



2021 Year End
Earnings Report Presentation

February 16, 2022

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, 2022, and ALLETE, Inc. assumes no obligation to update the information or the forward-looking statements contained herein. The 2022 outlook contained herein was provided, and is as of February 16, 2022.

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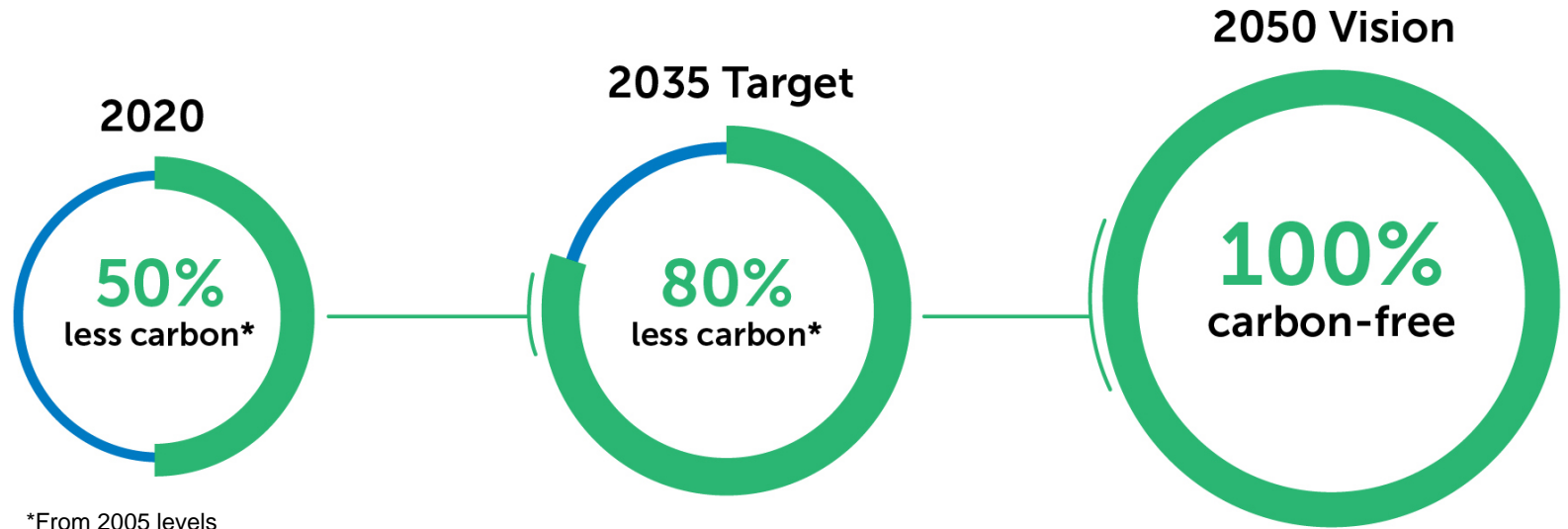
Visit our website at www.allete.com



MINNESOTA
POWER'S
100%
CARBON-FREE
ENERGY
VISION

Minnesota Power | 100% Carbon-Free Energy Vision

We are committed to making a sustainable transition to a **reliable, affordable** and **carbon-free** energy mix for our customers.



ALLETE Earnings *(millions)*

Year Ended December 2021

| | 2021 | 2020 |
|--|---------|---------|
| Regulated Operations | \$129.1 | \$136.3 |
| ALLETE Clean Energy | 26.3 | 29.9 |
| Corporate and Other | 13.8 | 8.0 |
| Net Income Attributable to ALLETE | \$169.2 | \$174.2 |
| Diluted Earnings Per Share of Common Stock | \$3.23 | \$3.35 |

See page 5 for items that impacted earnings per share.



