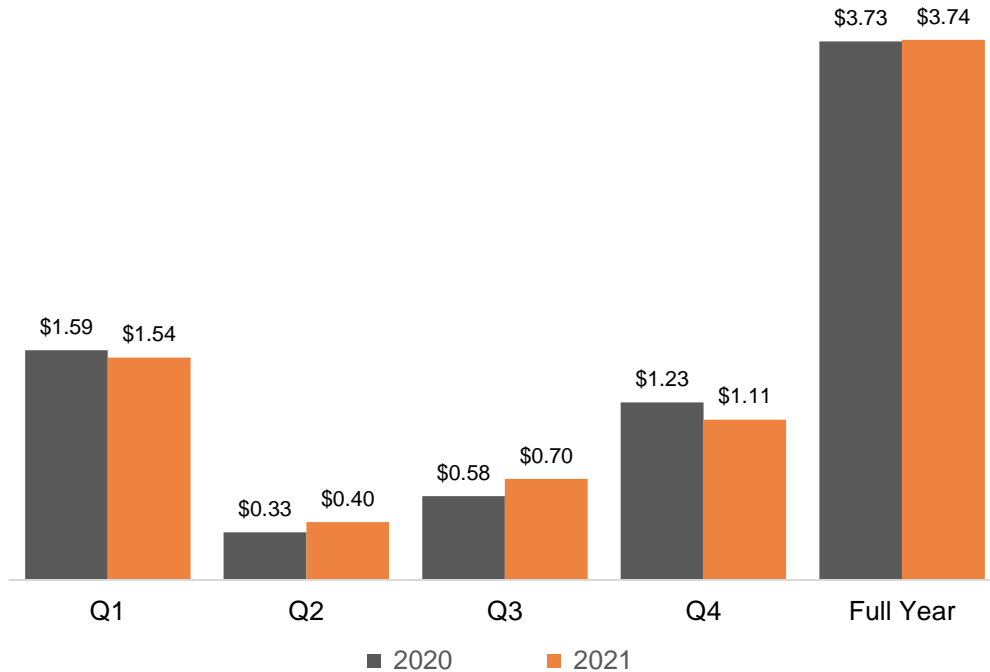


READY TO SERVE

One of our employees in Cheyenne Wyoming, works on a recently replaced natural gas meter.

Financial Overview

EPS, as adjusted (Non-GAAP)*



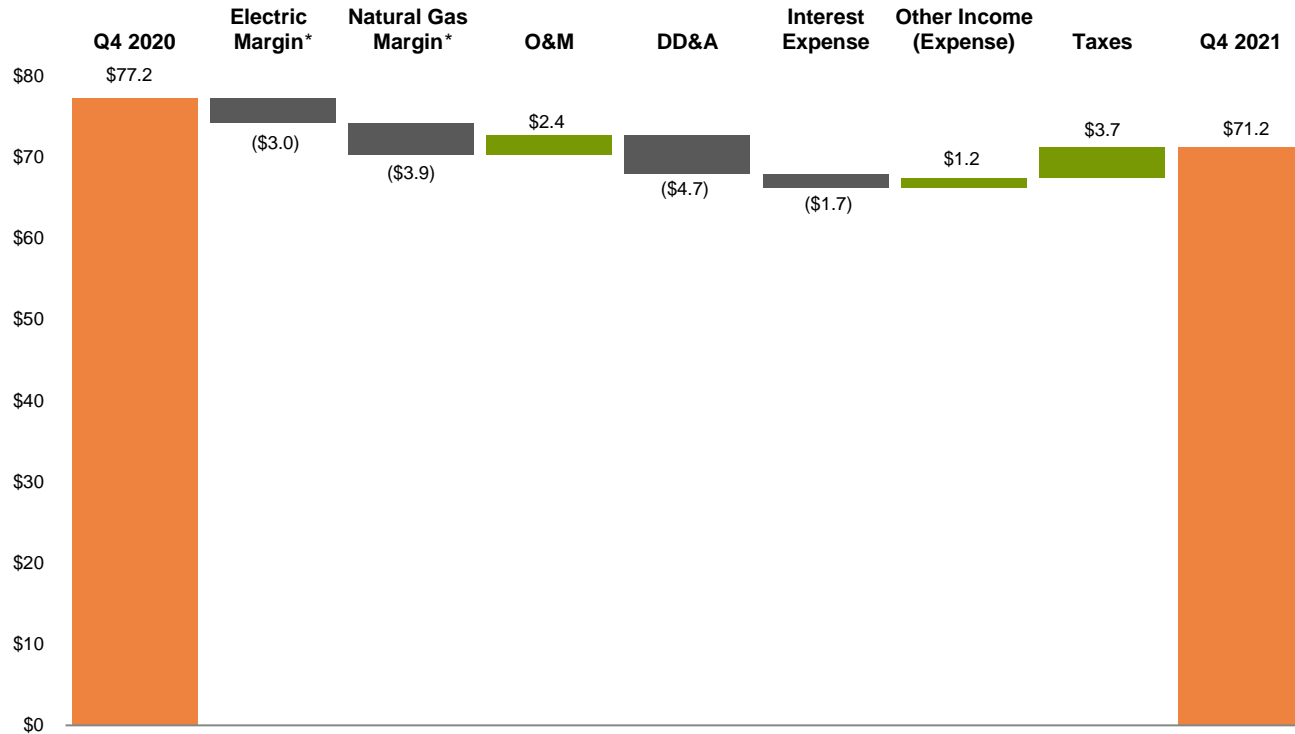
* EPS, as adjusted is a non-GAAP measure; reconciled to GAAP in Appendix

