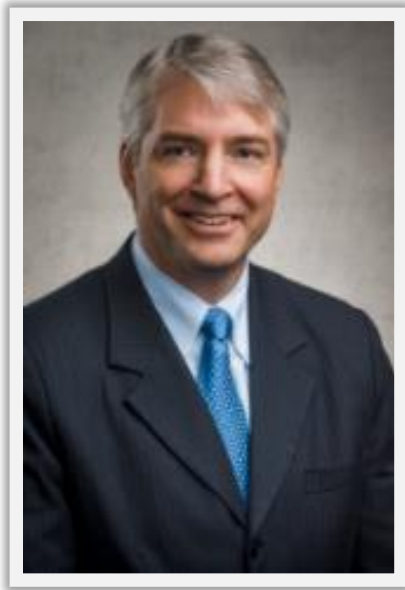




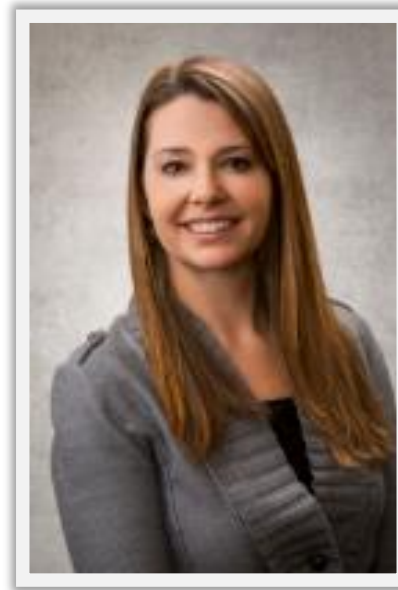
# 2022 Full Year Earnings Webcast

February 17, 2023

**NorthWestern**<sup>®</sup>  
**Energy**  
*Delivering a Bright Future*



**Brian Bird**  
President & CEO



**Crystal Lail**  
Vice President & CFO

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## Forward Looking Statements

During the course of this presentation, there will be forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.”

The information in this presentation is based upon our current expectations as of the date of this document unless otherwise noted. Our actual future business and financial performance may differ materially and adversely from our expectations expressed in any forward-looking statements. We undertake no obligation to revise or publicly update our forward-looking statements or this presentation for any reason. Although our expectations and beliefs are based on reasonable assumptions, actual results may differ materially. The factors that may affect our results are listed in certain of our press releases and disclosed in the Company’s 10-K and 10-Q along with other public filings with the SEC.

## ✓ Operational performance

- Maintained safe and reliable service while reaching new all-time system peaks for both electric (Montana & South Dakota) and natural gas (Montana & Nebraska) systems in 2022
- EEI Emergency Response Award recipient following May derecho in South Dakota and June historic flooding in Montana and Yellowstone National Park
- One of very few utilities with improved JD Power Overall Customer Satisfaction scores in 2022 and most improved (both electric and gas) among “West Midsized” peers

## ✓ Regulatory execution

- Filed Montana electric and natural gas rate review and received interim rates in October 2022

## ✓ Safely completed a record level of capital investment

- \$580 million invested in 2022 and a \$510 million capital plan for 2023

## ✓ Commitment to sustainability

- Announced Net Zero by 2050 and published our TCFD / SASB aligned Sustainability Report

## ✓ Driving reliability and affordability

- Negotiated agreement with Avista to transfer Colstrip ownership
- 222 megawatts, effective December 31, 2025 for zero purchase price



Recognized by Newsweek as one of “America’s Most Responsible Companies”

# Why Colstrip?

## Reliable

- **Existing resource, ready to serve our Montana customers.** Avoids lengthy planning, permitting and construction of a new facility that would stretch in-service beyond 2026.
- Reduces reliance on imported power and volatile markets, providing increased energy independence.
- In-state and on-system asset mitigating the transmission constraints we experience importing capacity.
- Adds critical long-duration, 24/7 on-demand generation necessary for balancing our existing portfolio.

## Affordable

- **222 MW of capacity with no upfront capital costs and stable operating costs going forward.**
  - Equivalent new build would cost in excess of \$500 million.
  - Incremental operating costs are known and reasonable. Resulting variable generation costs represent a 90%+ discount to market prices incurred during December's polar vortex.
- In addition to no upfront capital, low and stably priced mine-mouth coal supply costs.

## Sustainable

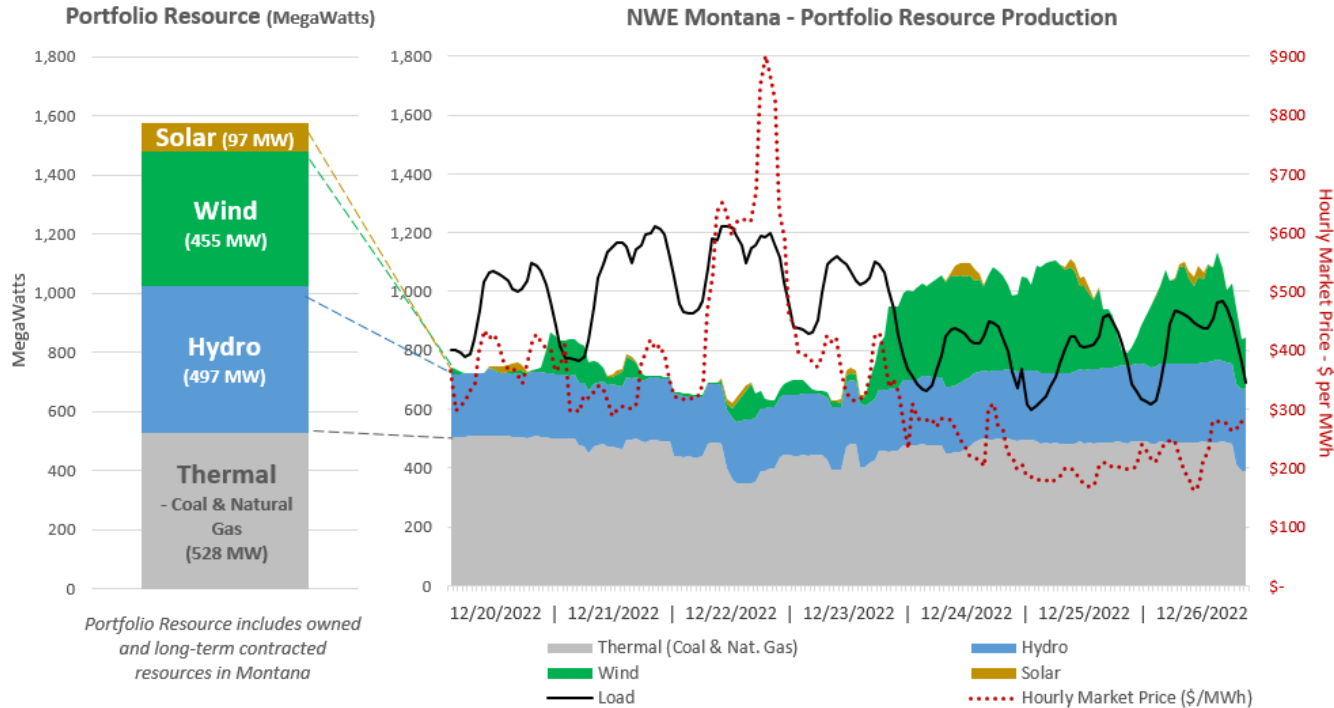
- **We remain committed to our net zero goal by 2050.** This additional capacity, with a remaining life of up to 20 years, helps bridge the interim gap and will likely lead to less carbon post 2040.
- Yellowstone County Generating Station is potentially our last natural gas resource addition in Montana.
- Partners are committed to evaluate non-carbon long-duration alternative resources for the site.
- Keeps the existing plant open and retains its highly skilled jobs vital to the Colstrip community.
- Protects existing ownership interests with an ultimate goal of majority ownership of Unit 4.

NorthWestern Energy executed an agreement with Avista Corporation for the transfer of Avista's ownership interests in Colstrip Units 3 & 4.

- Effective date of transfer:  
12/31/2025
- Generating capacity:  
222 MW
- Transfer price:  
\$0.00



# December 2022 Polar Vortex



The chart illustrates the actual resource specific contribution of energy, the capacity deficit we faced, and the market price of power during the late December 2022 multi-day cold weather event in Montana. As a result of our capacity deficit, we were reliant upon the high and volatile power market a majority of the time to meet customer demand.

**Estimated Cost Benefit of Existing 222 MW Colstrip Ownership vs. Market Purchases (Millions)**

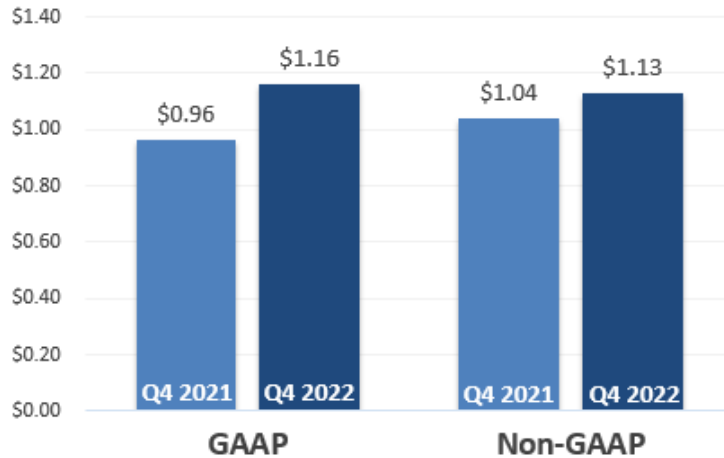
|            | Existing 222 MW of Colstrip |          |       | = | Total | Colstrip Cost vs. Market | Estimated Market Cost |                 |
|------------|-----------------------------|----------|-------|---|-------|--------------------------|-----------------------|-----------------|
|            | MWh                         | Variable | Fixed |   |       |                          | Total                 | Avg. \$ Per MWh |
| Dec. 20-26 | 35,580                      | \$0.8    | \$1.4 |   | \$2.2 | (\$9.8)                  | \$12.0                | \$336.14        |
| Dec. 21-23 | 15,467                      | \$0.4    | \$0.5 |   | \$0.9 | (\$5.7)                  | \$6.6                 | \$427.64        |

Colstrip costs significantly lower than market



# 2022 Financial Results

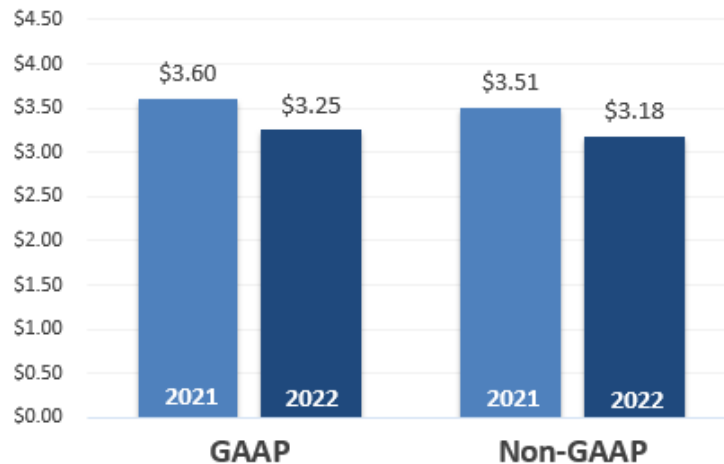
## Fourth Quarter



### Fourth Quarter EPS vs Prior Period

- GAAP: ↑ \$0.20 (or 21%)
- Non-GAAP\*: ↑ \$0.09 (or 9%)

