



**2022 Year End
Earnings Report Presentation**

February 16, 2023

Forward-looking statement

Any statements contained in this presentation and statements that ALLETE, Inc. representatives may make orally in connection with this presentation 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, Inc. with the Securities and Exchange Commission.

ALLETE's presentation and other communications may include certain non-Generally Accepted Accounting Principles (GAAP) financial measures. A "non-GAAP financial measure" is defined as a numerical measure of a company's financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in the company's financial statements.

Non-GAAP financial measures utilized by the Company may include a presentation of earnings (loss) per share and earnings. ALLETE's management believes that non-GAAP financial measures provide useful information to investors by removing the effect of variances in GAAP reported results of operations that are not indicative of changes in the fundamental earnings power of the Company's operations. Management believes that the presentation of the non-GAAP financial measures is appropriate and enables investors and analysts to more accurately compare the company's ongoing financial performance over the periods presented. Non-GAAP measures to the most directly comparable GAAP measure, if presented, is included in the appendix.

This presentation was prepared as of February 16, 2023, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2023 outlook contained herein was provided, and is as of February 16, 2023.

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Visit our website at www.allete.com



ALLETE's strategy for success is *Sustainability in Action*



EXPAND RENEWABLES

- Currently ranked #1 among investor-owned utilities for investment in renewable energy based on market capitalization
- Minnesota Power #1 in Minnesota, and #2 in Midwest in renewable energy for customers
- 700 MW of wind and solar as well as up to 500 MWh of storage to be added as a result of a successful IRP
- New Energy Equity a leading developer of distributed solar
- Established renewable platform at ALLETE Clean Energy of >1,500 MW



REDUCE CARBON

- Minnesota Power
 - Retired/idled seven of nine coal facilities
 - 50% renewable energy supply at end of 2020, goal of 70% by 2030
 - Coal-free by 2035 and 100% carbon-free vision by 2050¹
- BNI – supporting carbon capture and sequestration in Minnesota Power Cooperative's Project Tundra

¹ New MN Legislation requiring 100% carbon-free energy by 2040 will provide clean energy opportunities in 2025 IRP.



ENHANCE GRID RESILIENCY

- Investing in infrastructure for managing the delivery of increasing amounts of renewable energy, and enhancing the resiliency and reliability of the grid
- Engaged with Grid United on North Plains Connector – first in the nation to connect three ISOs



DRIVE INNOVATION

- Reducing water use, investing in more weather resistant infrastructure, identifying alternative low- or zero-carbon fuels and carbon capture and sequestration technology
- HVDC Modernization advances clean energy opportunities and enhances reliability

Workplace

- 2022 Women on Board Winner for Board Gender Diversity
- Minnesota Power & ALLETE Clean Energy named Yellow Ribbon Companies
- Advancing DE&I in the workplace, supply chain, and communities

Community

- Partnering with diverse suppliers
- Corporate funding and employee volunteerism to those in need – and addressing the opportunity gap
- Full commitment to regional economies and host communities

Customers

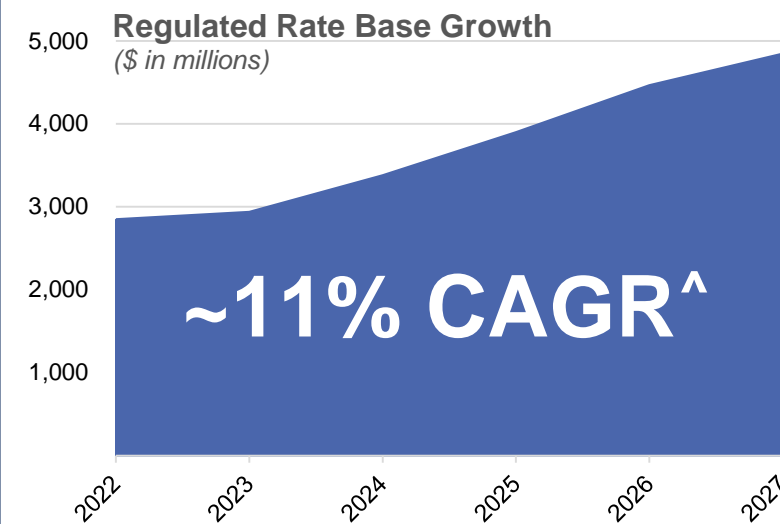
- Strong track record of service reliability
- Minnesota Power residential bills below the national average
- Well-positioned to serve the C&I customer segment
- Strong focus on customer ESG & competitiveness needs