2021 Earnings Drivers

- ▲ Constructive regulatory outcomes
- ▲ Disciplined cost management
- ▲ Higher off-system energy sales
- ▲ Customer growth and COVID-19 recovery
- ▼ Impacts of Winter Storm Uri
- ▼ Unplanned outage
- ▼ Weather
 - Q4: (\$0.16) versus normal
 - 2021: (\$0.07) versus normal

Q4 2021 Earnings Drivers

Change in Net Income Available for Common Stock

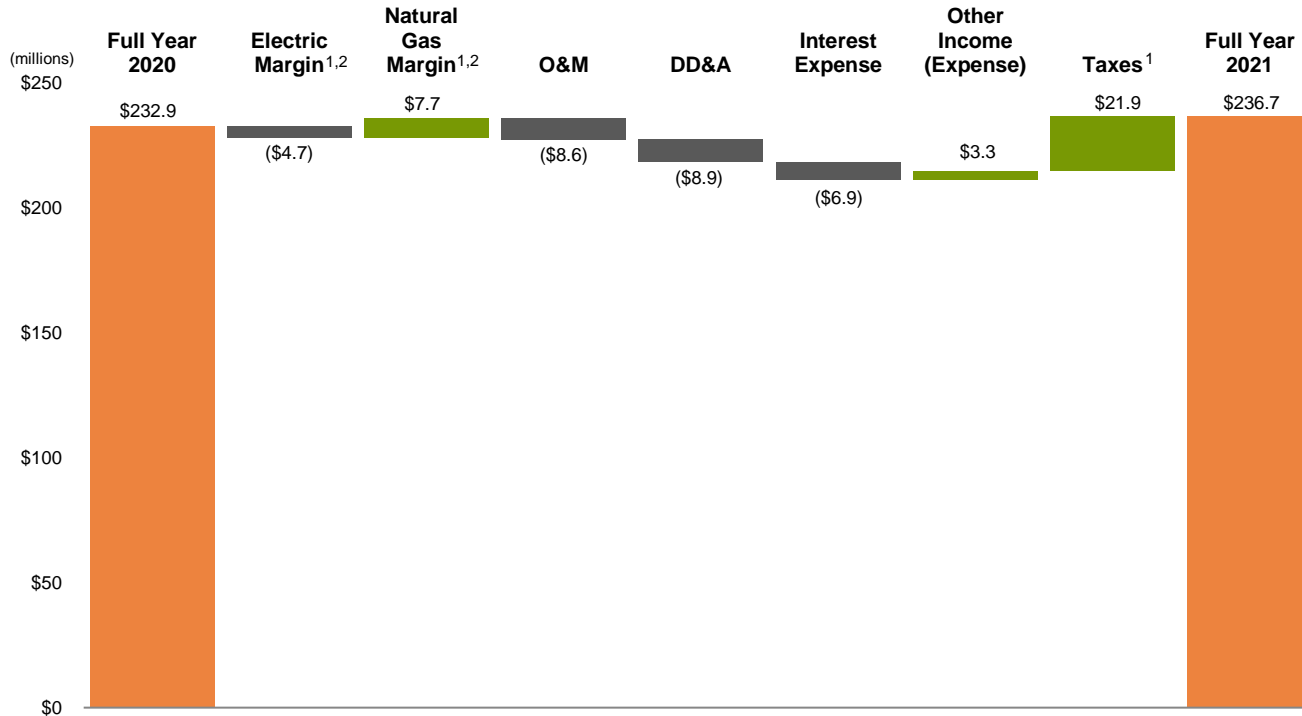


- ▲ New rates
- ▲ Customer growth
- ▲ Tax Benefits
- ▲ Lower employee costs and outside services
- ▼ Weather *
- ▼ Unplanned outage
- ▼ Higher depreciation on larger asset base
- ▼ Higher debt balance driven by Winter Storm Uri

* Utility margin unfavorable impact of \$9.4 million (\$0.8 million electric and \$8.6 million natural gas unfavorable impact), net of tax, related to weather

2021 Earnings Drivers

Change in Net Income Available for Common Stock



1. In 2021, Colorado Electric and Nebraska Gas delivered TCJA bill credits of \$7.9 million and \$2.2 million, respectively, which had a net neutral impact to net income (reduced revenue and reduced tax expense).
2. Utility margin unfavorable impact of \$6.2 million (\$0.9 million electric and \$5.3 million natural gas unfavorable impact), net of tax, related to weather