## Full Year



### Full Year EPS vs Prior Period

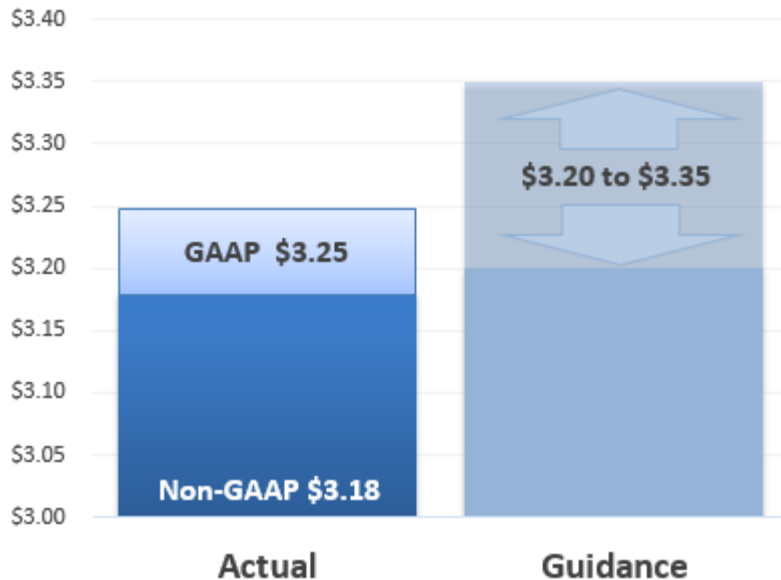
- GAAP: ↓ \$0.35 (or 10%)
- Non-GAAP\*: ↓ \$0.33 (or 10%)



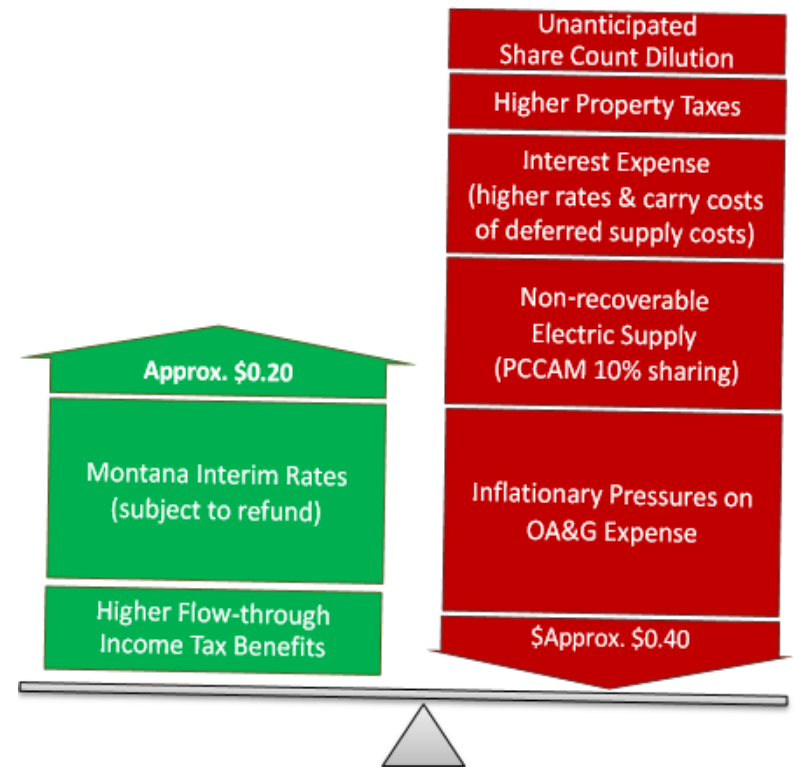
# 2022 Comparison to Guidance

The dramatic rise in interest rates, inflationary impacts to operating costs, and volatility of market supply costs presented significant headwinds in 2022. In addition, extreme weather conditions in late December drove higher supply costs (which we don't fully, or timely, recover) and higher operating costs across the system. While we adjust the favorable weather out on a non-GAAP basis, we leave the costs in. While we were able to offset significant headwinds throughout the year, results were ultimately outside our guidance range.

## 2022 Diluted EPS



## Significant Drivers





# Fourth Quarter Financial Results

(in millions except per share amounts)

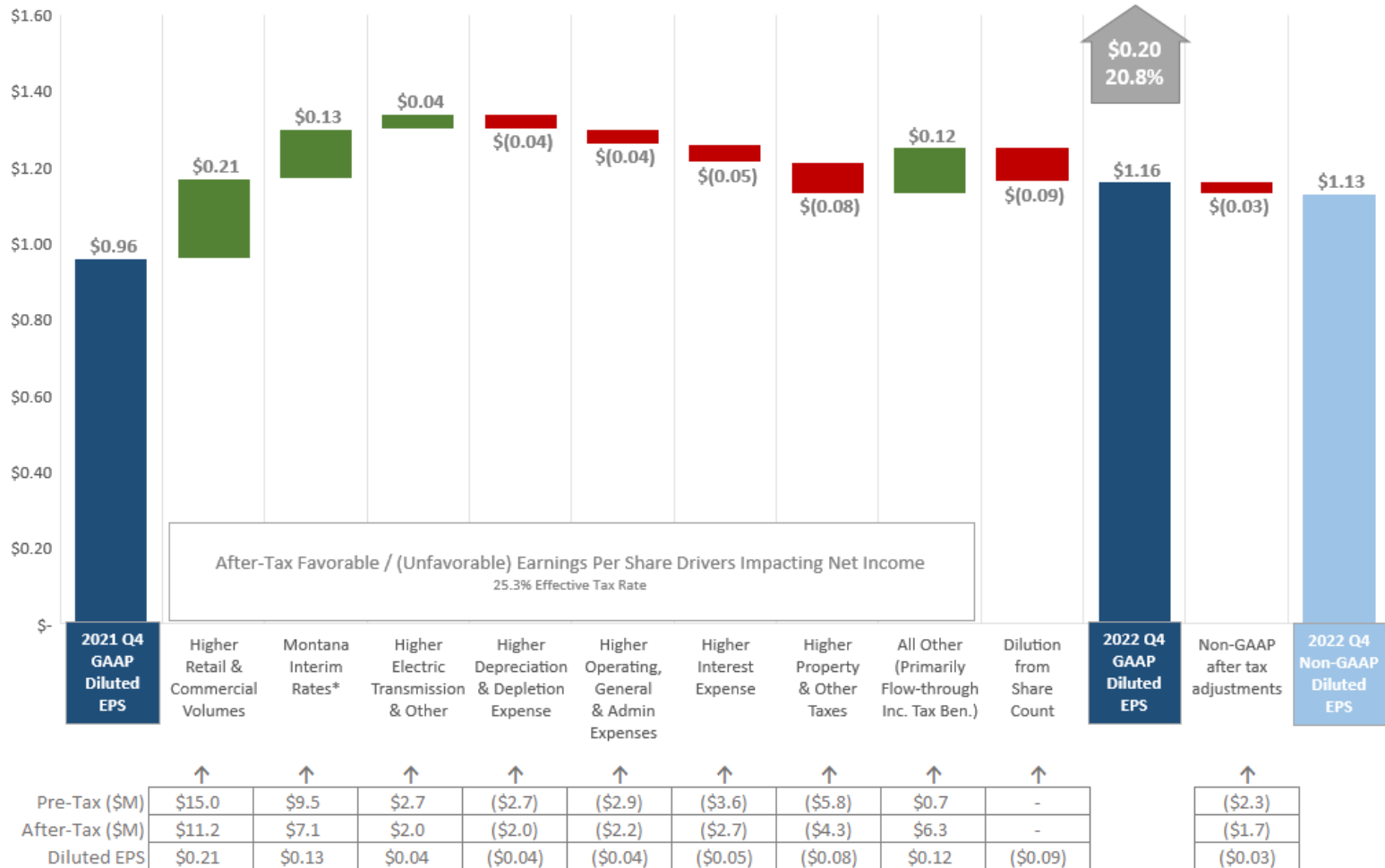
|  | Three Months Ended December 31, |                |                |              |
|--|---------------------------------|----------------|----------------|--------------|
|  | 2022                            | 2021           | Variance       | % Variance   |
| <b>Operating Revenues</b>  | \$ 425.2                        | \$ 347.3       | \$ 77.9        | 22.4%        |
| Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion) | 152.9                           | 114.4          | 38.5           | 33.7%        |
| <b>Utility Margin <sup>(1)</sup></b>   | <b>272.3</b>                    | <b>232.9</b>   | <b>39.4</b>    | <b>16.9%</b> |
| <b>Operating Expenses</b>  |                                 |                |                |              |
| Operating and maintenance  | 60.7                            | 49.0           | 11.7           | 23.9%        |
| Administrative and general   | 26.8                            | 22.3           | 4.5            | 20.2%        |
| Property and other taxes   | 52.2                            | 35.0           | 17.2           | 49.1%        |
| Depreciation and depletion   | 49.3                            | 46.6           | 2.7            | 5.8%         |
| <b>Total Operating Expenses</b>  | <b>189.0</b>                    | <b>152.9</b>   | <b>36.1</b>    | <b>23.6%</b> |
| <b>Operating Income</b>  | <b>83.3</b>                     | <b>80.0</b>    | <b>3.3</b>     | <b>4.1%</b>  |
| Interest expense   | (27.1)                          | (23.4)         | (3.7)          | (15.8%)      |
| Other income, net  | 7.6                             | (5.7)          | 13.3           | 233.3%       |
| <b>Income Before Taxes</b>   | <b>63.8</b>                     | <b>50.9</b>    | <b>12.9</b>    | <b>25.3%</b> |
| Income tax benefit   | 2.9                             | 0.4            | 2.5            | 625.0%       |
| <b>Net Income</b>  | <b>\$ 66.7</b>                  | <b>\$ 51.3</b> | <b>\$ 15.4</b> | <b>30.0%</b> |
| Effective Tax Rate   | (4.5%)                          | (0.8%)         | -3.6%          |              |
| Diluted Shares Outstanding   | 58.5                            | 53.6           | 4.9            | 9.2%         |
| <b>Diluted Earnings Per Share</b>  | <b>\$1.16</b>                   | <b>\$ 0.96</b> | <b>\$ 0.20</b> | <b>20.8%</b> |
| Dividends Paid per Common Share  | \$ 0.63                         | \$ 0.62        | \$ 0.01        | 1.6%         |





# Fourth Quarter EPS Bridge

## After-tax Earnings Per Share



Solid improvement in fourth quarter earnings per share driven by weather, customer growth and Montana interim rates offset by increased operating expense (including property taxes and depreciation), interest expense and dilution from higher average shares outstanding.

See slide 10 and "Non-GAAP Financial Measures" slide in the appendix for additional detail on this measure.