~\$3.3B Investment in Transmission and Clean Energy Initiatives

Increase of nearly \$600M* in Base CapX over the next 5 years

Capital Expenditures

(millions)	2023	2024	2025	2026	2027	2023-2027	Total	Potential Recovery Method
Regulated Operations								
High kV Transmission Expansion	\$ 40	\$ 55	\$ 135	\$ 190	\$ 270	\$ 690	\$ 1,265	Rider
Solar 300 MW**	–	150	200	175	100	625	675	Rider
Wind 150 MW**	–	–	105	175	–	280	280	Rider
Storage Pilot	–	10	20	–	–	30	30	Rider
Storage 200 MWh**	–	–	–	–	100	100	320	COD
Base & Other	190	265	250	235	190	1,130		Rider/Base
ALLETE Clean Energy (base capX)	10	5	5	5	5	30		
Corporate & Other								
Wind Partnership 200 MW**	–	70	115	–	–	185	185	COD
Nemadji Trail Energy Center	40	55	35	5	–	135	145	COD
Other	20	10	15	15	20	80		
Total	\$ 300	\$ 620	\$ 880	\$ 800	\$ 685	\$3,285		



[^] Using 2022 as a base year

Table excludes any incremental ALLETE Clean Energy projects and New Energy asset ownership, additional equity investment at ATC.

Further transition to clean energy will provide additional investment in transmission and renewables beyond 2027.

* From last reported Base CapX plan.

** Dependent on successful RFPs for solar, wind and storage.



Regulated Rate Base Growth Supports ALLETE's Long-term 5-7% Growth Objective

Transformational long-term investment opportunities

Opportunities beyond 2027, not included in our 5-year CapX table:



North Plains Connector – ALLETE engagement with Grid United to build 370-mile HVDC transmission line from ND to MT.



MISO Tranche 2 - Expect at least ~2-3% participation in MISO Tranche 2. Benefits a broader customer base beyond Minnesota Power jurisdiction. Long Range Plan will help to maintain a reliable and resilient regional power grid.



New legislation Enacted in Minnesota requires electric utilities to source its retail sales with 100% carbon-free energy by 2040 – this legislation will provide opportunities in our next IRP, slated for early 2025.



Coal Fleet Transition Developing plans to replace over 800 MW of baseload generation at Boswell Units 3 & 4 in Cohasset, MN by 2030 and 2035, respectively.

This excludes any incremental ALLETE Clean Energy projects and New Energy asset ownership, and additional equity investment at ATC.

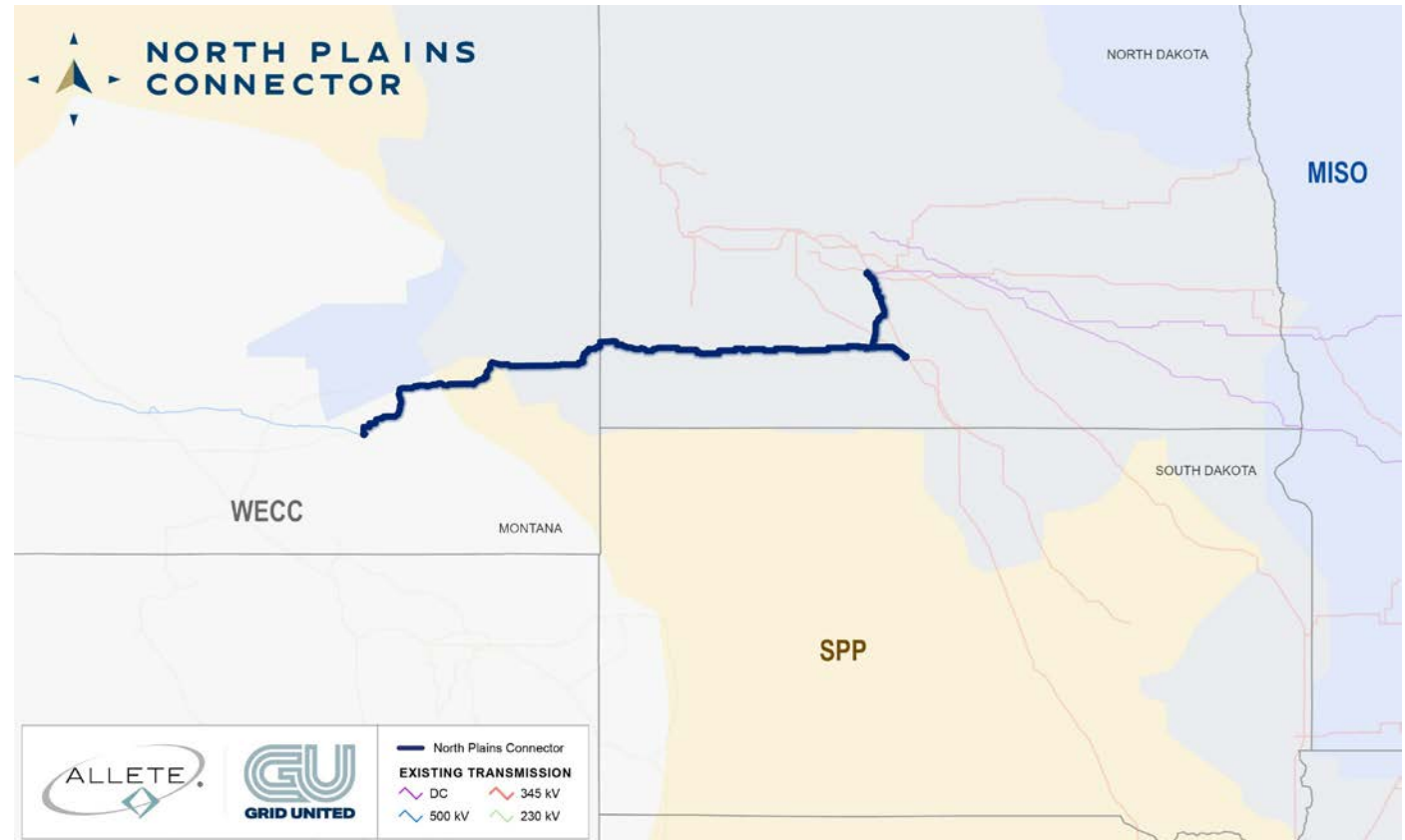
Supports ALLETE's Long-Term EPS growth objective of 5-7%



