



ALLETE Advances Solar Strategy by Acquiring New Energy Equity, a Leading Solar Development Company

March 2, 2022

Acquisition supports ALLETE's sustainability-in-action strategy

DULUTH, Minn.--(BUSINESS WIRE)--Mar. 2, 2022-- ALLETE, Inc. (NYSE:ALE), today advanced its planned expansion in the solar energy sector, announcing it has signed a definitive agreement to acquire 100 percent of the membership interests of New Energy Equity LLC, one of the nation's top distributed solar developers, for approximately \$165.5 million, subject to a working capital adjustment.

New Energy Equity, with headquarters in Annapolis, Maryland, is one of the country's leading distributed solar development companies, having successfully completed more than 250 projects across the nation totaling more than 310 megawatts. New Energy Equity also offers comprehensive solar operations, maintenance, and asset management services to its customers through its wholly owned subsidiary, Energy Support Services.

"New Energy Equity's strong track record of success, talented and experienced team, robust project pipeline and significant growth potential will support ALLETE's long-term average annual growth objective of 5 percent to 7 percent," said ALLETE Chair, President and CEO Bethany Owen. "The company is a natural fit with our sustainability-in-action strategy and shares our commitment to transforming the nation's energy landscape. Solar is an exciting and expanding area of our industry's clean-energy transformation, and New Energy Equity brings to ALLETE the expertise and experience to offer comprehensive solar solutions to customers, adding to our existing wind energy capabilities."

Solar Power World ranked New Energy Equity, which specializes in development of distributed-generation solar facilities from 1 to 10 megawatts, as the nation's 7th Top Solar Developer and 8th Top Commercial Solar Contractor in 2021. New Energy Equity's national reach includes completed projects and projects under development in 26 U.S. states.

"Our team is excited to join the ALLETE family of companies, bringing broadened expertise and access to capital to New Energy Equity," said New Energy Equity President and CEO Matthew Hankey. "ALLETE is an incredible organization that shares in our company's core values, including a focus on sustainability, long-term partnerships and a workforce culture that promotes and values employee contributions. With our combined experience, we can expand the reach of distributed-generation solar and storage projects to provide more sustainable energy solutions for our communities, industry partners and customers. We look forward to joining forces with ALLETE to help further the clean-energy transformation together."

ALLETE expects the purchase to close in mid-April upon satisfaction of customary closing conditions, including compliance with Hart-Scott-Rodino antitrust clearing requirements. New Energy Equity's entire team, including management, will remain in place, as will its Maryland headquarters.

In 2021 New Energy Equity closed 35 solar projects representing more than 80 megawatts in the aggregate, and generated adjusted EBITDA of approximately \$20 million. Under ALLETE's ownership, results for the year ended 2022 will be impacted by transaction costs and purchase price accounting. ALLETE anticipates the acquisition to be accretive in 2023 for the first full year of ownership. New Energy Equity is expected to provide organic long-term earnings growth with strong cash flow contributions. ALLETE's previously stated 2022 earnings guidance excludes potential acquisitions and related costs; 2022 guidance will be updated during the year.

"New Energy Equity's business model—developing, financing and selling a large number of small projects annually—complements ALLETE's other businesses that typically focus on larger, utility-scale projects. With its flexible capital needs, attractive cash flow and earnings accretion characteristics, we believe New Energy Equity is a strong value proposition for ALLETE and its investors," Owen said. "We are very excited to welcome the New Energy Equity team to ALLETE as we continue, together, advancing the clean energy future—for our customers, communities, employees and investors."

J.P. Morgan acted as exclusive financial advisor to ALLETE on this transaction.

Live Webcast on March 3, 2022

ALLETE's conference call will be at 10:00 a.m. (EST), March 3, 2022, at which time management will discuss the acquisition. To participate in the call, analysts are asked to dial 877-303-5852, pass code 5939153, ten minutes prior to the start time and refer to the "ALLETE's Conference Call Announcing Acquisition." All interested parties may listen to the live audio-only webcast accompanied by supporting slides, which will be available on ALLETE's Investor Relations website <http://investor.allete.com/events-presentations>. A replay of the call will be available through March 10, 2022, by calling (855) 859-2056, pass code 5939153.

ALLETE, Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth; and BNI Energy in Bismarck, N.D.; and has an eight percent equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com. ALE-CORP

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.

The adjusted EBITDA measure for New Energy Equity represents net income (loss) before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items, such as non-recurring expenses.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20220302006039/en/): <https://www.businesswire.com/news/home/20220302006039/en/>

Investor Contact:

Vince Meyer

218-723-3952

vmeyer@allete.com

Source: ALLETE, Inc.