# Fourth Quarter Non-GAAP Earnings

| Three Months Ended December 31, |                                  |                   |  |              |                                    |                                  |              |                      |             |                                  |               |   |                                    |
|---------------------------------|----------------------------------|-------------------|--|--------------|------------------------------------|----------------------------------|--------------|----------------------|-------------|----------------------------------|---------------|---|------------------------------------|
| GAAP                            | Non-GAAP Adjustments             |                   |  | Non GAAP     | Non-GAAP Variance                  |                                  | Non GAAP     | Non-GAAP Adjustments |             |                                  | GAAP          |   |                                    |
|                                 | Three Months Ended Dec. 31, 2022 | Favorable Weather | (1)<br>Move Pension Expense to OG&A (disaggregated with ASU 2017-07) |              | Non-employee Deferred Compensation | Three Months Ended Dec. 31, 2022 |              | \$                   | %           | Three Months Ended Dec. 31, 2021 |               | QF Liability - adjustment associated with one-time clarification of contract term | Non-employee Deferred Compensation |
| <b>Revenues</b>                 | \$425.2                          | (2.3)             |  |              | \$422.9                            | \$69.9                           | 19.8%        | \$353.0              |             |                                  |               |   | \$347.3                            |
| Fuel, supply & dir. tx          | 152.9                            |                   |  |              | 152.9                              | 38.5                             | 33.7%        | 114.4                | 0.5         |                                  |               | 5.2   | 114.4                              |
| <b>Utility Margin (2)</b>       | <b>272.3</b>                     | <b>(2.3)</b>      | <b>-</b>   | <b>-</b>     | <b>270.0</b>                       | <b>31.4</b>                      | <b>13.2%</b> | <b>238.6</b>         | <b>0.5</b>  | <b>-</b>                         | <b>-</b>      | <b>5.2</b>  | <b>232.9</b>                       |
| <b>Op. Expenses</b>             |                                  |                   |  |              |                                    |                                  |              |                      |             |                                  |               |   |                                    |
| OG&A Expense                    | 87.5                             |                   | (2.0)  | (0.6)        | 84.9                               | 3.4                              | 4.2%         | 81.5                 |             | 0.1                              | 10.1          |   | 71.3                               |
| Prop. & other taxes             | 52.2                             |                   |  |              | 52.2                               | 17.2                             | 49.1%        | 35.0                 |             |                                  |               |   | 35.0                               |
| Depreciation                    | 49.3                             |                   |  |              | 49.3                               | 2.7                              | 5.8%         | 46.6                 |             |                                  |               |   | 46.6                               |
| <b>Total Op. Exp.</b>           | <b>189.0</b>                     | <b>-</b>          | <b>(2.0)</b>   | <b>(0.6)</b> | <b>186.4</b>                       | <b>23.3</b>                      | <b>14.3%</b> | <b>163.1</b>         | <b>-</b>    | <b>0.1</b>                       | <b>10.1</b>   | <b>-</b>  | <b>152.9</b>                       |
| <b>Op. Income</b>               | <b>83.3</b>                      | <b>(2.3)</b>      | <b>2.0</b>   | <b>0.6</b>   | <b>83.6</b>                        | <b>8.1</b>                       | <b>10.7%</b> | <b>75.5</b>          | <b>0.5</b>  | <b>(0.1)</b>                     | <b>(10.1)</b> | <b>5.2</b>  | <b>80.0</b>                        |
| Interest expense                | (27.1)                           |                   |  |              | (27.1)                             | (3.7)                            | -15.8%       | (23.4)               |             |                                  |               |   | (23.4)                             |
| Other (Exp.) Inc., net          | 7.6                              |                   | (2.0)  | (0.6)        | 5.0                                | 0.5                              | 11.1%        | 4.5                  |             | 0.1                              | 10.1          |   | (5.7)                              |
| <b>Pretax Income</b>            | <b>63.8</b>                      | <b>(2.3)</b>      | <b>-</b>   | <b>-</b>     | <b>61.5</b>                        | <b>4.9</b>                       | <b>8.7%</b>  | <b>56.6</b>          | <b>0.5</b>  | <b>-</b>                         | <b>-</b>      | <b>5.2</b>  | <b>50.9</b>                        |
| Income tax (Exp) / Ben          | 2.9                              | 0.6               | -  | -            | 3.5                                | 4.5                              | 431.8%       | (1.0)                | (0.1)       | -                                | -             | (1.3)   | 0.4                                |
| <b>Net Income</b>               | <b>\$66.7</b>                    | <b>(1.7)</b>      | <b>-</b>   | <b>-</b>     | <b>\$65.0</b>                      | <b>\$9.4</b>                     | <b>16.9%</b> | <b>\$55.6</b>        | <b>0.4</b>  | <b>-</b>                         | <b>-</b>      | <b>3.9</b>  | <b>\$51.3</b>                      |
| <i>ETR</i>                      | -4.5%                            | 25.3%             | -  | -            | -5.7%                              |                                  |              | 1.8%                 | 25.3%       | -                                | -             | 25.3%   | -0.8%                              |
| Diluted Shares                  | 58.5                             |                   |  |              | 58.5                               | 4.9                              | 9.1%         | 53.6                 |             |                                  |               |   | 53.6                               |
| <b>Diluted EPS</b>              | <b>\$1.16</b>                    | <b>(0.03)</b>     | <b>-</b>   | <b>-</b>     | <b>\$1.13</b>                      | <b>\$0.09</b>                    | <b>8.7%</b>  | <b>\$1.04</b>        | <b>0.01</b> | <b>-</b>                         | <b>-</b>      | <b>0.07</b>   | <b>\$0.96</b>                      |

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that are non-recurring or a variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends in year-over-year comparisons, the non-GAAP adjustment above re-aggregates the expense in OG&A - as it was historically presented prior to the ASU 2017-07 (with no impact to net income or earnings per share).

(2) Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.



# Full Year Financial Results

(in millions except per share amounts)

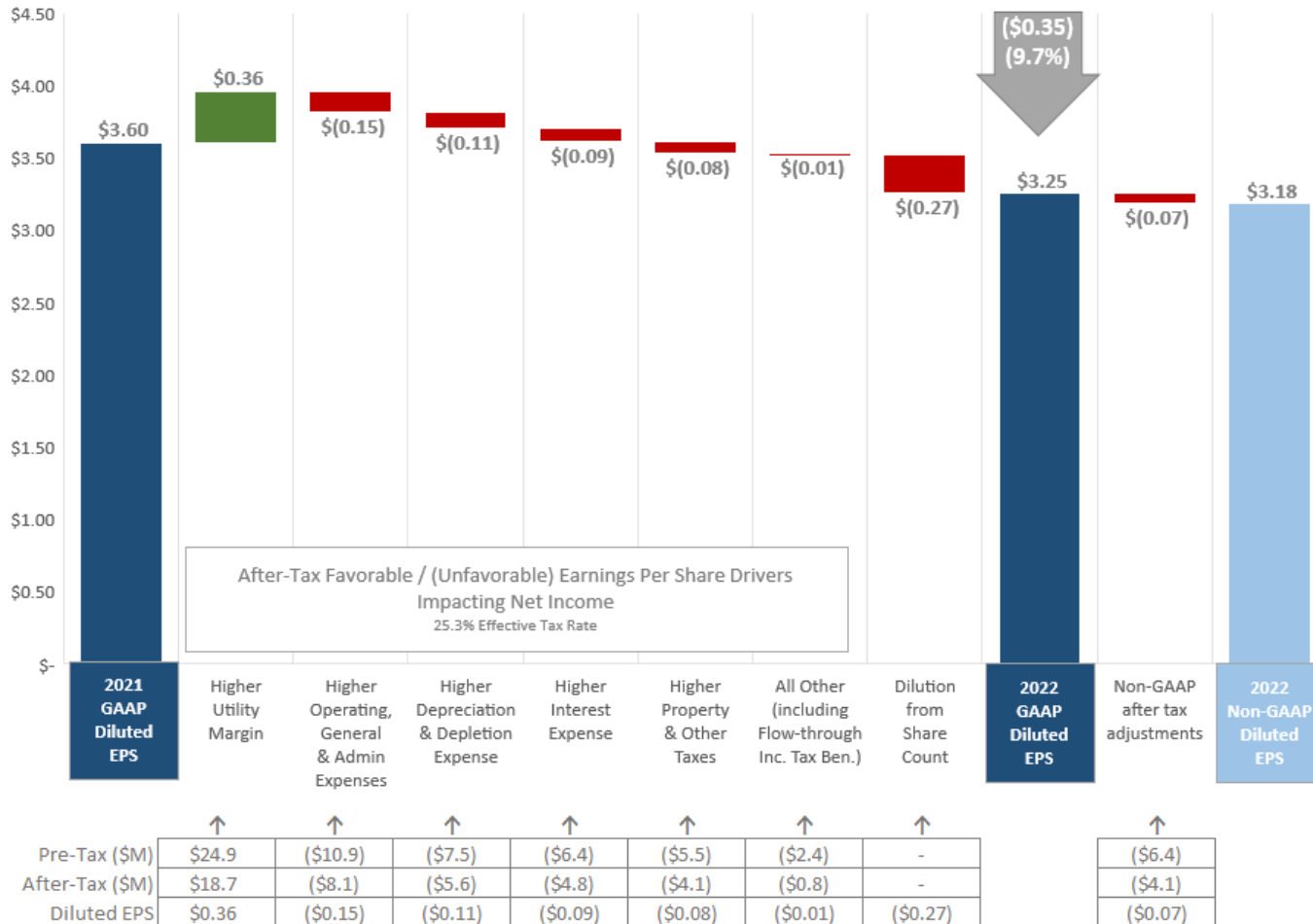
|  | <b>Twelve Months Ended December 31,</b> |                 |                  |                   |
|--|---|-----------------|------------------|-------------------|
|  | <b>2022</b>                             | <b>2021</b>     | <b>Variance</b>  | <b>% Variance</b> |
| <b>Operating Revenues</b>  | \$ 1,477.8                              | \$ 1,372.3      | \$ 105.5         | 7.7%              |
| Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion) | 492.0                                   | 425.5           | 66.5             | 15.6%             |
| <b>Utility Margin <sup>(1)</sup></b>   | <b>985.8</b>                            | <b>946.8</b>    | <b>39.0</b>      | <b>4.1%</b>       |
| <b>Operating Expenses</b>  |   |                 |                  |                   |
| Operating and maintenance  | 221.4                                   | 208.3           | 13.1             | 6.3%              |
| Administrative and general   | 113.8                                   | 101.9           | 11.9             | 11.7%             |
| Property and other taxes   | 192.5                                   | 173.4           | 19.1             | 11.0%             |
| Depreciation and depletion   | 195.0                                   | 187.5           | 7.5              | 4.0%              |
| <b>Total Operating Expenses</b>  | <b>722.7</b>                            | <b>671.1</b>    | <b>51.6</b>      | <b>7.7%</b>       |
| <b>Operating Income</b>  | <b>263.1</b>                            | <b>275.7</b>    | <b>(12.6)</b>    | <b>(4.6%)</b>     |
| Interest expense   | (100.1)                                 | (93.7)          | (6.4)            | (6.8%)            |
| Other income, net  | 19.4                                    | 8.2             | 11.2             | 136.6%            |
| <b>Income Before Taxes</b>   | <b>182.4</b>                            | <b>190.2</b>    | <b>(7.8)</b>     | <b>(4%)</b>       |
| Income tax benefit (expense)   | 0.6                                     | (3.4)           | 4.0              | (117.6%)          |
| <b>Net Income</b>  | <b>\$ 183.0</b>                         | <b>\$ 186.8</b> | <b>\$ (3.8)</b>  | <b>(2.0%)</b>     |
| Effective Tax Rate   | (0.3%)                                  | 1.8%            | (2.1%)           |                   |
| Diluted Average Shares Outstanding   | 56.3                                    | 51.9            | 4.4              | 8.5%              |
| <b>Diluted Earnings Per Share</b>  | <b>\$ 3.25</b>                          | <b>\$ 3.60</b>  | <b>\$ (0.35)</b> | <b>(9.7%)</b>     |
| Dividends Paid per Common Share  | \$ 2.52                                 | \$ 2.48         | \$ 0.04          | 1.6%              |

(1) Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.



