

REFINITIV

DELTA REPORT

10-Q

RGCO - RGC RESOURCES INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 2747

█ CHANGES 137

█ DELETIONS 2262

█ ADDITIONS 348

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarterly Period Ended **March 31, 2024** June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Transition Period From _____ to _____

Commission File Number 000-26591

RGC Resources, Inc.

(Exact name of Registrant as Specified in its Charter)

Virginia 54-1909697

(State or Other Jurisdiction of
Incorporation or Organization) (I.R.S. Employer
Identification No.)

519 Kimball Ave., N.E., Roanoke, VA 24016

(Address of Principal Executive Offices) (Zip Code)

(540) 777-4427

(Registrant's Telephone Number, Including Area Code)

None

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$5 Par Value	RGCO	NASDAQ Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at April 30, 2024</u>	<u>July 31, 2024</u>
Common Stock, \$5 Par Value	10,181,110	10,218,894

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GLOSSARY OF TERMS

AFUDC Allowance for Funds Used During Construction

AOCI/AOCL Accumulated Other Comprehensive Income (Loss)

ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program, regulatory or rate recovery mechanisms approved by the SCC that allow for the adjustment of revenues for certain broad, external factors, or for additional billings if the entity achieves certain performance targets
ARPA	American Rescue Plan Act of 2021
ASC	Accounting Standards Codification
ASU	Accounting Standards Update as issued by the FASB
ATM	At-the-market program whereby a Company can incrementally offer common stock through a broker at prevailing market prices and on an as-needed basis
CARES/CARES Act	The Coronavirus Aid, Relief, and Economic Security Act
Company	RGC Resources, Inc. or Roanoke Gas Company
COVID-19 or Coronavirus	A pandemic disease that causes respiratory illness similar to the flu with symptoms such as coughing, fever, and in more severe cases, difficulty in breathing
CPCN	Certificate of Public Convenience and Necessity
D.C. Circuit	U. S. Court of Appeals for the District of Columbia
Diversified Energy	Diversified Energy Company, a wholly-owned subsidiary of Resources
DRIP	Dividend Reinvestment and Stock Purchase Plan of RGC Resources, Inc.
DTH	Decatherm (a measure of energy used primarily to measure natural gas)
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FERC	Federal Energy Regulatory Commission
Fourth Circuit	U.S. Fourth Circuit Court of Appeals
FERC	Federal Energy Regulatory Commission
FRA	Fiscal Responsibility Act of 2023, bi-partisan legislation containing certain provisions specific to the MVP
GAAP	Generally Accepted Accounting Principles in the United States

HDD	Heating degree day, a measurement designed to quantify the demand for energy. It is the number of degrees that a day's average temperature falls below 65 degrees Fahrenheit
ICC	Inventory carrying cost revenue, an SCC approved rate structure that mitigates the impact of financing costs on natural gas inventory
IRS	Internal Revenue Service
KEYSOP	RGC Resources, Inc. Key Employee Stock Option Plan
LDI	Liability Driven Investment approach, a strategy which reduces the volatility in the pension plan's funded status and expense by matching the duration of the fixed income investments with the duration of the corresponding pension liabilities
LIBOR	London Inter-Bank Offered Rate
LLC	Mountain Valley Pipeline, L.L.C., a joint venture established to design, construct and operate the MVP and Southgate
LNG	Liquefied natural gas, the cryogenic liquid form of natural gas. Roanoke Gas operates and maintains a plant capable of producing and storing up to 200,000 DTH of liquefied natural gas
MGP	Manufactured gas plant
Midstream	RGC Midstream, L.L.C., a wholly-owned subsidiary of Resources created to invest in pipeline projects including the MVP and Southgate
MVP	Mountain Valley Pipeline, a FERC-regulated natural gas pipeline project intended to connect that connects the Equitans EQT Corporation's gathering and transmission system in northern West Virginia to the Transco interstate pipeline in south central Virginia with a planned interconnect to Roanoke Gas' natural gas distribution system
NQDC Plan	RGC Resources, Inc. Non-qualified Deferred Compensation Plan
Normal Weather	The average number of heating degree days over the most recent 30-year period
PBGC	Pension Benefit Guaranty Corporation
Pension Plan	Defined benefit plan that provides pension benefits to employees hired prior to January 1, 2017 who meet certain years of service criteria
PGA	Purchased Gas Adjustment, a regulatory mechanism, which adjusts natural gas customer rates to reflect changes in the forecasted cost of gas and actual gas costs
Postretirement Plan	Defined benefit plan that provides postretirement medical and life insurance benefits to eligible employees hired prior to January 1, 2000 who meet years of service and other criteria
R&D credit	Research and development federal tax credit defined under Internal Revenue Code section 41 and the related regulations

Resources	RGC Resources, Inc., parent company of Roanoke Gas, Midstream and Diversified Energy
RGCO	Trading symbol for RGC Resources, Inc. on the NASDAQ Global Stock Market
Roanoke Gas	Roanoke Gas Company, a wholly-owned subsidiary of Resources
ROU Asset	Right of Use Asset
RNG	Renewable Natural Gas
RNG Rider	Renewable Natural Gas Rider, the rate component as approved by the SCC that is billed monthly to the Company's customers to recover the costs associated with the investment in RNG facilities and related operating costs
RSPD	RGC Resources, Inc. Restricted Stock Plan for Outside Directors
RSPO	RGC Resources, Inc. Restricted Stock Plan for Officers
SAVE	Steps to Advance Virginia's Energy, a regulatory mechanism per Chapter 26 of Title 56 of the Code of Virginia that allows natural gas utilities to recover the investment, including related depreciation and expenses and provide return on rate base, in eligible infrastructure replacement projects without the filing of a formal base rate application
SAVE Plan	Steps to Advance Virginia's Energy Plan, the Company's proposed and approved operational replacement plan and related spending under the SAVE regulatory mechanism
SAVE Rider	Steps to Advance Virginia's Energy Plan Rider, the rate component of the SAVE Plan as approved by the SCC that is billed monthly to the Company's customers to recover the costs associated with eligible infrastructure projects including the related depreciation and expenses and return on rate base of the investment
SCC	Virginia State Corporation Commission, the regulatory body with oversight responsibilities of the utility operations of Roanoke Gas
SCOTUS	Supreme Court of the United States
SEC	U.S. Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
Southgate	Mountain Valley Pipeline, LLC's Southgate project, which is a contemplated interstate pipeline that was approved by the FERC to extend from the MVP in south central Virginia to central North Carolina, of which Midstream holds less than a 1% investment
S&P 500 Index	Standard & Poor's 500 Stock Index
WNA	Weather Normalization Adjustment, an ARP mechanism which adjusts revenues for the effects of weather temperature variations as compared to the 30-year average

Some of the terms above may not be included in this filing

RGC RESOURCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2024	September 30, 2023	June 30, 2024	September 30, 2023
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,019,183	\$ 1,512,431	\$ 2,541,093	\$ 1,512,431
Accounts receivable (less allowance for credit losses of \$483,110, and \$155,164, respectively)	9,451,708	4,194,934		
Accounts receivable (less allowance for credit losses of \$444,369, and \$155,164, respectively)			5,229,249	4,194,934
Materials and supplies	1,630,781	1,674,462	1,666,342	1,674,462
Gas in storage	5,098,039	11,185,601	7,231,617	11,185,601
Prepaid income taxes	1,750,669	3,227,544	2,326,667	3,227,544
Regulatory assets	5,005,793	2,854,276	3,523,818	2,854,276
Interest rate swaps	1,274,773	1,533,057	1,239,879	1,533,057
Other	2,294,699	612,957	1,649,366	612,957
Total current assets	28,525,645	26,795,262	25,408,031	26,795,262
UTILITY PROPERTY:				
In service	331,785,483	318,369,891	335,181,418	318,369,891
Accumulated depreciation and amortization	(89,548,196)	(85,752,798)	(91,218,942)	(85,752,798)
In service, net	242,237,287	232,617,093	243,962,476	232,617,093
Construction work in progress	11,902,830	14,966,458	13,974,279	14,966,458
Utility property, net	254,140,117	247,583,551	257,936,755	247,583,551
OTHER NON-CURRENT ASSETS:				
Regulatory assets	5,310,937	5,389,445	5,271,682	5,389,445
Investment in unconsolidated affiliates	19,887,693	17,187,093	20,175,659	17,187,093
Benefit plan assets	1,715,551	1,901,902	1,687,894	1,901,902
Deferred income taxes	978,491	1,163,594	1,004,415	1,163,594
Interest rate swaps	2,230,121	3,084,398	1,996,748	3,084,398
Other	570,975	624,095	672,976	624,095
Total other non-current assets	30,693,768	29,350,527	30,809,374	29,350,527
TOTAL ASSETS	\$ 313,359,530	\$ 303,729,340	\$ 314,154,160	\$ 303,729,340

RGC RESOURCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

March 31, 2024	September 30, 2023	June 30, 2024	September 30, 2023
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LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT LIABILITIES:

Current maturities of long-term debt	\$ 125,000	\$ 10,975,000	\$ 400,000	\$ 10,975,000
Line-of-credit	6,582,180	4,353,572	7,615,825	4,353,572
Dividends payable	2,036,221	1,978,400	2,038,956	1,978,400
Accounts payable	5,358,002	5,838,643	6,791,934	5,838,643
Customer credit balances	947,563	1,972,132	1,075,453	1,972,132
Income taxes payable	91,824	—		
Customer deposits	1,697,018	1,476,321	1,586,618	1,476,321
Accrued expenses	3,211,598	4,661,722	3,524,073	4,661,722
Regulatory liabilities	1,621,966	1,632,716	718,331	1,632,716
Other	31,010	30,281	31,366	30,281
Total current liabilities	<u>21,702,382</u>	<u>32,918,787</u>	<u>23,782,556</u>	<u>32,918,787</u>
LONG-TERM DEBT:				
Notes payable	136,175,000	126,100,000	136,615,000	126,100,000
Unamortized debt issuance costs	(258,113)	(255,272)	(303,652)	(255,272)
Long-term debt, net	<u>135,916,887</u>	<u>125,844,728</u>	<u>136,311,348</u>	<u>125,844,728</u>
DEFERRED CREDITS AND OTHER NON-CURRENT LIABILITIES:				
Asset retirement obligations	10,941,196	10,792,831	11,027,988	10,792,831
Regulatory cost of retirement obligations	13,738,423	13,029,376	14,036,454	13,029,376
Benefit plan liabilities	255,385	47,674	328,902	47,674
Deferred income taxes	2,205,649	2,008,458	1,914,471	2,008,458
Regulatory liabilities	17,735,810	18,031,693	17,587,869	18,031,693
Other	319,936	323,168	396,780	323,168
Total deferred credits and other non-current liabilities	<u>45,196,399</u>	<u>44,233,200</u>	<u>45,292,464</u>	<u>44,233,200</u>
STOCKHOLDERS' EQUITY:				
Common stock, \$5 par; authorized 20,000,000 shares; issued and outstanding 10,179,479 and 10,015,254 shares, respectively	50,897,395	50,076,270		
Common stock, \$5 par; authorized 20,000,000 shares; issued and outstanding 10,193,160 and 10,015,254 shares, respectively			50,965,800	50,076,270
Preferred stock, no par, authorized 5,000,000 shares; no shares issued and outstanding	—	—	—	—
Capital in excess of par value	46,828,818	44,430,786	47,053,931	44,430,786
Retained earnings	11,366,762	3,972,280	9,484,498	3,972,280
Accumulated other comprehensive income	1,450,887	2,253,289	1,263,563	2,253,289
Total stockholders' equity	<u>110,543,862</u>	<u>100,732,625</u>	<u>108,767,792</u>	<u>100,732,625</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 313,359,530</u></u>	<u><u>\$ 303,729,340</u></u>	<u><u>\$ 314,154,160</u></u>	<u><u>\$ 303,729,340</u></u>

See notes to condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)**

OPERATING REVENUES:	Three Months Ended March 31, 2024		Six Months Ended March 31, 2024		Three Months Ended June 30, 2024		Nine Months Ended June 30, 2024	
	2024	2023	2024	2023	2024	2023	2024	2023
	Gas utility	\$ 32,632,331	\$ 38,000,977	\$ 57,024,185	\$ 71,253,744	\$ 14,431,379	\$ 13,631,856	\$ 71,455,564

Non utility	27,045	28,680	54,543	58,248	26,823	28,389	81,366	86,637
Total operating revenues	32,659,376	38,029,657	57,078,728	71,311,992	14,458,202	13,660,245	71,536,930	84,972,237
OPERATING EXPENSES:								
Cost of gas - utility	15,299,390	21,285,057	25,396,406	42,089,210	5,344,684	5,003,371	30,741,090	47,092,581
Cost of sales - non utility	6,704	4,680	11,854	9,273	4,567	4,724	16,421	13,997
Operations and maintenance	5,322,655	4,090,728	9,657,852	8,011,241	4,221,661	3,845,377	13,879,513	11,856,618
General taxes	703,211	638,229	1,335,456	1,227,279	631,990	588,767	1,967,446	1,816,046
Depreciation and amortization	2,697,707	2,419,541	5,395,414	4,839,082	2,697,707	2,419,541	8,093,121	7,258,623
Total operating expenses	24,029,667	28,438,235	41,796,982	56,176,085	12,900,609	11,861,780	54,697,591	68,037,865
OPERATING INCOME	8,629,709	9,591,422	15,281,746	15,135,907	1,557,593	1,798,465	16,839,339	16,934,372
Equity in earnings of unconsolidated affiliate	1,229,384	2,867	2,697,219	4,099	282,604	519,482	2,979,823	523,581
Other income, net	89,487	121,824	210,273	196,430				
Other income (expense), net					(69,349)	6,725	140,924	203,155
Interest expense	1,566,613	1,395,862	3,202,886	2,765,026	1,567,093	1,423,566	4,769,979	4,188,592
INCOME BEFORE INCOME TAXES	8,381,967	8,320,251	14,986,352	12,571,410	203,755	901,106	15,190,107	13,472,516
INCOME TAX EXPENSE	1,938,577	1,978,365	3,522,970	2,973,119	47,063	214,290	3,570,033	3,187,409
NET INCOME	\$ 6,443,390	\$ 6,341,886	\$ 11,463,382	\$ 9,598,291	\$ 156,692	\$ 686,816	\$ 11,620,074	\$ 10,285,107
BASIC EARNINGS PER COMMON SHARE	\$ 0.63	\$ 0.64	\$ 1.14	\$ 0.97	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04
DILUTED EARNINGS PER COMMON SHARE	\$ 0.63	\$ 0.64	\$ 1.13	\$ 0.97	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.2000	\$ 0.1975	\$ 0.4000	\$ 0.3950				

See notes to condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

NET INCOME	Three Months Ended March 31, 2024		Six Months Ended March 31, 2024		Three Months Ended June 30, 2024		Nine Months Ended June 30, 2024	
	\$ 6,443,390	\$ 6,341,886	\$ 11,463,382	\$ 9,598,291	\$ 156,692	\$ 686,816	\$ 11,620,074	\$ 10,285,107
Other comprehensive income (loss), net of tax:								
Interest rate swaps	199,532	(505,157)	(826,188)	(688,455)	(199,217)	461,130	(1,025,405)	(227,325)
Defined benefit plans	11,893	14,631	23,786	29,262	11,893	14,631	35,679	43,893
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	211,425	(490,526)	(802,402)	(659,193)	(187,324)	475,761	(989,726)	(183,432)

COMPREHENSIVE INCOME	\$ 6,654,815	\$ 5,851,360	\$ 10,660,980	\$ 8,939,098				
COMPREHENSIVE INCOME (LOSS)					\$ (30,632)	\$ 1,162,577	\$ 10,630,348	\$ 10,101,675

See notes to condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

	Six Months Ended March 31, 2024					Nine Months Ended June 30, 2024				
	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	
Balance										
September 30, 2023	\$ 50,076,270	\$ 44,430,786	\$ 3,972,280	\$ 2,253,289	\$ 100,732,625	\$ 50,076,270	\$ 44,430,786	\$ 3,972,280	\$ 2,253,289	\$ 100,732,625
Net income	—	—	5,019,992	—	5,019,992	—	—	—	5,019,992	—
Other comprehensive loss	—	—	—	(1,013,827)	(1,013,827)	—	—	—	—	(1,013,827)
Cash dividends declared (\$0.20 per share)	—	—	(2,032,679)	—	(2,032,679)	—	—	—	(2,032,679)	—
Net issuance of common stock (44,367 shares)	221,835	616,657	—	—	838,492	221,835	616,657	—	—	—
Balance										
December 31, 2023	\$ 50,298,105	\$ 45,047,443	\$ 6,959,593	\$ 1,239,462	\$ 103,544,603	\$ 50,298,105	\$ 45,047,443	\$ 6,959,593	\$ 1,239,462	\$ 103,544,603
Net income	—	—	6,443,390	—	6,443,390	—	—	—	6,443,390	—
Other comprehensive income	—	—	—	211,425	211,425	—	—	—	—	211,425
Cash dividends declared (\$0.20 per share)	—	—	(2,036,221)	—	(2,036,221)	—	—	—	(2,036,221)	—
Issuance of common stock (119,858 shares)	599,290	1,781,375	—	—	2,380,665	599,290	1,781,375	—	—	—
Balance										
March 31, 2024	\$ 50,897,395	\$ 46,828,818	\$ 11,366,762	\$ 1,450,887	\$ 110,543,862	\$ 50,897,395	\$ 46,828,818	\$ 11,366,762	\$ 1,450,887	\$ 110,543,862
Net income	—	—	—	—	—	—	—	—	—	156,692

Other comprehensive loss	—	—	—	(1,203,956)
Cash dividends declared (\$0.20 per share)	—	—	(2,038,956)	
Issuance of common stock (13,681 shares)	68,405	225,113	—	
Balance - June 30, 2024	\$ 50,965,800	\$ 47,053,931	\$ 9,484,498	\$ 1,203,956

	Six Months Ended March 31, 2023					Nine Months Ended June 30, 2023				
	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance September 30, 2022	\$ 49,102,675	\$ 41,479,459	\$ 544,158	\$ 1,964,364	\$ 93,090,656	\$ 49,102,675	\$ 41,479,459	\$ 544,158	\$ 1,964,364	\$ 93,090,656
Net income	—	—	3,256,405	—	3,256,405	—	—	3,256,405	—	3,256,405
Other comprehensive loss	—	—	—	(168,667)	(168,667)	—	—	—	—	(168,667)
Cash dividends declared (\$0.1975 per share)	—	—	(1,957,369)	—	(1,957,369)	—	—	(1,957,369)	—	(1,957,369)
Net issuance of common stock (31,245 shares)	156,225	512,757	—	—	668,982	156,225	512,757	—	—	668,982
Balance December 31, 2022	\$ 49,258,900	\$ 41,992,216	\$ 1,843,194	\$ 1,795,697	\$ 94,890,007	\$ 49,258,900	\$ 41,992,216	\$ 1,843,194	\$ 1,795,697	\$ 94,890,007
Net income	—	—	6,341,886	—	6,341,886	—	—	6,341,886	—	6,341,886
Other comprehensive loss	—	—	—	(490,526)	(490,526)	—	—	—	—	(490,526)
Cash dividends declared (\$0.1975 per share)	—	—	(1,960,156)	—	(1,960,156)	—	—	(1,960,156)	—	(1,960,156)
Issuance of common stock (71,567 shares)	357,835	1,139,362	—	—	1,497,197	357,835	1,139,362	—	—	1,497,197
Balance March 31, 2023	\$ 49,616,735	\$ 43,131,578	\$ 6,224,924	\$ 1,305,171	\$ 100,278,408	\$ 49,616,735	\$ 43,131,578	\$ 6,224,924	\$ 1,305,171	\$ 100,278,408

Net income	—	—	686,816	
Other	—	—	—	41
comprehensive	—	—	—	
income	—	—	—	
Cash dividends	—	—	(1,975,236)	
declared	—	—	(1,975,236)	
(\$0.1975 per	—	—	(1,975,236)	
share)	—	—	(1,975,236)	
Issuance of	375,440	1,106,624	—	
common stock	—	—	—	
(75,088	—	—	—	
shares)	—	—	—	
Balance - June	\$ 49,992,175	\$ 44,238,202	\$ 4,936,504	\$ 1,78
30, 2023	—	—	—	

See notes to condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended March 31,		Nine Months Ended June 30,	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 11,463,382	\$ 9,598,291	\$ 11,620,074	\$ 10,285,107
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	5,523,841	4,954,167	8,285,761	7,431,251
Cost of retirement of utility property, net	(292,647)	(421,677)	(485,165)	(627,225)
Cost of retirement of utility property				
Amortization of stock option grants	42,920	21,560	51,500	21,560
Equity in earnings of unconsolidated affiliate	(2,697,219)	(4,099)	(2,979,823)	(523,581)
Allowance for funds used during construction	—	(198,308)	—	(184,619)
Changes in assets and liabilities which used cash, exclusive of changes and noncash transactions shown separately	(2,838,275)	3,015,408		
Changes in assets and liabilities which provided cash, exclusive of changes and noncash transactions shown separately			563,839	7,231,786
Net cash provided by operating activities	11,202,002	16,965,342	17,056,186	23,634,279
CASH FLOWS FROM INVESTING ACTIVITIES:				
Expenditures for utility property	(11,279,097)	(12,851,877)	(16,568,542)	(19,368,974)
Investment in unconsolidated affiliates	(3,381)	(1,499,337)	(8,743)	(2,132,679)
Proceeds from disposal of utility property	1,730	1,075	33,023	37,674
Net cash used in investing activities	(11,280,748)	(14,350,139)	(16,544,262)	(21,463,979)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of unsecured notes	275,000	1,103,800	10,115,000	1,103,800
Repayments of notes payable	(1,050,000)	(250,002)	(10,175,000)	(775,000)
Borrowings under line-of-credit	25,862,523	25,159,450	34,622,405	26,946,775
Repayments under line-of-credit	(23,633,915)	(25,159,450)	(31,360,152)	(26,946,775)
Debt issuance expenses	(33,268)	(13,875)	(99,390)	(10,749)
Proceeds from issuance of stock	3,176,237	2,144,619	3,461,175	3,626,683

Cash dividends paid	(4,011,079)	(3,872,686)	(6,047,300)	(5,832,842)
Net cash provided by (used in) financing activities	585,498	(888,144)	516,738	(1,888,108)
NET INCREASE IN CASH AND CASH EQUIVALENTS	506,752	1,727,059	1,028,662	282,192
BEGINNING CASH AND CASH EQUIVALENTS	1,512,431	4,898,914	1,512,431	4,898,914
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 2,019,183</u>	<u>\$ 6,625,973</u>	<u>\$ 2,541,093</u>	<u>\$ 5,181,106</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for:

Interest	\$ 4,604,431	\$ 4,333,580
Income taxes	2,640,000	1,623,145

See notes to condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES

CONDENSED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

Resources is an energy services company primarily engaged in the sale and distribution of natural gas. The condensed consolidated financial statements include the accounts of Resources and its wholly owned subsidiaries: Roanoke Gas, Diversified Energy and Midstream.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to fairly present Resources' financial position as of **March 31, June 30, 2024**, cash flows for the **six** nine months ended **March 31, June 30, 2024** and 2023, and the results of its operations, comprehensive income, and changes in stockholders' equity for the three and **six** nine months ended **March 31, June 30, 2024** and 2023. The results of operations for the three and **six** nine months ended **March 31, June 30, 2024** are not indicative of the results to be expected for the fiscal year ending September 30, 2024 as quarterly earnings are affected by the highly seasonal nature of the business and weather conditions generally result in greater earnings during the winter months.

The unaudited condensed consolidated financial statements and **condensed related** notes are presented under the rules and regulations of the SEC. Pursuant to those rules, certain information and note disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted. Although the Company believes that the disclosures are adequate, the unaudited condensed consolidated financial statements and **condensed the related** notes should be read in conjunction with the financial statements and notes contained in the Company's Form 10-K for the year ended September 30, 2023. The September 30, 2023 consolidated balance sheet was included in the Company's audited financial statements included in Form 10-K.

Roanoke Gas' line of credit is renewed annually in March, and there was **\$6.6 million** **\$7.6 million** outstanding under the line of credit at **March 31, June 30, 2024**. In March and May 2024, Midstream refinanced nearly **\$34 million** **\$32 million** of long-term debt that was **maturing** **scheduled to mature** in fiscal **2024** **2024** and fiscal **2025**. See Notes 6 and 7 for a discussion of these transactions. **These actions have resolved the uncertainty that gave rise to the conditions that were disclosed last quarter under ASU 2014-15.** In the future, there may again be circumstances where such refinancing is not entirely within the Company's control and such disclosure under ASU 2014-15 is warranted.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company's significant accounting policies are described in Note 1 to the consolidated financial statements contained in the Company's Form 10-K for the year ended September 30, 2023.

Certain amounts previously disclosed have been reclassified to conform to current year presentations.