- ▲ New rates
- ▲ Customer growth and usage
- ▲ Off-system power sales and wholesale
- ▲ Lower taxes on TCJA bill credits¹, PTCs and flow-through benefits
- ▼ Weather²
- ▼ Unplanned outage
- ▼ Higher employee costs and property taxes
- ▼ Higher depreciation on larger asset base
- ▼ Higher debt balance driven by Winter Storm Uri

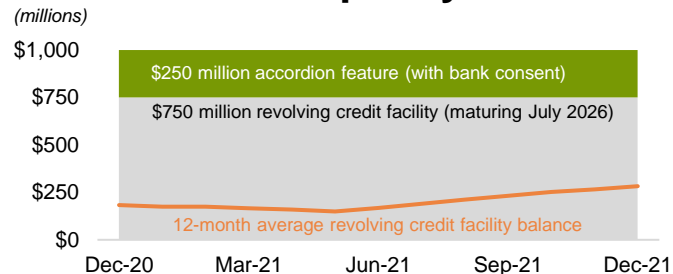
Solid Financial Position

Committed to Strong Investment-Grade Credit Ratings

Credit Ratings

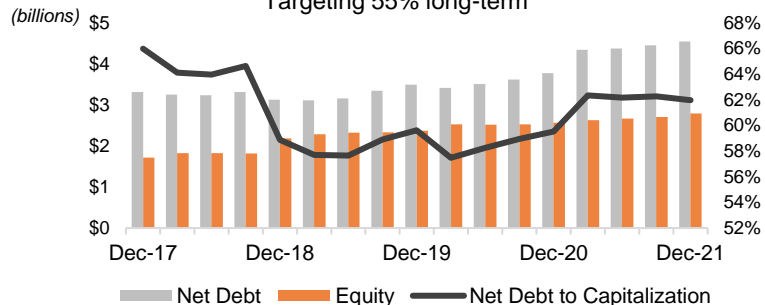
S&P	Moody's	Fitch
BBB+	Baa2	BBB+
Stable outlook (Oct. 20, 2021)	Stable outlook (Dec. 20, 2021)	Stable outlook (Sept. 17, 2021)