# Full Year EPS Bridge

## After-tax Earnings Per Share



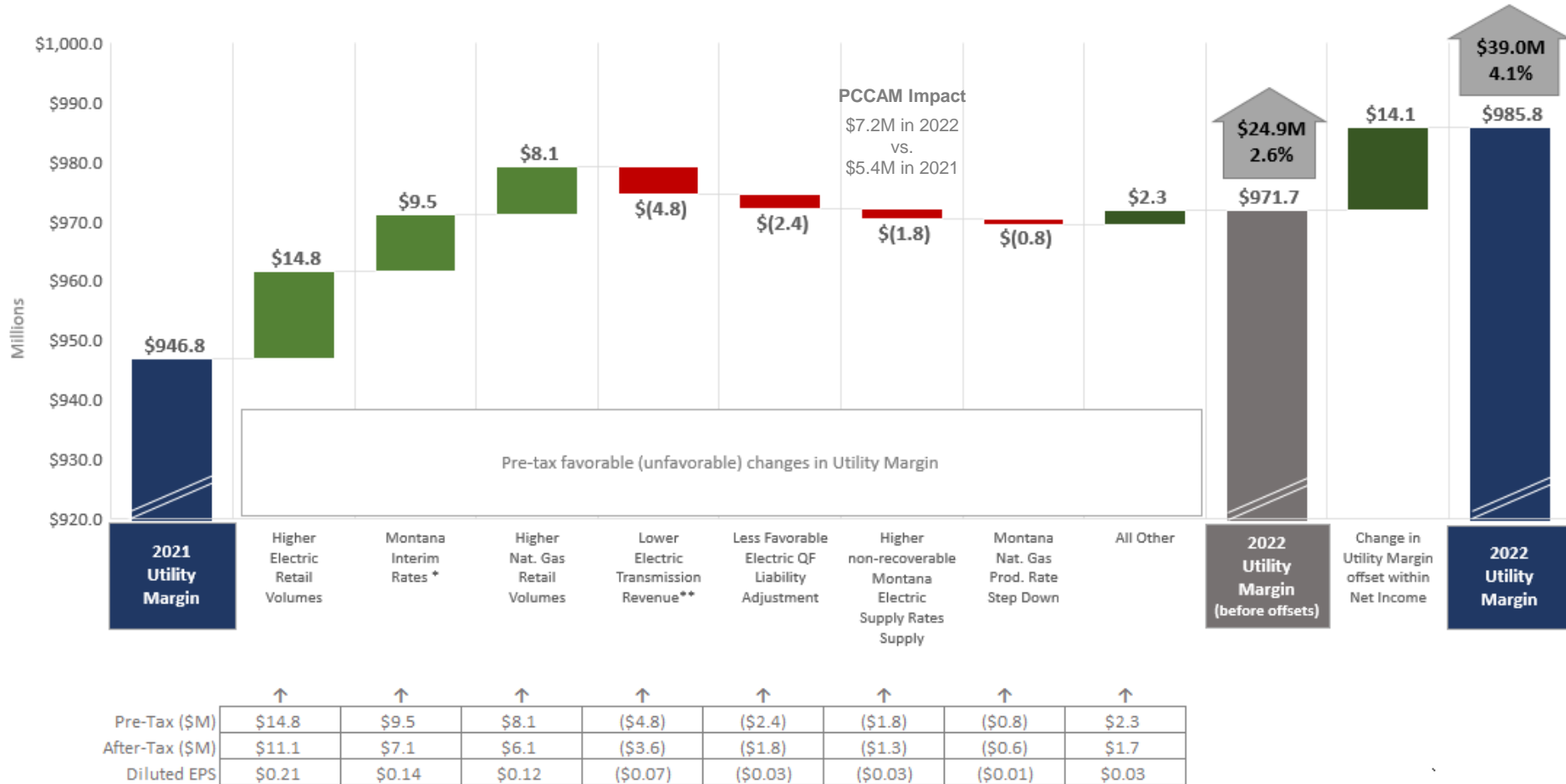
Full year earnings per share driven by increased operating expense (including property taxes and depreciation), interest expense and dilution from higher average shares outstanding. These deterrents were partly offset by weather, customer growth and Montana interim rates.

See slide 14 and "Non-GAAP Financial Measures" slide in the appendix for additional detail on this measure.



# Full Year Utility Margin Bridge

Pre-tax Millions



**\$24.9 Million or 2.6% increase in Utility Margin due to items that impact Net Income.**

*NOTE: Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.*

\*Interim rates subject to refund

\*\* Primarily due to prior year recognition of \$4.7M of deferred interim rates

# Full Year Non-GAAP Earnings

| Twelve Months Ended December 31, GAAP and Non-GAAP |                |                                   |                   |   |                                    |                |   |                                   |                      |               |                                   |  |             |                                    |   |
|--|----------------|-----------------------------------|-------------------|---|------------------------------------|----------------|---|-----------------------------------|----------------------|---------------|-----------------------------------|--|-------------|------------------------------------|---|
|  | GAAP           | Non-GAAP Adjustments              |                   |   |                                    | Non GAAP       | Non-GAAP Variance   |                                   | Non-GAAP Adjustments |               |                                   |  | GAAP        |                                    |   |
|  |                | Twelve Months Ended Dec. 31, 2022 | Favorable Weather | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1) | Non-employee Deferred Compensation |                | Community Renewable Energy Project Penalty (not tax deductible) | Twelve Months Ended Dec. 31, 2022 | \$                   | %             | Twelve Months Ended Dec. 31, 2021 | QF Liability - adjustment associated with one-time clarification of contract |             | Non-employee Deferred Compensation | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) (1) |
| (in millions)                                      |                |                                   |                   |   |                                    |                |   |                                   |                      |               |                                   |  |             |                                    |   |
| <b>Revenues</b>                                    | \$1,477.8      | (8.9)                             | -                 | -   | -                                  | \$1,468.9      | \$102.4   | 7.5%                              | \$1,366.5            | (6.9)         | -                                 | -  | 1.1         | \$1,372.3                          |   |
| Fuel, supply & dir. tx                             | 492.0          | -                                 | -                 | -   | -                                  | 492.0          | 66.5  | 15.6%                             | 425.5                | -             | -                                 | -  | -           | 425.5                              |   |
| <b>Utility Margin (2)</b>                          | <b>985.8</b>   | <b>(8.9)</b>                      | <b>-</b>          | <b>-</b>  | <b>-</b>                           | <b>976.9</b>   | <b>35.9</b>   | <b>3.8%</b>                       | <b>941.0</b>         | <b>(6.9)</b>  | <b>-</b>                          | <b>-</b>   | <b>1.1</b>  | <b>946.8</b>                       |   |
| <b>Op. Expenses</b>                                |                |                                   |                   |   |                                    |                |   |                                   |                      |               |                                   |  |             |                                    |   |
| OG&A Expense                                       | 335.2          | -                                 | (6.0)             | (0.1)   | -                                  | 329.1          | 13.3  | 4.2%                              | 315.8                | -             | (1.3)                             | 6.9  | -           | 310.2                              |   |
| Prop. & other taxes                                | 192.5          | -                                 | -                 | -   | -                                  | 192.5          | 19.1  | 11.0%                             | 173.4                | -             | -                                 | -  | -           | 173.4                              |   |
| Depreciation                                       | 195.0          | -                                 | -                 | -   | -                                  | 195.0          | 7.5   | 4.0%                              | 187.5                | -             | -                                 | -  | -           | 187.5                              |   |
| <b>Total Op. Exp.</b>                              | <b>722.7</b>   | <b>-</b>                          | <b>(6.0)</b>      | <b>(0.1)</b>  | <b>-</b>                           | <b>716.6</b>   | <b>39.9</b>   | <b>5.9%</b>                       | <b>676.7</b>         | <b>-</b>      | <b>(1.3)</b>                      | <b>6.9</b>   | <b>-</b>    | <b>671.1</b>                       |   |
| <b>Op. Income</b>                                  | <b>263.1</b>   | <b>(8.9)</b>                      | <b>6.0</b>        | <b>0.1</b>  | <b>-</b>                           | <b>260.3</b>   | <b>(4.0)</b>  | <b>-1.5%</b>                      | <b>264.3</b>         | <b>(6.9)</b>  | <b>1.3</b>                        | <b>(6.9)</b>   | <b>1.1</b>  | <b>275.7</b>                       |   |
| Interest expense                                   | (100.1)        | -                                 | -                 | -   | -                                  | (100.1)        | (6.4)   | -6.8%                             | (93.7)               | -             | -                                 | -  | -           | (93.7)                             |   |
| Other Inc. (Exp.), net                             | 19.4           | -                                 | (6.0)             | (0.1)   | 2.5                                | 15.8           | 2.0   | 14.5%                             | 13.8                 | -             | (1.3)                             | 6.9  | -           | 8.2                                |   |
| <b>Pretax Income</b>                               | <b>182.4</b>   | <b>(8.9)</b>                      | <b>-</b>          | <b>-</b>  | <b>2.5</b>                         | <b>176.0</b>   | <b>(8.4)</b>  | <b>-4.6%</b>                      | <b>184.4</b>         | <b>(6.9)</b>  | <b>-</b>                          | <b>-</b>   | <b>1.1</b>  | <b>190.2</b>                       |   |
| Income tax Ben / (Exp)                             | 0.6            | 2.3                               | -                 | -   | -                                  | 2.9            | 4.9   | 241.1%                            | (2.0)                | 1.7           | -                                 | -  | (0.3)       | (3.4)                              |   |
| <b>Net Income</b>                                  | <b>\$183.0</b> | <b>(6.6)</b>                      | <b>-</b>          | <b>-</b>  | <b>2.5</b>                         | <b>\$178.9</b> | <b>(\$3.5)</b>  | <b>-1.9%</b>                      | <b>\$182.4</b>       | <b>(5.2)</b>  | <b>-</b>                          | <b>-</b>   | <b>0.8</b>  | <b>\$186.8</b>                     |   |
|  | ETF            | -0.3%                             | 25.3%             | -   | -                                  | 0.0%           | -16%  |                                   | 1.1%                 | 25.3%         | -                                 | -  | 25.3%       | 1.8%                               |   |
| Diluted Shares                                     | 56.3           |                                   |                   |   |                                    | 56.3           | 4.4   | 8.5%                              | 51.9                 |               |                                   |  |             | 51.9                               |   |
| <b>Diluted EPS</b>                                 | <b>\$3.25</b>  | <b>(0.11)</b>                     | <b>-</b>          | <b>-</b>  | <b>0.04</b>                        | <b>\$3.18</b>  | <b>(\$0.33)</b>   | <b>-9.4%</b>                      | <b>\$3.51</b>        | <b>(0.10)</b> | <b>-</b>                          | <b>-</b>   | <b>0.01</b> | <b>\$3.60</b>                      |   |

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that are non-recurring or a variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

(1) As a result of the adoption of Accounting Standard Update 2017-07 in March 2018, pension and other employee benefit expense is now disaggregated on the GAAP income statement with portions now recorded in both OG&A expense and Other (Expense) Income lines. To facilitate better understanding of trends in year-over-year comparisons, the non-GAAP adjustment above re-aggregates the expense in OG&A - as it was historically presented prior to the ASU 2017-07 (with no impact to net income or earnings per share).