RGC RESOURCES, INC. AND SUBSIDIARIES

Recently Issued or Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. In combination with ASU 2021-01 and ASU 2022-06, the ASU provides temporary optional guidance to ease the potential burden in accounting for and recognizing the effects of reference rate change on financial reporting. The new guidance applies specifically to contracts and hedging relationships that reference LIBOR, or any other referenced rate that is expected to be discontinued due to reference rate reform. The new guidance is effective for the Company through December 31, 2024. The Intercontinental Exchange Benchmark Administration, the administrator for LIBOR and other inter-bank offered rates, announced that the LIBOR rates for one-day, one-month, six-month and one-year would cease publication in June 2023 and that no new financial contracts may use LIBOR after December 31, 2021. Subsequent to June 30, 2023, the one-day, one-month, six-month, and one-year LIBOR settings will continue to be published under an unrepresentative synthetic methodology until the end of September 2024 in order to bridge the transition to other reference rates. The Company has transitioned all **but one** LIBOR-based variable rate **note notes** to a new reference rate as of **March 31, June 30, 2024**. Each of the revised notes has a corresponding swap that was also transitioned to align with the related notes. **The last LIBOR-based note was refinanced through a new note issued in April 2024.** See Note 7 and Note 9 for more information.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. The new guidance is designed to provide users of financial statements with enhanced disclosures regarding the information provided to the chief operating decision maker (CODM) and how the CODM uses the information in assessing the performance of each segment. The Company is currently evaluating the new standard and determining the additional disclosure requirements. The new guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 31, 2024.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The new guidance requires that on an annual basis public business entities disclose specific categories in the rate reconciliation table and provide additional information for reconciling items that meet a quantitative threshold (items equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory rate). The required disclosures will provide more granularity regarding the payment of income taxes to federal, state and foreign entities. The Company does not expect certain requirements of this ASU to have a significant impact to its current disclosures as all of its operations are domestic and reside in two states. Changes to the rate reconciliation table will result in additional disclosure. The new guidance is effective for public business entities for annual periods beginning after December 15, 2024.

In March 2024, the SEC issued its final rule that requires registrants to provide climate disclosures in their annual reports and registration statements. The new guidance requires that registrants provide information about specified financial statement effects of severe weather events and other natural conditions, certain carbon offsets and renewable energy certificates, and material impacts on financial estimates and assumptions in the footnotes to financial statements. The rule also requires additional disclosures outside of the financial statements including governance and oversight of material climate-related risks, the material impact of climate risks on the company's strategy, business model and outlook, risk management processes for material climate-related risks and material climate targets and goals. The Company is currently evaluating the new rule and determining the impact of the additional disclosure requirements, as well as the data needed and the source of that data to comply with required disclosures. The new rule is currently effective for fiscal years beginning **after** **in** **December 31, 2027** for smaller reporting companies. The final rule was scheduled to become effective May 28, 2024; however, the SEC has voluntarily stayed the rule's effective date pending judicial review. Depending on when the legal challenges are resolved, the mandatory compliance date may be retained or delayed.

Other accounting standards that have been issued by the FASB, SEC or other standard-setting bodies are not currently applicable to the Company or are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

2. Revenue

The Company assesses new contracts and identifies related performance obligations for promises to transfer distinct goods or services to the customer. Revenue is recognized when performance obligations have been satisfied. In the case of Roanoke Gas, the Company contracts with its customers for the sale and/or delivery of natural gas.

RGC RESOURCES, INC. AND SUBSIDIARIES

The following tables summarize revenue by customer, product and income statement classification:

	Natural Gas (Billed and Unbilled):	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023			Three Months Ended June 30, 2024			Three M	
		Gas utility	Non utility	Total operating revenues	Gas utility	Non utility	Total operating revenues	Gas utility	Non utility	Total operating revenues	Gas utilit	
Residential	\$18,843,065	\$ —	\$18,843,065	\$21,376,436	\$ —	\$21,376,436	\$7,333,332	\$ —	\$7,333,332	\$7,405,9		
Commercial	10,398,801	—	10,398,801	12,025,056	—	12,025,056	4,706,086	—	4,706,086	4,459,6		
Transportation and interruptible	1,358,991	—	1,358,991	1,565,170	—	1,565,170	1,317,890	—	1,317,890	1,354,6		
Other	190,719	27,045	217,764	262,923	28,680	291,603	168,514	26,823	195,337	170,1		
Total contracts with customers	30,791,576	27,045	30,818,621	35,229,585	28,680	35,258,265	13,525,822	26,823	13,552,645	13,390,4		
Alternative revenue programs	1,840,755	—	1,840,755	2,771,392	—	2,771,392	905,557	—	905,557	241,3		
Total operating revenues	\$32,632,331	\$27,045	\$32,659,376	\$38,000,977	\$28,680	\$38,029,657	\$14,431,379	\$26,823	\$14,458,202	\$13,631,8		
	Natural Gas (Billed and Unbilled):	Six Months Ended March 31, 2024			Six Months Ended March 31, 2023			Nine Months Ended June 30, 2024			Nine M	
		Gas utility	Non utility	Total operating revenues	Gas utility	Non utility	Total operating revenues	Gas utility	Non utility	Total operating revenues	Gas utilit	
Residential	\$32,667,707	\$ —	\$32,667,707	\$40,742,276	\$ —	\$40,742,276	\$40,001,039	\$ —	\$40,001,039	\$48,148,2		
Commercial	18,240,077	—	18,240,077	24,044,169	—	24,044,169	22,946,163	—	22,946,163	28,502,7		
Transportation and interruptible	2,729,261	—	2,729,261	3,153,238	—	3,153,238	4,047,151	—	4,047,151	4,508,9		
Other	485,057	54,543	539,600	684,918	58,248	743,166	653,571	81,366	734,937	855,0		
Total contracts with customers	54,122,102	54,543	54,176,645	68,624,601	58,248	68,682,849	67,647,924	81,366	67,729,290	82,015,0		
Alternative revenue programs	2,902,083	—	2,902,083	2,629,143	—	2,629,143	3,807,640	—	3,807,640	2,870,5		
Total operating revenues	\$57,024,185	\$54,543	\$57,078,728	\$71,253,744	\$58,248	\$71,311,992	\$71,455,564	\$81,366	\$71,536,930	\$84,885,6		

Gas utility revenues

Substantially all of Roanoke Gas' revenues are derived from rates authorized by the SCC through its tariffs. Based on its evaluation, the Company has concluded that these tariff-based revenues fall within the scope of ASC 606, *Revenue from Contracts with Customers*. Tariff rates represent the transaction price. Performance obligations created under these tariff-based sales include the cost of natural gas sold to customers

(commodity) and the cost of transporting natural gas through the Company's distribution system to customers (delivery). The delivery of natural gas to customers results in the satisfaction of the Company's respective performance obligations over time.

All customers are billed monthly based on consumption as measured by metered usage with payments due 20 days from the rendering of the bill. Revenue is recognized as bills are issued for natural gas that has been delivered or transported. In addition, the Company utilizes the practical expedient that allows an entity to recognize the invoiced amount as revenue, if that amount corresponds to the value received by the customer. Since customers are billed tariff rates, there is no variable consideration in the transaction price.

RGC RESOURCES, INC. AND SUBSIDIARIES

Unbilled revenue is included in residential and commercial revenues in the preceding table. Natural gas consumption is estimated for the period subsequent to the last billed date and up through the last day of the month. Estimated volumes and approved tariff rates are utilized to calculate unbilled revenue. The following month, the unbilled estimate is reversed, the actual usage is billed and a new unbilled estimate is calculated. The Company obtains metered usage for **industrial transportation** and **interruptible** customers at the end of each month, thereby eliminating any unbilled consideration for these rate classes.

Other revenues

Other revenues primarily consist of miscellaneous fees and charges, utility-related revenues not directly billed to utility customers and billings for non-utility activities. Customers are invoiced monthly based on services provided for these activities. The Company utilizes the practical expedient allowing revenue to be recognized based on invoiced amounts. The transaction price is based on a contractually predetermined rate schedule; therefore, the transaction price represents total value to the customer and no variable price consideration exists.

Alternative revenue program revenues

ARPs, which fall outside the scope of ASC 606, are SCC approved mechanisms that allow for the adjustment of revenues for certain broad, external factors, or for additional billings if the entity achieves certain performance targets. The Company's ARPs include its WNA, which adjusts revenues for the effects of weather temperature variations as compared to the 30-year average; the SAVE Plan over/under collection mechanism, which adjusts revenues for the differences between SAVE Plan revenues billed to customers and the revenue earned, as calculated based on the timing and extent of infrastructure replacement completed during the period; and the RNG over/under collection mechanism, which adjusts revenues similar to the SAVE Plan, but is calculated based on the timing and costs associated with owning, operating and maintaining the RNG facility. These amounts are ultimately collected from, or returned to, customers through future rate changes as approved by the SCC.

Customer accounts receivable and liabilities

Accounts receivable, as reflected in the condensed consolidated balance sheets, includes both billed and unbilled customer revenues, as well as amounts that are not related to customers. The balances of customer receivables are provided below:

	Current Assets		Current Liabilities		Current Assets		Current Liabilities	
	Trade accounts receivable(1)	Unbilled revenue(1)	Customer credit balances	Customer deposits	Trade accounts receivable(1)	Unbilled revenue(1)	Customer credit balances	Customer deposits
Balance at September 30, 2023	\$ 2,782,025	\$ 1,240,097	\$ 1,972,132	\$ 1,476,321	\$ 2,782,025	\$ 1,240,097	\$ 1,972,132	\$ 1,476,321
Balance at March 31, 2024	6,485,713	2,850,532	947,563	1,697,018				
Balance at June 30, 2024					3,783,662	1,423,346	1,075,453	1,586,618
Increase (decrease)	\$ 3,703,688	\$ 1,610,435	\$ (1,024,569)	\$ 220,697	\$ 1,001,637	\$ 183,249	\$ (896,679)	\$ 110,297

(1) Included in accounts receivable in the condensed consolidated balance sheet. Amounts shown net of reserve for credit losses.

The Company had no significant contract assets or liabilities during the period. Furthermore, the Company did not incur any significant costs to obtain contracts.

3. Segment Information

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the Company's executive management in deciding how to allocate resources and assess performance. The Company uses operating income and equity in earnings to assess segment performance.

Intersegment transactions are recorded at cost.

The reportable segments disclosed herein are defined as follows:

Gas Utility - The natural gas segment of the Company generates revenue from its tariff rates and other regulatory mechanisms through which it provides the sale and distribution of natural gas to its residential, commercial and industrial customers.

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RGC RESOURCES, INC. AND SUBSIDIARIES

Investment in Affiliates - The investment in affiliates segment reflects the income generated through the activities of the Company's investment in the MVP and Southgate projects.

Parent and Other - Parent and other include the unregulated activities of the Company as well as certain corporate reporting adjustments.

Information related to the Company's segments are provided below:

	Three Months Ended March 31, 2024				Three Months Ended June 30, 2024			
	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total
	\$ 32,632,331	\$ —	\$ 27,045	\$ 32,659,376	\$ 14,431,379	\$ —	\$ 26,823	\$ 14,458,202
Operating revenues	\$ 32,632,331	\$ —	\$ 27,045	\$ 32,659,376	\$ 14,431,379	\$ —	\$ 26,823	\$ 14,458,202
Depreciation	2,697,707	—	—	2,697,707	2,697,707	—	—	2,697,707
Operating income (loss)	8,666,010	(55,285)	18,984	8,629,709	1,574,375	(37,692)	20,910	1,557,593
Equity in earnings	—	1,229,384	—	1,229,384	—	282,604	—	282,604
Interest expense	911,804	654,809	—	1,566,613	868,000	699,093	—	1,567,093
Income before income taxes	7,844,299	518,705	18,963	8,381,967				
Income (loss) before income taxes					637,332	(454,462)	20,885	203,755

	Three Months Ended March 31, 2023				Three Months Ended June 30, 2023			
	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total
	\$ 38,000,977	\$ —	\$ 28,680	\$ 38,029,657	\$ 13,631,856	\$ —	\$ 28,389	\$ 13,660,245
Operating revenues	\$ 38,000,977	\$ —	\$ 28,680	\$ 38,029,657	\$ 13,631,856	\$ —	\$ 28,389	\$ 13,660,245
Depreciation	2,419,541	—	—	2,419,541	2,419,541	—	—	2,419,541
Operating income (loss)	9,627,320	(58,747)	22,849	9,591,422	1,839,910	(63,766)	22,321	1,798,465
Equity in earnings	—	2,867	—	2,867	—	519,482	—	519,482
Interest expense	810,346	585,516	—	1,395,862	808,384	615,182	—	1,423,566
Income (loss) before income taxes	8,939,360	(641,933)	22,824	8,320,251	1,039,212	(160,402)	22,296	901,106

Six Months Ended March 31, 2024	Nine Months Ended June 30, 2024
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	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total
Operating revenues	\$ 57,024,185	\$ —	\$ 54,543	\$ 57,078,728	\$ 71,455,564	\$ —	\$ 81,366	\$ 71,536,930
Depreciation	5,395,414	—	—	5,395,414	8,093,121	—	—	8,093,121
Operating income (loss)	15,310,308	(68,688)	40,126	15,281,746	16,884,683	(106,380)	61,036	16,839,339
Equity in earnings	—	2,697,219	—	2,697,219	—	2,979,823	—	2,979,823
Interest expense	1,880,741	1,322,145	—	3,202,886	2,748,741	2,021,238	—	4,769,979
Income before income taxes	13,640,033	1,306,239	40,080	14,986,352	14,277,365	851,777	60,965	15,190,107

	Six Months Ended March 31, 2023				Nine Months Ended June 30, 2023			
	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total	Gas Utility	Investment in Affiliates	Parent and Other	Consolidated Total
Operating revenues	\$ 71,253,744	\$ —	\$ 58,248	\$ 71,311,992	\$ 84,885,600	\$ —	\$ 86,637	\$ 84,972,237
Depreciation	4,839,082	—	—	4,839,082	7,258,623	—	—	7,258,623
Operating income (loss)	15,194,665	(105,451)	46,693	15,135,907	17,034,575	(169,217)	69,014	16,934,372
Equity in earnings	—	4,099	—	4,099	—	523,581	—	523,581
Interest expense	1,632,912	1,132,114	—	2,765,026	2,441,296	1,747,296	—	4,188,592
Income (loss) before income taxes	13,759,315	(1,234,548)	46,643	12,571,410	14,798,527	(1,394,950)	68,939	13,472,516

	March 31, 2024				
	Gas Utility		Investment in Affiliates	Parent and Other	Consolidated Total
	Total assets	\$ 271,487,651	\$ 20,181,544	\$ 21,690,335	\$ 313,359,530

	June 30, 2024				
	Gas Utility		Investment in Affiliates	Parent and Other	Consolidated Total
	Total assets	\$ 274,432,384	\$ 20,418,572	\$ 19,303,204	\$ 314,154,160

	September 30, 2023				
	Gas Utility		Investment in Affiliates	Parent and Other	Consolidated Total
	Total assets	\$ 268,664,460	\$ 17,882,108	\$ 17,182,772	\$ 303,729,336

RGC RESOURCES, INC. AND SUBSIDIARIES

4. Rates and Regulatory Matters

The SCC exercises regulatory authority over the natural gas operations of Roanoke Gas. Such regulation encompasses terms, conditions and rates to be charged to customers for natural gas service, safety standards, service extension and depreciation.

In response to continued inflationary pressures, Roanoke Gas filed a general rate application on February 2, 2024 with the SCC seeking to increase its non-gas base rates by \$4.33 million and sought to increase its permitted rate of return on equity from 9.44% to 10.35% reflecting its higher cost of capital, including continued increases in higher interest rates, expense. The SCC permitted the Company to implement its new

rates will go into effect on an interim basis for customer billings on or after July 1, 2024, subject to refund. The SCC's review of Roanoke Gas' filing is underway and a hearing has been set for November 7, 2024.

The SCC requires regulated utilities within the state to perform a depreciation study every five years and to submit the study for SCC approval. The Company's current depreciation rates are based on the last depreciation study approved by the SCC in 2019. As part of the general rate application filed in February 2024, the Company submitted its requisite depreciation study and proposed new depreciation rates. In July 2024, the Company received administrative approval from the SCC staff that authorized the new depreciation rates. The new depreciation rates will result in a small decrease in depreciation expense for fiscal 2024, as the new depreciation rates are effective retroactive to October 1, 2023. This adjustment to depreciation expense will be reflected in the fourth quarter of fiscal 2024.

On December 2, 2022, Roanoke Gas filed an expedited rate application with the SCC seeking an \$8.55 million annual increase in its non-gas base rates, of which \$4.05 million was being recovered through the SAVE Rider. The proposed interim rates went into effect January 1, 2023, subject to refund. In the fourth quarter of fiscal 2023, the Company reached a settlement with the SCC staff on all outstanding issues in the case. Under the terms of the settlement, the Company agreed to an annual incremental revenue requirement of \$7.45 million. The Company agreed to begin billing the new approved rates effective October 1, 2023. The Commission SCC issued its Final Order in the matter on December 19, 2023 in which it approved the settlement agreement in its entirety. Refunds, which had previously been accrued, were made to customers in February 2024.

On August 31, 2023, the SCC approved the Company's new SAVE Plan and Rider with rates effective October 1, 2023. Under this plan, Roanoke Gas can recover costs associated with an estimated \$8.5 million in SAVE eligible investment in fiscal 2024 and an estimated cumulative investment of \$49.5 million over the proposed five-year plan period ending September 30, 2028. The plan was approved with a revenue requirement of approximately \$366,000 for fiscal 2024. On June 28, 2024, Roanoke Gas filed for approval of an updated annual SAVE Rider rate to become effective October 1, 2024. The proposed SAVE rate is based on an estimated \$9.13 million of SAVE eligible investment during fiscal 2025 which results in a revenue requirement of \$1.53 million. The Company expects a Final Order from the SCC in September 2024. By Order dated September 1, 2023, the SCC approved the Company's RNG Rider effective for the period October 1, 2023 through September 30, 2024. In its Order, the SCC directed the Company to file an application to update the RNG Rider by May 30, 2024. In compliance with the SCC's directive, on May 30, 2024, Roanoke Gas filed for an update to its annual RNG Rider to become effective October 1, 2024. The revenue requirement associated with the proposed RNG Rider is \$1.56 million, offset by the sale of environmental credits in the amount of \$1.11 million as well as credits for the over-recovery of costs during the prior year of approximately \$35,000, resulting in a net revenue requirement of approximately \$415,000. The Company expects a Final Order from the SCC in September 2024.

Roanoke Gas is authorized by the SCC to acquire certain natural gas distribution assets from a local housing authority at five separate apartment complexes, located in the Company's service territory. The housing authority renews existing natural gas distribution facilities to include mains and services then transfers ownership of these facilities to Roanoke Gas. In turn, Roanoke Gas assumes responsibility for the operation and maintenance of these assets and recognizes a gain related to the asset acquisition equal to the cost associated with the renewal.

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RGC RESOURCES, INC. AND SUBSIDIARIES

The assets of two complexes were transferred to Roanoke Gas in fiscal 2022. On September 29, 2023, the housing authority transferred the assets from one additional apartment complex to Roanoke Gas and the Company recorded a pre-tax gain of approximately \$311,000 during the fourth quarter of fiscal 2023. The authority is underway substantially complete with renewing the fourth complex, and is awaiting future funding which may be transferred to complete Roanoke Gas before the remaining apartment complex. end of this fiscal year. The timing of funding and the completion of the asset renewals for these complexes the final complex is uncertain at this time.

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RGC RESOURCES, INC. AND SUBSIDIARIES

5. Other Investments

Midstream owns a less than 1% equity investment in the LLC constructing that owns the MVP. MVP, which went into service in June 2024. Midstream is also a less than 1% investor, accounted for under the cost method, in Southgate. Since inception, Southgate, which is in the MVP has encountered various legal design and regulatory issues that have substantially delayed the completion of the project. With the passage of the FRA and certain judicial rulings in mid-2023, construction work was restarted. permitting phase.

While under construction, AFUDC has provided the majority of the income recognized by Midstream. The LLC temporarily suspended accruing AFUDC on the project for portions of prior periods. AFUDC accruals resumed in June 2023 when construction activities restarted. The amount

of AFUDC recognized during the current and prior year is included in the equity in earnings of unconsolidated affiliate in the tables below.

On AFUDC ceased in April 22, June 2024 the LLC filed its in service request for MVP with FERC, with an expectation that gas will begin to flow during when the second calendar quarter and the long-term firm contracts will become effective. As the MVP project nears completion, AFUDC on completed segments will cease and will only be recorded on areas still under construction. pipeline went into service.

The Company participates in the earnings of the MVP proportionate to its level of investment. With the MVP in operation, the Company recognizes its share of earnings from the MVP, favorably adjusted for a basis difference between the Company's proportional share of assets and its carrying value that arose when the Company recorded an other-than-temporary impairment of its investment in 2022. This basis difference will be amortized over the operational life of the MVP. Midstream reassesses assesses the value of its investment in the LLC on at least a quarterly basis, and no impairment indicators were identified in fiscal 2023 or during the first half of fiscal 2024. As noted above, developments in 2023 on the legislative and legal fronts were favorable. The MVP project is not yet completed and adverse developments, as well as potential macroeconomic factors related to interest rates, cost increases, or other unanticipated events could erode fair value leading to new indicators or impairment. date.

Funding for Midstream's investments has been provided through equity contributions from Resources and unsecured promissory notes as detailed in Note 7.

The Company will participate in the earnings generated from the transportation of natural gas through both pipelines proportionate to its level of investment once the pipelines are placed in service.

Investment balances of MVP and Southgate, as of March 31, June 30, 2024 and September 30, 2023, are reflected in the table below:

Balance Sheet location:	March 31, 2024		September 30, 2023		June 30, 2024		September 30, 2023	
Other Assets:								
MVP	\$ 19,793,695		\$ 17,096,476		\$ 20,076,299		\$ 17,096,476	
Southgate	93,998		90,617		99,360		90,617	
Investment in unconsolidated affiliates	\$ 19,887,693		\$ 17,187,093		\$ 20,175,659		\$ 17,187,093	
Income Statement location:	Three Months Ended March 31,		Six Months Ended March 31,		Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Equity in earnings of unconsolidated affiliate	\$ 1,229,384	\$ 2,867	\$ 2,697,219	\$ 4,099	\$ 282,604	\$ 519,482	\$ 2,979,823	\$ 523,581
Undistributed earnings, net of income taxes, of MVP in retained earnings, excluding impairment						March 31, 2024	September 30, 2023	
						\$ 11,686,753	\$ 9,683,	
Undistributed earnings, net of income taxes, of MVP in retained earnings, excluding impairment						June 30, 2024	September 30, 2023	
						\$ 11,896,616	\$ 9,683,	

The undistributed earnings does not include the impairment of the investment in the LLC.

RGC RESOURCES, INC. AND SUBSIDIARIES

The change in the investment in unconsolidated affiliates is provided below:

	Six Months Ended March 31,		Nine Months Ended June 30,	
	2024		2023	
	\$ 3,381	\$ 1,499,337	\$ 8,743	\$ 2,132,679
Cash investment				
Change in accrued capital calls	—	(179,436)	—	(803,998)
Equity in earnings of unconsolidated affiliate	2,697,219	4,099	2,979,823	523,581
Change in investment in unconsolidated affiliates	\$ 2,700,600	\$ 1,324,000	\$ 2,988,566	\$ 1,852,262

Summary unaudited financial statements of MVP are presented below. Southgate financial statements, which are accounted for under the cost method, are not included.

	Income Statements				Income Statements			
	Three Months Ended March 31,		Six Months Ended March 31,		Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	\$ 3,723,469	\$ —	\$ 3,723,469	\$ —				
Operating expenses	(10,822,325)	—	(10,822,325)	—				
AFUDC	\$ 146,538,660	\$ —	\$ 305,100,801	\$ —	38,815,497	49,744,717	343,916,298	49,744,717
Other income, net	3,236,493	259,240	5,900,062	419,712	1,899,904	304,093	7,799,966	723,805
Net income	\$ 149,775,153	\$ 259,240	\$ 311,000,863	\$ 419,712	\$ 33,616,545	\$ 50,048,810	\$ 344,617,408	\$ 50,468,522

	Balance Sheets				Balance Sheets			
	March 31, 2024		September 30, 2023		June 30, 2024		September 30, 2023	
	2024	2023	2023	2023	2024	2023	2023	2023
Assets:								
Current assets	\$ 228,561,994	\$ 795,787,358	\$ 181,484,706	\$ 795,787,358				
Construction work in progress	9,087,392,726	7,499,128,254	—	7,499,128,254				
Property, plant and equipment, net					9,416,489,036	—		
Other assets	12,421,629	11,639,586	13,944,447	11,639,586				
Total assets	\$ 9,328,376,349	\$ 8,306,555,198	\$ 9,611,918,189	\$ 8,306,555,198				
Liabilities and Equity:								
Current liabilities	\$ 238,854,774	\$ 236,947,158	\$ 218,689,919	\$ 236,947,158				
Noncurrent liabilities	34,000	—	32,500	—				
Capital	9,089,487,575	8,069,608,040	9,393,195,770	8,069,608,040				
Total liabilities and equity	\$ 9,328,376,349	\$ 8,306,555,198	\$ 9,611,918,189	\$ 8,306,555,198				

RGC RESOURCES, INC. AND SUBSIDIARIES

6. Short-Term Debt

On March 24, 2023, Roanoke Gas entered into an unsecured Revolving Note in the principal amount of \$25 million. On March 31, 2024, the Revolving Note was amended to extend the maturity date to March 31, 2025. Other key terms and requirements of the Revolving Note were retained. The Revolving Note's variable interest rate is based upon Term SOFR plus 110 basis points and provides for multiple tier borrowing limits to accommodate seasonal borrowing demands. The Company's total available borrowing limits during the term of the Revolving Note currently range from \$15 million to \$25 million. As of **March 31, June 30, 2024**, the Company had an outstanding balance of **\$6,582,180** **\$7,615,825** under the Revolving Note.