Liquidity

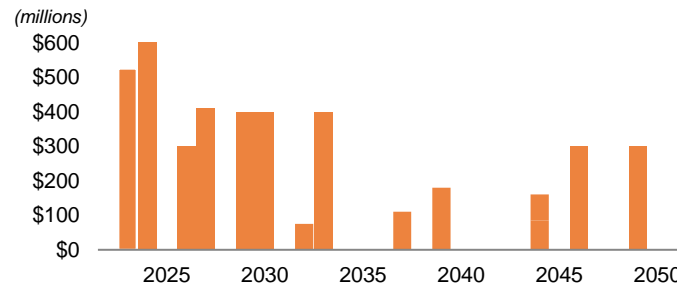


Capital Structure *

Targeting 55% long-term



Debt Maturities



Note: information as of Dec. 31, 2021

* Excludes noncontrolling interest

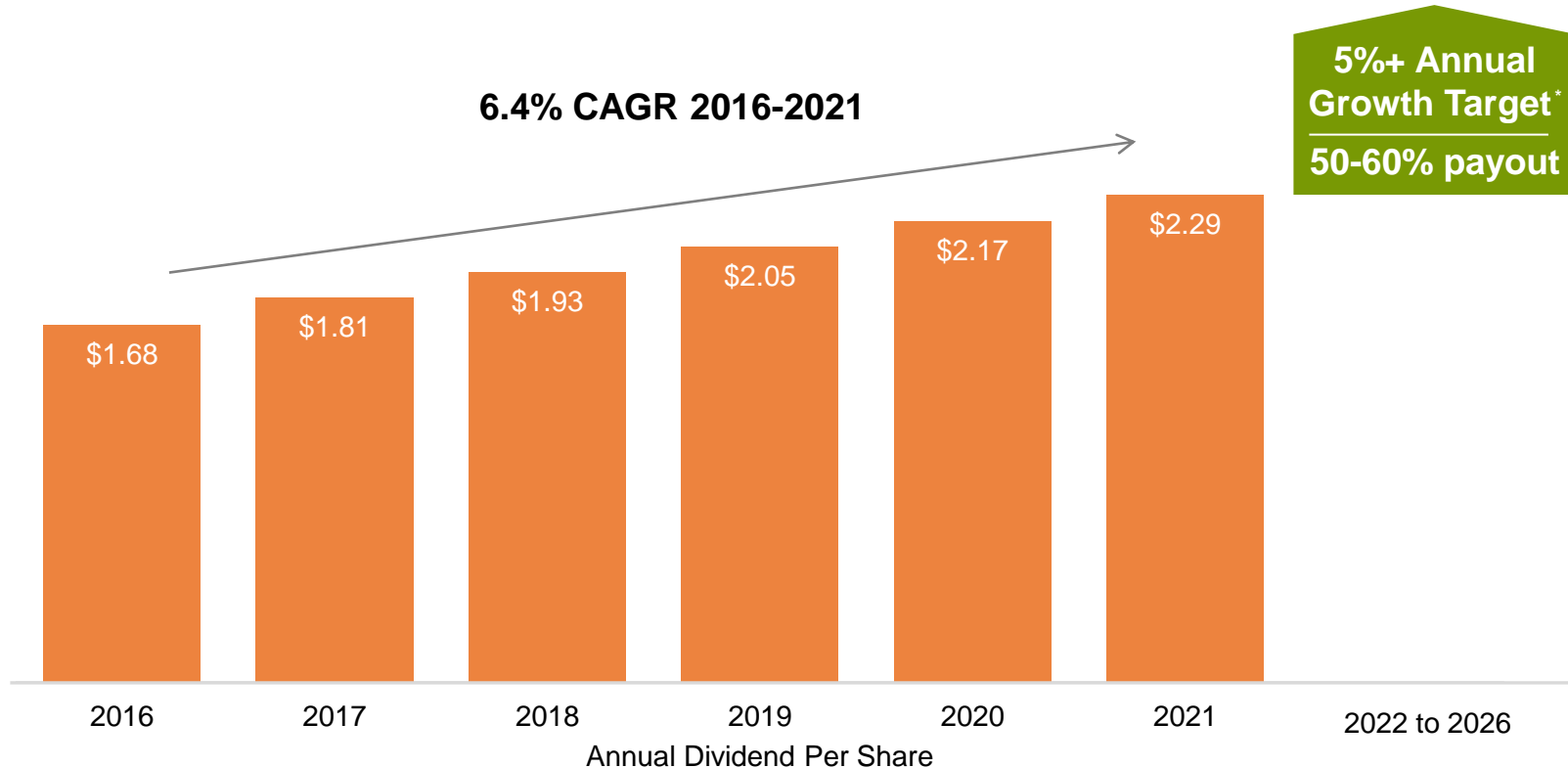
2022 Earnings Guidance Assumptions

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 updated assumptions:

- 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

Strong Dividend Track Record

51 Consecutive Years of Annual Increases and 79 Consecutive Years Paid



* Future dividends subject to board approval

Integrated Utility with Strong Growth Outlook

\$3.2+ billion

Capital Investment 2022-2026

- Incremental projects likely
- Additional growth opportunities
- Extended through 2026

5% to 7%

Long-term EPS growth target
extended through 2026¹

- 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

5%+

Annual dividend growth target²
50-60% payout target

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

² Future dividends subject to board approval

Appendix



READY TO SERVE

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.

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 requests an enhanced system safety, integrity and reliability rider
✓ Colorado Gas Proceeding 21AL-0236G	June 1, 2021	\$6.5 million	9.2%	49.74% / 50.26%	Settlement approved for new rates effective Jan. 1, 2022
✓ Iowa Gas Docket RPU-2021-002	June 1, 2021	\$3.7 million	9.6%	50% / 50%	Settlement approved for new rates effective Jan. 1, 2022, replacing interim rates which were effective June 11, 2021
✓ Kansas Gas Docket 21-BHCG-418-RTS	May 7, 2021	Global Settlement			Settlement agreement approved for renewal of 5-year investment rider; net neutral base rate impact for customers

Winter Storm Uri Incremental Cost Recovery Jurisdiction	Recovery Period	Comments / Status
Arkansas Gas	5 years *	Recovery plan filed; interim rates effective June 1, 2021
Colorado Electric	2 years *	Settlement agreement filed for approval
Colorado Gas	3 years *	Settlement agreement filed for approval
✓ Iowa Gas	2 years	Settlement approved; interim rates were effective April 9, 2021, with final rates effective Jan. 1, 2022
✓ 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; 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: \$37 2022: \$191 2023: \$143 2024: \$91 2025: \$52 2026: \$32

* As requested in filing ** Excludes carrying costs

Income Statement

(in millions, except earnings per share)

	Fourth Quarter		Full Year	
	2020	2021	2020	2021
Revenue	\$ 486.4	\$ 562.5	\$ 1,696.9	\$ 1,949.1
Fuel, purchased power and cost of natural gas sold	(161.2)	(246.3)	(492.4)	(741.9)
Operations and maintenance expense	(144.2)	(141.2)	(551.8)	(561.8)
Depreciation, depletion and amortization	(55.0)	(61.1)	(224.5)	(236.0)
Operating income	126.0	114.0	428.3	409.4
Interest expense, net	(36.4)	(38.6)	(143.5)	(152.4)
Impairment of investment	-	-	(6.9)	-
Other income (expense), net	(1.6)	(0.2)	(2.3)	1.4
Income before taxes	88.0	75.2	275.6	258.4
Income tax (expense)	(7.4)	(0.8)	(32.9)	(7.2)
Net income before non-controlling interest	\$ 80.5	\$ 74.3	\$ 242.8	\$ 251.3
Net income attributable to non-controlling interest	(3.3)	(3.2)	(15.2)	(14.5)
Net income available to common stock	\$ 77.2	\$ 71.2	\$ 227.6	\$ 236.7
Non-GAAP adjustments	-	-	5.3	-
Net income available to common stock, as adjusted *	\$ 77.2	\$ 71.2	\$ 232.9	\$ 236.7
EPS - Net income available for common stock	\$ 1.23	\$ 1.11	\$ 3.65	\$ 3.74
EPS - Net income available for common stock, as adjusted *	\$ 1.23	\$ 1.11	\$ 3.73	\$ 3.74
Diluted shares outstanding	62.7	64.1	62.4	63.3
EBITDA, as adjusted*	\$ 179.4	\$ 174.8	\$ 650.5	\$ 646.8