(2) Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.



# Full Year Cash Flow

(dollars in millions)

|   | Twelve Months Ending<br>December 31, |                 |
|---|--------------------------------------|-----------------|
|   | 2022                                 | 2021            |
| <b>Operating Activities</b>                             |                                      |                 |
| Net Income  | \$ 183.0                             | \$ 186.8        |
| Non-Cash adjustments to net income                      | 183.1                                | 187.5           |
| Changes in working capital                              | (37.0)                               | (120.6)         |
| Other non-current assets & liabilities                  | (21.9)                               | (33.7)          |
| <b>Cash provided by Operating Activities</b>            | <b>307.2</b>                         | <b>220.0</b>    |
| <b>Cash used in Investing Activities</b>                | <b>(516.8)</b>                       | <b>(435.8)</b>  |
| <b>Cash provided by Financing Activities</b>            | <b>213.3</b>                         | <b>217.5</b>    |
| <hr/>   |                                      |                 |
| Cash provided by Operating Activities                   | \$ 307.2                             | \$ 220.0        |
| Less: Changes in working capital                        | (37.0)                               | (120.6)         |
| <b>Funds from Operations</b>                            | <b>\$ 344.2</b>                      | <b>\$ 340.6</b> |
| <hr/>   |                                      |                 |
| PP&E additions  | 515.1                                | 434.3           |
| Capital expenditures included in trade accounts payable | 64.8                                 | 29.0            |
| <b>Total Capital Investment</b>                         | <b>\$ 579.9</b>                      | <b>\$ 463.3</b> |

Cash from Operating Activities increased by \$87.2 million primarily due to \$78.0 million increase in collection of energy supply costs from customers.

Funds from Operations increased by \$3.6 million over prior period.

### Net Under-Collected Supply Costs (in millions)

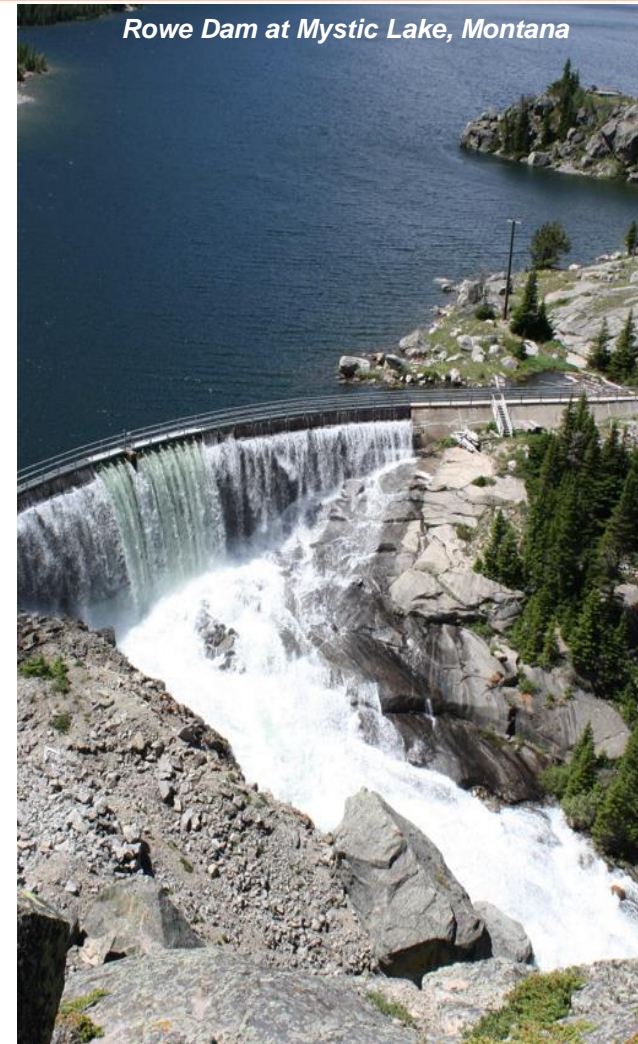
|  | Beginning<br>(Jan. 1) | Ending<br>(Dec. 31) | Outflow       |
|--|-----------------------|---------------------|---------------|
| 2021                                   | \$4.8                 | \$99.1              | (\$94.3)      |
| 2022                                   | \$99.1                | \$115.4             | (\$16.3)      |
| <b>2022 Improvement (less outflow)</b> |                       |                     | <b>\$78.0</b> |

We anticipate issuing \$75 million of common stock through our At-the-Market program in 2023. Debt maturities are manageable with approximately \$144 million due in 2023.

*Financing plans (targeting a FFO to Debt ratio > 14%) are expected maintain our current credit ratings and are subject to change.*



- ✓ **2023 earnings guidance is expected to be provided following an outcome in our pending Montana rate review.**
- ✓ **\$510 million capital plan for 2023 (inclusive of \$80 million of investment specific to Yellowstone County Generating Station).**
- ✓ **Long-term growth targets remain; 3-6% EPS and 4-5% rate base.**
- ✓ **2023 annualized dividend of \$2.56 is expected to be above targeted 60-70% payout ratio. Over the longer-term, we expect to maintain a dividend payout ratio within a targeted 60-70% range .**
- ✓ **Financing plans are intended to maintain current credit ratings; targeting FFO to debt ratio greater than 14%.**



*Rowe Dam at Mystic Lake, Montana*

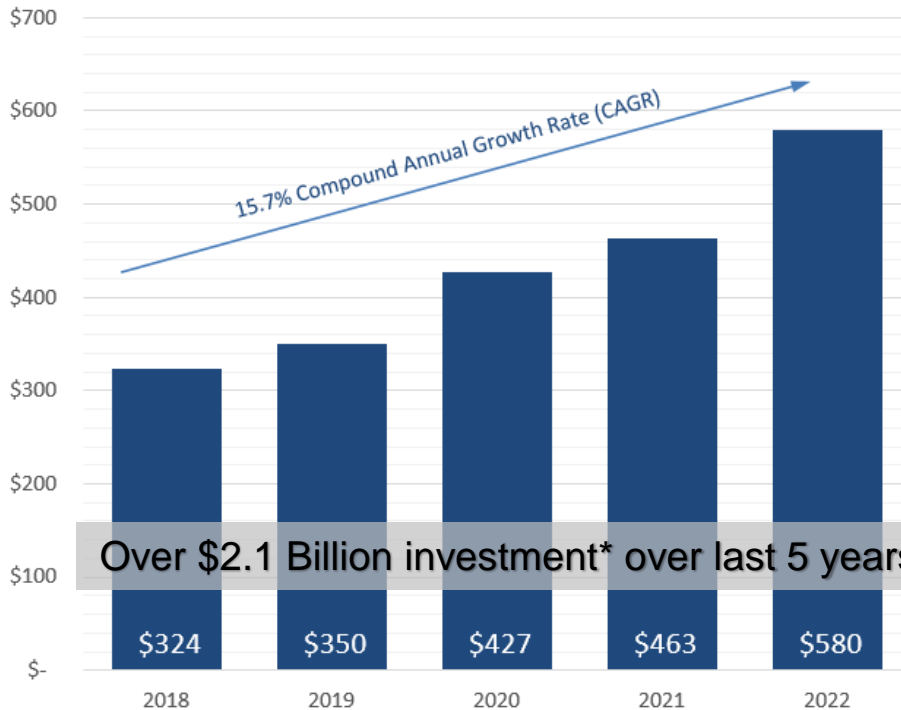




# Capital Investment

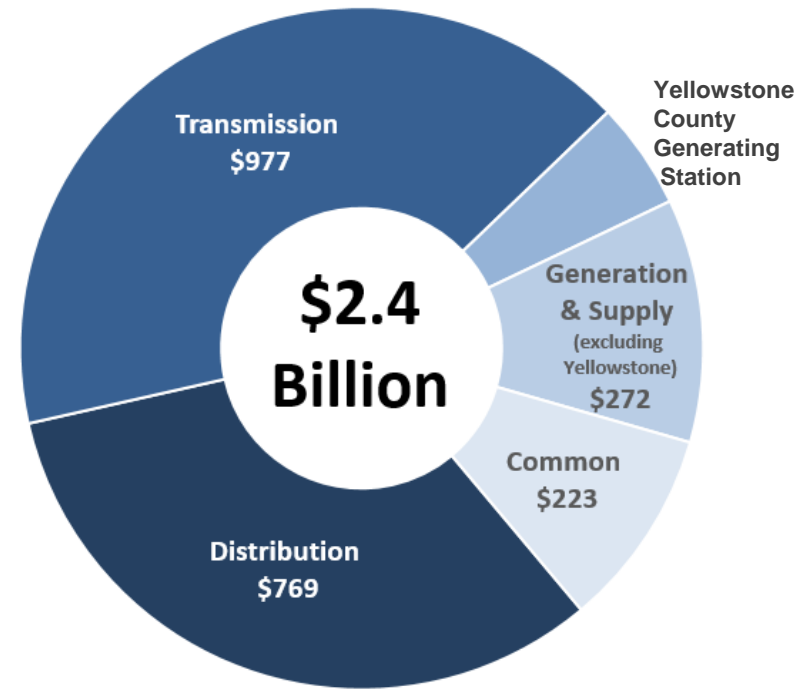
(\$millions, unless stated otherwise)

### 5 Year History of Capital Investment



Over \$2.1 Billion investment\* over last 5 years

### 5 Year Forecast of Capital Investment



## \$2.4 billion of forecasted low-risk capital investment opportunity...

- Capital investment addresses generation and transmission capacity constraints, grid modernization and renewable energy integration. This does not include any incremental opportunities related to additional supply investment.
- This sustainable level of capex is expected to drive an annualized **rate base growth of approximately 4%-5%**.
- We expect to finance this capital with a combination of cash flows from operations, first mortgage bonds and equity issuances.

\* Historical Capital Investment includes property, plant and equipment additions, acquisitions and capital expenditures included in accounts payable.



## ✓ 175 megawatt Yellowstone County generating project in Montana

- Construction began in April 2022
- Construction costs of approximately \$275 million with \$154.9 million invested to date
- Current schedule anticipates commercial operation during 2024\*

## ✓ Electric Supply Resource Plans

### South Dakota

- Filed an updated integrated resource plan in September 2022
- Plan identifies 43 megawatts as retire and replace candidates with potential for competitive solicitation during 2023-2024

### Montana

- Expect to submit an integrated resource plan to the MPSC by the end of March 2023.



The recently completed 58-megawatt Bob Glanzer Generating Station in Huron, South Dakota, provides on-demand resources to support the variability of wind and solar projects coming onto our system and the grid in our region and help serve our customers during extended periods of peak demand.

\* On October 21, 2021, the Montana Environmental Information Center (MEIC) and the Sierra Club filed a lawsuit in Montana State Court, against the Montana Department of Environmental Quality (MDEQ) and us, alleging that the environmental analysis conducted prior to issuance of the Yellowstone County project's air quality permit was inadequate. The Montana District Court judge held oral argument on June 20, 2022. We expect a decision in 2023. This lawsuit, as well as additional legal challenges related to the Yellowstone County plant, could delay the project timing. Construction continues while we are awaiting this decision.