ALLETE Earnings Per Share

Year Ended December 2021

| | 2021 | 2020 |
|--|---------------|---------------|
| Earnings Per Share | <u>\$3.23</u> | <u>\$3.35</u> |
| Impacts on Earnings Per Share | | |
| Regulated Operations | | |
| Fuel Adjustment Clause – Boswell Outage Decision | (0.07) | |
| ALLETE Clean Energy | | |
| February 2021 Polar Vortex – Diamond Spring | (0.10) | |
| Reserve for Anticipated Loss – Northern Wind | (0.04) | |
| Corporate and Other | | |
| Sale of Partial Interest in NTEC | 0.16 | |

Consolidated Earnings *(millions)*

Fourth Quarter December 2021

| | 2021 | 2020 |
|--|-------------|-------------|
| Regulated Operations | \$29.7 | \$25.3 |
| ALLETE Clean Energy | 14.6 | 13.1 |
| Corporate and Other | 17.6 | 8.7 |
| Net Income Attributable to ALLETE | \$61.9 | \$47.1 |
| | | |
| Diluted Earnings Per Share of Common Stock | \$1.18 | \$0.90 |
| | | |

See page 7 for items that impacted earnings per share.



ALLETE Earnings Per Share

Fourth Quarter December 2021

| | 2021 | 2020 |
|--|---------------|---------------|
| Earnings Per Share | <u>\$1.18</u> | <u>\$0.90</u> |
| Impacts on Earnings Per Share | | |
| Regulated Operations | | |
| Fuel Adjustment Clause – Boswell Outage Decision | <u>(0.03)</u> | |
| ALLETE Clean Energy | | |
| Reserve for Anticipated Loss – Project Northern Wind | <u>(0.04)</u> | |
| Corporate and Other | | |
| Sale of Partial Interest in NTEC | <u>0.16</u> | |

2022 Guidance Highlights

2022 Guidance Range \$3.60 - \$3.90 per share

| | |
|--|-----------------|
| • Regulated Operations | \$2.60 - \$2.80 |
| • ALLETE Clean Energy, Corporate and Other | \$1.00 - \$1.10 |

Key Factors, Expectations, Considerations and Assumptions

• Regulated Operations

- Reflects interim rates for the Minnesota Power 2021 rate case of approximately \$87 million; interim rates are subject to refund.
- Industrial sales of approximately 6.5 million megawatt-hours (MWh) in 2022 reflect anticipated production from our taconite customers of approximately 35 million tons in 2022.
- Higher operating and maintenance expense of approximately 5 percent as compared to 2021.
- Higher depreciation and property tax expenses due to additional plant in service.
- Additional investments in American Transmission Company LLC of approximately \$6 million.
- Guidance for 2022 assumes that we will achieve reasonable outcomes in regulatory proceedings.

• ALLETE Clean Energy

- Total wind generation of approximately 4.1 million MWh in 2022 with the expectation of normal wind resources (3.0 million MWh in 2021).
- Lower expected MWh from legacy wind facilities due to updated wind forecasting methodologies.
- Caddo wind facility in-service the full year.
- Higher depreciation expense due to additional plant in service.
- Higher operating expenses compared to 2021 due to investments in growth initiatives.

• Corporate and Other

- Similar results at BNI Energy, Inc.
- Slightly higher earnings at ALLETE Properties, LLC and from our investment in Nobles 2 Power Partners, LLC.
- Includes earnings from an ALLETE investment in a Minnesota solar project.

• **Earnings per share reflect additional equity issuances of approximately \$50 million**

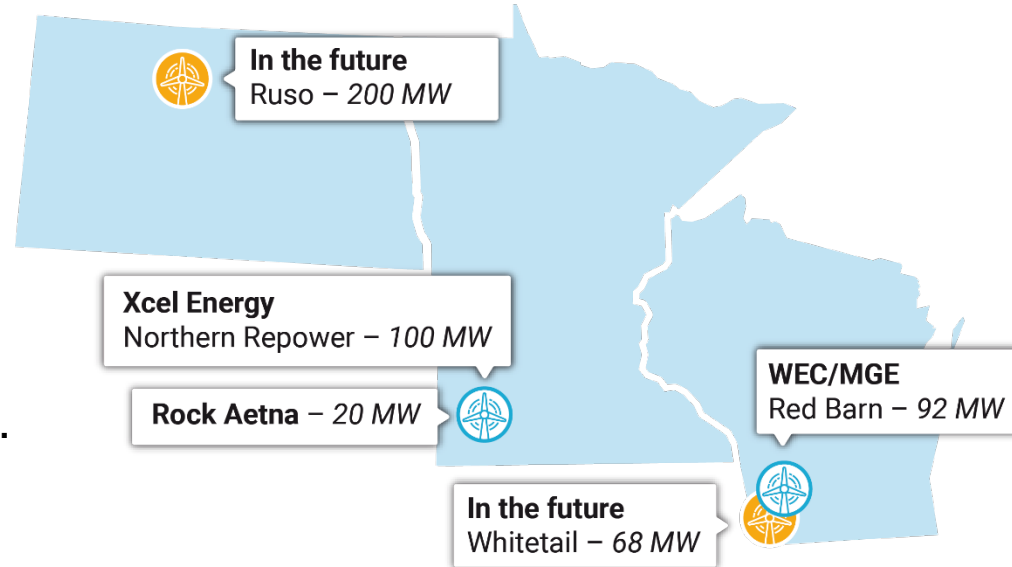
• **Guidance excludes the impact, if any, of possible acquisitions or additional development projects**