Significant Transmission Investment Opportunities for ALLETE

The North Plains Connector will provide increased Grid Sustainability

- An ALLETE project – engaged with Grid United
- Will provide the nation's first critical link to three energy markets – MISO, SPP, WECC – improving reliability, resiliency and flexibility of the nation's grid
- ALLETE's share expected to be at least 35% ownership, or ~1,000 MW of 3,000 MW capacity
- Total project cost estimate ~\$2.5B
- Regulatory approvals needed:
 - Federal and state approvals and permits
 - NEPA
 - Major Facility Siting Act (MFSA)
- Will be a FERC transmission tariff (similar to ATC investments) for users; ALLETE will pursue long-term capacity contracts and ownership on the line



Accomplishments and Project Opportunities



Strategy and Opportunities

- Expansive pipeline of projects developed in over 20 states throughout the U.S. with significant presence and project opportunities in Illinois, Minnesota and New York – currently largest solar garden developer in Illinois and Minnesota
- Promising new markets in MD, NM, VA, CA, PA, CO, WA and OH
- Additional longer term growth opportunities include:
 - C&I Solar
 - Storage
 - Platform acquisitions
 - Solar project ownership
 - Electric vehicle charging
 - Synergies for O&M with ALLETE solar portfolio

2022 Accomplishments

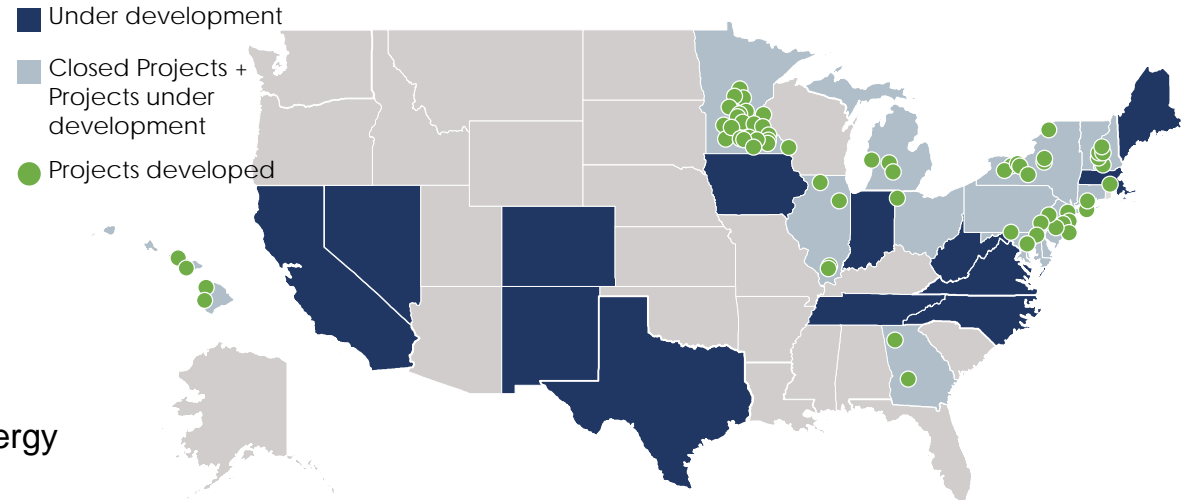
- Successful integration with ALLETE
- Despite challenges in the supply chain, including module procurement, New Energy exceeded expectations in 2022 and is well positioned for growth in 2023
- Inflation Reduction Act legislation expected to be accretive to the existing financial plan and future competitiveness and profitability