- ✓ Requested base rate increase supports over a billion dollars invested in Montana critical infrastructure, while keeping operating costs below the rate of inflation, since our last rate reviews.
- ✓ On September 28, 2022, the MPSC approved the recommendations of the MPSC Staff for interim rates effective October 1, 2022, subject to refund. Final rates, once approved, will be retroactive back to interim effective date.

## Procedural Schedule

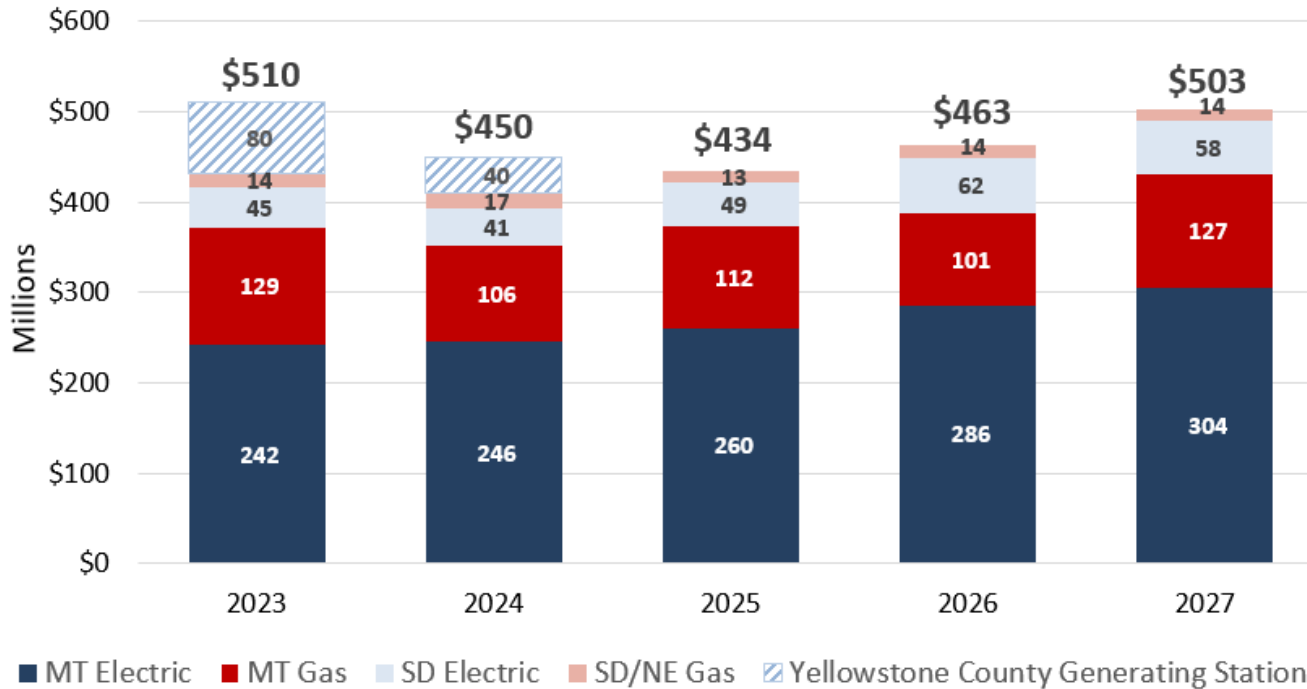
03/06/2023 – NorthWestern to file rebuttal testimony

04/03/2023 – Pre-hearing memoranda due and final day for stipulations and settlement agreements

04/11/2023 – **Hearing commences and continues day-to-day, as necessary**



# Regulated Utility Five-Year Capital Forecast



**Electric Supply Resource Plans** - Our energy resource plans identify portfolio resource requirements including potential investments. Included within our projections is approximately **\$120.0 million of capital to complete construction of the 175 MW Yellowstone County Generating Station** to be on line in 2024.

**Distribution and Transmission Modernization and Maintenance** - The primary goals of our infrastructure investments are to reverse the trend in aging infrastructure, maintain reliability, proactively manage safety, build capacity into the system, and prepare our network for the adoption of new technologies. We are taking a proactive and pragmatic approach to replacing these assets while also evaluating the implementation of additional technologies to prepare the overall system for smart grid applications. Beginning in 2021, and continuing through 2025, we are installing **automated metering infrastructure in Montana** at a total cost of approximately **\$112.0 million**, of which, **\$66.1 million** remains and is reflected in the five year capital forecast.

| \$ Millions                   | <u>2023</u>  | <u>2024</u> | <u>2025</u>  | <u>2026</u>  | <u>2027</u>  |
|-------------------------------|--------------|-------------|--------------|--------------|--------------|
| Electric                      | 367          | 327         | 309          | 348          | 363          |
| Natural Gas                   | 143          | 123         | 125          | 115          | 140          |
| <b>Total Capital Forecast</b> | <b>\$510</b> | <b>450</b>  | <b>\$434</b> | <b>\$463</b> | <b>\$503</b> |

**\$2.4 billion of highly-executable and low-risk capital investment**

| Montana Rate Review                    |          |          |         |
|--|----------|----------|---------|
|  | Electric | Nat. Gas | Total   |
| Current ROE                            | 9.65%    | 9.55%    |         |
| Current Equity Ratio                   | 49.38%   | 46.79%   |         |
| Proposed ROE                           | 10.60%   | 10.60%   |         |
| Proposed Equity Ratio                  | 48.02%   | 48.02%   |         |
| Forecasted 2022 Rate Base (\$Millions) | \$2,790  | \$575    | \$3,365 |
| Net Rate Base Increase (\$Millions)    | \$453    | \$143    | \$596   |

*Approximately 42% of the requested total electric and natural gas revenue increase is driven by flow-through costs including market power purchases and property taxes.*

| Requested Revenue Increase  |                |               |                |
|---|----------------|---------------|----------------|
|   | Electric       | Nat. Gas      | Total          |
| Base Rates - owned electric generation, natural gas production / storage, transmission and distribution | \$91.8         | \$20.2        | \$112.0        |
| PCCAM - Power Cost & Credit Adjustment Mechanism  | \$68.1         | n/a           | \$68.1         |
| Property Tax (tracker true-up)  | \$11.1         | \$2.8         | \$13.9         |
| <b>Total</b>  | <b>\$171.0</b> | <b>\$23.0</b> | <b>\$194.0</b> |

| Interim Rates (subject to refund) |              |                |  |              |               |  |  |  |
|-----------------------------------|--------------|----------------|--|--------------|---------------|--|--|--|
| Interim Requested                 |              |                | Interim Granted (effective Oct.1 2022)                         |              |               |  |  |  |
| Electric                          | Nat. Gas     | Total          | Electric   | Nat. Gas     | Total         |  |  |  |
| \$35.5                            | \$3.0        | \$38.5         | \$29.4   | \$1.7        | \$31.1        |  |  |  |
| \$68.1                            | n/a          | \$68.1         | \$61.1   | n/a          | \$61.1        |  |  |  |
| \$11.1                            | \$2.8        | \$13.9         | Prop. tax recovery deferred to annual statutory tracker filing |              |               |  |  |  |
| <b>\$114.7</b>                    | <b>\$5.8</b> | <b>\$120.5</b> | <b>\$90.5</b>  | <b>\$1.7</b> | <b>\$92.2</b> |  |  |  |

Flow-Through

# Appendix Rate Base & Authorized Return Summary

Estimate as of 12/31/2022

| Jurisdiction and Service                        | Implementation Date | Authorized Rate Base (millions) | Year-end Estimated Rate Base (millions) | Authorized Overall Rate of Return | Authorized Return on Equity | Authorized Equity Level |
|---|---------------------|---------------------------------|---|-----------------------------------|-----------------------------|-------------------------|
| Montana electric delivery and production (1)    | April 2019 (4)      | \$ 2,030.1                      | \$ 2,675.8                              | 6.92%                             | 9.65%                       | 49.38%                  |
| Montana - Colstrip Unit 4                       | April 2019          | \$ 304.0                        | \$ 271.3                                | 8.25%                             | 10.00%                      | 50.00%                  |
| Montana natural gas delivery and production (2) | September 2017 (4)  | \$ 430.2                        | \$ 643.3                                | 6.96%                             | 9.55%                       | 46.79%                  |
| <b>Total Montana</b>                            |                     | <b>\$ 2,764.3</b>               | <b>\$ 3,590.4</b>                       |                                   |                             |                         |
| South Dakota electric (3)                       | December 2015       | \$ 557.3                        | \$ 799.6                                | 7.24%                             | n/a                         | n/a                     |
| South Dakota natural gas (3)                    | December 2011       | \$ 65.9                         | \$ 97.8                                 | 7.80%                             | n/a                         | n/a                     |
| <b>Total South Dakota</b>                       |                     | <b>\$ 623.2</b>                 | <b>\$ 897.4</b>                         |                                   |                             |                         |
| Nebraska natural gas (3)                        | December 2007       | \$ 24.3                         | \$ 49.9                                 | 8.49%                             | 10.40%                      | n/a                     |
| <b>Total NorthWestern Energy</b>                |                     | <b>\$ 3,411.8</b>               | <b>\$ 4,537.7</b>                       |                                   |                             |                         |

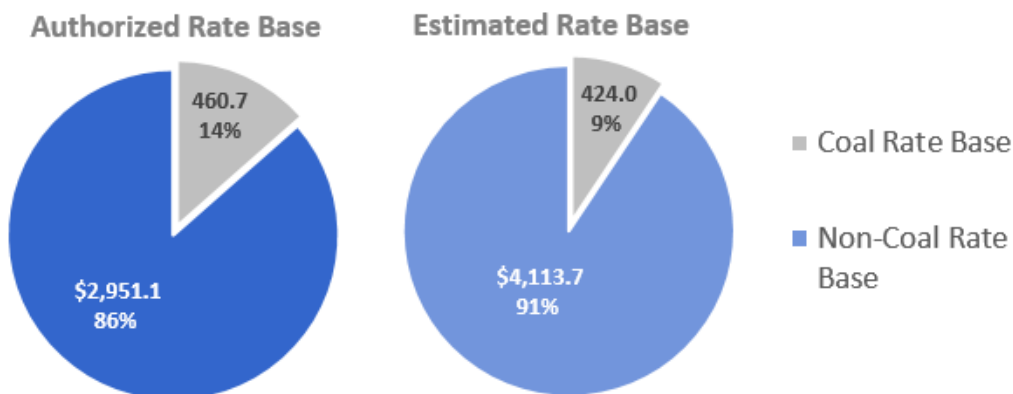
(1) The revenue requirement associated with the FERC regulated portion of Montana electric transmission and ancillary services are included as revenue credits to our MPSC jurisdictional customers. Therefore, we do not separately reflect FERC authorized rate base or authorized returns.

(2) The Montana gas revenue requirement includes a step down which approximates annual depletion of our natural gas production assets included in rate base.

(3) For those items marked as "n/a," the respective settlement and/or order was not specific as to these terms.

(4) On August 8, 2022, we filed a Montana electric and natural gas rate review filing (2021 test year) requesting an increase to our authorized rate base, return on equity, and equity level in our capital structure. We expect a final order regarding this rate review in 2023.