7. Long-Term Debt

On March 6, 2024, Midstream entered into the Sixth Amendment to Credit Agreement and related Promissory Notes on the non-revolving credit facility. The Sixth Amendment revised the interest rate from Term SOFR plus 2.00% to Term SOFR plus 2.00% subject to adjustment to Term SOFR plus 1.75% and Term SOFR plus 1.55% upon meeting certain milestones. The Sixth Amendment also consolidated the Promissory Notes to one Promissory Note with one lender, increased the available non-revolving credit facility to \$25 million, and extended the maturity date to December 31, 2025. All other terms and requirements remain unchanged.

Subsequent to the end of the quarter, on May 2, 2024, Midstream established a new \$9 million revolving line of credit facility. The interest rate on the borrowings under the facility is Daily Simple SOFR plus 2.215%; the arrangement includes a 0.40% upfront fee and 0.125% unused line fee. The facility matures on May 2, 2026. With this agreement,

On May 29, 2024, Midstream has the ability and intent to refinance paid in full the \$9 million note payable that will be remaining on was set to mature June 1, 2024; accordingly, it has classified that amount as long-term on the condensed balance sheet as of March 31, 2024.

On June 28, 2023, Midstream amended and restated its \$14 million and \$8 million Term Notes initially entered into on June 12, 2019 and November 1, 2021, respectively. The amendments revised each of the original Term Note's interest rate from LIBOR plus 115 basis points to Daily Simple SOFR plus 126.448 basis points, effective July 1, 2023. On March 6, 2024, Midstream further amended and restated its \$8 million Term Note. The amendment suspended quarterly principal payments beginning with April 1, 2024 through January 1, 2025. Principal payments will commence again on April 1, 2025. All other terms and requirements of the Term Notes were retained. In conjunction with the original amendment of the Term Notes in June 2023, Midstream also amended the corresponding interest rate swaps associated with the Term Notes. The amendments provided for the floating rates on the interest rate swaps to continue to match the rate of the associated notes as well as retain the overall fixed interest rates of 3.24% and 2.443%, respectively. The interest rate swap related to the \$8 million Term Note was not amended on March 6, 2024, but the Company did re-designate its hedge documentation to address the suspension of repayments.

On March 24, 2023, Roanoke Gas amended and restated the \$10 million Term Note originally entered into on September 24, 2021. The amendment revised the original Term Note's interest rate from LIBOR plus 100 basis points to Term SOFR plus 100 basis points. All other terms and requirements of the original Term Note were retained. The effective date of the Amended Term Note was April 1, 2023. In addition, on April 3, 2023, the interest rate swap was amended to align with the Amended Term Note and retained the fixed interest rate of 2.49%. In connection with the Revolving Note and Amended Term Note, Roanoke Gas also amended and restated the Loan Agreement dated September 24, 2021. The amendment provides for borrowing limits on the Revolving Note and amends certain financial conditions required of Roanoke Gas and Resources. All other terms and requirements of the original Loan Agreement were retained. See Note 8 for additional information regarding the interest rate swap.

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Long-term debt consists of the following:

	March 31, 2024		September 30, 2023		June 30, 2024		September 30, 2023	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
Roanoke Gas:								
Unsecured senior notes payable at 4.26%, due September 18, 2034	\$ 30,500,000	\$ 101,368	\$ 30,500,000	\$ 106,195				
Unsecured term notes payable at 3.58%, due October 2, 2027	8,000,000	16,856	8,000,000	19,264				

Unsecured term notes payable at 4.41%, due March 28, 2031	10,000,000	21,928	10,000,000	23,495				
Unsecured term notes payable at 3.60%, due December 6, 2029	10,000,000	20,256	10,000,000	22,017				
Unsecured senior note payable at 4.26%, due September 18, 2034					\$ 30,500,000	\$ 98,954	\$ 30,500,000	\$ 106,195
Unsecured term note payable at 3.58%, due October 2, 2027					8,000,000	15,652	8,000,000	19,264
Unsecured term note payable at 4.41%, due March 28, 2031					10,000,000	21,145	10,000,000	23,495
Unsecured term note payable at 3.60%, due December 6, 2029					10,000,000	19,375	10,000,000	22,017
Unsecured term note payable at 30-day SOFR plus 1.20%, due August 20, 2026 (swap rate at 2.00%)	15,000,000	—	15,000,000	—	15,000,000	—	15,000,000	—
Unsecured term note payable at Term SOFR plus 1.00%, due October 1, 2028 (swap rate at 2.49%)	10,000,000	30,300	10,000,000	33,666	10,000,000	28,784	10,000,000	33,666
Midstream:								
Unsecured term notes payable at Term SOFR plus 2.00%, due December 31, 2025	23,275,000	45,218	23,000,000	23,386				
Unsecured term note payable at Term SOFR plus 1.75%, due December 31, 2025					24,115,000	38,758	23,000,000	23,386

Unsecured term note payable at Daily Simple SOFR plus 1.26448%, due June 12, 2026 (swap rate at 3.24%)	14,000,000	5,417	14,000,000	6,621	14,000,000	4,815	14,000,000	6,621
Unsecured term note payable at 30-day LIBOR plus 1.20%, due June 1, 2024 with monthly principal installments of \$41,667 that began July 1, 2022 (swap rate at 3.14%)	9,125,000	—	9,375,000	1,571	—	—	9,375,000	1,571
Unsecured term note payable at 30-day LIBOR plus 1.20%, matured June 1, 2024 with monthly principal installments of \$41,667 that began July 1, 2022 (swap rate at 3.14%)	—	—	—	—	—	—	9,375,000	1,571
Unsecured term note payable at Daily Simple SOFR plus 1.26448%, due January 1, 2028 with quarterly principal installments of \$400,000 that began April 1, 2023, were suspended April 1, 2024, and will resume April 1, 2025 (swap rate at 2.443% on designated principal)	6,400,000	16,770	7,200,000	19,057	6,400,000	23,082	7,200,000	19,057

Revolving credit facility at Daily Simple SOFR plus 2.215%, due May 2, 2026					9,000,000	53,087	—	—
Total long-term debt	136,300,000	258,113	137,075,000	255,272	137,015,000	303,652	137,075,000	255,272
Less: current maturities of long-term debt	(125,000)	—	(10,975,000)	—	(400,000)	—	(10,975,000)	—
Total long-term debt, net current maturities	\$ 136,175,000	\$ 258,113	\$ 126,100,000	\$ 255,272	\$ 136,615,000	\$ 303,652	\$ 126,100,000	\$ 255,272

Debt issuance costs are amortized over the life of the related debt. As of March 31, June 30, 2024 and September 30, 2023, the Company also had an unamortized loss on the early retirement of debt of \$1,198,965 \$1,170,418 and \$1,256,059, respectively, which has been deferred as a regulatory asset and is being amortized over a 20-year period.

All debt agreements set forth certain representations, warranties and covenants to which the Company is subject, including financial covenants that limit consolidated long-term indebtedness to not more than 65% of total capitalization. All of the debt agreements provide for Priority Indebtedness (defined in the debt agreements) to not exceed 15% of consolidated total assets. The \$15 million and \$10 million notes, as well as the line-of-credit, have an interest coverage ratio requirement of not less than 1.5 to 1, which excludes the effect of the non-cash impairments on the LLC investments up to the total investment as of December 31, 2021, as revised by the Seventh Amendment to the Credit Agreement. The \$9 million revolving line of credit facility also has an interest coverage ratio requirement of not less than 1.5 to 1. The Company was in compliance with all debt covenants as of March 31, June 30, 2024 and September 30, 2023.

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8. Derivatives and Hedging

The Company's hedging and derivative policy allows management to enter into derivatives for the purpose of managing the commodity and financial market risks of its business operations, including the price of natural gas and the cost of borrowed funds. This policy specifically prohibits the use of derivatives for speculative purposes.

The Company has **five** interest rate swaps associated with certain of its variable rate debt as of **March 31, June 30, 2024**. Roanoke Gas has two variable-rate term notes in the amounts of \$15 million and \$10 million, with corresponding swap agreements to **effectively** convert the variable interest rates into fixed rates of 2.00% and 2.49%, respectively. Midstream has **three** swap agreements corresponding to the variable rate term notes with original principal amounts of \$14 million, **\$10 million**, and \$8 million. The swap agreements convert two of these **notes** **agreement** pertaining to the \$14 million note effectively converts the variable interest rate into a fixed rate **instruments** with effective interest rates of 3.24% and 3.14%, respectively. The swap agreement pertaining to the \$8 million note remains in place and was concurrently re-designated to hedge an applicable portion of the note taking into account the temporary suspension of amortization described in Note 7, and converts that portion of the note to a fixed rate of 2.443%. The swaps qualify as cash flow hedges with changes in fair value reported in other comprehensive income. No portion of the swaps were deemed ineffective during the periods presented.

The fair value of the current and non-current portions of the interest rate swaps are reflected in the condensed consolidated balance sheets under the caption interest rate swaps. The table in Note 11 reflects the effect on income and other comprehensive income of the Company's cash flow hedges.

9. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, established a fair value hierarchy that prioritizes each input to the valuation method used to measure fair value of financial and nonfinancial assets and liabilities that are measured and reported on a fair value basis into one of the

following three levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 – Inputs other than quoted prices in Level 1 that are either for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs for the asset or liability where there is little, if any, market activity for the asset or liability at the measurement date, which require the Company to develop its own assumptions.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

RGC RESOURCES, INC. AND SUBSIDIARIES

The following table summarizes the Company's financial assets and liabilities that are measured at fair value on a recurring basis as required by existing guidance and the fair value measurements by level within the fair value hierarchy:

	Fair Value Measurements - March 31, 2024						Fair Value Measurements - June 30, 2024					
	Quoted Prices in Active Markets			Significant Other Observable Inputs			Quoted Prices in Active Markets			Significant Other Observable Inputs		
	Fair Value	Value (Level 1)	Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Value (Level 1)	Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Value (Level 1)	Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:												
Interest rate swaps	\$ 3,504,894	\$ —	\$ 3,504,894	\$ —	\$ 3,236,627	\$ —	\$ 3,236,627	\$ —	\$ 3,236,627	\$ —	\$ —	\$ —
Total	\$ 3,504,894	\$ —	\$ 3,504,894	\$ —	\$ 3,236,627	\$ —	\$ 3,236,627	\$ —	\$ 3,236,627	\$ —	\$ —	\$ —
Liabilities:												
Natural gas purchases	\$ 1,126,381	\$ —	\$ 1,126,381	\$ —	\$ 1,955,937	\$ —	\$ 1,955,937	\$ —	\$ 1,955,937	\$ —	\$ —	\$ —
Total	\$ 1,126,381	\$ —	\$ 1,126,381	\$ —	\$ 1,955,937	\$ —	\$ 1,955,937	\$ —	\$ 1,955,937	\$ —	\$ —	\$ —

The fair value of the interest rate swaps are determined by using the counterparty's proprietary models and certain assumptions regarding past, present and future market conditions.

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RGC RESOURCES, INC. AND SUBSIDIARIES

Under the asset management contract, a timing difference can exist between the payment for natural gas purchases and the actual receipt of such purchases. Payments are made based on a predetermined monthly volume with the price based on weighted average first of the month index prices corresponding to the month of the scheduled payment. At **March 31**, **June 30**, 2024 and September 30, 2023, the Company had recorded in accounts payable the estimated fair value of the liability valued at the corresponding first of month index prices for which the liability is expected to be settled.

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The Company's nonfinancial assets and liabilities measured at fair value on a nonrecurring basis consist of its AROs. The AROs are measured at fair value at initial recognition based on expected future cash flows required to settle the obligation.

The carrying value of cash and cash equivalents, accounts receivable, borrowings under line-of-credit, accounts payable (with the exception of the timing difference under the asset management **contract**) contracts, customer credit balances and customer deposits is a reasonable estimate of fair value due to the short-term nature of these financial instruments. In addition, the carrying amount of the variable rate line-of-credit is a reasonable approximation of its fair value.

The following table summarizes the fair value of the Company's financial assets and liabilities that are not adjusted to fair value in the financial statements:

	Fair Value Measurements - March 31, 2024						Fair Value Measurements - June 30, 2024					
	Quoted Prices in Active Markets			Significant Other Observable Inputs			Quoted Prices in Active Markets			Significant Other Observable Inputs		
	Carrying Value	(Level 1)	(Level 2)	Carrying Value	(Level 1)	(Level 2)	Carrying Value	(Level 1)	(Level 2)	Carrying Value	(Level 1)	(Level 2)
Liabilities:												
Current maturities of long-term debt	\$ 125,000	\$ —	\$ —	\$ 125,000	\$ 400,000	\$ —	\$ —	\$ —	\$ —	\$ 400,000	\$ —	\$ —
Notes payable	136,175,000	—	—	133,558,830	136,615,000	—	—	—	—	132,886,828	—	—
Total	\$ 136,300,000	\$ —	\$ —	\$ 133,683,830	\$ 137,015,000	\$ —	\$ —	\$ —	\$ —	\$ 133,286,828	\$ —	\$ —

	Fair Value Measurements - September 30, 2023					
	Quoted Prices in Active Markets			Significant Other Observable Inputs		
	Carrying Value	(Level 1)	(Level 2)	Carrying Value	(Level 1)	(Level 2)
Liabilities:						
Current maturities of long-term debt	\$ 10,975,000	\$ —	\$ —	\$ —	\$ —	\$ 10,975,000
Notes payable	126,100,000	—	—	—	—	120,298,000
Total	\$ 137,075,000	\$ —	\$ —	\$ —	\$ —	\$ 131,273,000

The fair value of long-term debt is estimated by discounting the future cash flows of the fixed rate debt based on the underlying Treasury rate or other Treasury instruments with a corresponding maturity period and estimated credit spread extrapolated based on market conditions since the issuance of the debt.

ASC 825, *Financial Instruments*, requires disclosures regarding concentrations of credit risk from financial instruments. Cash equivalents are investments in high-grade, short-term securities (original maturity less than three months), placed with financially sound institutions. Accounts receivable are from a diverse group of customers including individuals and small and large companies in various industries. No individual customer amounted to more than 5% of total accounts receivable at **March 31, June 30, 2024** and September 30, 2023. The Company maintains certain credit standards with its customers and requires a customer deposit if warranted.

RGC RESOURCES, INC. AND SUBSIDIARIES

10. Earnings Per Share

Basic earnings per common share for the three and **six** **nine** months ended **March 31, June 30, 2024** and 2023 were calculated by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per common share were calculated by dividing net income by the weighted average common shares outstanding during the period plus potential dilutive common shares.

A reconciliation of basic and diluted earnings per share is presented below:

	Three Months Ended March 31,				Six Months Ended March 31,				Three Months Ended June 30,				Nine Months Ended June 30,			
	2024		2023		2024		2023		2024		2023		2024		2023	
	\$ 6,443,390	\$ 6,341,886	\$ 11,463,382	\$ 9,598,291	\$ 156,692	\$ 686,816	\$ 11,620,074	\$ 10,285,107								
Net income																
Weighted average common shares	10,170,595	9,911,202	10,099,533	9,870,259	10,188,592	9,939,843	10,129,111	9,893,454								
Effect of dilutive securities:																
Options to purchase common stock	3,411	7,506	2,751	7,242	4,205	3,028	3,236	5,767								
Diluted average common shares	10,174,006	9,918,708	10,102,284	9,877,501	10,192,797	9,942,871	10,132,347	9,899,221								
Earnings per share of common stock:																
Basic	\$ 0.63	\$ 0.64	\$ 1.14	\$ 0.97	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04								
Diluted	\$ 0.63	\$ 0.64	\$ 1.13	\$ 0.97	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04								

11. Other Comprehensive Income (Loss)

A summary of other comprehensive income and loss is provided below:

	Before-Tax Amount	Tax (Expense) or Benefit		Before-Tax Amount	Tax (Expense) or Benefit		Net-of-Tax Amount
		Net-of-Tax Amount	Net-of-Tax Amount		Net-of-Tax Amount	Net-of-Tax Amount	
Three Months Ended March 31, 2024							
Three Months Ended June 30, 2024							
Interest rate swaps:							
Unrealized gains				\$ 207,785		\$ (53,484)	\$ 154,301
Transfer of realized gains to interest expense				(476,053)		122,535	(353,518)
Net interest rate swaps				(268,268)		69,051	(199,217)
Defined benefit plans:							

Amortization of net actuarial losses	16,015	(4,122)	11,893
Other comprehensive loss	<u><u>\$ (252,253)</u></u>	<u><u>\$ 64,929</u></u>	<u><u>\$ (187,324)</u></u>
Three Months Ended June 30, 2023			
Interest rate swaps:			
Unrealized gains	\$ 802,399	\$ (206,537)	\$ 595,862
Transfer of realized gains to interest expense	(533,706)	137,376	(396,330)
Net interest rate swaps	<u><u>268,693</u></u>	<u><u>(69,161)</u></u>	<u><u>199,532</u></u>
Defined benefit plans:			
Amortization of net actuarial losses	16,015	(4,122)	11,893
Other comprehensive income	<u><u>\$ 284,708</u></u>	<u><u>\$ (73,283)</u></u>	<u><u>\$ 211,425</u></u>
Three Months Ended March 31, 2023			
Interest rate swaps:			
Unrealized losses	\$ (260,544)	\$ 67,065	\$ (193,479)
Transfer of realized gains to interest expense	(419,712)	108,034	(311,678)
Net interest rate swaps	<u><u>(680,256)</u></u>	<u><u>175,099</u></u>	<u><u>(505,157)</u></u>
Defined benefit plans:			
Amortization of net actuarial losses	19,703	(5,072)	14,631
Other comprehensive loss	<u><u>\$ (660,553)</u></u>	<u><u>\$ 170,027</u></u>	<u><u>\$ (490,526)</u></u>

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Amortization of net actuarial losses	39,406	(10,144)	29,262	59,109	(15,216)	43,893
Other comprehensive loss	\$ (887,682)	\$ 228,489	\$ (659,193)	\$ (247,012)	\$ 63,580	\$ (183,432)

The amortization of actuarial gains and losses, reflected in the preceding table, relate to the unregulated operations of the Company. Actuarial gains and losses attributable to the regulated operations are included as a regulatory asset. See Note 13 for a schedule of regulatory assets. The amortization of actual gains and losses is recognized as a component of net periodic pension and postretirement benefit costs under other income, net in the condensed consolidated statements of income.

Reconciliation of Accumulated Other Comprehensive Income (Loss)

	Accumulated Other			Accumulated Other		
	Interest Rate	Defined Benefit		Interest Rate	Defined Benefit	
		Swaps	Plans		Swaps	Plans
Balance at September 30, 2023	\$ 3,428,922	\$ (1,175,633)	\$ 2,253,289	\$ 3,428,922	\$ (1,175,633)	\$ 2,253,289
Other comprehensive income (loss)	(826,188)	23,786	(802,402)	(1,025,405)	35,679	(989,726)
Balance at March 31, 2024	\$ 2,602,734	\$ (1,151,847)	\$ 1,450,887			
Balance at June 30, 2024				\$ 2,403,517	\$ (1,139,954)	\$ 1,263,563

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12. Income Taxes

The effective tax rates for the three-month and ~~six~~nine-month periods ended ~~March 31, June 30, 2024~~ and 2023 reflected in the table below are less than the combined federal and state statutory rate of 25.74%. The reduction ~~in~~ to the effective tax rates for the three-month and ~~six~~nine-month periods ended ~~March 31, June 30, 2024~~ is due to additional tax deductions from the amortization of excess deferred taxes and amortization of RNG tax credits deferred as a regulatory liability. The reduction ~~in~~ to the effective tax rates for the three-month and ~~six~~nine-month periods ended ~~March 31, June 30, 2023~~ is due to additional tax deductions from the amortization of excess deferred taxes and amortization of R&D tax credits deferred as a regulatory liability.

Effective tax rate	Three Months Ended March 31,		Six Months Ended March 31,	
	2024		2023	
	23.1 %	23.8 %	23.5 %	23.5 %
Effective tax rate	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024		2023	
	23.1 %	23.8 %	23.5 %	23.5 %

The Company files a consolidated federal income tax return and state income tax returns in Virginia and West Virginia, and thus subject to examinations by federal and state tax authorities. The IRS is currently examining the Company's 2018 and 2019 ~~amended~~ federal tax returns and the ultimate outcome of these examinations is unknown as of the date of this Form 10-Q. The Company believes its income tax assets and liabilities are fairly stated as of ~~March 31, June 30, 2024~~ and 2023; however, these assets and liabilities could be adjusted as a result of this examination. ~~The Aside from the September 30, 2018 and 2019 amended returns, the federal returns prior to September 30, 2017, 2020 are no longer subject to examination as of the date of this Form 10-Q. Additionally, the state returns for Virginia prior to September 30, 2018 and state returns for West Virginia prior to September 30, 2020 2020 are no longer subject to examination.~~ examination as of the date of this Form 10-Q.

13. Regulatory Assets and Liabilities

The Company's regulated operations follow the accounting and reporting requirements of ASC 980, *Regulated Operations*. A regulated company may defer costs that have been or are expected to be recovered from customers in a period different from the period in which the costs would ordinarily be charged to expense by an unregulated enterprise. When this situation occurs, costs are deferred as assets in the condensed consolidated balance sheet (regulatory assets) and amortized into expense over periods when such amounts are reflected in customer rates. Additionally, regulators can impose liabilities upon a regulated company for amounts previously collected from customers and for current collection in customer rates of costs that are expected to be incurred in the future (regulatory liabilities). In the event the provisions of ASC 980 no longer apply to any or all regulatory assets or liabilities, the Company would write off such amounts and include the effects in the condensed consolidated statements of income and comprehensive income in the period which ASC 980 no longer applied.

Regulatory assets included in the Company's accompanying balance sheets are as follows:

	March 31, 2024	September 30, 2023	June 30, 2024	September 30, 2023
Assets:				
Current Assets:				
Regulatory assets:				
Accrued WNA revenues	\$ 3,282,311	\$ 414,689	\$ 1,918,161	\$ 414,689
Under-recovery of gas costs	—	1,383,340	316,729	1,383,340
Under-recovery of RNG revenues	1,589,211	797,804	1,215,411	797,804
Accrued pension	121,509	243,017	60,755	243,017
Other deferred expenses	12,762	15,426	12,762	15,426
Total current	5,005,793	2,854,276	3,523,818	2,854,276
Other Non-Current Assets:				
Regulatory assets:				
Premium on early retirement of debt	1,198,965	1,256,059	1,170,418	1,256,059
Accrued pension	3,786,265	3,786,265	3,786,265	3,786,265
Other deferred expenses	325,707	347,121	314,999	347,121
Total non-current	5,310,937	5,389,445	5,271,682	5,389,445
Total regulatory assets	\$ 10,316,730	\$ 8,243,721	\$ 8,795,500	\$ 8,243,721

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RGC RESOURCES, INC. AND SUBSIDIARIES

Regulatory liabilities included in the Company's accompanying balance sheets are as follows:

	March 31, 2024	September 30, 2023	June 30, 2024	September 30, 2023
Liabilities and Stockholders' Equity:				
Current Liabilities:				
Regulatory liabilities:				
Over-recovery of gas costs	\$ 780,133	\$ —	\$ —	\$ —
Over-recovery of SAVE Plan revenues	161,219	146,861	\$ 85,815	\$ 146,861
Rate refund	—	652,018	—	652,018
Deferred income taxes	591,765	527,034	591,765	527,034
Supplier refunds	73,268	275,649	32,964	275,649
Other deferred liabilities	15,581	31,154	7,787	31,154
Total current	1,621,966	1,632,716	718,331	1,632,716
Deferred Credits and Other Non-Current Liabilities:				

Asset retirement obligations	10,941,196	10,792,831	11,027,988	10,792,831
Regulatory cost of retirement obligations	13,738,423	13,029,376	14,036,454	13,029,376
Regulatory liabilities:				
Deferred income taxes	15,953,893	16,249,776	15,805,952	16,249,776
Deferred postretirement medical	1,781,917	1,781,917	1,781,917	1,781,917
Total non-current	42,415,429	41,853,900	42,652,311	41,853,900
Total regulatory liabilities	\$ 44,037,395	\$ 43,486,616	\$ 43,370,642	\$ 43,486,616

As of **March 31**, **June 30**, 2024 and September 30, 2023, the Company had regulatory assets in the amount of **\$10,316,730** **\$8,795,500** and **\$8,243,721**, respectively, on which the Company did not earn a return during the recovery period.