Expanding Renewables Pipeline Provides Customer Solutions



Developing high quality long-term ownership or build-transfer facilities.



Xcel ENERGY

Repowering Northern Wind

- Announced in February
- 100 MW project size
- Leverages existing interconnection
- Project delivery budgeted in 2022*

- Adds new customers
- Supports customers' ESG objectives
- Leverages PTC safe harbor inventory
- Brings ~ 210 MW of projects in backlog
- Builds pipeline of potential future projects
 - Whitetail project ~ 68 MW
 - Ruso project ~ 200 MW
 - Rock Aetna - 20 MW

WPS Wisconsin Public Service **MGE Madison Gas and Electric**

Building Red Barn

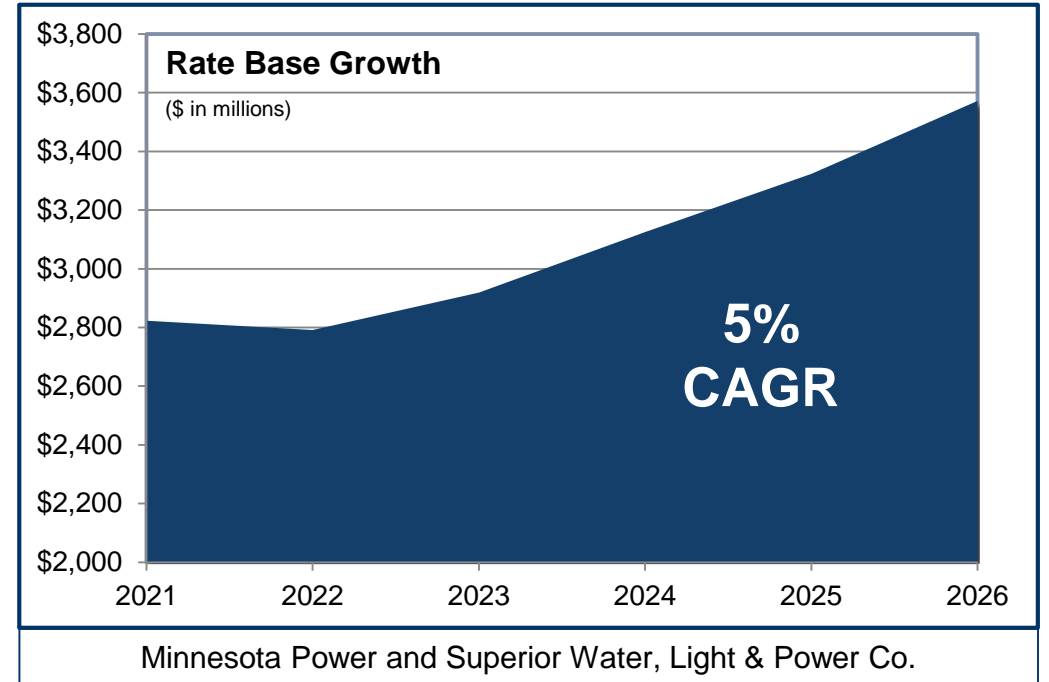
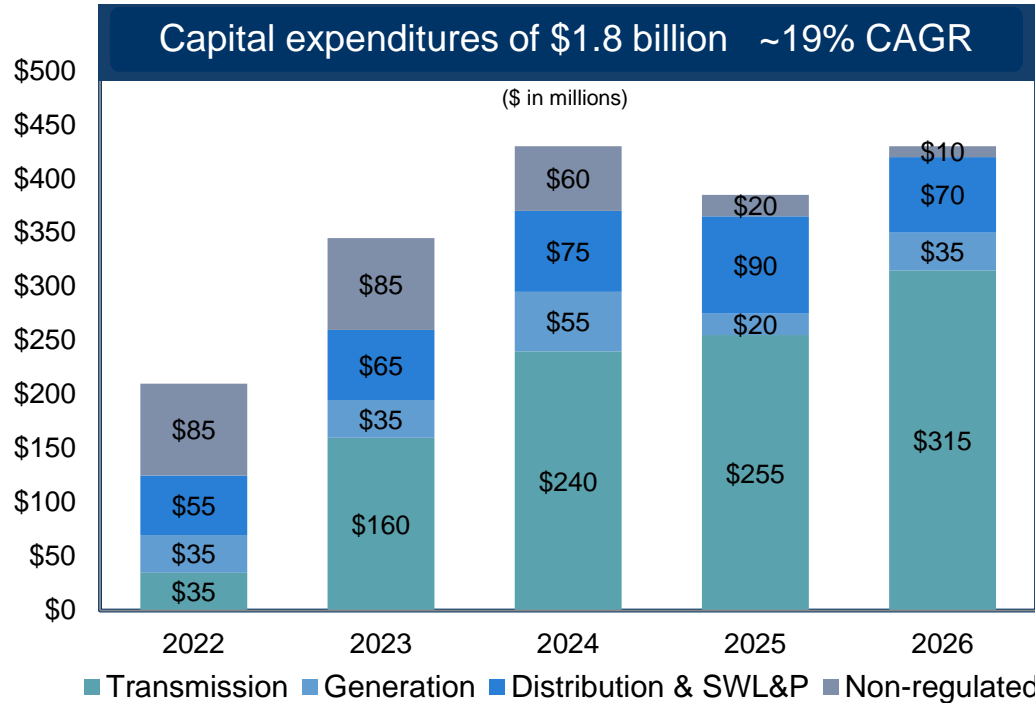
- Announced in May
- 92 MW project size
- Interconnection secured
- Project delivery budgeted in 2023*