* Non-GAAP measure; defined and/or reconciled to GAAP on slides 30-34

Capital Structure

(\$ in millions)

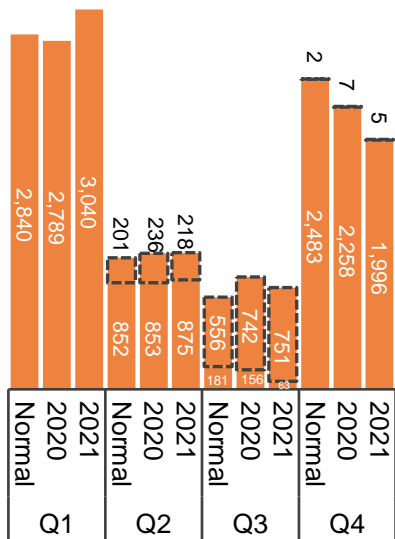
	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Capitalization					
Short-term Debt	\$ 243	\$ 823	\$ 837	\$ 333	\$ 420
Long-term Debt	3,528	3,529	3,530	4,126	4,127
Total Debt	3,771	4,352	4,367	4,458	4,547
Equity*	2,561	2,625	2,659	2,698	2,787
Total Capitalization	\$ 6,332	\$ 6,977	\$ 7,026	\$ 7,156	\$ 7,334
Net Debt to Net Capitalization					
Debt	\$ 3,771	\$ 4,352	\$ 4,367	\$ 4,458	\$ 4,547
Cash and Cash Equivalents	(6)	(13)	(1)	(10)	(9)
Net Debt	3,764	4,339	4,366	4,448	4,538
Net Capitalization	\$ 6,326	\$ 6,963	\$ 7,025	\$ 7,145	\$ 7,325
Debt to Capitalization	59.5%	62.4%	62.2%	62.3%	62.0%
Net Debt to Capitalization (Net of Cash)	59.5%	62.3%	62.1%	62.2%	62.0%
Long-term Debt to Total Debt	93.6%	81.1%	80.8%	92.5%	90.8%

* Excludes noncontrolling interest

Utility Weather and Demand

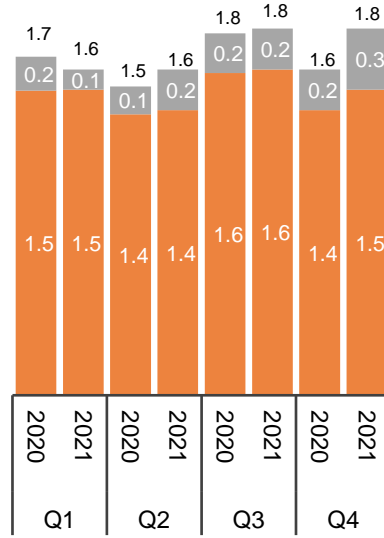
Electric - Degree Days

Total for all electric service areas weighted by customer count



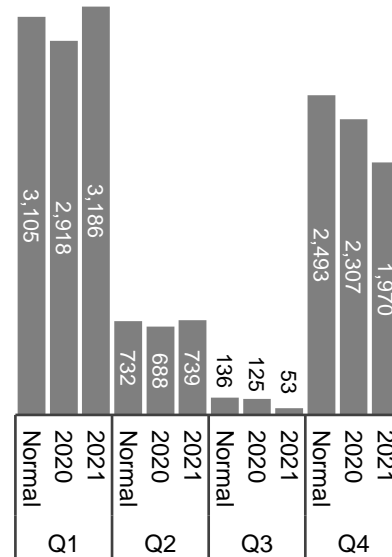
Electric Utility -Total

MWh Sales
(in millions)