14. Commitments and Contingencies

Roanoke Gas currently holds the only franchises and/or CPCNs to distribute natural gas in its service area. These franchises generally extend for multi-year periods and are renewable by the municipalities, including exclusive franchises in the cities of Roanoke and Salem and the Town of Vinton, Virginia. All three franchises are set to expire December 31, 2035. In 2019, the SCC issued an order granting a CPCN to furnish gas to all of Franklin County. Unlike the CPCNs for the other counties served by Roanoke Gas, the Franklin County CPCN was scheduled to terminate within five years of the date of the order if Roanoke Gas did not furnish gas service to the designated service area. In November 2023, the SCC granted Roanoke Gas a three-year extension on the CPCN. Roanoke Gas **plans to serve the has commissioned its new gate station in Franklin County, area with natural and expects to deliver gas delivered through the MVP, once MVP is placed into service. See Footnote to its 5 first for further information on the MVP customer in Franklin County this fiscal year.**

Due to the nature of the natural gas distribution business, the Company has entered into agreements with both suppliers and pipelines for natural gas commodity purchases, storage capacity and pipeline delivery capacity. The Company utilizes **an asset manager** **managers** to assist in optimizing the use of its transportation, storage rights and gas supply in order to provide a secure and reliable source of natural gas to its customers. The Company also has storage and pipeline capacity contracts to store and deliver natural gas to the Company's distribution system. Roanoke Gas is currently served directly by **two** **three** primary pipelines that deliver all of the natural gas supplied to the Company's distribution system. Depending on weather conditions and the level of customer demand, failure of one of these transmission pipelines could have a major adverse impact on the Company's ability to deliver natural gas to its customers and its results of operations. **The With the MVP will provide Roanoke Gas with access to now in service, there is an additional delivery source to its distribution enhanced reliability in the system increasing system reliability** and the Company's ability to meet future demands for natural gas.

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RGC RESOURCES, INC. AND SUBSIDIARIES

15. Employee Benefit Plans

The Company has both a pension plan and a postretirement plan. The pension plan covers the Company's employees hired before January 1, 2017 and provides a retirement benefit based on years of service and employee compensation. The postretirement plan, covering employees hired before January 1, 2000, provides certain health care and supplemental life insurance benefits to retired employees who meet specific age and service requirements. Net pension plan and postretirement plan expense is detailed as follows:

Components of net periodic pension cost:	Three Months Ended March 31,		Six Months Ended March 31,		Three Months Ended June 30,		Nine Months Ended June 30,	
	2024		2023		2024		2023	
	Service cost	\$ 81,066	\$ 91,635	\$ 162,132	\$ 183,270	\$ 81,066	\$ 91,635	\$ 243,198

Interest cost	367,206	343,025	734,412	686,050	367,206	343,025	1,101,618	1,029,075
Expected return on plan assets	(294,958)	(308,149)	(589,916)	(616,298)	(294,958)	(308,149)	(884,874)	(924,447)
Recognized loss	79,132	79,181	158,264	158,362	79,132	79,181	237,396	237,543
Net periodic pension cost	<u>\$ 232,446</u>	<u>\$ 205,692</u>	<u>\$ 464,892</u>	<u>\$ 411,384</u>	<u>\$ 232,446</u>	<u>\$ 205,692</u>	<u>\$ 697,338</u>	<u>\$ 617,076</u>

Components of postretirement benefit cost:	Three Months Ended March 31,		Six Months Ended March 31,		Three Months Ended June 30,		Nine Months Ended June 30,	
	2024		2023		2024		2023	
	2024	2023	2024	2023	2024	2023	2024	2023
Service cost	\$ 7,599	\$ 11,475	\$ 15,198	\$ 22,950	\$ 7,599	\$ 11,475	\$ 22,797	\$ 34,425
Interest cost	153,369	155,156	306,738	310,312	153,369	155,156	460,107	465,468
Expected return on plan assets	(133,311)	(116,012)	(266,622)	(232,024)	(133,311)	(116,012)	(399,933)	(348,036)
Recognized gain	(10,149)	—	(20,298)	—	(10,149)	—	(30,447)	—
Net postretirement benefit cost	<u>\$ 17,508</u>	<u>\$ 50,619</u>	<u>\$ 35,016</u>	<u>\$ 101,238</u>	<u>\$ 17,508</u>	<u>\$ 50,619</u>	<u>\$ 52,524</u>	<u>\$ 151,857</u>

The components of net periodic benefit cost, excluding the service cost component, are included in other income, net in the condensed consolidated statements of income. Service cost is included in operations and maintenance expense in the condensed consolidated statements of income.

For the three-month and **six** nine-month periods ended March 31, June 30, 2024, no funding contributions were made to the pension plan or postretirement plan. The Company is not currently planning to make any funding contributions to either plan for the remainder of fiscal 2024.

16. Leases

The Company leases certain assets including office space and land classified as operating leases. The Company determines if an arrangement is a lease at inception of the agreement based on the terms and conditions in the contract. The operating lease ROU assets and operating lease liabilities are recognized as the present value of the future minimum lease payments over the lease term at commencement date. As most of the leases do not provide an implicit rate, the Company uses an estimate of its secured incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The incremental borrowing rate is determined by management aided by inquiries of a third party.

Lease expense for minimum lease payments is recognized on a straight-line basis over the term of the agreement. The Company made an accounting policy election that payments under agreements with an initial term of 12 months or less will not be included on the condensed consolidated balance sheet but will be recognized when paid in the consolidated statements of operations.

RGC RESOURCES, INC. AND SUBSIDIARIES

During fiscal 2023, the Company entered into a land lease in conjunction with its RNG facility that has a 20-year term with two five-year renewal options that are not considered part of the ROU asset and liability as the decision to elect said options will be made by the Company in the future. The Company also has three other operating leases with original terms ranging from 3 to 6 years. The operating lease ROU assets of **\$346,786** **\$339,022** are reflected in other non-current assets in the condensed consolidated balance sheets. The current operating lease liabilities of **\$31,010** **\$31,366** and non-current lease liabilities of **\$319,936** **\$317,482** are included in other current liabilities and deferred credits and other non-current liabilities, respectively, in the condensed consolidated balance sheets. The expense components of the Company's operating leases are included under operations and maintenance expense in the condensed consolidated statements of income and were less than \$50,000 for each period presented.

Other information related to leases were as follows:

Supplemental Cash Flow Information:

	Three Months Ended March 31,		Three Months Ended June 30,	
	2024	2023	2024	2023
Cash paid on operating leases	\$ 5,500	\$ 3,300	\$ 9,900	\$ 3,300
Right of use obtained in exchange for operating lease obligations	N/A	N/A	N/A	N/A
Weighted-average remaining term (in years)	17.4	17.5	17.4	17.5
Weighted-average discount rate	5.65%	5.65%	5.65%	5.65%
Six Months Ended March 31,		Nine Months Ended June 30,		
	2024	2023	2024	2023
	\$ 12,266	\$ 15,900	\$ 22,166	\$ 19,200
Cash paid on operating leases	N/A	N/A	N/A	N/A
Right of use obtained in exchange for operating lease obligations	N/A	N/A	N/A	N/A
Weighted-average remaining term (in years)	17.4	17.5	17.4	17.5
Weighted-average discount rate	5.65%	5.65%	5.65%	5.65%

On March 31, June 30, 2024, the future minimum rental payments under non-cancelable operating leases by fiscal year were as follows:

2024	\$ 36,800	\$ 26,900
2025	43,065	43,065
2026	30,038	30,038
2027	30,038	30,038
2028	26,400	26,400
Thereafter	369,600	369,600
Total minimum lease payments	535,941	526,041
Less imputed interest	(184,995)	(177,193)
Total	\$ 350,946	\$ 348,848

17. Subsequent Events

The Company has evaluated subsequent events through the date the financial statements were issued. There were no items not otherwise disclosed which would have materially impacted the Company's condensed consolidated financial statements.

RGC RESOURCES, INC. AND SUBSIDIARIES

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report contains forward-looking statements that relate to future transactions, events or expectations. In addition, Resources may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, technological developments, new products, research and development activities, operational impacts and similar matters. These statements are based on management's current expectations and information available at the time of such statements and are believed to be reasonable and are made in good faith. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of the Company's business include, but are not limited to, those set forth in the following discussion and within Item 1A "Risk Factors" in the Company's 2023 Annual Report on Form 10-K. All of these factors are difficult to predict and many are beyond the Company's control. Accordingly, while the Company believes its forward-looking statements to be reasonable, there can be no assurance that they will approximate actual

experience or that the expectations derived from them will be realized. When used in the Company's documents or news releases, the words, "anticipate," "believe," "intend," "plan," "estimate," "predict", "target", "predict," "target," "expect," "objective," "projection," "forecast," "budget," "assume," "indicate" or similar words or future or conditional verbs such as "will," "would," "should," "can," "could," "may" or "might" are intended to identify forward-looking statements.

Forward-looking statements reflect the Company's current expectations only as of the date they are made. The Company assumes no duty to update these statements should expectations change or actual results differ from current expectations except as required by applicable laws and regulations.

RGC RESOURCES, INC. AND SUBSIDIARIES

The three-month and ~~six-month~~nine-month earnings presented herein should not be considered as reflective of the Company's consolidated financial results for the fiscal year ending September 30, 2024. The total revenues and margins realized during the first ~~six~~nine months reflect higher billings due to the weather-sensitive nature of the natural gas business.

Overview

Resources is an energy services company primarily engaged in the regulated sale and distribution of natural gas to approximately ~~63,300~~62,800 residential, commercial and industrial customers in Roanoke, Virginia and surrounding localities through its Roanoke Gas subsidiary. Midstream, a wholly owned subsidiary of Resources, is a less than 1% investor in both the MVP and Southgate. The utility operations of Roanoke Gas are regulated by the SCC, which oversees the terms, conditions and rates charged to customers for natural gas service, safety standards, extension of service and depreciation. The Company is also subject to regulation from the United States Department of Transportation in regard to the construction, operation, maintenance, safety and integrity of its transmission and distribution pipelines. FERC regulates the prices for the transportation and delivery of natural gas to the Company's distribution system and underground storage services. In addition, the Company is subject to other regulations which are not necessarily industry specific.

RGC RESOURCES, INC. AND SUBSIDIARIES

Nearly all of the Company's revenues are derived from the sale and delivery of natural gas to Roanoke Gas customers based on rates and fees authorized by the SCC. These rates are designed to provide the Company with the opportunity to recover its gas and non-gas expenses and to earn a reasonable rate of return for shareholders based on normal weather. These rates are determined based on various rate applications filed with the SCC. Generally, investments related to extending service to new customers are recovered through the additional revenues generated by the non-gas base rates in place at that time. The investment in replacing and upgrading existing infrastructure, as well as recovering increases in non-gas expenses due to inflationary pressures, regulatory requirements or operational needs, are generally not recoverable until a formal rate application is filed to include the additional investment and higher costs, and new non-gas base rates are approved.

Beginning January 1, 2023, Roanoke Gas implemented interim, non-gas base rates designed to provide \$8.55 million in additional annual revenues in response to higher operating costs and to recover its investment in non-SAVE related projects since the prior non-gas base rate increase in fiscal 2019. Revenues from the SAVE Plan and Rider were incorporated into the ~~new~~interim, non-gas base rates. On December 19, 2023, the SCC issued a final order approving a non-gas base rate increase of \$7.45 million. The order also directed Roanoke Gas to refund the excess revenues collected during the time the interim rates were in effect with interest. Refunds to customers, which were accrued in fiscal 2023 and reflected in regulatory liabilities, were made in February 2024. On February 2, 2024, primarily in response to continued inflationary pressures, Roanoke Gas filed for a non-gas base rate increase of \$4.33 million, which reflected an increase in the Company's authorized ~~rate of return~~on equity from 9.44% to 10.35%. The new interim non-gas base rates ~~will go~~went into effect for customer billings on or after July 1, 2024, subject to refund. These additional revenues are subject to refund pending audit, which is currently underway. A hearing has been set for November 7, 2024. See the Regulatory section for additional information.

~~On April 22, 2024, During the most recent quarter, the LLC filed a request for FERC's approval completed and received all necessary approvals to place initiate service. The MVP went into service in service no later than May 23, 2024. Transmission of gas is expected to begin soon after approval is received. The LLC will submit separate filings for implementing tariff June 2024, and transportation agreements. the shipper agreements became active on July 1, 2024.~~ See the Equity Investment in Mountain Valley Pipeline section for additional information on the MVP.

As the Company's business is seasonal in nature, volatility in winter weather and the commodity price of natural gas can impact the effectiveness of the Company's rates in recovering its costs and providing a reasonable return for its shareholders. In order to mitigate the effect of weather variations and other factors not provided for in the Company's base rates, Roanoke Gas has certain approved rate mechanisms in place that help provide stability in earnings, adjust for volatility in the price of natural gas and provide a return on qualified infrastructure investment. These mechanisms include the SAVE Rider, WNA, ICC, RNG Rider and PGA.

The SAVE Plan and Rider provides the Company with a mechanism through which it recovers costs related to qualified SAVE infrastructure investments on a prospective basis, until a rate application is filed incorporating these investments in non-gas base rates. SAVE Plan revenues increased by approximately \$68,000 \$127,000 for the three-month period ended **March 31, 2024** **June 30, 2024** and decreased by approximately \$960,000 \$833,000 for the six-month nine-month period ended **March 31, 2024** **June 30, 2024** compared to the same periods last year, reflecting the movement of the SAVE Plan revenues into the new non-gas base rates on January 1, 2023. Roanoke Gas filed and received approval from the SCC for a new SAVE Plan and Rider with new rates placed into effect on October 1, 2023 that is expected to result in approximately \$366,000 in SAVE-related revenues during fiscal 2024. Additional information regarding the SAVE Plan and Rider is provided under the Regulatory section below.

RGC RESOURCES, INC. AND SUBSIDIARIES

The WNA mechanism reduces the volatility in earnings due to the variability in temperatures during the heating season. The WNA is based on the most recent 30-year temperature average and provides the Company with a level of earnings protection when weather is warmer than normal and provides its customers with price protection when weather is colder than normal. The WNA allows the Company to recover from its customers the lost margin (excluding gas costs) from warmer-than-normal weather and correspondingly requires the Company to refund the excess margin earned for colder-than-normal weather. The WNA mechanism used by the Company is based on a linear regression model that determines the value of a single heating degree day and thereby estimates the revenue adjustment based on weather variance from normal. Any billings or refunds related to the WNA are completed following each WNA year, which extends for the 12-month period from April to March. For the three and **six** **nine** months ended **March 31, 2024** **June 30, 2024**, the Company accrued approximately \$1,694,000 \$821,000 and \$2,868,000 \$3,689,000 in additional revenues under the WNA model for weather that was **18%** **48%** and **17%** **19%** warmer than normal, respectively, compared to approximately \$2,800,000 \$290,000 and \$2,612,000 \$2,902,000 in additional revenues for weather that was **28%** **18%** and **15%** warmer than normal for the corresponding periods last year. The WNA balance for the 12-month period ended March 31, 2024 was approximately \$3,282,000, which will be and is being collected from customers beginning over a three-month period that began in May 2024.

The Company has an approved rate structure to mitigate the impact of the financing costs of its natural gas inventory. Under this rate structure, Roanoke Gas recognizes revenue by applying the ICC factor, based on the Company's weighted-average cost of capital, including interest rates on short-term and long-term debt, and the Company's authorized return on equity, to the average cost of natural gas inventory during the period. Total ICC revenues decreased by approximately \$67,000 \$3,000 and \$195,000 \$198,000 for the three-month and six-month nine-month periods ended **March 31, 2024** **June 30, 2024**, respectively, compared to the corresponding periods last year, due to lower natural gas commodity prices during the 2023 summer storage injection season resulting in a lower average cost of natural gas in storage. Accordingly, fiscal 2024 and 2025 ICC revenues are expected to continue to remain below last year's levels.

In March 2023, Roanoke Gas began operating the RNG facility, through a cooperative agreement with the Western Virginia Water Authority, to produce commercial quality RNG for delivery into its distribution system. With SCC approval, Roanoke Gas is allowed to recover the costs associated with the investment in RNG facilities and the related operating costs through an RNG Rider. Customers receive the benefit of the monetization of environmental credits generated through the production of RNG. Roanoke Gas recognized approximately \$517,000 \$394,000 and \$818,000 \$1,211,000 in RNG revenue for the three and **six** **nine** months ended **March 31, 2024** **June 30, 2024**, respectively, compared to approximately \$83,000 \$283,000 and \$366,000 for both the three and six months ended **March 31, 2023**, corresponding periods in the prior year.

The cost of natural gas, which is a pass-through cost, is independent of the Company's non-gas rates. Accordingly, the Company's approved billing rates include a component designed to allow for the recovery of the cost of natural gas used by its customers. This rate component, referred to as the PGA, allows the Company to pass along to its customers increases and decreases in natural gas costs through a quarterly filing, or more frequent if necessary, with the SCC. Once SCC approval is received, the Company adjusts the gas cost component of its rates. As actual costs will differ from the projections used in establishing the PGA rate, the Company will either over-recover or under-recover its actual gas costs during the period. The difference between actual costs incurred and costs recovered through the application of the PGA is recorded as a regulatory asset or liability. At the end of the annual deferral period, the balance is amortized over an ensuing 12-month period as amounts are reflected in customer billings.

Results of Operations

The analysis on the results of operations is based on the consolidated operations of the Company, which is primarily associated with the utility segment. Additional segment analysis is provided when Midstream's investment in affiliates represents a significant component of the comparison.

The Company's operating revenues are affected by the cost of natural gas, as reflected in the condensed consolidated statements of income under cost of gas - utility. The cost of natural gas, which includes commodity price, transportation, storage, injection and withdrawal fees, with any increase

or decrease offset by a correlating change in revenue through the PGA, is passed through to customers at cost. Accordingly, management believes that gross utility margin, a non-GAAP financial measure defined as utility revenues less cost of gas, is a more useful and relevant measure to analyze financial performance. The term gross utility margin is not intended to represent or replace operating income, the most comparable GAAP financial measure, as an indicator of operating performance and is not necessarily comparable to similarly titled measures reported by other companies. The following results of operations analyses will reference gross utility margin.

RGC RESOURCES, INC. AND SUBSIDIARIES

Three Months Ended **March 31, 2024** June 30, 2024:

Net income **increased** decreased by \$101,504 \$530,124 for the three months ended **March 31, 2024** June 30, 2024, compared to the same period last year, primarily due to AFUDC on MVP and RNG revenues offset by increased inflationary pressures on operating expenses, lower AFUDC from the MVP as the project transitioned from construction to in service and higher interest rates, rates, partially offset by WNA and RNG revenues.

The tables below reflect operating revenues, volume activity and heating degree days.

	Three Months Ended March 31,				Three Months Ended June 30,			
	2024	2023	Increase / (Decrease)	Percentage	2024	2023	Increase / (Decrease)	Percentage
Operating Revenues								
Gas utility	\$ 32,632,331	\$ 38,000,977	\$ (5,368,646)	(14)%	\$ 14,431,379	\$ 13,631,856	\$ 799,523	6%
Non utility	27,045	28,680	(1,635)	(6)%	26,823	28,389	(1,566)	(6)%
Total operating revenues	\$ 32,659,376	\$ 38,029,657	\$ (5,370,281)	(14)%	\$ 14,458,202	\$ 13,660,245	\$ 797,957	6%
Delivered Volumes								
Regulated natural gas (DTH)								
Residential and commercial	2,863,796	2,560,500	303,296	12%	786,221	881,001	(94,780)	(11)%
Transportation and interruptible	912,540	888,307	24,233	3%	996,813	1,007,287	(10,474)	(1)%
Total delivered volumes	3,776,336	3,448,807	327,529	9%	1,783,034	1,888,288	(105,254)	(6)%
HDD	1,680	1,487	193	13%	167	272	(105)	(39)%

Total operating revenues for the three months ended **March 31, 2024** June 30, 2024, compared to the same period last year, decreased increased by approximately 14% 6% primarily due to significantly lower natural gas commodity prices increases in WNA, SAVE and a decrease in WNA RNG revenues more than offsetting the increase decrease in delivered natural gas volumes. Total heating degree days decreased by 39% from the same period last year, and were substantially less than the 30-year normal, resulting in an increase of approximately \$531,000 in WNA revenues. SAVE Plan revenues continued their upward trend as Roanoke Gas continues to invest in qualified SAVE infrastructure projects, resulting in an increase of approximately \$127,000 from the same period in the prior year. The decline in volumetric revenues slightly offset the overall increase in operating revenues. Natural gas commodity prices during the quarter declined by 42% 25% from the corresponding period last year. Total gas costs decreased increased by 28% 7% compared to the same period last year, which corresponds to a 35% decline 13% increase in the gas cost component included in total customer billing rate, offset by an increase a decrease in residential and commercial delivered volumes. Additionally, The decrease in heating degree days decreased 18% when compared to the 30-year normal, resulting as previously discussed resulted in a 39% decrease 14% decline in WNA revenues for the period. While heating degree days compared to normal decreased, heating degree days compared to the same period last year increased by 13%, resulting in a 12% increase in the more weather-sensitive residential and commercial volumes. Transportation and interruptible volumes increased by approximately 3% primarily due to a single, multi-fuel customer that increased its natural gas utilization during the quarter. sales.

	Three Months Ended March 31,				Three Months Ended June 30,			
	2024	2023	Increase / (Decrease)	Percentage	2024	2023	Increase	Percentage
Gross Utility Margin								

Gas utility revenues	\$ 32,632,331	\$ 38,000,977	\$ (5,368,646)	(14)%	\$ 14,431,379	\$ 13,631,856	\$ 799,523	6%
Cost of gas - utility	15,299,390	21,285,057	(5,985,667)	(28)%	5,344,684	5,003,371	341,313	7%
Gross utility margin	<u>\$ 17,332,941</u>	<u>\$ 16,715,920</u>	<u>\$ 617,021</u>	<u>4%</u>	<u>\$ 9,086,695</u>	<u>\$ 8,628,485</u>	<u>\$ 458,210</u>	<u>5%</u>

Gross utility margin increased over the same period last year primarily as a result of increased delivered volumes, SAVE, RNG and RNG WNA revenue, offset by the reduction in delivered volumes. The WNA and ICC revenues. The volumetric margin increased by approximately \$1,274,000 \$531,000 due to the aforementioned 9% increase in total delivered volumes, while WNA decreased approximately \$1,105,000 due to the increase a decrease of 39% in heating degree days as compared to the same period last year. When adjusted for WNA, the volumetric margin increased by approximately \$170,000. The RNG Rider and SAVE Plan contributed an additional \$434,000 \$111,000 and \$68,000, \$127,000, respectively, to margin, while ICC revenue declined volumetric margin decreased by approximately \$67,000 \$260,000 due to lower cost of gas a 6% decrease in storage. total delivered volumes.

RGC RESOURCES, INC. AND SUBSIDIARIES

The components of and the change in gas utility margin are summarized below:

	Three Months Ended March 31,			Increase/ (Decrease)	Three Months Ended June 30,			Increase/ (Decrease)
	2024		2023		2024		2023	
	\$	4,078,571	\$ 4,060,891	\$ 17,680	\$	4,066,559	\$ 4,116,124	\$ (49,565)
Customer base charge								
ICC		149,391	216,037	(66,646)		136,162	138,850	(2,688)
SAVE Plan		67,630	—	67,630		127,073	—	127,073
Volumetric		10,784,349	9,509,996	1,274,353		3,509,482	3,769,708	(260,226)
WNA		1,694,495	2,799,101	(1,104,606)		821,145	289,887	531,258
RNG		517,178	83,009	434,169		393,921	282,606	111,315
Other revenues		41,327	46,886	(5,559)		32,353	31,310	1,043
Total		<u>\$ 17,332,941</u>	<u>\$ 16,715,920</u>	<u>\$ 617,021</u>		<u>\$ 9,086,695</u>	<u>\$ 8,628,485</u>	<u>\$ 458,210</u>

Operations and maintenance expenses increased by \$1,231,927, \$376,284, or 30% 10%, from the same period last year primarily due to increased personnel costs costs associated to operate and maintain the RNG facility and increased professional services. Personnel costs increased grew by approximately \$702,000 \$223,000 due to increased staffing and the inflationary impact on salaries and benefits as well as amortization of restricted stock awards. During fiscal 2023, no restricted stock awards were made and were reinstated in fiscal 2024. Further, costs associated with the RNG facility increased approximately \$228,000, as the facility began operations in March 2023, as compared to being fully operational for all three months in the current quarter. Professional professional services expenses increased approximately \$95,000 \$90,000 primarily due to increased external audit fees, actuarial services and recruiting costs. IT support. Lower capitalized overheads and increased corporate insurance premiums contracted services accounted for much of the remaining cost increases. increase.

General taxes increased by \$64,982, \$43,223, or 10% 7%, primarily due to higher property taxes associated with growth in utility property and increases in payroll taxes related to increased staffing and compensation.

Depreciation expense increased by \$278,166, or 11%, on a commensurate increase in utility property balances.

Equity in earnings of unconsolidated affiliate increased decreased by \$1,226,517 associated with the recognition \$236,878, or 46%, primarily due to completion of AFUDC as a result of MVP construction activities resuming, during the quarter resulting in lower AFUDC that was not fully replaced by the Company's portion of operational earnings once the pipeline went into service in mid-June 2024.

Other income, net decreased by \$32,337, or 27%, \$76,074 from an approximate \$7,000 income position to an approximate \$69,000 expense position primarily due to the absence of AFUDC related to the RNG facility, which was placed in service in March 2023, less interest income and increased postretirement costs, partially offset by an increase in revenue sharing related to the asset management agreement costs.