* Sales subject to required regulatory and/or other customary approvals and permits

Base CapX Plan Expected to Double by 2026

Supports Clean Energy Initiatives



| | Jurisdiction | Current | | |
|-----------------------------------|--------------|-----------|-------------|----------------|
| | | Rate Base | Allowed ROE | Equity/Capital |
| Minnesota Power | MPUC & FERC | \$2.8B | 9.25% | 53.81% |
| Superior Water, Light & Power Co. | PSCW & FERC | \$92M | 10.40% | 55% |

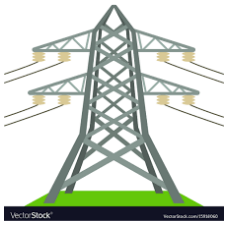


Incremental Investment Opportunities Anticipated by 2026

Excludes Incremental ALLETE Clean Energy Investments

Additional Clean Energy Infrastructure

TRANSMISSION



MISO MTEP21
 Future 1 estimated at
 ~\$30B investments
 needed
 Minnesota Power's share
 estimated at ~2%
 Significant Minnesota
 Power projects in MTEP
 for approval
 Investment as early as
 2024

WIND



Up to 400 MW PTC
 wind investment
 projects
 200 MW in-service by
 early 2025
 ~\$80M investment
 Remainder tied to DC
 line upgrade