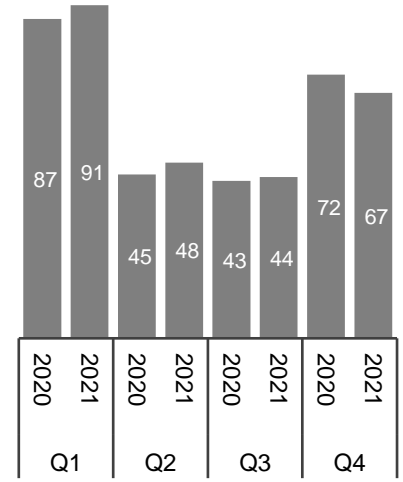
Gas - Degree Days*

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

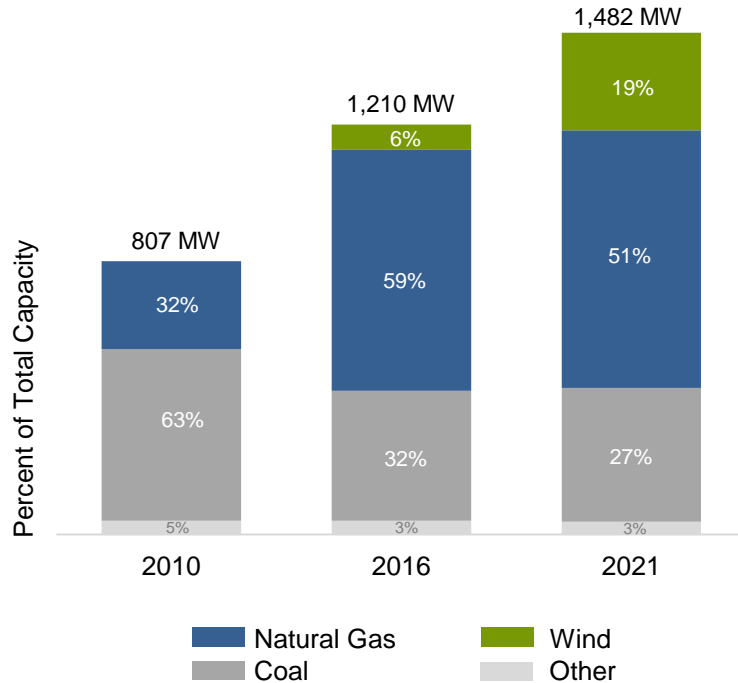
Utility customer sales
Off-system sales

* 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 2020; current quarter normal based on average of currently available data

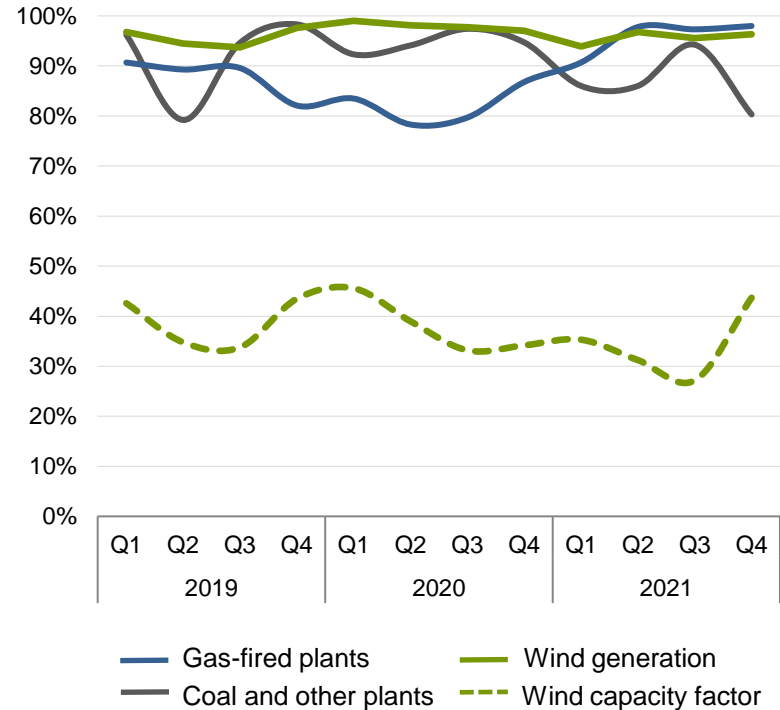
Electric Generation Capacity and Performance

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

Capital Investment by Segment and Recovery

(in millions)

	2021A	2022F	2023F	2024F	2025F	2026F	2022-2026F
Minimal Lag Capital - Electric Utilities ¹	\$42	\$30	\$34	\$30	\$92	\$32	\$218
Rider Eligible Capital - Electric Utilities ²	77	70	52	121	63	19	324
Growth Capital - Electric Utilities ³	51	37	23	34	19	17	131
Other	117	102	95	100	57	87	442
Electric Utilities	\$286	\$239	\$205	\$285	\$231	\$155	\$1,115
Minimal Lag Capital - Gas Utilities ¹	86	79	95	113	94	88	469
Rider Eligible Capital - Gas Utilities ²	151	181	166	156	149	146	798
Growth Capital - Gas Utilities ³	77	68	99	74	73	76	389
Other	70	35	24	43	33	36	171
Gas Utilities	\$383	\$363	\$383	\$386	\$349	\$346	\$1,827
Total Utilities	\$669	\$602	\$588	\$671	\$580	\$501	\$2,942
Corporate	11	9	12	13	13	13	59
^ Incremental Projects	0	0	0	0	~60	~140	~200
Total Black Hills Forecast	\$680	\$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)

	2021A	2022F	2023F	2024F	2025F	2026F	2022-2026F
Safety, Reliability and Integrity ¹	\$211	\$167	\$148	\$222	\$185	\$109	\$831
Growth ²	51	37	23	34	19	17	131
General Plant	24	35	34	29	27	29	153
Electric Utilities	\$286	\$239	\$205	\$285	\$231	\$155	\$1,115
Safety, Reliability and Integrity ¹	269	263	248	273	244	234	1,262
Growth ²	77	68	99	74	73	76	389
General Plant	37	33	36	40	32	36	176
Gas Utilities	383	363	383	386	349	346	\$1,827
Total Utilities	\$669	\$602	\$588	\$671	\$580	\$501	\$2,942