## Coal Generation Rate Base as a percentage of Total Rate Base



Revenue from coal generation is not easily identifiable due to the use of bundled rates in South Dakota and other rate design and accounting considerations. However, NorthWestern is a fully regulated utility company for which rate base is the primary driver for earnings. The data to the left illustrates that NorthWestern only derives approximately 9 -14% of earnings from its jointly owned coal generation rate base.



**NorthWestern Energy executed an agreement with Avista Corporation (Exit Agreement) for the transfer of Avista's ownership interests in Colstrip Units 3 and 4.**

- **Effective date of transfer: December 31, 2025**
- Generating capacity: 222 MW (bringing our total ownership to 444 MW)
- **Transfer price: \$0.00**
- NorthWestern will be responsible for operational and capital costs beginning January 1, 2026.
  - The agreement does not require approval by the Montana Public Service Commission (MPSC). We expect to work with the MPSC in a future docket for cost recovery in 2026.
  - NorthWestern will have the right to exercise Avista's vote with respect to capital expenditures<sup>1</sup> between now and 2025 with Avista responsible for its pro rata share<sup>2</sup>.
- Avista will retain its existing environmental and decommissioning obligations through life of plant.
- Under the Colstrip Ownership & Operating Agreement, each of the owners will have a 90-day period in which to evaluate the transaction between NorthWestern and Avista to determine whether to exercise their respective right of first refusal.
- We expect to file our Montana Integrated Resource Plan during the first quarter 2023. This transaction is expected to satisfy our capacity needs in Montana for at least the next 5 years.



1. Avista retains the vote related to remediation activities.

2. Avista bears its current project share (15%) costs through 2025, other than "Enhancement Work Costs" for which it bears a time-based pro-rata share. Enhancement Work Costs are costs that are not performed on a least-costs basis or are intended to extend the life of the facility beyond 2025. See the Exit Agreement for additional detail.

## *Reduces Risk*

- We are in a supply capacity crisis due to lack of resource adequacy, with approx. 40% of our customers' peak needs on the market. This transaction will reduce our need to import expensive capacity during critical times.
- Establishes clarity regarding operations past 2025 Washington state legislation deadline.
- Reduces PCCAM risk sharing for customers and shareholders.

## *Bill Headroom*

- Stable pricing reduces impact of market volatility and high energy prices on customers.

## *Aligned with 'All of the Above' energy transition in Montana*

- Supports our generating portfolio that is nearly 60% carbon-free today.
- Provides future opportunity at the site while supporting economic development in Montana.
- Agreement considers the appropriate balance of reliability, affordability and sustainability.

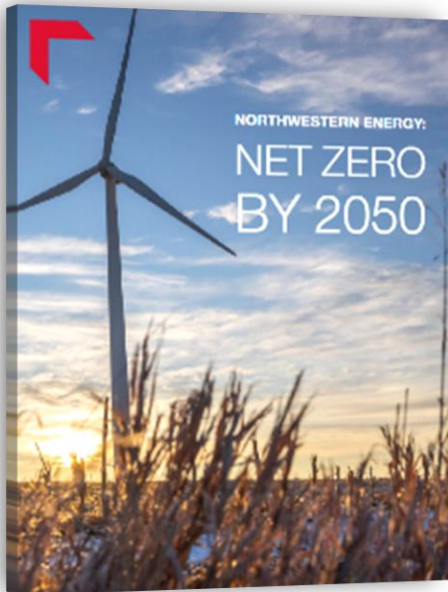


# Facility Ownership Overview

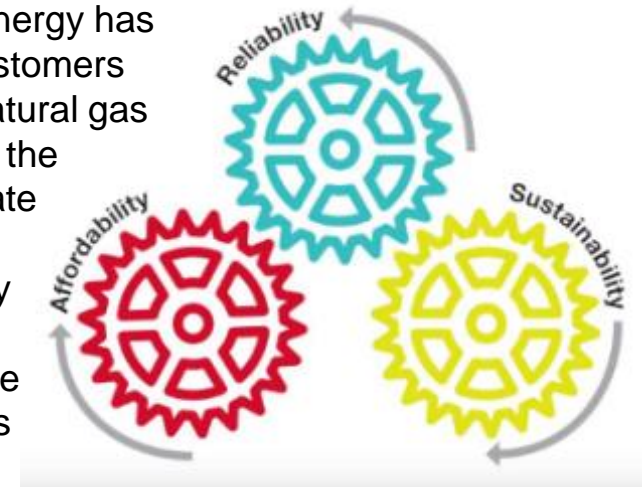
Mitigating today's capacity crisis while creating a sustainable glide path to the cost-effective carbon-free technologies of tomorrow

|              | Current Colstrip Ownership Structure (megawatts) |            | Announced Sep. 12, 2022<br>2026 Exit Agreement<br>185 MW of both Units 3 & 4 transfer from Puget Sound → Talen |            | Executed Jan. 16, 2023<br>2026 Exit Agreement<br>111 MW of both Units 3 & 4 transfer from Avista → NorthWestern |            |
|--------------|--|------------|--|------------|---|------------|
|              | Unit 3   | Unit 4     | Unit 3   | Unit 4     | Unit 3  | Unit 4     |
| Avista       | 111  | 111        | 111  | 111        |   |            |
| NorthWestern |  | 222        |  | 222        | 111   | 333        |
| PacifiCorp   | 74   | 74         | 74   | 74         | 74  | 74         |
| Portland     | 148  | 148        | 148  | 148        | 148   | 148        |
| Puget        | 185  | 185        |  |            |   |            |
| Talen        | 222  |            | 407  | 185        | 407   | 185        |
| <b>Total</b> | <b>740</b>                                       | <b>740</b> | <b>740</b>   | <b>740</b> | <b>740</b>  | <b>740</b> |

NorthWestern is actively working with the other owners to resolve outstanding issues, including the associated pending legal proceedings. Additionally, the owners intend to pursue a mutually beneficial reallocation (swap) of megawatts between the two units that would ideally provide NorthWestern with a controlling (> 370 megawatts) share of Unit 4.



Over the past 100 years, NorthWestern Energy has maintained our commitment to provide customers with reliable and affordable electric and natural gas service while also being good stewards of the environment. We have responded to climate change, its implications and risks, by increasing our environmental sustainability efforts and our access to clean energy resources. But more must be done. We are committed to achieving net zero emissions by 2050.



- Committed to achieving net-zero by 2050 for Scope 1 and 2 emissions
- Must balance Affordability, Reliability and Sustainability in this transition
- No new carbon emitting generation additions after 2035
- Pipeline modernization, enhanced leak detection and development of alternative fuels for natural gas business
- Electrify fleet and add charging infrastructure
- Carbon offsets likely needed to ultimately achieve net-zero
- Please visit [www.NorthWesternEnergy.com/NetZero](http://www.NorthWesternEnergy.com/NetZero) to learn more about our Net Zero Vision.

(dollars in millions)

12 Months Ended December 31,

|  | 2022            | 2021            | Variance       |             |
|--|-----------------|-----------------|----------------|-------------|
| Electric                                   | \$ 782.1        | \$ 757.4        | \$ 24.7        | 3.3%        |
| Natural Gas                                | 203.7           | 189.4           | 14.3           | 7.6%        |
| <b>Total Utility Margin <sup>(1)</sup></b> | <b>\$ 985.8</b> | <b>\$ 946.8</b> | <b>\$ 39.0</b> | <b>4.1%</b> |

### Increase in utility margin due to the following factors:

|         |  |
|---------|--|
| \$ 14.8 | Higher electric retail volumes   |
| 9.5     | Montana interim rates (subject to refund)  |
| 8.1     | Higher natural gas retail volumes  |
| (4.8)   | Lower transmission revenue (due primarily to \$4.7M prior year recognition of deferred transmission interim rates) |
| (2.4)   | Less favorable electric QF liability adjustment  |
| (1.8)   | Higher non-recoverable Montana electric supply costs   |
| (0.8)   | Reduction of rates from the step down of natural gas production assets   |
| 2.3     | Other  |

### **\$ 24.9** Change in Utility Margin Items Impacting Net Income

|         |  |
|---------|--|
| \$ 13.3 | Higher property taxes recovered in revenue, offset in property tax expense         |
| 2.5     | Higher operating expenses recovered in revenue, offset in O&M expense              |
| 0.3     | Higher gas production taxes recovered in revenue, offset in property & other taxes |
| (2.0)   | Lower revenue from higher production tax credits, offset in income tax expense     |

### **\$ 14.1** Change in Utility Margin Offset Within Net Income

### **\$ 39.0** Increase in Utility Margin

(dollars in millions)

Twelve Months Ended December 31,

|  | 2022            | 2021            | Variance       |             |
|--|-----------------|-----------------|----------------|-------------|
| Operating & maintenance                  | \$ 221.4        | \$ 208.3        | \$ 13.1        | 6.3%        |
| Administrative & general                 | 113.8           | 101.9           | \$25.0 } 11.9  | 11.7%       |
| Property and other taxes                 | 192.5           | 173.4           | 19.1           | 11.0%       |
| Depreciation and depletion               | 195.0           | 187.5           | 7.5            | 4.0%        |
| <b>Operating Expenses <sup>(2)</sup></b> | <b>\$ 722.7</b> | <b>\$ 671.1</b> | <b>\$ 51.6</b> | <b>7.7%</b> |

**Increase in operating expenses due to the following factors:**

|        |  |
|--------|--|
| \$ 7.5 | Higher depreciation expense due to plant additions   |
| 5.5    | Higher property tax expense due to an increase in the estimated state and local taxes                |
| 2.2    | Higher insurance expense   |
| 2.0    | Increase in uncollectible accounts (due to prior year collection of previously written off balances) |
| 1.9    | Higher cost of materials   |
| 1.8    | Higher technology implementation and maintenance expense   |
| 1.6    | Higher travel expenses   |
| 1.6    | Higher fleet fuel costs  |
| 1.0    | Higher advertising expenses  |
| 0.4    | Higher expenses at our electric generation facilities  |
| (2.1)  | Lower labor and benefits <sup>(1)</sup>  |
| (1.6)  | Prior year write off of preliminary construction costs   |
| 2.1    | Other  |

**\$ 23.9 Change in Operating Expense Items Impacting Net Income**

|         |   |
|---------|---|
| \$ 13.6 | Higher property and other taxes recovered in trackers, offset in revenue                |
| 12.8    | Higher pension and other postretirement benefits, offset in other income <sup>(1)</sup> |
| 2.5     | Higher operating and maintenance expenses recovered in trackers, offset in revenue      |
| (1.2)   | Lower non-employee directors deferred compensation, offset in other income              |

**\$ 27.7 Change in Operating Expense Items Offset Within Net Income**

**\$ 51.6 Increase in Operating Expenses**

- (1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.
- (2) (excluding fuel, purchased supply and direct transmission expense)"

*(dollars in millions)*

Twelve Months Ended December 31,

|                              | 2022            | 2021            | Variance         |               |
|------------------------------|-----------------|-----------------|------------------|---------------|
| <b>Operating Income</b>      | <b>\$ 263.1</b> | <b>\$ 275.7</b> | <b>\$ (12.6)</b> | <b>(4.6%)</b> |
| Interest expense             | (100.1)         | (93.7)          | (6.4)            | (6.8%)        |
| Other income, net            | 19.4            | 8.2             | 11.2             | 136.6%        |
| <b>Income Before Taxes</b>   | <b>182.4</b>    | <b>190.2</b>    | <b>(7.8)</b>     | <b>(4.1%)</b> |
| Income tax benefit (expense) | 0.6             | (3.4)           | 4.0              | 117.6%        |
| <b>Net Income</b>            | <b>\$ 183.0</b> | <b>\$ 186.8</b> | <b>\$ (3.8)</b>  | <b>(2.0%)</b> |

**\$6.4 million increase in interest expenses** was primarily due to higher interest rates on borrowings under our revolving credit facilities, partly offset by higher capitalization of allowance for funds used during construction (AFUDC).