SOLAR



~250 MW solar
 investment projects; in-
 service 2022 -2026
 ~\$300M investment

STORAGE



~15 MW storage
 investment pilot project;
 in-service 2023
 ~\$20M investment

**~\$700M incremental
 investment in
 transmission,
 renewables and
 storage**

ALLETE Financing Plan is Funded Predominantly by Cash Flow From Operations

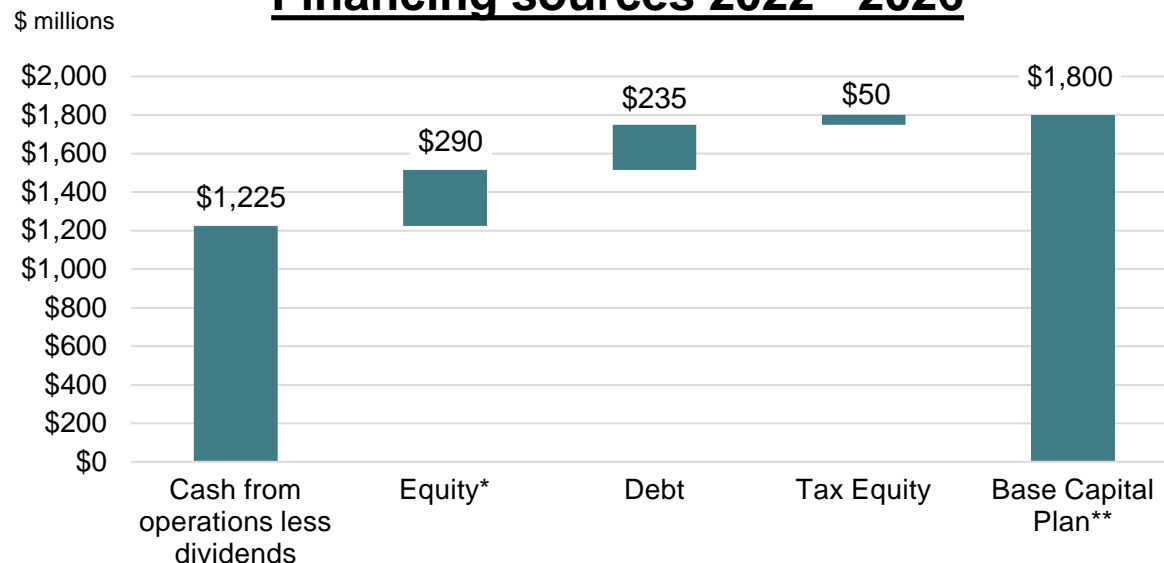
Strong cash flow from operations

Line of credit \$400M

Access to tax equity partners

Limited equity needs

Financing sources 2022 - 2026



* Assumes DRIP new share issuances ~\$20M annually

**Supports capital expenditure chart on page10

Additional Financing Activities

+ Cash from new operations

+ Tax equity

+ Potential PIE (existing at-market program)



Find ESG Information at ALLETE.com

2020 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>



APPENDIX

February 16, 2022

Minnesota Power Filed a Request With the MPUC to Increase Base Retail Electric Rates



General rate case review filed November 1, 2021 (Docket No. E015/GR-21-335)

- Interim rate request ~\$87M, total request ~\$108M
- ROE 10.25%, 53.81% equity ratio
- Forward 2022 test year
- Interim rates approved by MPUC December 2, 2021, as filed
 - ~\$80M rate increase beginning 1/1/22
 - ~\$7M deferred recovery reflects 50% reduction for residential
 - Subject to future recovery
 - Interim rates are subject to refund
- Expect MPUC order end of 2022
- Proposed sales true-up mechanism

Constructive Regulatory Framework

- Forward test year
- Interim rates
- Current cost recovery riders
- Fuel adjustment clause
- Conservation Improvement Program (CIP)

The request will primarily focus on seeking recovery of revenue deficiencies related to:

- EnergyForward clean energy transition
- Evolving customer demand
- Competitive returns on investments

Minnesota Public Utilities Commission (MPUC)

| Name | Party | Began Serving | Term Ends |
|------------------------|-------|---------------|-----------|
| Katie Sieben - (Chair) | D | Jan. 2017 | Jan. 2023 |
| Joe Sullivan | D | Apr. 2020 | Jan. 2026 |
| Valerie Means | D | Apr. 2019 | Jan. 2025 |
| Matt Schuerger | I | Feb. 2016 | Jan. 2022 |
| John Tuma | R | Mar. 2021 | Jan. 2027 |



Estimated Timeline For Minnesota Power Rate Case



| | |
|------------------|-----------------------------------|
| November 1, 2021 | • File Minnesota Power rate case |
| December 2021 | • MPUC approves interim rates |
| January 2022 | • Interim rates begin |
| Summer 2022 | • Evidentiary and public hearings |
| September 2022 | • ALJ report |
| October 2022 | • MPUC oral decision |
| December 2022 | • MPUC written order |
| Within 60 days | • Reconsideration |
| Early 2023 | • MPUC final order |
| Late 2023 | • Final rates implemented |