Incremental projects being evaluated for timing, cost and other factors

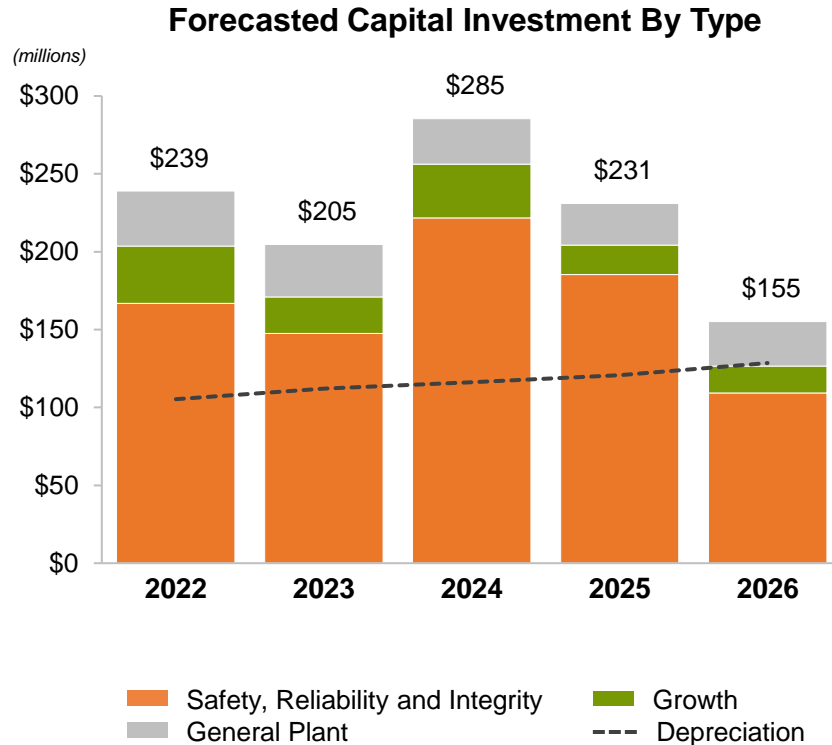
¹ Safety, Reliability and Integrity Capital - capital expenditures related to improving or maintaining system integrity

² Growth Capital - generates immediate revenue on customer connections

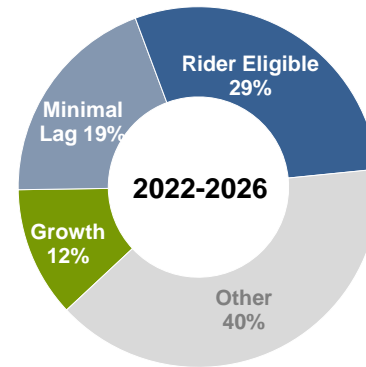
Note: Some totals may differ due to rounding

Electric Utilities Capital Investment

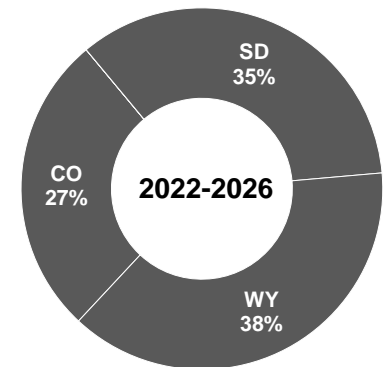
Five-year Forecast of \$1.1+ Billion Focused on Safety, System Integrity and Growth



60% with Timely Recovery*



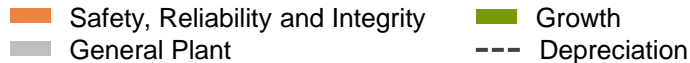
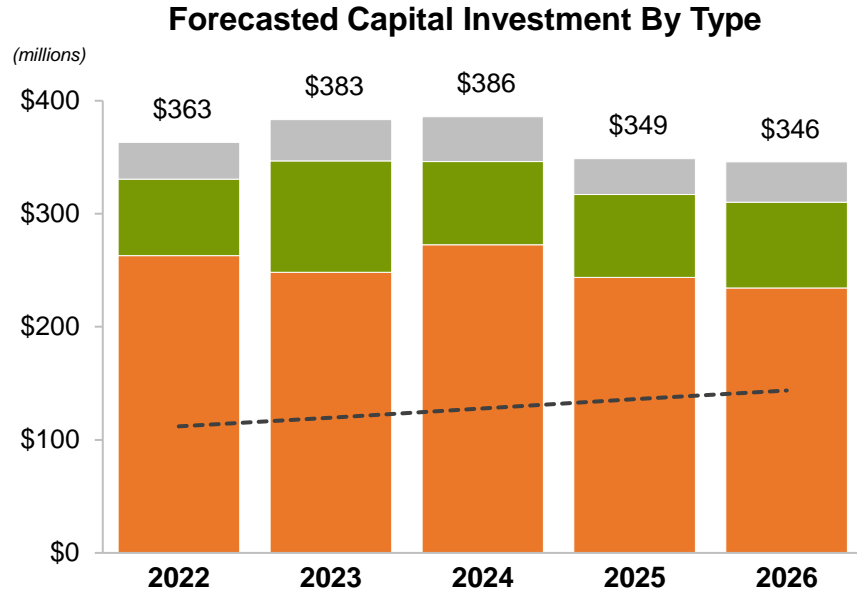
Forecasted Capital by State