Interest expense increased by \$170,751, \$143,527, or 12% 10%, as the weighted-average interest rate on total debt increased from 3.94% 3.98% during the second third quarter of fiscal 2023 to 4.31% 4.42% during the second third quarter of fiscal 2024 coupled with a 2% increase in the total daily

average debt outstanding period-over-period. 2024. The increase in the weighted-average interest rate was primarily associated with Roanoke Gas' variable rate line-of-credit and Midstream's credit facility. facilities. Roanoke Gas' borrowing levels also increased from the same period last year, contributing to higher interest expense, increased by \$101,458 primarily due to a combination of higher borrowing levels and an increase in the interest rate on the variable rate line-of-credit. while Midstream's interest expense increased by \$69,293 primarily due to rising interest rates on its credit facility. Total total average outstanding debt decreased by \$2.2 million from the same quarter last year due to amortization payments under two one of Midstream's promissory notes.

Income tax expense decreased by \$39,788, \$167,227, or 2%. Although income before taxes slightly increased, the reduction in income tax expense is 78%, primarily due to a corresponding decrease in pre-tax income, coupled with the recognition of tax credits associated with the RNG facility that had not been utilized in the prior year due to timing of the RNG facility becoming operational. The effective tax rate was 23.1% and 23.8% for the three-month periods ended March 31, 2024 June 30, 2024 and 2023, respectively. The effective tax rate is below the combined statutory state and federal rate due to the amortization of excess deferred taxes and tax credits.

RGC RESOURCES, INC. AND SUBSIDIARIES

Six Nine Months Ended March 31, 2024 June 30, 2024:

Net income increased by \$1,865,091 \$1,334,967 for the six nine months ended March 31, 2024 June 30, 2024, compared to the same period last year, primarily due to AFUDC on from the MVP and the implementation of new non-gas base rates effective January 1, 2023, partially offset by increased inflationary pressures on operating expenses and higher interest rates.

The tables below reflect operating revenues, volume activity and heating degree days.

	Six Months Ended March 31,				Nine Months Ended June 30,			
			Increase/				Increase/	
	2024	2023	(Decrease)	Percentage	2024	2023	(Decrease)	Percentage
Operating Revenues								
Gas utility	\$ 57,024,185	\$ 71,253,744	\$ (14,229,559)	(20)%	\$ 71,455,564	\$ 84,885,600	\$ (13,430,036)	(16)%
Non utility	54,543	58,248	(3,705)	(6)%	81,366	86,637	(5,271)	(6)%
Total operating revenues	\$ 57,078,728	\$ 71,311,992	\$ (14,233,264)	(20)%	\$ 71,536,930	\$ 84,972,237	\$ (13,435,307)	(16)%
Delivered Volumes								
Regulated natural gas (DTH)								
Residential and commercial	4,958,436	4,993,739	(35,303)	(1)%	5,744,657	5,874,740	(130,083)	(2)%
Transportation and interruptible	1,838,535	1,763,608	74,927	4%	2,835,348	2,770,895	64,453	2%
Total delivered volumes	6,796,971	6,757,347	39,624	1%	8,580,005	8,645,635	(65,630)	(1)%
HDD	2,917	3,010	(93)	(3)%	3,084	3,282	(198)	(6)%

Total operating revenues for the six nine months ended March 31, 2024 June 30, 2024, compared to the same period last year, decreased by approximately 20% 16% primarily due to significantly lower natural gas commodity prices and lower SAVE revenues more than offsetting the implementation of a non-gas base rate increase. increase and increases in WNA and RNG revenues. Natural gas commodity prices during the period declined by 50% 46% from the corresponding period last year. Total gas costs decreased by 40% 35% compared to the same period last year, which corresponds to a 39% 33% decline in the gas cost component included in total customer billing rate. In addition, total heating degree days decreased by 3% 6% from the same period last year, resulting in a 1% decline in the weather sensitive residential and commercial sales. Transportation and interruptible volumes increased by approximately 4% primarily due to a single, multi-fuel customer that increased its natural gas utilization during the year. With the reset of the SAVE Rider due to the implementation of new non-gas base rates in January 2023, as discussed above, SAVE Plan revenues declined by approximately \$960,000. \$833,000.

	Six Months Ended March 31,		Increase/		Nine Months Ended June 30,		Increase/	
	2024	2023	(Decrease)	Percentage	2024	2023	(Decrease)	Percentage
Gross Utility Margin								
Gas utility revenues	\$ 57,024,185	\$ 71,253,744	\$ (14,229,559)	(20)%	\$ 71,455,564	\$ 84,885,600	\$ (13,430,036)	(16)%
Cost of gas - utility	25,396,406	42,089,210	(16,692,804)	(40)%	30,741,090	47,092,581	(16,351,491)	(35)%
Gross utility margin	<u>\$ 31,627,779</u>	<u>\$ 29,164,534</u>	<u>\$ 2,463,245</u>	<u>8%</u>	<u>\$ 40,714,474</u>	<u>\$ 37,793,019</u>	<u>\$ 2,921,455</u>	<u>8%</u>

Gross utility margin increased over the same period last year primarily as a result of the implementation of new non-gas base rates, WNA and RNG revenue, offset by the reductions in SAVE and ICC revenues. When adjusted for WNA, the volumetric margin increased by approximately **\$2,429,000** **\$2,701,000** and base charge revenues increased by approximately **\$460,000** **\$410,000** due to the non-gas base rate increase. However, SAVE revenues decreased by approximately **\$960,000** **\$833,000** as these revenues are reflected in the increased volumetric and base charge rates. The RNG Rider contributed an additional **\$735,000** **\$846,000** to margin, as it was operational for all **six** **nine** months of fiscal 2024 compared to less than a month **four** months during fiscal 2023, and ICC revenue declined by **\$195,000** **\$198,000** due to lower cost of gas in storage.

RGC RESOURCES, INC. AND SUBSIDIARIES

The components of and the change in gas utility margin are summarized below:

	Six Months Ended March 31,			Increase/		Nine Months Ended June 30,			Increase/	
	2024	2023	(Decrease)	2024	2023	(Decrease)	2024	2023	(Decrease)	2024
Customer base charge	\$ 8,111,025	\$ 7,651,448	\$ 459,577	\$ 12,177,584	\$ 11,767,572	\$ 410,012				
ICC	392,721	587,576	(194,855)	528,883	726,426	(197,543)				
SAVE Plan	88,817	1,049,310	(960,493)	215,890	1,049,310	(833,420)				
Volumetric	19,257,716	17,083,394	2,174,322	22,767,198	20,853,102	1,914,096				
WNA	2,867,622	2,612,454	255,168	3,688,767	2,902,341	786,426				
RNG	817,543	83,009	734,534	1,211,464	365,615	845,849				
Other revenues	92,335	97,343	(5,008)	124,688	128,653	(3,965)				
Total	<u>\$ 31,627,779</u>	<u>\$ 29,164,534</u>	<u>\$ 2,463,245</u>	<u>\$ 40,714,474</u>	<u>\$ 37,793,019</u>	<u>\$ 2,921,455</u>				

Operations and maintenance expenses increased by **\$1,646,611** **\$2,022,895**, or **21%** **17%**, from the same period last year primarily due to increased personnel costs, professional services, costs associated to operate and maintain the RNG facility and lower capitalized overheads. Personnel costs increased by approximately **\$861,000** **\$1,084,000** due to increased staffing and the inflationary impact on salaries and benefits as well as amortization of restricted stock awards. During fiscal 2023, no restricted stock awards were made and were reinstated in fiscal 2024. Professional services expenses increased approximately **\$170,000** **\$259,000** primarily due to increased external audit fees, **actuarial services, recruiting costs** and **recruiting costs, IT support**. Further, costs associated with the RNG facility increased approximately **\$236,000** **\$340,000**, as the facility was only operational during **one month** **four months** of the prior period as compared to all **six** **nine** months in the current **year** **period**. Total capitalized construction overheads declined by approximately **\$302,000** **\$293,000** compared to the same period last year primarily due to a reduction in direct construction expenditures related to the RNG project, which was completed in fiscal 2023. Corporate insurance premiums accounted for much of the remaining cost **increases, increase**.

General taxes increased by **\$108,177** **\$151,400**, or **9%** **8%**, primarily due to higher property taxes associated with growth in utility property and increases in payroll taxes related to increased staffing and compensation.

Depreciation expense increased by **\$556,332** **\$834,498**, or 11%, on a commensurate increase in utility property balances.

Equity in earnings of unconsolidated affiliate increased by **\$2,693,120** **\$2,456,242** associated with the recognition of AFUDC as a result of MVP construction activities **resuming**, resuming through May 2024. With the MVP in service, the Company now recognizes its share of operational earnings from the MVP, favorably adjusted for the amortization of a basis difference that arose when the Company recorded an other-than-temporary impairment of its investment in 2022. See footnote 5 for additional information related to the MVP.

Other income, net increased decreased by \$13,843, \$62,231, or 7% 31%, primarily due to an increase of approximately \$138,000 approximate \$146,000 decrease in revenue sharing related to the asset management agreement and approximately \$35,000 in additional interest income offset by the absence of AFUDC related to the RNG facility, which was placed in service in March 2023, compared and approximately \$59,000 less interest income, offset by an increase of approximately \$138,000 in revenue sharing related to approximately \$156,000 of AFUDC in the same period last year. asset management agreement.

Interest expense increased by \$437,860, \$581,387, or 16% 14%, as the weighted-average interest rate on total debt increased from 3.86% 3.90% during the first half nine months of fiscal 2023 to 4.30% 4.34% during the first half nine months of fiscal 2024, while total daily average debt outstanding increased by 2% 1%. The increase in the weighted-average interest rate was primarily associated with Roanoke Gas' variable rate line-of-credit and Midstream's credit facility.

facilities. Roanoke Gas' interest expense increased by \$247,829 primarily due to a combination of higher borrowing levels and an increase in the interest rate on the variable rate line-of-credit.

Midstream's interest expense also increased by \$190,031 primarily due to rising interest rates on its credit facility. Total average outstanding debt decreased by \$1.8 million from the same period last year, contributing to higher interest expense, while Midstream's total average outstanding debt decreased due to amortization payments under two of Midstream's promissory notes.

Income tax expense increased by \$549,851, \$382,624, or 18% 12%, due to a corresponding increase in pre-tax income. The effective tax rate was 23.5% and 23.6% 23.7% for the six-month nine-month periods ended March 31, 2024 June 30, 2024 and 2023, respectively. The effective tax rate is below the combined statutory state and federal rate due to the amortization of excess deferred taxes and tax credits.

RGC RESOURCES, INC. AND SUBSIDIARIES

Critical Accounting Policies and Estimates

The consolidated financial statements of Resources are prepared in accordance with GAAP. The amounts of assets, liabilities, revenues and expenses reported in the Company's consolidated financial statements are affected by accounting policies, estimates and assumptions that are necessary to comply with generally accepted accounting principles. Estimates used in the financial statements are derived from prior experience, statistical analysis and management judgments. Actual results may differ significantly from these estimates and assumptions.

RGC RESOURCES, INC. AND SUBSIDIARIES

There have been no significant changes to the critical accounting policies as reflected in the Company's Annual Report on Form 10-K for the year ended September 30, 2023.

Asset Management

Roanoke Gas uses a third-party asset manager managers to oversee its pipeline transportation, storage rights and gas supply inventories and deliveries. deliveries in order to provide a secure and reliable source of natural gas to its customers. In return for utilizing the excess capacities of the transportation and storage rights, the asset manager pays managers pay Roanoke Gas a monthly utilization fee. In accordance with an SCC order issued in 2018, a portion of the utilization fee is retained by the Company with the balance passed through to customers through reduced gas costs. The current asset management agreement ends March 31, 2025. Upon Prior to the MVP being placed in service, Roanoke Gas utilized one asset manager. With the Company expects to sign an MVP now in service, Roanoke Gas entered into a second asset management agreement for the utilization of its MVP capacity. Both asset management agreements end March 31, 2025.

Equity Investment in Mountain Valley Pipeline

The Company has Midstream owns a less than 1% interest equity investment in the LLC that owns the MVP, which went into service in June 2024. Midstream is accounted for as an equity investment, and also a less than 1% interest investor, accounted for under the cost method, in Southgate, which is contemplated to interconnect with the MVP. As discussed more fully in Note 5, since design and permitting phase.

From inception through May 2024, earnings from the MVP has encountered various legal and regulatory issues that have substantially delayed the completion of the project. With the passage of the FRA and certain judicial rulings in mid-2023, construction work was restarted, and the Company believes the MVP will be completed during the second calendar quarter of 2024.

Since its inception, earnings from MVP have been primarily attributable to AFUDC income. The With the MVP in operation, the Company now recognizes its share of earnings from the MVP, favorably adjusted for a basis difference between the Company's proportional share of assets and its carrying value that arose when the Company recorded \$2,697,219 and \$4,099 an other-than-temporary impairment of its investment in 2022. This basis difference will be amortized over the operational life of the MVP. Through the first half nine months of fiscal 2024 and 2023, respectively, as its

share of Midstream's earnings, primarily associated with AFUDC. On April 22, 2024, the LLC filed its in service request for MVP with FERC, with an expectation that during the second calendar quarter gas will begin to flow and the long-term firm contracts will become effective. Once the pipeline is commercially operational, AFUDC will cease and the Company will begin to receive its share recorded equity in earnings of LLC earnings consolidated affiliates of \$2,979,823 and \$523,581, respectively, which included \$2,950,054 and \$516,675 from long-term contracts to provide gas. AFUDC. Resources expects cash distributions from the LLC to begin three to six months after commercial operations begin, before the end of calendar 2024.

The Earlier in 2024, the Company refinanced two promissory notes related to Midstream in the last 60 days. Additionally, Midstream. Midstream is considering its long-term capital structure as the MVP evolves from a project phase to an has entered its operating phase. See Note 7 for a full discussion of all borrowings related to Midstream.

Regulatory

In response to continued inflationary pressures, Roanoke Gas filed a general rate application on February 2, 2024 with the SCC seeking to increase its non-gas base rates by \$4.33 million and sought to increase its permitted rate of return on equity from 9.44% to 10.35% reflecting its higher cost of capital, including continued increases in higher interest rates, expense. The SCC permitted the Company to implement its new rates will go into effect on an interim basis for customer billings on or after July 1, 2024, subject to refund. The SCC's review of Roanoke Gas' filing is underway and a hearing has been set for November 7, 2024.

The SCC requires regulated utilities within the state to perform a depreciation study every five years and to submit the study for SCC approval. The Company's current depreciation rates are based on the last depreciation study approved by the SCC in 2019. As part of the general rate application filed in February 2024, the Company submitted its requisite depreciation study and proposed new depreciation rates. In July 2024, the Company received administrative approval from the SCC staff that authorized the new depreciation rates. The new depreciation rates will result in a small decrease in depreciation expense for fiscal 2024, as the new depreciation rates are effective retroactive to October 1, 2023. This adjustment to depreciation expense will be reflected in the fourth quarter of fiscal 2024.

On December 2, 2022, Roanoke Gas filed an expedited rate application with the SCC seeking an \$8.55 million annual increase in its non-gas base rates, of which \$4.05 million was being recovered through the SAVE Rider. The proposed interim rates went into effect January 1, 2023, subject to refund. In the fourth quarter of fiscal 2023, the Company reached a settlement with the SCC staff on all outstanding issues in the case. Under the terms of the settlement, the Company agreed to an annual incremental revenue requirement of \$7.45 million. The Company agreed to begin began billing the new approved rates effective October 1, 2023. The Commission SCC issued its Final Order in the matter on December 19, 2023 in which it approved the settlement agreement in its entirety. Refunds, which had previously been accrued, were made to customers in February 2024.

RGC RESOURCES, INC. AND SUBSIDIARIES

On August 31, 2023, the SCC approved the Company's new SAVE Plan and Rider with rates effective October 1, 2023. Under this plan, Roanoke Gas can recover costs associated with an estimated \$8.5 million in SAVE eligible investment in fiscal 2024 and an estimated cumulative investment of \$49.5 million over the proposed five-year plan period ending September 30, 2028. The plan was approved with a revenue requirement of approximately \$366,000 for fiscal 2024. On June 28, 2024, Roanoke Gas filed for approval of an updated annual SAVE Rider rate to become effective October 1, 2024. The proposed SAVE rate is based on an estimated \$9.13 million of SAVE eligible investment during fiscal 2025 which results in a revenue requirement of \$1.53 million. The Company expects a Final Order from the SCC in September 2024.

By Order dated September 1, 2023, the SCC approved the Company's RNG Rider effective for the period October 1, 2023 through September 30, 2024. In its Order, the SCC directed the Company to file an application to update the RNG Rider by May 30, 2024. In compliance with the SCC's directive, on May 30, 2024, Roanoke Gas filed for an update to its annual RNG Rider to become effective October 1, 2024. The revenue requirement associated with the proposed RNG Rider is \$1.56 million, offset by the sale of environmental credits in the amount of \$1.11 million as well as credits for the over-recovery of costs during the prior year of approximately \$35,000, resulting in a net revenue requirement of approximately \$415,000. The Company expects a Final Order from the SCC in September 2024.

Roanoke Gas is authorized by the SCC to acquire certain natural gas distribution assets from a local housing authority at five separate apartment complexes, located in the Company's service territory. The housing authority renews existing natural gas distribution facilities to include mains and services then transfers ownership of these facilities to Roanoke Gas. In turn, Roanoke Gas assumes responsibility for the operation and maintenance of these assets and recognizes a gain related to the asset acquisition equal to the cost associated with the renewal.

The assets of two complexes were transferred to Roanoke Gas in fiscal 2022. On September 29, 2023, the housing authority transferred the assets from one additional apartment complex to Roanoke Gas and the Company recorded a pre-tax gain of approximately \$311,000 during the fourth

quarter of fiscal 2023. The authority is underway substantially complete with renewing the fourth complex, and is awaiting future funding which may be transferred to complete Roanoke Gas before the remaining apartment complex end of this fiscal year. The timing of funding and the completion of the asset renewals for these complexes the final complex is uncertain at this time.

Capital Resources and Liquidity

Due to the capital-intensive nature of the utility business, as well as the impact of weather variability, the Company's primary capital needs are the funding of its capital projects, the seasonal funding of its natural gas inventories and accounts receivables, debt service and payments of dividends to shareholders. The Company anticipates funding these items through its operating cash flows, credit availability under short-term and long-term debt agreements and proceeds from the sale of its common stock.

Cash and cash equivalents increased by \$506,752 \$1,028,662 for the six-month nine-month period ended March 31, 2024 June 30, 2024 compared to an increase of \$1,727,059 \$282,192 for the six-month nine-month period ended March 31, 2023 June 30, 2023. The following table summarizes the sources and uses of cash:

Cash Flow Summary	Six Months Ended March 31,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 11,202,002	\$ 16,965,342	\$ 17,056,186	\$ 23,634,279
Net cash used in investing activities	(11,280,748)	(14,350,139)	(16,544,262)	(21,463,979)
Net cash provided by (used in) financing activities	585,498	(888,144)	516,738	(1,888,108)
Increase in cash and cash equivalents	\$ 506,752	\$ 1,727,059	\$ 1,028,662	\$ 282,192

Cash Flows Used in Provided by Operating Activities:

The seasonal nature of the natural gas business causes operating cash flows to fluctuate significantly during the year as well as from year-to-year. Factors, including weather, energy prices, natural gas storage levels and customer collections, contribute to working capital levels and related cash flows. Generally, operating cash flows are positive during the second and third fiscal quarters as a combination of earnings, declining storage gas levels and collections on customer accounts contribute to higher cash levels. During the first and fourth fiscal quarters, operating cash flows generally decrease due to increases in natural gas storage levels and rising customer receivable balances.

RGC RESOURCES, INC. AND SUBSIDIARIES

Cash flows from operating activities for the six nine months ended March 31, 2024 June 30, 2024 decreased by \$5,763,340 \$6,578,093 compared to the same period last year. The table below summarizes the significant components of operating cash flows:

Cash Flow From Operating Activities:	Six Months Ended March 31,			Nine Months Ended June 30,		
	2024	2023	Increase/ (Decrease)	2024	2023	Increase/ (Decrease)
Net income	\$ 11,463,382	\$ 9,598,291	\$ 1,865,091	\$ 11,620,074	\$ 10,285,107	\$ 1,334,967
Non-cash adjustments:						
Depreciation and amortization	5,523,841	4,954,167	569,674	8,285,761	7,431,251	854,510
Equity in earnings	(2,697,219)	(4,099)	(2,693,120)	(2,979,823)	(523,581)	(2,456,242)
AFUDC	—	(198,308)	198,308	—	(184,619)	184,619
Changes in working capital and regulatory assets and liabilities:						
Accounts receivable	(5,584,720)	(5,155,446)	(429,274)	(1,323,520)	289,188	(1,612,708)
Gas in storage	6,087,562	12,037,790	(5,950,228)	3,953,984	8,720,497	(4,766,513)
Under-recovery of gas cost						
Accounts payable	(133,623)	(1,696,080)	1,562,457	577,245	(2,441,219)	3,018,464
WNA	(2,867,622)	(2,612,454)	(255,168)	(1,503,472)	(1,033,653)	(469,819)
RNG	(791,407)	(95,290)	(696,117)			
Rate refund	(652,018)	763,283	(1,415,301)	(652,018)	976,108	(1,628,126)

Income tax	1,568,699	(15,952)	1,584,651			
Other	(714,873)	(610,560)	(104,313)	(1,988,656)	(1,649,982)	(338,674)
Net cash provided by operating activities	<u>\$ 11,202,002</u>	<u>\$ 16,965,342</u>	<u>\$ (5,763,340)</u>	<u>\$ 17,056,186</u>	<u>\$ 23,634,279</u>	<u>\$ (6,578,093)</u>

The decline in operating cash flows is primarily due to the reduction in the value of gas withdrawn from storage. The average price of gas in storage during the first **six** **nine** months of fiscal 2023 was more than **\$7.00** **\$6.50** per DTH compared to approximately **\$4.50** **\$4.25** per DTH during the current fiscal year. The decrease in the unit cost of gas in storage was attributable to much lower commodity prices during last year's summer storage injections. Accordingly, as lower-priced gas was withdrawn from storage during the first half of fiscal 2024, cash flow levels were reduced when compared to the same period in fiscal 2023. Additionally, though the SCC issued its final order in December 2023, Roanoke Gas implemented interim billing rates in January 2023; therefore, the Company began accruing an estimated rate refund representing the amount due customers for the difference between total customer billings at interim rates versus total customer billings at final rates. Upon SCC approval of final rates, Roanoke Gas issued refunds in February 2024 to all customers that were billed at interim rates since January 2023. When compared to the **six-month** **nine-month** period ending **March 31, 2023** **June 30, 2023**, the distribution of the rate refund to customers reduced cash available for operations by **\$1.4** **\$1.6** million. The timing of income tax estimated payments during the first six months of fiscal 2023 and the receipt of a tax refund during the first six months of fiscal 2024, net of estimated payments, resulted in a **\$1.6** million increase in operating cash between periods. The increase in non-cash equity in earnings from the Company's investment in the LLC of **\$2.7** million offset most of the net income cash flow.

Cash Flows Used in Investing Activities:

Investing activities primarily consist of expenditures related to Roanoke Gas' utility property, which includes replacing aging natural gas pipe with new plastic or coated steel pipe, improvements to the LNG plant and gas distribution system facilities and expansion of its natural gas system to meet the demands of customer growth. With the recent approval of its new SAVE Plan and Rider, the Company is continuing its focus on SAVE infrastructure replacement projects, including the replacement of pre-1973 first generation plastic pipe. New customer demand for natural gas continues to be strong and therefore extending the natural gas distribution system within its service territory is also a priority. Roanoke Gas' total capital expenditures for the **six-month** **nine-month** period ended **March 31, 2024** **June 30, 2024** were approximately **\$11.3** million **\$16.6** million compared to **\$12.9** **\$19.4** million during the same period last year. The **\$1.6** million **\$2.8** million decrease in expenditures is primarily due to higher investment a year ago related to the completion of the RNG project, which was placed in service in March 2023. Total fiscal 2024 capital expenditures are expected to be approximately **exceed** **\$21** million. Midstream's investment in the LLC was approximately **\$1.5** million **\$2.1** million in the first **half** **nine months** of fiscal 2023. However, Midstream ceased future participation in capital calls following its May 2023 funding payment based on an agreement with the LLC's managing partner. Midstream continues to be invested in the LLC; however, its participation percentage is declining with no additional investment. Once Now that the MVP is placed into service, which is expected in the second calendar quarter of 2024, Midstream may incur periodic, future capital investment related to ongoing MVP operations requirements and system improvements. Midstream has and will continue to make capital investments in Southgate. The targeted timing for completion of the Southgate project is 2028.