Q4-2022 Updates:

- Year to date results \$7.8M, which includes \$8.3M of after-tax impacts from purchasing price accounting
- 2022 results exceeded full year acquisition plan results
- Significant fourth quarter project closings (44 MW) and pipeline growth provide momentum going into 2023



States with projects closed and under development



Total pipeline of projects has expanded since acquisition.

Key statistics:

400 MW+ Projects closed

>2 GW Development pipeline

Consolidated Earnings *(millions)*

Year Ended December 2022

	2022	2021
Regulated Operations	\$149.9	\$129.1
ALLETE Clean Energy	16.3	26.3
Corporate and Other	23.1	13.8
Net Income Attributable to ALLETE	\$189.3	\$169.2
Diluted Earnings Per Share of Common Stock	\$3.38	\$3.23

Consolidated Earnings *(millions)*

Fourth Quarter December 2022

	2022	2021
Regulated Operations	\$30.5	\$29.7
ALLETE Clean Energy	1.3	14.6
Corporate and Other	19.9	17.6
Net Income Attributable to ALLETE	\$51.7	\$61.9
Diluted Earnings Per Share of Common Stock	\$0.90	\$1.18

Reconciliation of full year 2022 results to November 2022 Guidance

Nov-22 EPS Guidance – Midpoint	<u>\$3.75</u>
Impacts on Earnings Per Share	
Full year rate case reserves	(0.22)
Weather	(0.05)
Losses on Northern Wind project	(0.10)
2022 Actual Results	<u>\$3.38</u>

2023 Guidance Highlights

2023 Guidance Range \$3.55 - \$3.85 per share

• Regulated Operations	\$2.50 - \$2.70
• ALLETE Clean Energy, Corporate and Other	\$1.05 - \$1.15

Key Factors, Expectations, Considerations and Assumptions

• Regulated Operations

- Reflects the outcome of Minnesota Power's latest rate case based on determinations made by the Minnesota Public Utilities Commission at a hearing in January 2023, net of interim rate reserves recorded.*
- Industrial sales of approximately 6.5 million megawatt-hours (MWh) in 2023 reflecting anticipated production from our taconite customers of approximately 33 million tons in 2023.
- Higher operating and maintenance expense of approximately 2 percent as compared to 2022.
- Higher depreciation and property tax expenses of approximately 7 percent as compared to 2022.
- Additional investments in American Transmission Company LLC of approximately \$8 million.
- Guidance for 2023 assumes that we will achieve constructive outcomes in regulatory proceedings.

• ALLETE Clean Energy

- Total wind generation of approximately 4.0 million MWh in 2023 with the expectation of normal wind resources (3.9 million MWh in 2022).
- Reflects the sale of the Red Barn project in 2023.
- Reflects mitigation of losses in Southwest Power Pool market for the Oklahoma wind energy facilities.

• Corporate and Other

- Reflects a full year of results from New Energy with net income of approximately \$16 million to \$17 million; no impacts due to purchase price accounting or transaction costs.
- Similar results at BNI Energy, Inc. and Nobles 2 Power Partners, LLC.
- Slightly lower earnings at ALLETE Properties, LLC.
- Includes increased earnings from ALLETE'S investment in Minnesota solar projects.

- **Earnings per share dilution of approximately \$0.10 per share resulting from higher average shares outstanding due to the secondary offering in 2022; minimal equity issuances in 2023.**
- **Consolidated effective income tax benefit of approximately 5 percent in 2023.**

* Minnesota Power will continue to collect interim rates until final rates go into effect in mid-2023.



Find ESG Information at ALLETE.com

Corporate Sustainability Report

- <https://www.allete.com/Sustainability>

100% Carbon-Free Energy by 2050

- <https://www.mnpower.com/carbonfreeenergyvision>

Environmental Stewardship at
Minnesota Power

- <https://www.mnpower.com/Environment>

Serving Our Community

- <https://www.mnpower.com/Community>