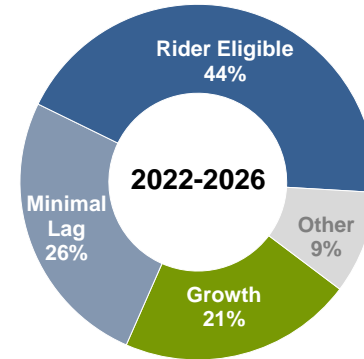
* Growth Capital - generates immediate revenue upon customer connections
 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs or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

Natural Gas Utilities Capital Investment

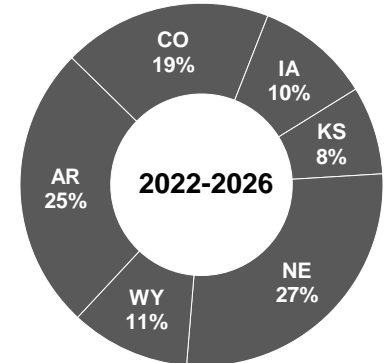
Five-year Forecast of \$1.8+ Billion Focused on Safety, System Integrity and Growth



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

Estimated Rate Base by State and Segment

	2016	2017	2018	2019	2020	2021
Colorado						\$667
South Dakota (all jurisdictions)						957
Wyoming						453
Total Electric Utilities	\$1,570	\$1,650	\$1,706	\$1,747	\$1,954	\$2,077
Arkansas						632
Colorado						530
Iowa						295
Kansas						248
Nebraska						646
Wyoming						409
Total Gas Utilities	\$1,620	\$1,700	\$1,851	\$2,180	\$2,464	\$2,760
Total Utilities	\$3,190	\$3,350	\$3,557	\$3,927	\$4,418	\$4,837

Note: estimated rate base at year-end calculated using state specific requirements and includes value of rate base recovered through riders

Last Approved Utility Rate Review Results by Jurisdiction

Jurisdiction	Utility	Effective Date	Return on Equity	Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Oct. 2018	9.61%	50.9% debt / 49.1% equity	\$451.5
Colorado	Colorado Electric	Jan. 2017	9.37%	47.61% debt / 52.39% equity	\$597.5
Colorado	Colorado Gas	Jan. 2022	9.20%	49.74% debt / 50.26% equity	\$303.0
Colorado	RMNG	June 2018	9.90%	53.4% debt / 46.6% equity	\$118.7
Iowa	Iowa Gas	Jan. 2022	9.60%	50.0% debt / 50.0% equity	\$300.9
Kansas	Kansas Gas	Jan. 2022	Global Settlement	Global Settlement	Global Settlement
Nebraska	Nebraska Gas	March 2021	9.50%	50% debt / 50% equity	\$504.2 *
South Dakota	South Dakota Electric	Oct. 2014	Global Settlement	Global Settlement	\$543.9
Wyoming	South Dakota Electric	Oct. 2014	9.90%	46.68% debt / 53.32% equity	\$46.8
Wyoming	Wyoming Electric	Oct. 2014	9.90%	46% debt / 54% equity	\$376.8
Wyoming	Wyoming Gas	March 2020	9.40%	49.77% debt / 50.23% equity	\$354.4

Note: Information from last approved rate review in each jurisdiction

* Includes amounts to serve non-jurisdictional and agriculture customers

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

	For the Twelve Months Ended December 31,			
	Earnings, as adjusted (in millions)		Earning Per Share, as adjusted	
	2020	2021	2020	2021
Net income (loss) available for common stock (GAAP)	\$ 227.6	\$ 236.7	\$ 3.65	\$ 3.74
<u>Adjustments (after tax)</u>				
Impairment of investment	5.3	-	0.08	-
Rounding	-	-	-	-
Total Non-GAAP adjustments	5.3	-	0.08	-
Net income available for common stock, as adjusted (Non-GAAP)	\$ 232.9	\$ 236.7	\$ 3.73	\$ 3.74

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

Non-GAAP Financial Measures

EBITDA

<i>(in thousands)</i>	Three Months Ended Dec. 31		12 Months Ended Dec. 31	
	2020	2021	2020	2021
Net income	\$ 80,496	\$ 74,324	\$ 242,763	\$ 251,260
Depreciation, depletion and amortization	55,044	61,082	224,457	235,953
Interest expense, net	36,431	38,584	143,470	152,404
Income tax expense (benefit)	7,434	836	32,918	7,169
EBITDA	\$ 179,405	\$ 174,826	\$ 643,608	\$ 646,786
Adjustments for unique items:				
Impairment of investment	—	—	6,859	—
EBITDA, as adjusted	\$ 179,405	\$ 174,826	\$ 650,467	\$ 646,786

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.



BH
Black Hills Corporation
Ready