RGC RESOURCES, INC. AND SUBSIDIARIES

Cash Flows Provided by Financing Activities:

Financing activities generally consist of borrowings and repayments under credit agreements, issuance of common stock and the payment of dividends. Net cash flows provided by financing activities were approximately **\$600,000** **\$517,000** for the **six** **nine** months ended **March 31, 2024** **June 30, 2024**, compared to **\$900,000** **\$1.9** million in net cash flows used in financing activities for the same period last year. The **\$1.5** million **\$2.4** million increase in financing cash flows is primarily attributable to net borrowings of **\$2.2** million **\$3.3** million under Roanoke Gas' line-of-credit during the first **six** **nine** months of fiscal 2024 compared to no net borrowings in the same period last year. Roanoke Gas' increased borrowings were slightly offset by a net decrease in cash of approximately **\$800,000** in borrowings under **\$389,000** associated with Midstream's credit facility during debt. Notes 6 and 7 provide details on the first half of fiscal 2024 combined with an additional **\$800,000** in debt retirements on amortizing notes during the current year. Company's line-of-credit and borrowing activity.

In addition, Resources issued a total of **164,225** **177,906** shares of common stock resulting in net proceeds of **\$3.2** million, **\$3.5** million, including 85,501 shares through the ATM program in which Resources received **\$1.7** million, net of fees. During the same period last year, Resources issued **102,812** **177,900** shares for **\$2.1** million, **\$3.6** million, including **74,566** **127,852** shares through the ATM program for **\$1.6** million, **\$2.7** million, net of fees.

Notes 6 and 7 provide details on the Company's line-of-credit and borrowing activity.

The current interest rate environment is expected to continue to result in higher year-over-year interest expense associated with the Company's variable-rate debt or on the issuance of any new debt.

Management regularly evaluates the Company's liquidity through a review of its available financing resources and its cash flows. Resources maintains the ability to raise equity capital through its ATM program, private placement or other public offerings. Management believes Roanoke Gas has access to sufficient financing resources to meet its cash requirements for the next year, including the line of credit and the two private shelf facilities. Roanoke Gas may also adjust capital spending, as necessary, if such a need would arise.

Based on With the agreement with the LLC's managing partner to assume future capital contributions related to the MVP now in service, Midstream's future cash requirements are reduced will relate to regular monthly operating expenses, debt service and capital contributions to Southgate contributions. On March 6, 2024, Midstream consolidated the Promissory Notes to one Promissory Note with one lender, increased the capacity of its \$23 million credit facility to \$25 million and extended the maturity date to December 31, 2025. Subsequent to the end of the quarter, Further, on May 2, 2024, Midstream established a new \$9 million line of credit facility that matures on May 2, 2026. With this agreement, these proceeds, Midstream has the ability and intent to refinance paid in full the \$9 million balance on its note payable scheduled to mature that matured on June 1, 2024, and accordingly, it has classified that amount as long-term on the condensed consolidated balance sheet as of March 31, 2024. After considering With the extension of its original credit facility and the establishment of the new credit facility, Midstream's total debt service over the succeeding 12 months includes \$125,000 \$400,000 to retire maturing debt. Management believes that it will be able to meet Midstream's cash requirements over the ensuing 12-month period.

As of March 31, 2024 June 30, 2024, Resources' long-term capitalization ratio was 45% 44% equity and 55% 56% debt.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4 – CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to be effective in providing reasonable assurance that information required to be disclosed in reports under the Exchange Act are identified, recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management to allow for timely decisions regarding required disclosure.

Through March 31, 2024 June 30, 2024, the Company has evaluated, under the supervision and with the participation of management, including the chief executive officer and the chief financial officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2024 June 30, 2024.

Management routinely reviews the Company's internal control over financial reporting and makes changes, as necessary, to enhance the effectiveness of the internal controls. There were no control changes during the fiscal quarter ended March 31, 2024 June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RGC RESOURCES, INC. AND SUBSIDIARIES

Part II – Other Information

ITEM 1 – LEGAL PROCEEDINGS

No material proceedings.

ITEM 1A – RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Resources' Annual Report on Form 10-K for the year ended September 30, 2023; the MVP received regulatory approval and went in service in June 2024.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 – OTHER INFORMATION

On May 2, 2024, Midstream entered into a Credit Agreement with Bank of America, N.A. Under the provisions of the Credit Agreement, Midstream can borrow an aggregate amount of up to \$9,000,000. The Credit Agreement has an interest rate of Daily SOFR plus 2.215%, with interest paid monthly, and includes a 0.40% upfront fee and 0.125% unused line fee. The Credit Agreement matures on May 2, 2026.

RGC RESOURCES, INC. AND SUBSIDIARIES

ITEM 6 – EXHIBITS

Number	Description
10.1	Change in Control Agreement between RGC Resources, Inc. and Mr. Timothy J. Mulvaney effective February 1, 2024 (incorporated herein by reference to Exhibit 10.1 on Form 8-K as filed February 2, 2024).
10.2	Sixth Amendment to Credit Agreement between RGC Midstream, LLC and Atlantic Union Bank, dated March 6, 2024 (incorporated herein by reference to Exhibit 10.1 on Form 8-K as filed March 7, 2024).
10.3	Note Modification Agreement between RGC Midstream, LLC and Atlantic Union Bank, dated March 6, 2024 (incorporated herein by reference to Exhibit 10.2 on Form 8-K as filed March 7, 2024).
10.4	Amendment to Promissory Note and Loan Agreement by Roanoke Gas Company with Pinnacle Bank, dated March 31, 2024 (incorporated herein by reference to Exhibit 10.1 on Form 8-K as filed April 3, 2024).
10.5	Credit Agreement between RGC Midstream, LLC and Bank of America, dated May 2, 2024. (incorporated herein by reference to Exhibit 10.5 on Form 10-Q as filed May 3, 2024).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer
32.1*	Section 1350 Certification of Principal Executive Officer
32.2*	Section 1350 Certification of Principal Financial Officer
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

RGC RESOURCES, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RGC Resources, Inc.

Date: **May 3, 2024** August 6, 2024

By:

/s/ Timothy J. Mulvaney

Timothy J. Mulvaney

Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

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Exhibit 10.5

CREDIT AGREEMENT

Dated as of May 2, 2024

among

RGC MIDSTREAM, LLC,

as the Borrower,

RGC RESOURCES INC.,

as the Parent Guarantor,

and

BANK OF AMERICA, N.A.,

as the Lender

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Exhibit A (Form of) Compliance Certificate

CREDIT AGREEMENT

This **CREDIT AGREEMENT** is entered into as of May 2, 2024, among **RGC MIDSTREAM, LLC**, a Virginia limited liability company, as borrower (the "**Borrower**"), the Parent Guarantor (defined herein), and **BANK OF AMERICA, N.A.**, as the Lender (the "**Lender**").

PRELIMINARY STATEMENTS:

WHEREAS, the Loan Parties (as hereinafter defined) have requested that the Lender make loans and other financial accommodations to the Borrower in an aggregate amount of up to \$9,000,000.

WHEREAS, the Lender has agreed to make such loans and other financial accommodations to the Loan Parties on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 **Defined Terms.**

As used in this Agreement, the following terms shall have the meanings set forth below:

"Additional Guaranteed Obligations" means (a) all obligations arising under Guaranteed Cash Management Agreements and Guaranteed Hedge Agreements, and (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding; *provided, that*, Additional Guaranteed Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreement" means this Credit Agreement, including all schedules, exhibits and annexes hereto, as amended, restated, supplemented or otherwise modified from time to time.

"Applicable Law" means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease.

"Audited Financial Statements" means the audited Consolidated balance sheet of the Parent Guarantor and its Subsidiaries for the fiscal year ended September 30, 2023, and the related Consolidated statements of income or operations, Shareholders' Equity and cash flows for such fiscal year of the Parent Guarantor and its Subsidiaries, including the notes thereto.

"Availability Period" means, in respect of the Revolving Facility, the period from and including the Closing Date to the earliest of (i) the Maturity Date for the Revolving Facility, (ii) the date of termination of the Revolving Commitments pursuant to **Section 2.06**, and (iii) the date of termination of the Revolving Commitment of the Lender pursuant to **Section 8.02**.

"Bank of America" means Bank of America, N.A. and its successors.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code, or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Borrower" has the meaning specified in the introductory paragraph hereto.

"Borrowing" means a borrowing of a Revolving Loan hereunder.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Lender's Office is located.

"Capitalized Lease" means any lease that has been or is required to be, in accordance with GAAP, recorded, classified and accounted for as a capitalized lease or a finance lease.

"Change in Law" means the occurrence, after the Closing Date, of any of the following, (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided, that*,

notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof, and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted, issued or implemented.

"Change of Control" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) other than the Equity Investors becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of 25% or more of the equity securities of Parent Guarantor entitled to vote for members of the board of directors or equivalent governing body of Parent Guarantor on a fully-diluted basis (and taking into account all such securities that such "person" or "group" has the right to acquire pursuant to any option right); or

(b) during any period of twenty-four (24) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Parent Guarantor cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first (1st) day of such period, (ii) whose election or nomination to that board or equivalent governing body was nominated, appointed or approved by individuals referred to in clause (i) above constituting, at the time of such election or nomination, at least a majority of that board or equivalent governing body, or (iii) whose election or nomination to that board or other equivalent governing body was nominated, appointed or approved by individuals referred to in clauses (i) and (ii) above constituting, at the time of such election or nomination, at least a majority of that board or equivalent governing body; or

(c) The Parent Guarantor shall cease to own and control, of record and beneficially, directly or indirectly, one-hundred percent (100.0%) of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower on a fully diluted basis (which for this purpose shall exclude all Equity Interests that have not yet vested); or

(d) The Parent Guarantor shall cease to have the ability to elect (either through share ownership or contractual voting rights) a majority of the board of directors or equivalent governing body of the Borrower.

"Closing Date" means the date hereof.

"CME" means CME Group Benchmark Administration Limited.

"Code" means the Internal Revenue Code of 1986.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communication" means this Agreement, any Loan Document and any document, any amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Loan Document.

"Compliance Certificate" means a certificate substantially in the form of **Exhibit A**.

"Conforming Changes" means, with respect to the use, administration of or any conventions associated with SOFR or any proposed Successor Rate or Daily SOFR, as applicable, any conforming changes to the definitions of "SOFR", or "Daily SOFR", timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definitions of "Business Day" and "U.S. Government Securities Business Day", timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Lender, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Lender in a manner substantially consistent with market practice (or, if the Lender determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate exists, in such other manner of administration as the Lender determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

"Consolidated" means, when used with reference to financial statements or financial statement items of the Parent Guarantor and its Subsidiaries or any other Person, such statements or items on a consolidated basis in accordance with the consolidation principles of GAAP.

"Consolidated EBIT" means, for any period, the *sum of* the following determined on a Consolidated basis, without duplication, for the Parent Guarantor and its Subsidiaries in accordance with GAAP: (a) Consolidated Net Income for the most recently completed Measurement Period; *plus* (b) the following to the extent deducted in calculating such Consolidated Net Income (without duplication), (i) Consolidated Interest Charges, (ii) the provision for federal, state, local and foreign income taxes payable, and (iii) non-cash charges and losses (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods, or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods); *less* (c) without duplication, and to the extent reflected as a gain or otherwise included in the calculation of Consolidated Net Income for such period, non-cash gains (excluding any such non-cash gains to the extent (i) there were cash gains with respect to such gains in past accounting periods, or (ii) there is a reasonable expectation that there will be cash gains with respect to such gains in future accounting periods).

"Consolidated Funded Indebtedness" means, as of any date of determination, for the Parent Guarantor and its Subsidiaries on a Consolidated basis, the *sum of*: (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all purchase money Indebtedness; (c) the maximum amount available to be drawn under issued and outstanding letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments; (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business); (e) all Attributable Indebtedness; (f) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Maturity Date in

respect of any Equity Interests or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends; (g) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (f) above of Persons other than the Borrower or any Subsidiary; and (h) all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Subsidiary.

“Consolidated Interest Charges” means, for any Measurement Period, the *sum of* (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, (b) all interest paid or payable with respect to discontinued operations, and (c) the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by the Parent Guarantor and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBIT for the most recently completed Measurement Period, to (b) Consolidated Interest Charges, in each case, of or by the Parent Guarantor and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Net Income” means, at any date of determination, the net income (or loss) of the Parent Guarantor and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period; *provided, that*, Consolidated Net Income shall exclude (a) unusual and infrequent gains such Measurement Period, (b) the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary during such Measurement Period, except that the Parent Guarantor's equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such Measurement Period of any Person if such Person is not a Subsidiary, except that the Parent Guarantor's equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Parent Guarantor or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Parent Guarantor as described in clause (b) of this proviso).

“Consolidated Total Assets” means, as of any date of determination, the total assets of the Parent Guarantor and its Subsidiaries which are shown on the Consolidated balance sheet of the Parent Guarantor for the fiscal quarter most recently ended.

“Consolidated Total Capitalization” means, as of any date of determination, without duplication, the sum of (i) Consolidated Funded Indebtedness on such date plus (ii) Shareholders' Equity for the most recently ended fiscal quarter.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote five percent (5.0%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“Covered Entity” means any of the following: (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Covered Party” has the meaning set forth in Section 10.20.

“Daily SOFR” means the rate per annum equal to SOFR determined for any day pursuant to the definition thereof plus the SOFR Adjustment. Any change in Daily SOFR shall be effective from and including the date of such change without further notice. At any time Daily SOFR is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means (a) with respect to any Obligation for which a rate is specified, a rate per annum equal to two percent (2.0%) in excess of the rate otherwise applicable thereto, to the fullest extent permitted by Applicable Law.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory is the subject of any Sanction.

“Disposition” or **“Dispose”** means the sale, transfer, license, lease or other disposition of any property by any Loan Party or Subsidiary (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Dollar” and **“\$”** mean lawful money of the United States.

"Electronic Record" and **"Electronic Signature"** shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Sections 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Parent Guarantor or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Parent Guarantor or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Parent Guarantor or any ERISA Affiliate; or (i) a failure by the Parent Guarantor or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by the Parent Guarantor or any ERISA Affiliate to make any required contribution to a Multiemployer Plan.

"Event of Default" has the meaning specified in **Section 8.01**.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant by such Guarantor of a Lien to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act (determined after giving effect to **Section 9.10** and any other "keepwell, support or other agreement" for the benefit of such Guarantor and any and all guarantees of such Guarantor's Swap Obligations by other Loan Parties) at the time the Guaranty of such Guarantor, or grant by such Guarantor of a Lien, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one Swap Contract, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to Swap Contracts for which such Guaranty or Lien is or becomes excluded in accordance with the first sentence of this definition.

"Facility Termination Date" means the date as of which all of the following shall have occurred: (a) the Revolving Commitment has terminated, and (b) all Obligations have been paid in full (other than contingent indemnification obligations).

"FASB ASC" means the Accounting Standards Codification of the Financial Accounting Standards Board.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"GAAP" means generally accepted accounting principles in the United States set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession) including, without limitation, the FASB Accounting Standards Codification, that are applicable to the circumstances as of the date of determination, consistently applied and subject to **Section 1.03**.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of the kind described in **clauses (a) through (g)** of the definition thereof or other obligation payable or performable by another Person (the **"primary obligor"**) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness of the kind described in **clauses (a) through (g)** of the definition thereof or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed or expressly undertaken by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount

of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "*Guaranteee*" as a verb has a corresponding meaning.

"Guaranteed Cash Management Agreement" means any Cash Management Agreement between the any Loan Party and any of its Subsidiaries and the Lender or an Affiliate of the Lender.

"Guaranteed Hedge Agreement" means any interest rate, currency, foreign exchange, or commodity Swap Contract required by or not prohibited under Article VI or Article VII between any Loan Party and any of its Subsidiaries and the Lender or an Affiliate of the Lender.

"Guaranteed Obligations" means all Obligations and all Additional Guaranteed Obligations.

"Guaranteed Parties" means, collectively, the Lender, the Affiliates of the Lender party to Guaranteed Cash Management Agreements and Guaranteed Hedge Agreements and the Indemnitees.

"Guaranty" means, collectively, the Guarantee made by the Parent Guarantor under Article IX in favor of the Lender.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under standby letters of credit, bankers' acceptances, bank guarantees and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and not past due for more than sixty (60) days after the date on which such trade account was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness in respect of Capitalized Leases and Synthetic Lease Obligations of such Person and all Synthetic Debt of such Person;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

"Indemnitee" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Interest Payment Date" means, the last Business Day of each month and the Maturity Date.

"Involuntary Disposition" means any loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of any Loan Party or any Subsidiary.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" means Bank of America, N.A. and its successors and assigns.

"Lender'sOffice" means the Lender's address and, as appropriate, account as set forth on Schedule 1.01(a), or such other address or account as the Lender may from time to time notify the Borrower; which office may include any Affiliate of the Lender or any domestic or foreign branch of the Lender or such Affiliate.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan Documents" means, collectively, (a) this Agreement, (b) the Guaranty, (c) all other certificates, agreements, documents and instruments executed and delivered, in each case, by or on behalf of any Loan Party pursuant to the foregoing (but specifically excluding any Guaranteed Hedge Agreement or any Guaranteed Cash Management Agreement) and any amendments, modifications or supplements thereto or to any other Loan Document or waivers hereof or to any

other Loan Document; *provided, that*, for purposes of Section 11.01, "Loan Documents" shall mean any of the foregoing that is signed by any Loan Party and the Lender.

"Loan Notice" means a notice of a Borrowing, which, if in writing, shall be substantially in the form of Exhibit B or such other form as may be approved by the Lender (including any form on an electronic platform or electronic transmission system as shall be approved by the Lender), appropriately completed and signed by a Responsible Officer of the Borrower.

"Loan Parties" means, collectively, the Borrower and the Parent Guarantor.

"Master Agreement" has the meaning set forth in the definition of "Swap Contract."

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Parent Guarantor or the Parent Guarantor and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of any Loan Party to perform its Obligations under any Loan Document to which it is a party, (ii) the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, the Lender under any Loan Documents.

"Maturity Date" means May 2, 2026.

"Maximum Rate" has the meaning specified in Section 10.09.

"Measurement Period" means, at any date of determination, the most recently completed four (4) fiscal quarters of the Parent Guarantor.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

"Multiple Employer Plan" means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Notice of Loan Prepayment" means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit C or such other form as may be approved by the Lender (including any form on an electronic platform or electronic transmission system as shall be approved by the Lender), appropriately completed and signed by a Responsible Officer.

"Obligations" means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan and (b) all costs and expenses incurred in connection with enforcement and collection of the foregoing, including the fees, charges and disbursements of counsel, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, expenses and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof pursuant to any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, expenses and fees are allowed claims in such proceeding; *provided, that*, without limiting the foregoing, the Obligations of the Parent Guarantor shall exclude any Excluded Swap Obligations with respect to the Parent Guarantor.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"Organization Documents" means, (a) with respect to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent or comparable documents with respect to any non-U.S. jurisdiction); (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction) and (d) with respect to all entities, any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction).

"Outstanding Amount" means, on any date, the aggregate outstanding principal amount of Revolving Loan after giving effect to any Borrowings and prepayments or repayments of Revolving Loans occurring on such date.

"Parent Guarantor" means RGC Resources, Inc., a Virginia corporation.

"Patriot Act" has the meaning specified in Section 10.18.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Funding Rules" means the rules of the Code and ERISA regarding minimum funding standards with respect to Pension Plans and set forth in Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate or with respect to which the Borrower or any ERISA Affiliate has any liability and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Permitted Liens" means the following:

- (a) Liens for Taxes not yet due or Liens for Taxes which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;
- (b) statutory Liens such as carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than thirty (30) days or which are being contested in good faith and by appropriate proceedings diligently conducted; *provided that* adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP.

(c) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(d) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(f) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 8.01(h);

(g) Liens to secure all or any part of the purchase price, or to secure Indebtedness incurred or assumed to pay all or any part of the purchase price or costs of construction or improvement, of fixed assets useful and intended to be used in carrying on the business of the Parent Guarantor or any of its Subsidiaries (including pursuant to a Capitalized Lease or a Synthetic Lease; *provided, that*, (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition; and (iii) any such Lien is created contemporaneously with or within the period ending 180 days after the acquisition or construction of such property;

(h) Liens arising out of judgments or awards not resulting in an Event of Default; *provided, that*, the applicable Loan Party or Subsidiary shall in good faith be prosecuting an appeal or proceedings for review;

(i) Liens existing on the date of this Agreement that secure Indebtedness of the Parent Guarantor or any of its Subsidiaries; and

(j) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Parent Guarantor or any Subsidiary of the Parent Guarantor or becomes a Subsidiary of the Parent Guarantor; *provided, that*, such Liens were not created in contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Parent Guarantor or such Subsidiary or acquired by the Parent Guarantor or such Subsidiary.

"Permitted Transfers" means (a) Dispositions of inventory in the ordinary course of business; (b) Dispositions of property to the Borrower; *provided, that*, if the transferor of such property is a Loan Party then the transferee thereof must be a Loan Party; (c) Dispositions of accounts receivable in connection with the collection or compromise thereof; (d) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Borrower and its Subsidiaries; and (e) the sale or disposition of cash equivalents for fair market value.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Borrower or any ERISA Affiliate or any such Plan to which the Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

"Priority Indebtedness" means the sum, without duplication, all Indebtedness of (i) the Parent Guarantor that is secured by Liens other than Permitted Liens and (ii) any Subsidiaries of the Parent Guarantor.

"QFC" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"Qualified ECP Guarantor" means, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an "eligible contract participant" under the Commodity Exchange Act and can cause another Person to qualify as an "eligible contract participant" at such time under Section 1a(18)(A)(v)(I) of the Commodity Exchange Act.

"Regulation U" means Regulation U of the FRB, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors, consultants, service providers and representatives of such Person and of such Person's Affiliates.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30) day notice period has been waived.

"Responsible Officer" means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party, solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Lender, each Responsible Officer will provide an incumbency certificate and to the extent requested by the Lender, appropriate authorization documentation, in form and substance satisfactory to the Lender.

"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any shares (or equivalent) of any class of Equity Interests of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares (or equivalent) of any class of Equity Interests of the Borrower or any of its Subsidiaries, now or hereafter outstanding, and (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Equity Interests of any Loan Party or any of its Subsidiaries, now or hereafter outstanding.

"Revolving Commitment" means the Lender's obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01. The Revolving Commitment on the Closing Date shall be \$9,000,000.

"Revolving Facility" means the credit facility provided under this Agreement pursuant to the Lender's Revolving Commitment.

"Revolving Loan" has the meaning specified in Section 2.01.

"Sanction(s)" means any sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty's Treasury ("HMT") or other relevant sanctions authority.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Shareholders' Equity" means, as of any date of determination, consolidated shareholders' equity of Parent Guarantor and its Subsidiaries as of such date, determined in accordance with GAAP.

"SOFR Adjustment" means 0.11448% (11.448 basis points).

"SOFR" means the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York (or a successor administrator).

"Solvent" and **"Solvency"** mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Loan Party" means any Loan Party that is not then an "eligible contract participant" under the Commodity Exchange Act (determined prior to giving effect to Section 9.10).

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of equity entitled to vote is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent Guarantor.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Obligations" means with respect to any Guarantor any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include the Lender or any Affiliate of the Lender).

"Synthetic Debt" means, with respect to any Person as of any date of determination thereof, all obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of "Indebtedness" or as a liability on the Consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP.

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property, in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Threshold Amount" means \$5,000,000.

"Total Revolving Outstanding" means the aggregate Outstanding Amount of all Revolving Loans.

"United States" and **"U.S."** mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c).

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Special Resolution Regimes" has the meaning specified in [Section 10.21](#).

1.02 Other Interpretive Provisions.

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including the Loan Documents and any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, modified, extended, restated, replaced or supplemented from time to time (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory rules, regulations, orders and provisions consolidating, amending, replacing or interpreting such law and any reference to any law, rule or regulation shall, unless otherwise specified, refer to such law, rule or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from, and including,"; the words "to" and "until" each mean "to, but excluding,"; and the word "through" means "to, and including,".

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

1.03 Accounting Terms.

(a) **Generally.** All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at one-hundred percent (100.0%) of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) **Changes in GAAP.** If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or Lender shall so request, the Lender and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; *provided, that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Lender financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) **Consolidation of Variable Interest Entities.** All references herein to Consolidated financial statements of the Parent Guarantor and its Subsidiaries or to the determination of any amount for the Parent Guarantor and its Subsidiaries on a Consolidated basis or any similar reference shall, in each case, be deemed to include each variable interest entity that the Parent Guarantor is required to consolidate pursuant to FASB ASC 810 as if such variable interest entity were a Subsidiary as defined herein.

1.04 Rounding.

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Rates.

The Lender does not warrant, nor accept responsibility, nor shall the Lender have any liability with respect to the administration, submission or any other matter related any reference rate referred to herein or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any such rates (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or the effect of any of the foregoing, or of any Conforming Changes. The Lender and its affiliates or other related entities may

engage in transactions or other activities that affect any reference rate referred to herein, or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing) or any related spread or other adjustments thereto, in each case, in a manner adverse to the Borrower. The Lender may select information sources or services in its reasonable discretion to ascertain any reference rate referred to herein or any alternative, successor or replacement rate (including, without limitation, any Successor Rate) (or any component of any of the foregoing), in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or other action or omission related to or affecting the selection, determination, or calculation of any rate (or component thereof) provided by any such information source or service.

ARTICLE II

COMMITMENTS AND BORROWINGS

2.01 Loans. Subject to the terms and conditions set forth herein, the Lender agrees to make loans (each such loan, a “Revolving Loan”) to the Borrower, in Dollars, from time to time, on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Revolving Commitment. Within the limits of the Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow Revolving Loans, prepay under Section 2.03, and reborrow under this Section 2.01.

2.02 Borrowings.

(a) **Notice of Borrowing.** Each Borrowing shall be made upon the Borrower’s irrevocable notice to the Lender, which may be given by (A) telephone or (B) a Loan Notice; *provided, that*, any telephonic notice must be confirmed immediately by delivery to the Lender of a Loan Notice. Each such Loan Notice must be received by the Lender not later than 11:00 a.m. on the requested date of any Borrowing. Each Borrowing of Revolving Loans shall be, unless otherwise agreed by Lender, in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice and each telephonic notice shall specify (A) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (B) the principal amount of Loans to be borrowed.

(b) **Advances.** Following receipt of a Loan Notice for a Facility, upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Borrowing, Section 4.01), the Lender shall make the requested funds available to the Borrower either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Lender by the Borrower.

(c) **Interest Rates.** Each determination of the interest rate to be borne by Revolving Loans by the Lender pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower in the absence of manifest error.

(d) **With respect to SOFR or Daily SOFR,** the Lender will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document; provided that, with respect to any such amendment effected, the Lender shall post each such amendment implementing such Conforming Changes to the Borrower reasonably promptly after such amendment becomes effective.

2.03 Prepayments.

(a) **Optional.** The Borrower may, upon notice to the Lender pursuant to delivery to the Lender of a Notice of Loan Prepayment, at any time or from time to time voluntarily prepay Revolving Loans in whole or in part without premium or penalty; *provided, that*, unless otherwise agreed by the Lender (A) such notice must be received by Lender not later than 11:00 a.m. on the date of prepayment; (B) any prepayment of Revolving Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) **Revolving Outstandings.** If for any reason the Total Revolving Outstandings at any time exceed the Revolving Commitment at such time, the Borrower shall immediately prepay Revolving Loans in an aggregate amount equal to such excess.

2.04 Termination or Reduction of Commitments. The Borrower may, upon notice to the Lender, terminate the Revolving Facility or from time to time permanently reduce the Revolving Facility; *provided, that*, (i) any such notice shall be received by the Lender not later than 11:00 a.m. five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$1,000,000 or any whole multiple of \$100,000 in excess thereof and (iii) the Borrower shall not terminate or reduce the Revolving Facility if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Revolving Commitment.

2.05 Repayment of Loans. The Borrower shall repay to the Lender on the Maturity Date for the Revolving Facility the aggregate principal amount of all Revolving Loans outstanding on such date.

2.06 Interest and Default Rate.

(a) **Interest.** Subject to the provisions of Section 2.06(b), each Revolving Loan shall bear interest on the outstanding principal amount thereof for each Interest Period from the applicable Borrowing date at a rate per annum equal to Daily SOFR plus 2.10% per annum. To the extent that any calculation of interest or any fee required to be paid under this Agreement shall be based on (or result in) a calculation that is less than zero, such calculation shall be deemed zero for purposes of this Agreement.

(b) **Default Rate.**

(i) If any amount of principal of any Loan is not paid when due (after taking into account any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by Applicable Laws.

(ii) If any amount (other than principal of any Loan) payable by the Borrower under any Loan Document is not paid when due (after taking into account any applicable grace periods), whether at stated maturity, by acceleration or otherwise, then upon the request of the Lender such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by Applicable Laws.

(iii) Upon the request of the Lender, while any Event of Default exists (including a payment default), all outstanding Obligations may accrue at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by Applicable Laws.

(iv) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) **Interest Payments.** Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.07 Fees. The Borrower shall pay to the Lender a commitment fee equal to 0.125% times the actual daily amount by which the Revolving Facility exceeds the sum of the Outstanding Amount of Revolving Loans. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first (1st) such date to occur after the Closing Date, and on the last day of the Availability Period for the Revolving Facility. The commitment fee shall be calculated quarterly in arrears.

2.08 Computation of Interest and Fees.

(a) **Computation of Interest and Fees.** All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365 day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.11, bear interest for one (1) day. Each determination by the Lender of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) Payments Generally.

(i) **General Payment Terms.** All payments to be made by the Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Lender at the Lender's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. All payments received by the Lender after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Subject to Section 2.07(a) and as otherwise specifically provided for in this Agreement, if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(ii) (A) The Borrower agrees that on the due date of any amount due under this Agreement, the Lender will debit the amount due from the deposit account with the depository listed below (the "Designated Account") owned by the Borrower. Should there be insufficient funds in the Designated Account to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by the Borrower in accordance with the terms of this Agreement. A voided copy of a check on the Designated Account has been, or will be, provided to the Lender.

DEPOSITORY NAME: Pinnacle Financial Partners

Address: 150 Third Avenue South, Suite 900, Nashville, TN 37201

Routing Number: 064008637

Deposit Account Number: 800108489337

(B) Debits made by ACH shall be subject to the operating rules of the National Automated Clearing House Association, as in effect from time to time.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes.

If any payments to the Lender under this Agreement are made from outside the United States, the Borrower will not deduct any foreign Taxes from any payments it makes to the Lender. If any such Taxes are imposed on any payments made by the Borrower (including payments under this Section 3.01), the Borrower shall pay the Taxes and will also pay to the Lender, at the time interest is paid, any additional amount which the Lender specifies as necessary to preserve the after-tax yield the Lender would have received if such taxes had not been imposed. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority, as provided in this Section 3.01, the Borrower will deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

The Borrower will confirm that it has paid the Taxes by giving the Lender official tax receipts (or notarized copies) within thirty (30) days after the due date.

3.02 Illegality; Unavailability; Successor Rate. If at any time (i) an interest rate index provided for in this Agreement (a "Reference Rate") is not available at such time for any reason, (ii) the Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Lender or the Lender's Office to make, maintain or fund or charge interest with respect to any Revolving Loan, or to determine or charge interest rates based upon a particular Reference Rate (being SOFR or Daily SOFR, as of the Closing Date) or (ii) the Lender makes the determination in its good faith business judgment to

incorporate or adopt a new interest rate index to replace such Reference Rate in credit agreements generally, then the Lender may replace such Reference Rate with an alternate interest rate index and adjustment, if applicable, as reasonably selected by the Lender, giving due consideration to any evolving or then existing conventions for such interest rate index and adjustment (any such successor interest rate index, as adjusted, the "Successor Rate"). In connection with the implementation of any Successor Rate, the Lender will have the right, from time to time, in good faith to make any conforming, technical, administrative or operational changes to this Agreement as may be appropriate to reflect the adoption and administration thereof and, notwithstanding anything to the contrary herein or in any other loan document, any amendments to this Agreement implementing such conforming changes will become effective upon notice to the Borrower without any further action or consent of the other parties hereto. If at any time any Successor Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

3.03 Increased Costs.

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Lender;

(ii) subject the Lender to any taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

(iii) impose on the Lender any other condition, cost or expense affecting this Agreement or Revolving Loans made by the Lender;

and the result of any of the foregoing shall be to increase the cost to the Lender of making, converting to, continuing or maintaining any Revolving Loan (or of maintaining its obligation to make any such Revolving Loan), or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or any other amount) then, upon request of the Lender acting in its good faith business judgment, the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) **Capital Requirements.** If the Lender determines in its good faith business judgment that any Change in Law affecting the Lender or the Lender's Office or the Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Revolving Commitment of the Lender or the Loans made by, to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in clause (a) or (b) of this Section 3.03 and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of the Lender to demand compensation pursuant to the foregoing provisions of this Section 3.03 shall not constitute a waiver of the Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate the Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

3.04 Survival.

All of the Borrower's obligations under this Article III shall survive termination of the Revolving Commitment and repayment of all other Obligations hereunder.

ARTICLE IV

CONDITIONS PRECEDENT TO BORROWINGS

4.01 Conditions of Initial Borrowing.

The obligation of the Lender to make its initial Borrowing hereunder is subject to satisfaction of the following conditions precedent:

(a) **Execution of Credit Agreement.** The Lender shall have received counterparts of this Agreement, executed by a Responsible Officer of each Loan Party.

(b) **Officer's Certificate.** The Lender shall have received a certificate of a Responsible Officer of the Borrower and the Parent Guarantor, dated the Closing Date, certifying (i) as to the Organization Documents of each Loan Party (which, to the extent filed with a Governmental Authority, shall be certified as of a recent date by such Governmental Authority), the resolutions of the governing body of each Loan Party, the good standing, existence or its equivalent of each Loan Party and of the incumbency (including specimen signatures) of the Responsible Officers of each Loan Party and (ii) that no event or circumstance has occurred since the date of the Audited Financial Statements that has had or could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(c) **Legal Opinions of Counsel.** The Lender shall have received an opinion or opinions (including, if requested by the Lender, local counsel opinions) of counsel for the Loan Parties, dated the Closing Date and addressed to the Lender, in form and substance acceptable to the Lender.

(d) **Evidence of Insurance.** The Lender shall have received evidence reasonably satisfactory to it that all insurance required to be maintained by this Agreement has been obtained and is in effect.

- (e) **Loan Notice.** The Lender shall have received a Loan Notice with respect to the Loans, if any, to be made on the Closing Date.
- (f) **Anti-Money-Laundering; Beneficial Ownership.** The Borrower shall have provided to the Lender, and the Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, and any Loan Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered to the Lender a Beneficial Ownership Certification in relation to such Loan Party.
- (g) **Consents.** The Lender shall have received evidence that all members, boards of directors, governmental, shareholder and material third party consents and approvals necessary in connection with the entering into of this Agreement have been obtained.
- (h) **Fees and Expenses.** The Lender shall have received an "upfront" fee in the amount of \$36,000 and all fees and expenses of the Lender in connection with the preparation of this Agreement shall have been paid.

4.02 Conditions to all Borrowings.

The obligation of the Lender to honor any Loan Notice is subject to the following conditions precedent:

- (a) **Representations and Warranties.** The representations and warranties of the Borrower and each other Loan Party contained in Article II, Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct on and as of the date of such Borrowing, and except that for purposes of this Section 4.02, the representations and warranties contained in Sections 5.05(a) and (b) shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b), respectively.
- (b) **Default.** No Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof.
- (c) **Loan Notices.** The Lender shall have received a Loan Notice in accordance with the requirements hereof.

Each Loan Notice submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Borrowing.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to the Lender, as of the date made or deemed made, that:

5.01 Existence, Qualification and Power. Each Loan Party and each of its Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. The copy of the Organization Documents of each Loan Party provided to the Lender pursuant to the terms of this Agreement is a true and correct copy of each such document, each of which is valid and in full force and effect.

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is or is to be a party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of (or the requirement to create) any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Applicable Law.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms.

5.05 Financial Statements; No Material Adverse Effect.

(a) **Audited Financial Statements.** The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Parent Guarantor and its Subsidiaries as of the date thereof and their results of operations, cash flows and changes in Shareholders' Equity for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Parent Guarantor and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) **Quarterly Financial Statements.** The unaudited Consolidated balance sheet of the Parent Guarantor and its Subsidiaries dated December 31, 2023, and the related Consolidated statements of income or operations, Shareholders' Equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Parent Guarantor and its Subsidiaries as of the date thereof and their results of operations, cash flows and changes in Shareholders' Equity for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) **Material Adverse Effect.** Since the date of the balance sheet included in the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties threatened at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any Subsidiary or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby, or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5.07 No Default. Neither any Loan Party nor any Subsidiary thereof is in default under or with respect to, or a party to, any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property. Each Loan Party and each of its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for Permitted Liens and such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.09 Environmental Matters. The Loan Parties and their respective Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 Insurance. The properties of Parent Guarantor and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Parent Guarantor, in such amounts (after giving effect to any self-insurance compatible with the following standards), with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Parent Guarantor or the applicable Subsidiary operates.

5.11 Taxes. Parent Guarantor and its Subsidiaries have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against Parent Guarantor or any of its Subsidiaries that would, if made, have a Material Adverse Effect.

5.12 ERISA Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter or is subject to a favorable opinion letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS. To the best knowledge of the Loan Parties, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred, and no Loan Party nor any ERISA Affiliate has knowledge of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan or Multiemployer Plan; (ii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is sixty percent (60.0%) or higher and no Loan Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such plan to drop below sixty percent (60.0%) as of the most recent valuation date; (iii) no Loan Party nor any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (iv) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (v) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) Neither the Borrower nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan other than (i) on the Closing Date, those listed on Schedule 5.12 hereto, and (ii) thereafter, Pension Plans not otherwise prohibited by this Agreement.

(e) The Borrower represents and warrants as of the Closing Date that the Borrower is not and will not be using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to the Borrower's entrance into, participation in, administration of and performance of the Loans, the Revolving Commitment or this Agreement.

5.13 Margin Regulations; Investment Company Act.

(a) **Margin Regulations.** Neither the Borrower nor any of its Subsidiaries is engaged and will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing, not more than twenty-five percent (25.0%) of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a Consolidated basis) subject to the provisions of Section 7.01 or Section 7.05 or subject to any restriction contained in any

agreement or instrument between the Borrower or any of its Subsidiaries and the Lender or any Affiliate of the Lender relating to Indebtedness and within the scope of Section 8.01(e) will be margin stock.

(b) Investment Company Act. None of the Borrower, any Person Controlling the Borrower, or any Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

5.14 Disclosure. The Borrower has disclosed to the Lender all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries or any other Loan Party is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Loan Party to the Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, that, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.*

5.15 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance with the requirements of all Applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.16 Solvency. The Parent Guarantor is, individually and together with its Subsidiaries on a Consolidated basis, Solvent.

5.17 Sanctions Concerns and Anti-Corruption Laws.

(a) Sanctions Concerns. No Loan Party, nor any Subsidiary, nor, to the knowledge of the Loan Parties and their Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by one or more individuals or entities that are (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals or HMT's Consolidated List of Financial Sanctions Targets, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. The Borrower and its Subsidiaries have conducted their businesses in compliance with all applicable Sanctions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such Sanctions.

(b) Anti-Corruption Laws. The Loan Parties and their Subsidiaries have conducted their business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other applicable anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

5.18 Beneficial Ownership Certification. The information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

ARTICLE VI

AFFIRMATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that, on the Closing Date and thereafter until the Facility Termination Date, such Loan Party shall, and shall cause each of its Subsidiaries, to:

6.01 Financial Statements. Deliver to the Lender, in form and detail satisfactory to the Lender:

(a) Audited Financial Statements. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Parent Guarantor (or, if earlier, fifteen (15) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), a Consolidated balance sheet of the Parent Guarantor and its Subsidiaries as at the end of such fiscal year, and the related Consolidated statements of income or operations, changes in Shareholders' Equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, such Consolidated statements to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Lender, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

(b) Quarterly Financial Statements. As soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Parent Guarantor (or, if earlier, five (5) days after the date required to be filed with the SEC (without giving effect to any extension permitted by the SEC)), a Consolidated balance sheet of the Parent Guarantor and its Subsidiaries as at the end of such fiscal quarter, and the related Consolidated statements of income or operations, changes in Shareholders' Equity and cash flows for such fiscal quarter and for the portion of the Parent Guarantor's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, certified by the chief executive officer or chief financial officer of the Parent Guarantor as fairly presenting the financial condition, results of operations, Shareholders' Equity and cash flows of the Parent Guarantor and its Subsidiaries, subject only to normal year-end audit adjustments and the absence of footnotes.

(c) Annual Budget. Within thirty (30) days of the each fiscal year end, the annual budget of the Parent Guarantor for the following fiscal year.

(d) As to any information contained in materials furnished pursuant to Section 6.02(f), the Parent Guarantor shall not be separately required to furnish such information under Section 6.01(a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Parent Guarantor to furnish the information and materials described in Sections 6.01(a) and (b) above at the times specified therein.

6.02 Certificates; Other Information. Deliver to the Lender, in form and detail satisfactory to the Lender:

(a) **Compliance Certificate.** Concurrently with the delivery of the financial statements referred to in clauses (a) and (b) of Section 6.01a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller which is a Responsible Officer of the Parent Guarantor, and in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Parent Guarantor shall also provide, if necessary for the determination of compliance with Section 7.08, a statement of reconciliation conforming such financial statements to GAAP, and (ii) a copy of management's discussion and analysis with respect to such financial statements. Unless the Lender requests executed originals, delivery of the Compliance Certificate may be by electronic communication including fax or email and shall be deemed to be an original and authentic counterpart thereof for all purposes.

(b) **Changes in Entity Structure.** Within ten (10) days prior to any merger, consolidation, dissolution or other change in entity structure of any Loan Party permitted pursuant to the terms hereof, provide notice of such change in entity structure to the Lender, along with such other information as reasonably requested by the Lender. Provide notice to the Lender, not less than ten (10) days prior (or such extended period of time as agreed to by the Lender) of any change in any Loan Party's legal name, state of organization, or organizational existence.

(c) **Audit Reports; Management Letters; Recommendations.** Promptly after any request by the Lender, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by independent accountants in connection with the accounts or books of any Loan Party or any of its Subsidiaries, or any audit of any of them.

(d) **Annual Reports; Etc.** Promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to the Lender pursuant hereto.

(e) **Debt Securities Statements and Reports.** Promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lender pursuant to Section 6.01 or any other clause of this Section 6.02.

(f) **SEC Notices.** Promptly, and in any event within five (5) Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other similar investigative inquiry by such agency regarding financial or other operational results of any Loan Party or any Subsidiary thereof.

(g) **Anti-Money-Laundering; Beneficial Ownership Regulation.** Promptly following any request therefor, information and documentation reasonably requested by the Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act.

(h) **Beneficial Ownership.** To the extent any Loan Party qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, an updated Beneficial Ownership Certification promptly following any change in the information provided in the Beneficial Ownership Certification delivered to any Lender in relation to such Loan Party that would result in a change to the list of beneficial owners identified in such certification.

(i) **Additional Information.** Promptly, such additional information regarding the business, financial, legal or corporate affairs of any Loan Party or any Subsidiary thereof, or compliance with the terms of the Loan Documents, as the Lender may from time to time reasonably request.

(j) **Documents required to be delivered pursuant to clauses (a) or (b) of Section 6.01 or pursuant to Section 6.02(d).** (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 1.01(a), or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which the Lender has access (whether a commercial, third-party website or whether sponsored by the Lender); *provided, that,* (x) the Borrower shall deliver paper copies of such documents to the Lender upon its request to the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Lender and (y) the Borrower shall notify the Lender (by fax transmission or e-mail transmission) of the posting of any such documents and provide to the Lender by e-mail electronic versions (i.e., soft copies) of such documents.

6.03 Notices. Promptly, but in any event within two (2) Business Days, notify the Lender:

(a) of the occurrence of any Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(c) of the occurrence of any ERISA Event;

(d) of any material change in accounting policies or financial reporting practices by the Parent Guarantor.

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and to the extent applicable, stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary; (b) all lawful claims which, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.05 Preservation of Existence, Etc. Preserve and maintain the Borrower's existence as a Virginia limited liability company in good standing under the Laws of that jurisdiction.

6.06 Compliance with Laws. Comply with the requirements of all Applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which: (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.07 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Loan Party or such Subsidiary, as the case may be.

6.08 Inspection Rights. Permit representatives of the Lender to visit and inspect its principal office to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; *provided, that*, when an Event of Default exists the Lender (or any of its representatives or independent contractors) may do any of the foregoing at the reasonable expense of the Borrower at any time during normal business hours and without advance notice.

6.09 Reserved. Use the proceeds of the Revolving Facility only for the refinancing of Indebtedness and other general corporate purposes not in contravention of any Law.

6.10 Anti-Corruption Laws; Sanctions. Conduct its business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other applicable anti-corruption legislation in other jurisdictions and with all applicable Sanctions, and maintain policies and procedures designed to promote and achieve compliance with such laws and Sanctions.

6.11 Maintenance of Properties. (a) Maintain, preserve and protect all material properties and equipment of the Loan Parties necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; (b) make all reasonably necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.12 Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of Parent Guarantor, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons and with a provision, to the extent such provision shall be available at reasonable cost, if applicable, requiring the insurer to give not less than 30 days' prior notice to Lender of termination, lapse or cancellation of such insurance.

ARTICLE VII

NEGATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that on the Closing Date and thereafter until the Facility Termination Date, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that so long as no Default exists or would result therefrom:

- (a) any Subsidiary may merge with the Borrower; *provided, that*, the Borrower shall be the continuing or surviving Person;
- (b) any Subsidiary that is not a Loan Party may dispose of all or substantially all its assets (including any Disposition that is in the nature of a liquidation) to (i) another Subsidiary that is not a Loan Party or (ii) to a Loan Party;
- (c) so long as no Default has occurred and is continuing or would result therefrom, each of the Borrower and any of its Subsidiaries may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided, however, that*, in each case, immediately after giving effect thereto (i) in the case of any such merger to which the Borrower is a party, the Borrower is the surviving Person and (ii) in the case of any such merger to which any Loan Party (other than the Borrower) is a party, such Loan Party is the surviving Person.

7.02 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except:

- (a) Permitted Transfers;
- (b) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;
- (c) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;
- (d) Dispositions permitted by Section 7.01; and
- (e) Disposition of inventory, cash, cash equivalents and investment assets in the ordinary course of business.

7.03 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

- (a) each Subsidiary may make Restricted Payments to any Person that owns Equity Interests in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;
- (b) each Loan Party may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person; and
- (c) the Parent Guarantor may make other Restricted Payments consistent with its historical practice.

7.04 Change in Nature of Business.

(a) With respect to the Borrower, engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

(b) With respect to the Parent Guarantor, engage in any line of business other than acting as a holding company for the equity of its Subsidiaries.

7.05 Transactions with Affiliates. Enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person, other than transactions which are entered into in the ordinary course of such Person's business on fair and reasonable terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms' length transaction with a Person other than an officer, director or Affiliate.

7.06 Burdensome Agreements. Enter into, or permit to exist, any Contractual Obligation (except for this Agreement and the other Loan Documents) that (a) encumbers or restricts the ability of any such Person to (i) to act as a Loan Party; (ii) make Restricted Payments to any Loan Party, (iii) pay any Indebtedness or other obligation owed to any Loan Party, or (iv) make loans or advances to any Loan Party.

7.07 Use of Proceeds. Use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.08 Financial Covenants.

(a) **Consolidated Interest Coverage Ratio.** Permit the Consolidated Interest Coverage Ratio as of the end of any Measurement Period to be less than 1.50 to 1.00.

(b) **Consolidated Capitalization Ratio.** Permit the ratio of (i) Consolidated Funded Indebtedness to (i) Consolidated Total Capitalization at any time to be equal to or greater than 0.65 to 1.00.

(c) **Priority Indebtedness.** Permit the ratio of (i) Priority Indebtedness to (ii) Consolidated Total Assets at any time to be equal to or greater than 0.15 to 1.00.

7.09 Amendments of Organization Documents; Fiscal Year; Legal Name, State of Formation; Form of Entity and Accounting Changes.

(a) Amend any of its Organization Documents in a manner that is materially adverse to the Lender;

(b) change its fiscal year without providing the Lender not less than sixty (60) days' prior notice;

(c) without providing ten (10) days prior written notice to the Lender (or such extended period of time as agreed to by the Lender), change its name, state of formation, form of organization or principal place of business; or

(d) make any change in accounting policies or reporting practices, except as required by GAAP.

7.10 Sanctions. Directly or indirectly, use any Borrowing or the proceeds of any Borrowing, or lend, contribute or otherwise make available such Borrowing or the proceeds of any Borrowing to any Person, to fund any activities of or business with any Person, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender or otherwise) of Sanctions.

7.11 Anti-Corruption Laws. Directly or indirectly, use any Borrowing or the proceeds of any Borrowing for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other anti-corruption legislation in other jurisdictions.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an event of default (each, an "*Event of Default*"):.

(a) **Non-Payment.** The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within five (5) days after the same becomes due, any interest on any Loan, or any fee due hereunder, or (iii) within five (5) days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) **Specific Covenants.** Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Article VI, Article VII or Article IX; or

(c) **Other Defaults.** Any Loan Party fails to perform or observe any other covenant or agreement (not specified in clauses (a) or (b) above) contained in this Agreement on its part to be performed or observed and such failure continues for thirty (30) days; or

(d) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading when made or deemed made; or

(e) **Cross-Default.** (i) Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which a Loan

Party or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which a Loan Party or any Subsidiary thereof is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by such Loan Party or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) **Insolvency Proceedings, Etc.** Any Loan Party or any Subsidiary thereof institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) **Inability to Pay Debts; Attachment.** (i) Any Loan Party or any Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy; or

(h) **Judgments.** There is entered against any Loan Party or any Subsidiary thereof (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten (10) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) **ERISA.** (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) **Invalidity of Loan Documents.** Any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations arising under the Loan Documents, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document or it is or becomes unlawful for a Loan Party to perform any of its obligations under the Loan Documents; or

(k) **Change of Control.** There occurs any Change of Control.

If a Default shall have occurred under the Loan Documents, then such Default will continue to exist until it either is cured (to the extent specifically permitted) in accordance with the Loan Documents or is otherwise expressly waived by Lender as determined in accordance with Section 10.01; and once an Event of Default occurs under the Loan Documents, then such Event of Default will continue to exist until it is expressly waived by the Lender, as required hereunder in Section 10.01.

8.02 Remedies upon Event of Default. If any Event of Default occurs and is continuing, the Lender may take any or all of the following actions:

- (a) declare the Revolving Commitment of the Lender to make Loans to be terminated, whereupon such commitments and obligation shall be terminated;
- (b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;
- (c) exercise all rights and remedies available to it under the Loan Documents or Applicable Law or equity; *provided, however, that, upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of the Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, without further act of the Lender.*

ARTICLE IX

CONTINUING GUARANTY

9.01 Guaranty. The Parent Guarantor hereby absolutely and unconditionally guarantees, as primary obligor and as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all of the Guaranteed Obligations; *provided, that, the Guaranteed Obligations of the Parent Guarantor shall exclude any Excluded Swap Obligations with respect to such Guarantor.* Without limiting the generality of the foregoing, the Guaranteed Obligations shall include any such indebtedness, obligations, and liabilities, or portion thereof, which may be or hereafter become unenforceable or compromised or shall be an allowed or disallowed claim under any proceeding or case commenced by or against any debtor under any Debtor Relief Laws. The Lender's books and records showing the amount of the Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Parent Guarantor, and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to

the obligations of the Parent Guarantor under this Guaranty, and the Parent Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

9.02 Rights of Lender. The Parent Guarantor consents and agrees that the Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as the Lender in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, the Parent Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Parent Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of the Parent Guarantor.

9.03 Certain Waivers. The Parent Guarantor waives: (a) any defense arising by reason of any disability or other defense of the Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of the Lender or any of its Affiliates) of the liability of the Borrower or any other Loan Party; (b) any defense based on any claim that such Guarantor's obligations exceed or are more burdensome than those of the Borrower or any other Loan Party; (c) the benefit of any statute of limitations affecting the Parent Guarantor's liability hereunder; (d) any right to proceed against the Borrower or any other Loan Party, proceed against or exhaust any security for the Guaranteed Obligations, or pursue any other remedy in the power of the Lender whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by the Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by Applicable Law limiting the liability of or exonerating guarantors or sureties. The Parent Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

9.04 Obligations Independent. The obligations of the Parent Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against the Parent Guarantor to enforce this Guaranty whether or not the Borrower or any other person or entity is joined as a party.

9.05 Subrogation. No Parent Guarantor shall not exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and the Revolving Commitment and the Revolving Facility is terminated. If any amounts are paid to the Parent Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Lender and shall forthwith be paid to the Lender to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

9.06 Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until the Facility Termination Date. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrower or the Parent Guarantor is made, or any of the Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any of the Lender in their discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Lender are in possession of or have released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Parent Guarantor under this Section 9.06 shall survive termination of this Guaranty.

9.07 Stay of Acceleration. If acceleration of the time for payment of any of the Borrower's Obligations hereunder is stayed, in connection with any case commenced by or against the Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by the Parent Guarantor immediately upon demand by the Lender.

9.08 Condition of Borrower. The Parent Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrower and any other guarantor such information concerning the financial condition, business and operations of the Borrower and any such other guarantor as the Parent Guarantor requires, and that none of the Lender has any duty, and the Parent Guarantor is not relying on the Lender at any time, to disclose to it any information relating to the business, operations or financial condition of the Borrower or any other guarantor (the Parent Guarantor waiving any duty on the part of the Lender to disclose such information and any defense relating to the failure to provide the same).

9.09 Reserved.

9.10 Keepwell. Each Loan Party that is a Qualified ECP Guarantor at the time the Guaranty or the grant of a Lien under the Loan Documents, in each case, by any Specified Loan Party becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article IX voidable under Applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations and undertakings of each Qualified ECP Guarantor under this Section 9.10 shall remain in full force and effect until the Guaranteed Obligations have been indefeasibly paid and performed in full. Each Loan Party intends this Section 9.10 to constitute, and this Section 9.10 shall be deemed to constitute, a guarantee of the obligations of, and a "keepwell, support, or other agreement" for the benefit of, each Specified Loan Party for all purposes of the Commodity Exchange Act.

ARTICLE X

MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Lender and the Borrower or the applicable Loan Party, as the case may be, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

10.02 Notices; Effectiveness; Electronic Communications.

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in clause (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, to the address, fax number, e-mail address or telephone number specified for the Borrower or any other Loan Party or the Lender on Schedule 1.01(a).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax transmission shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in clause (b) below shall be effective as provided in such clause (b).

This Agreement was
prepared by:

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(b) Electronic Communications.

(i) Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e-mail, FPMI messaging, and Internet or intranet websites) pursuant to an electronic communications agreement (or such other procedures approved by the Lender). The Lender or the Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(ii) Unless the Lender otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement) and (B) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail address or other written acknowledgement) indicating that such notice or communication is available and identifying the website address therefor; *provided, that, for both clauses (A) and (B), if such notice or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.*

(c) **Change of Address, Etc.** Each of the Borrower and the Lender may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(d) **Reliance by Lender.** The Lender shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices, Loan Notices, and Notice of Loan Prepayment) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of a Loan Party. All telephonic notices to and other telephonic communications with the Lender may be recorded by the Lender, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by the Lender to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.04 Expenses; Indemnity; Damage Waiver.

(a) **Costs and Expenses.** The Loan Parties shall pay (i) all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates (including but not limited to the reasonable fees, charges and disbursements of counsel for the Lender and due diligence expenses), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses reasonably incurred by the Lender (including the fees, charges and disbursements of any counsel for the Lender in connection with the enforcement or protection of its rights (A) in connection

with this Agreement and the other Loan Documents, including its rights under this Section 10.04, or (B) in connection with Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Lender and each Related Party (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of legal counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower or any other Loan Party) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby (including, without limitation, the Indemnitee's reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of hazardous materials on or from any property owned, leased or operated by a Loan Party or any of its Subsidiaries, or any environmental liability related in any way to a Loan Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no Loan Party shall assert, and each Loan Party hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in clause(b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(d) Payments. All amounts due under this Section 10.04 shall be payable not later than ten (10) Business Days after demand therefor.

(e) Survival. The agreements in this Section 10.04 and the indemnity provisions of Section 10.02(d) shall survive the termination of the Revolving Commitment and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

10.06 Successors and Assigns. This Agreement is binding on each Loan Party's and the Lender's successors and assignees. Each Loan Party agrees that it may not assign this Agreement without the Lender's prior written consent. The Lender may sell participations in or assign this loan, and may exchange information about the Loan Parties (including, without limitation, any information regarding any hazardous substances) with actual or potential participants or assignees. If a participation is sold or the loan is assigned, the purchaser will have the right of set-off against the Borrower.

10.07 Treatment of Certain Information; Confidentiality.

(a) Treatment of Certain Information. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates, its auditors and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 10.07, to (A) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement or (B) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, (vii) on a confidential basis to any rating agency in connection with rating any Loan Party or its Subsidiaries or the credit facilities provided hereunder, (viii) with the consent of the Borrower or to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section 10.07 or (2) becomes available to the Lender or any of its Affiliates on a nonconfidential basis from a source other than the Borrower or (ix) is independently discovered or developed by a party hereto without utilizing any Information received from the Borrower or violating the terms of this Section 10.07. For purposes of this Section 10.07, "Information" means all information received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary, provided, that, in the case of information received from the Borrower or any Subsidiary after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 10.07 shall be

considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Lender may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Lender in connection with the administration of this Agreement, the other Loan Documents and the Revolving Commitment.

(b) **Press Releases.** The Loan Parties and their Affiliates agree that they will not in the future issue any press releases or other public disclosure using the name of the Lender or its Affiliates or referring to this Agreement or any of the Loan Documents without the prior written consent of the Lender, unless (and only to the extent that) the Loan Parties or such Affiliate is required to do so under law and then, in any event the Loan Parties or such Affiliate will consult with the Lender before issuing such press release or other public disclosure (except in the case or routine SEC filings and disclosures).

(c) **Customary Advertising Material.** The Loan Parties consent to the publication by the Lender of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Loan Parties (but not including any proprietary information regarding the Loan Parties or the terms of this Revolving Credit Facility).

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or any such Affiliate to or for the credit or the account of the Borrower or the Parent Guarantor against any and all of the obligations of the Borrower or the Parent Guarantor now or hereafter existing under this Agreement or any other Loan Document to the Lender or its Affiliates, irrespective of whether or not the Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or the Parent Guarantor may be contingent or unmatured, secured or unsecured, or are owed to a branch, office or Affiliate of the Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness. The rights of the Lender and its Affiliates under this Section 10.08 are in addition to other rights and remedies (including other rights of setoff) that the Lender or its Affiliates may have under Applicable Law. The Lender agrees to notify the Borrower promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by Applicable Law (the "Maximum Rate"). If the Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Lender exceeds the Maximum Rate, such Person may, to the extent permitted by Applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Integration; Effectiveness. This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Lender, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Lender, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and until the Facility Termination Date.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.13 Governing Law; Jurisdiction; Etc.

(a) **GOVERNING LAW.** THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE COMMONWEALTH OF VIRGINIA.

(b) **SUBMISSION TO JURISDICTION.** THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE LENDER OR ANY RELATED PARTY IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE COMMONWEALTH OF VIRGINIA SITTING IN THE CITY OF ROANOKE, VIRGINIA AND OF THE UNITED STATES DISTRICT COURT OF THE WESTERN

DISTRICT OF VIRGINIA, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH VIRGINIA STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) **WAIVER OF VENUE.** THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN CLAUSE(B) OF THIS SECTION 10.13. THE BORROWER AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) **SERVICE OF PROCESS.** EACH PARTY HERETO (IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

10.14Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (a) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (b) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.14.

10.15Subordination. Each Loan Party (a "Subordinating Loan Party") hereby subordinates the payment of all obligations and indebtedness of any other Loan Party owing to it, whether now existing or hereafter arising, including but not limited to any obligation of any such other Loan Party to the Subordinating Loan Party as subrogee of the Lender or resulting from such Subordinating Loan Party's performance under this Guaranty, to the indefeasible payment in full in cash of all Obligations. If the Lender so request, any such obligation or indebtedness of any such other Loan Party to the Subordinating Loan Party shall be enforced and performance received by the Subordinating Loan Party as trustee for the Lender and the proceeds thereof shall be paid over to the Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of the Subordinating Loan Party under this Agreement. Without limitation of the foregoing, so long as no Default has occurred and is continuing, the Loan Parties may make and receive payments with respect to Intercompany Debt; *provided, that*, in the event that any Loan Party receives any payment of any Intercompany Debt at a time when such payment is prohibited by this Section 10.15, such payment shall be held by such Loan Party, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, to the Lender.

10.16No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrower and the Parent Guarantor acknowledges and agrees, and acknowledge its Affiliates' understanding, that: (a) (i) the services regarding this Agreement provided by the Lender and any Affiliate thereof are arm's-length commercial transactions between the Borrower and the Parent Guarantor and their respective Affiliates, on the one hand, and the Lender and its Affiliates, on the other hand, (ii) each of the Borrower and the Parent Guarantor has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) each of the Borrower and the Parent Guarantor is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) the Lender and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Borrower, the Parent Guarantor or any of their respective Affiliates, or any other Person and (ii) neither the Lender nor any of its Affiliates has any obligation to the Borrower, the Parent Guarantor or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (c) the Lender and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower, the Parent Guarantor and their respective Affiliates, and neither the Lender nor any of its Affiliates has any obligation to disclose any of such interests to the Borrower, the Parent Guarantor any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Borrower and the Parent Guarantor hereby waives and releases any claims that it may have against the Lender or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

10.17Electronic Execution; Electronic Records; Counterparts. This Agreement, any Loan Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each of the Loan Parties and the Lender agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a

manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Lender may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Lender is not under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by such Person pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Lender has agreed to accept such Electronic Signature, the Lender shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Loan Party without further verification and regardless of the appearance or form of such Electronic Signature, and (b) upon the request of the Lender, Electronic Signature shall be promptly followed by a manually executed counterpart.

The Lender shall not be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Lender's reliance on any Electronic Signature transmitted by telecopy, emailed .pdf or any other electronic means). The Lender shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any Communication (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution or signed using an Electronic Signature) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

Each of the Loan Parties hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document based solely on the lack of paper original copies of this Agreement, such other Loan Document, and (ii) waives any claim against the Lender and each Related Party for any liabilities arising solely from the Lender's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Loan Parties to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

10.18 USA PATRIOT Act Notice. The Lender hereby notifies the Borrower and the other Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower and each other Loan Party, which information includes the name and address of the Borrower and each other Loan Party and other information that will allow the Lender to identify the Borrower and each other Loan Party in accordance with the Patriot Act. The Borrower and each other Loan Party shall, promptly following a request by the Lender, provide all such other documentation and information that the Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act.

10.19 Time of the Essence. Time is of the essence of the Loan Documents.

10.20 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, "QFC Credit Support", and each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWER:

RGC MIDSTREAM, LLC

By: /s/ Paul W. Nester

Name: Paul W. Nester

Title: President

By: /s/ Timothy J. Mulvaney

Name: Timothy J. Mulvaney

Title: Vice President, Treasurer and Chief Financial Officer

[Signature Pages Continue]

**PARENT
GUARANTOR:**

RGC RESOURCES, INC.

By: /s/ Paul W. Nester

Name: Paul W. Nester

Title: President

By: /s/ Timothy J. Mulvaney

Name: Timothy J. Mulvaney

Title: Vice President, Treasurer and Chief Financial Officer

[Signature Pages Continue]

BANK OF AMERICA, N.A.

as Lender

By: /s/ Robert D. Davis III

Name: Robert D. Davis III

Title: VP, Commercial Credit Officer

Schedule 1.01

Certain Addresses For Notices

Address for Notices to Borrower:

519 Kimball Avenue, NE
Roanoke, Virginia 24016

Address for Notices to Guarantor:

519 Kimball Avenue, NE
Roanoke, Virginia 24016

SCHEDULE 1.01

EXHIBIT A

[Form of]

COMPLIANCE CERTIFICATE

Financial Statement Date: [,]

TO: Bank of America, N.A., as Lender
RE: Credit Agreement dated as of May [], 2024, between RGC Midstream, LLC, a Virginia limited liability company (the "Borrower"), RGC Resources Inc., a Virginia corporation ("Parent Guarantor"), and Bank of America, N.A., as the Lender (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"; capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement
DATE: [Date]

The undersigned Responsible Officer1 hereby certifies as of the date hereof that [he/she] is the [] of Parent Guarantor, and that, as such, [he/she] is authorized to execute and deliver this Certificate to the Lender on the behalf of Parent Guarantor and the other Loan Parties, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Parent Guarantor has delivered (i) the year-end audited financial statements required by Section 6.01(a) of the Credit Agreement for the fiscal year of Parent Guarantor ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section and (ii) the consolidated balance sheet of Parent Guarantor and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year. Such consolidated statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of the Parent Guarantor and its Subsidiaries.

[Use following paragraph 1 for fiscal quarter-end financial statements]

1. Parent Guarantor has delivered the unaudited financial statements required by Section 6.01(b) of the Credit Agreement for the fiscal quarter of Parent Guarantor ended as of the above date. Such Consolidated financial statements fairly present in all material respects the financial condition, results of operations, shareholders' equity and cash flows of Parent Guarantor and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes and such consolidated financial statements are fairly stated in all material respects when considered in relation to the Consolidated financial statements of Parent Guarantor and its Subsidiaries.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under [his/her] supervision, a detailed review of the transactions and condition (financial or otherwise) of Parent Guarantor and its Subsidiaries during the accounting period covered by such financial statements.

1 This certificate should be from the chief executive officer or treasurer of the Parent Guarantor.

3. A review of the activities of Parent Guarantor and its Subsidiaries during the fiscal period covered by this Certificate has been made under the supervision of the undersigned with a view to determining whether during such fiscal period Parent Guarantor and each of the other Loan Parties performed and observed all its obligations under the Loan Documents, and

[select one:]

[to the knowledge of the undersigned, during such fiscal period each of the Loan Parties performed and observed each covenant and condition of the Loan Documents applicable to it and required to be performed or observed during such fiscal period, and no Default has occurred and is continuing.]

-or-

[to the knowledge of the undersigned, the following covenants or conditions of the Loan Documents have not been performed or observed and the following is a list of each such Default and its nature and status:]

4. The representations and warranties of Parent Guarantor and each other Loan Party contained in Article V of the Credit Agreement or any other Loan Document, or which are contained in any document furnished at any time under or in connection therewith are (i) with respect to representations and warranties that contain a materiality qualification, true and correct on and as of the date hereof except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all respects as of such earlier date, and (ii) with respect to representations and warranties that do not contain a materiality qualification, true and correct in all material respects on and as of the date hereof except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date, and except that for purposes of this Compliance Certificate, the representations and warranties contained in subsections (a) and (b) of Section 5.05 of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01 of the Credit Agreement, including the statements in connection with which this Compliance Certificate is delivered.

5. The financial covenant analyses and information set forth on Schedule A attached hereto are true and accurate on and as of the date of this Certificate.

Delivery of an executed counterpart of a signature page of this Certificate by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Certificate.

RGC RESOURCES, INC., a Virginia corporation

By: _____

Name: _____

Title: _____

Schedule A

to the Compliance Certificate

(\$ in 000's)

Financial Statement Date: [] ("Statement Date")

I. Section 7.08(a) – Minimum Consolidated Interest Coverage Ratio.

A. Consolidated EBIT (Schedule B)	\$ _____
B. Consolidated Interest Charges of or by the Parent Guarantor and its Subsidiaries at Statement Date on a consolidated basis for the most recently completed Measurement Period:	\$ _____
1. All interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP	\$ _____
2. All interest paid or payable with respect to discontinued operations	\$ _____
3. The portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by the Parent Guarantor and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period	\$ _____
4. Consolidated Interest Charges (Lines I.B.1 + I.B.2 + I.B.3):	\$ _____
C. Consolidated Interest Coverage Ratio (Line I.A ÷ Line I.B.4):	\$ _____ to 1.00

Minimum Permitted: No less than 1.50 to 1.00 as of the end of any Measurement Period

II. Section 7.08(b) – Maximum Consolidated Capitalization Ratio.

A. Consolidated Funded Indebtedness

1. the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations under the Loan Agreement) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments	\$ _____
2. the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations under the Loan Agreement) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments	\$ _____
3. all purchase money Indebtedness	\$ _____
4. the maximum amount available to be drawn under issued and outstanding letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments	\$ _____
5. all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business)	\$ _____
6. all Attributable Indebtedness	\$ _____
7. all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Maturity Date in respect of any Equity Interests or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends	\$ _____
8. without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in Lines II.A(1) through (6) above of Persons other than the Borrower or any Subsidiary	\$ _____
9. all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Subsidiary	\$ _____
10. Consolidated Funded Indebtedness (Lines II.A(1) + II.A(2) + II.A(3) + II.A(4) + II.A(5) + II.A(6) + II.A(7) + II.A(8))	\$ _____
B. Consolidated Total Capitalization:	
1. Consolidated Funded Indebtedness (Line II.A(9))	\$ _____
2. Shareholders' Equity for the most recently ended fiscal quarter	\$ _____
3. Consolidated Total Capitalization (Lines II.B.1 + II.B.2)	\$ _____
C. Consolidated Capitalization Ratio (Line II.A.9 ÷ Line II.B.3):	_____ to 1.00
<i>Maximum Permitted: less than 0.65 to 1.00</i>	

III. Section 7.08©– Maximum Priority Indebtedness.

A. Priority Indebtedness	\$ _____
1. All Indebtedness of the Parent Guarantor that is secured by Liens other than Permitted Liens	\$ _____
2. All Indebtedness of any Subsidiaries of the Parent Guarantor	\$ _____
3. Priority Indebtedness (Lines III.A.1 + III.A.2)	\$ _____
B. Consolidated Total Assets:	\$ _____
1. the total assets of the Parent Guarantor and its Subsidiaries which are shown on the Consolidated balance sheet of the Parent Guarantor for the fiscal quarter most recently ended	\$ _____
C. Priority Indebtedness (Line III.A.3) ÷ Line III.B.1):	_____ to 1.00
<i>Maximum Permitted: less than 0.15 to 1.00</i>	

Schedule B to Compliance Certificate

IV. Consolidated EBIT	Quarter 1 ended / /	Quarter 2 ended / /	Quarter 3 ended / /	Quarter 4 ended / /	Total (Quarters 1-4)
A. Consolidated Net Income for the most recently completed Measurement Period (Schedule)					

B. The following to the extent deducted in calculating such Consolidated Net Income (without duplication),					
1. Consolidated Interest Charges					
2. the provision for federal, state, local and foreign income taxes payable					
3. non-cash charges and losses (excluding any such non-cash charges or losses to the extent (A) there were cash charges with respect to such charges and losses in past accounting periods, or (B) there is a reasonable expectation that there will be cash charges with respect to such charges and losses in future accounting periods)					
C. without duplication, and to the extent reflected as a gain or otherwise included in the calculation of Consolidated Net Income for such period, non-cash gains:					
D. Consolidated EBIT (Lines IV.A. + (IV.B(1) + IV.B(2) + IV.B(3)) – IV.C)					

Schedule C
to Compliance Certificate

V. Consolidated Net Income.

A. the net income (or loss) of the Parent Guarantor and its Subsidiaries on a Consolidated basis for the most recently completed Measurement Period

\$ _____

B. unusual and infrequent gains such Measurement Period

\$ _____

C. the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary during such Measurement Period, except that the Parent Guarantor's equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income

\$ _____

D. any income (or loss) for such Measurement Period of any Person if such Person is not a Subsidiary, except that the Parent Guarantor's equity in the net income of any such Person for such Measurement Period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such Measurement Period to the Parent Guarantor or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to the Parent Guarantor as described in clause (b) of this proviso)

\$ _____

E. Consolidated Net Income (Lines (V(A) – (V(B) + V(C) + V(D))

\$ _____

EXHIBIT B

[Form of]
LOAN NOTICE

Date: _____, _____

To: Bank of America, N.A., as Lender

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of May [], 2024 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement;" the terms defined therein being used herein as therein defined), among RGC MIDSTREAM, LLC, a Virginia limited liability company (the "Borrower"), RGC RESOURCES INC., a Virginia corporation, as Parent Guarantor, and BANK OF AMERICA, N.A., as Lender.

The Borrower hereby requests:

A borrowing of Revolving Loans

1. On _____ (a Business Day).

2. In the amount of \$ _____

The Revolving Loan requested herein complies with the proviso to the first sentence of Section 2.01 of the Agreement.

The Borrower, hereby represents and warrants that the conditions specified in Sections 4.02(a) and (b) shall be satisfied on and as of the date of the applicable Borrowing.

RGC MIDSTREAM, LLC, as Borrower

By: /s/ Paul W. Nester

Name: Paul W. Nester
 Title: President
 By: /s/ Timothy J. Mulvaney
 Name: Timothy J. Mulvaney
 Title: Vice President, Treasurer and Chief Financial Officer

EXHIBIT C

[Form of]

NOTICE OF LOAN PREPAYMENT

TO: Bank of America, N.A., as Lender (the "Lender")
 RE: Credit Agreement dated as of May [], 2024, between RGC Midstream, LLC, a Virginia limited liability company (the "Borrower"), RGC Resources Inc., a Virginia corporation ("Parent Guarantor"), and Bank of America, N.A., as the Lender (as amended, modified, extended, restated, replaced, or supplemented from time to time, the "Credit Agreement"; capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement)
 DATE: [Date]

The Borrower hereby notifies the Lender that on _____, 20____ pursuant to the terms of Section 2.03 (Prepayments) of the Agreement, the Borrower intends to prepay/repay the Revolving Loan:

1. On _____ (a Business Day).
2. In the amount of \$_____

Delivery of an executed counterpart of a signature page of this notice by fax transmission or other electronic mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this notice.

RGC MIDSTREAM, LLC, as Borrower

By: /s/ Paul W. Nester
 Name: Paul W. Nester
 Title: President
 By: /s/ Timothy J. Mulvaney
 Name: Timothy J. Mulvaney
 Title: Vice President, Treasurer and Chief Financial Officer

2 Specify date of such prepayment.

RGC RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 31.1

CERTIFICATION

I, Paul W. Nester, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RGC Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 3, 2024** **August 6, 2024**

/s/ Paul W. Nester

Paul W. Nester

President and Chief Executive Officer

(Principal Executive Officer)

RGC RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 31.2

CERTIFICATION

I, Timothy J. Mulvaney, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of RGC Resources, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 3, 2024** **August 6, 2024**

/s/ Timothy J. Mulvaney

Timothy J. Mulvaney

Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

RGC RESOURCES, INC. AND SUBSIDIARIES

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RGC Resources, Inc. (the "Company") on Form 10-Q for the period ended **March 31, June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul W. Nester, President and Chief Executive Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Paul W. Nester

Paul W. Nester

President and Chief Executive Officer
(Principal Executive Officer)

Date: **May 3, 2024** **August 6, 2024**

RGC RESOURCES, INC. AND SUBSIDIARIES

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RGC Resources, Inc. (the "Company") on Form 10-Q for the period ended **March 31, June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy J. Mulvaney, Vice President, Treasurer and Chief Financial Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Timothy J. Mulvaney

Timothy J. Mulvaney

Vice President, Treasurer and Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2024 August 6, 2024

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