**\$11.2 million increase in other income** was primarily due to a decrease in the non-service cost component of pension expense and higher capitalization of AFUDC, partly offset by a \$2.5 million CREP penalty, which relates to litigation we have been involved in associated with our past progress towards meeting obligations to acquire renewable energy projects as mandated by the recently repealed Montana CREP requirement, and a decrease in the value of deferred shares held in trust for non-employee directors deferred compensation (which is offset in operating expense)..

**\$4.0 million Income tax improvement** was primarily due to lower pre-tax income along with higher flow-through benefits.

(in millions)

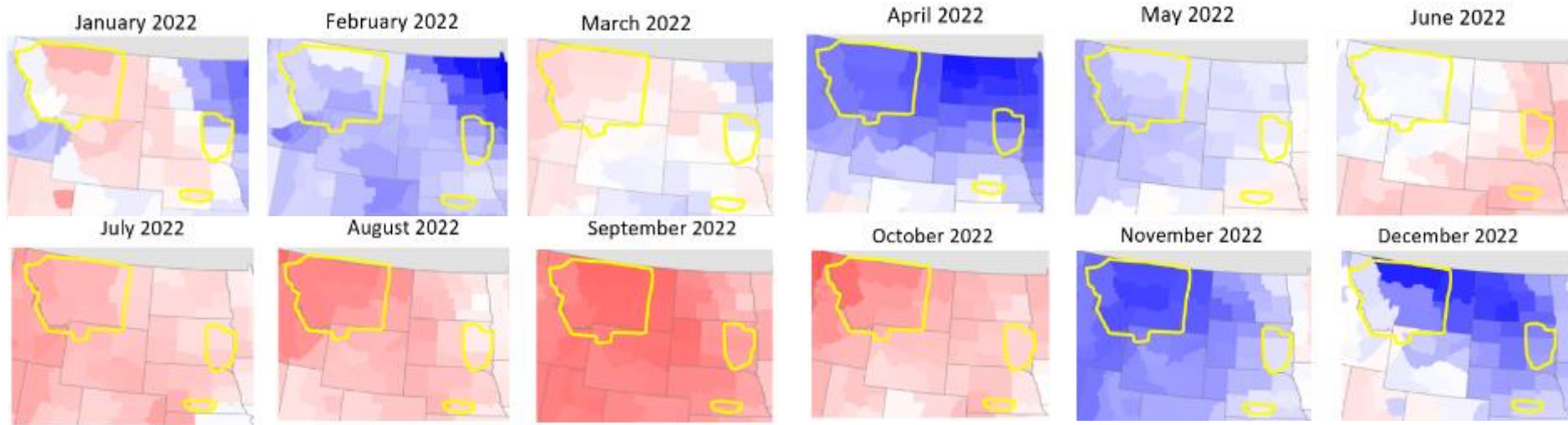
|  | Twelve Months Ended December 31, |         |                |         |                 |
|--|----------------------------------|---------|----------------|---------|-----------------|
|  | 2022                             |         | 2021           |         | Variance        |
| <b>Income Before Income Taxes</b>                | <b>\$182.4</b>                   |         | <b>\$190.2</b> |         | <b>(\$7.8)</b>  |
| Income tax calculated at federal statutory rate  | 38.3                             | 21.0%   | 40.0           | 21.0%   | (1.7)           |
| <u>Permanent or flow through adjustments:</u>    |                                  |         |                |         |                 |
| State income taxes, net of federal provisions    | 0.6                              | 0.3%    | 0.4            | 0.1%    | 0.2             |
| Flow - through repairs deductions                | (22.7)                           | (12.4%) | (21.9)         | (11.5%) | (0.8)           |
| Production tax credits                           | (13.2)                           | (7.2%)  | (11.5)         | (6.1%)  | (1.7)           |
| Amortization of excess deferred income tax (DIT) | (1.7)                            | (0.9%)  | (0.6)          | (0.3%)  | (1.1)           |
| Income tax return to accrual adjustment          | (1.4)                            | (0.8%)  | -              | 0.0%    | (1.4)           |
| Plant and depreciation of flow-through items     | (0.2)                            | (0.1%)  | (0.9)          | (0.6%)  | 0.7             |
| Other, net                                       | (0.3)                            | (0.2%)  | (2.1)          | (0.8%)  | 1.8             |
| Sub-total  | (38.9)                           | (21.3%) | (36.6)         | (19.2%) | (2.3)           |
| <b>Income Tax (Benefit) Expense</b>              | <b>\$ (0.6)</b>                  |         | <b>\$ 3.4</b>  |         | <b>\$ (4.0)</b> |



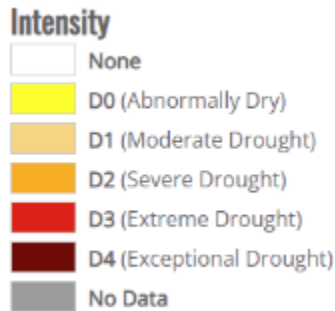
## Mean Temperature Departures from 30-Year Average



We estimated a \$8.9 million pre-tax benefit as compared to normal and a \$10.0 million benefit as compared to the full year 2021.



## Drought Conditions in Montana vs 30-Year Normal



| Week                   | Date       | None  | D0-D4 | D1-D4 | D2-D4 | D3-D4 | D4   | DSCI |
|------------------------|------------|-------|-------|-------|-------|-------|------|------|
| Current                | 2023-01-24 | 4.81  | 95.19 | 59.89 | 37.00 | 10.80 | 0.00 | 203  |
| Last Week              | 2023-01-17 | 7.84  | 92.16 | 59.89 | 36.33 | 10.80 | 0.00 | 199  |
| 3 Months Ago           | 2022-10-25 | 10.43 | 89.57 | 74.32 | 41.97 | 15.61 | 0.00 | 221  |
| Start of Calendar Year | 2022-12-27 | 12.08 | 87.92 | 59.92 | 35.11 | 12.16 | 0.00 | 195  |
| Start of Water Year    | 2022-09-27 | 5.40  | 94.60 | 77.46 | 45.05 | 12.35 | 0.00 | 229  |
| One Year Ago           | 2022-01-25 | 7.50  | 92.50 | 89.22 | 85.89 | 45.54 | 7.64 | 321  |

Source: [www.drought.gov/states/montana](http://www.drought.gov/states/montana)

Approximately 60% of the state of Montana is in moderate and 37% in severe drought conditions. However, this is a significant improvement from a year ago where approximately 86% of the state was in severe drought conditions.

(millions)

| Customer Class  | 2022 Pretax (Favorable) Unfavorable Impact |          |          |          |          |          |
|---|--|----------|----------|----------|----------|----------|
|   | Q1   | Q2       | Q3       | Q1-Q3    | Q4       | 2022     |
| Commercial Electric (reversed in Q4)                    | \$ 0.1                                     | \$ (0.1) | \$ (2.1) | \$ (2.1) | \$ 2.1   | \$ —     |
| Residential Electric                                    | 0.1  | (0.7)    | (3.2)    | (3.8)    | (1.8)    | (5.6)    |
| Commercial Natural Gas                                  | 0.1  | (0.6)    | 0.3      | (0.2)    | (0.7)    | (0.9)    |
| Residential Natural Gas                                 | 0.3  | (1.6)    | 0.8      | (0.5)    | (1.9)    | (2.4)    |
| Non-GAAP adjustment for unfavorable (favorable) weather | \$ 0.6                                     | \$ (3.0) | \$ (4.2) | \$ (6.6) | \$ (2.3) | \$ (8.9) |

| Customer Class  | 2021 Pretax (Favorable) Unfavorable Impact |          |          |          |        |          |
|---|--|----------|----------|----------|--------|----------|
|   | Q1   | Q2       | Q3       | Q1-Q3    | Q4     | 2022     |
| Commercial Electric                                     | \$ 0.1                                     | \$ (0.9) | \$ (1.6) | \$ (2.4) | \$ 0.5 | \$ (1.9) |
| Residential Electric                                    | 0.3  | (1.3)    | (2.1)    | (3.1)    | 1.4    | (1.7)    |
| Commercial Natural Gas                                  | 0.3  | 0.1      | 0.1      | 0.5      | 1.0    | 1.5      |
| Residential Natural Gas                                 | 0.6  | 0.1      | 0.2      | 0.9      | 2.3    | 3.2      |
| Non-GAAP adjustment for unfavorable (favorable) weather | \$ 1.3                                     | \$ (2.0) | \$ (3.4) | \$ (4.1) | \$ 5.2 | \$ 1.1   |

**Revision to non-GAAP weather normalization method** - Up to, and including, Q3 2022, our weather normalizing adjustment included the estimated impact from four customer classes; commercial electric, residential electric, commercial natural gas and residential natural gas. Due to a statistically low correlation coefficient of our commercial electric customers' usage patterns, we will no longer include a weather normalizing adjustment for this customer class. As a result, the weather adjustment in the fourth quarter reflects the reversal of the first three quarters of commercial electric customer impact (eliminating the commercial electric impact for the year).

## 2021 as originally presented

## Revised 2021 Presentation (Excluding commercial electric impact)

| Twelve Months Ended December 31, GAAP and Non-GAAP |                                   |                   |   |                                    |                |                   |              |   |                                   |  |              |                                    |
|--|-----------------------------------|-------------------|---|------------------------------------|----------------|-------------------|--------------|---|-----------------------------------|--|--------------|------------------------------------|
| GAAP   | Non-GAAP Adjustments              |                   |   |                                    | Non-GAAP       | Non-GAAP Variance | Non-GAAP     | Non-GAAP Adjustments  |                                   |  | GAAP         |                                    |
|  | Twelve Months Ended Dec. 31, 2022 | Favorable Weather | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) | Non-employee Deferred Compensation |                |                   |              | Community Renewable Energy Project Penalty (not tax deductible) | Twelve Months Ended Dec. 31, 2021 | GF Liability - adjustment associated with one-time clarification of contract |              | Non-employee Deferred Compensation |
| (in millions)                                      |                                   |                   |   |                                    |                |                   |              |   |                                   |  |              |                                    |
| <b>Revenues</b>                                    | \$1,477.8                         | (8.9)             | -   | -                                  | \$1,468.9      | \$102.4           | 7.5%         | \$1,366.5   | (6.9)                             | -  | -            | \$1,372.3                          |
| Fuel, supply & dir. tx                             | 492.0                             | -                 | -   | -                                  | 492.0          | 66.5              | 15.6%        | 425.5   | -                                 | -  | -            | 425.5                              |
| <b>Utility Margin (2)</b>                          | <b>985.8</b>                      | <b>(8.9)</b>      | <b>-</b>  | <b>-</b>                           | <b>976.9</b>   | <b>35.9</b>       | <b>3.8%</b>  | <b>941.0</b>  | <b>(6.9)</b>                      | <b>-</b>   | <b>1.1</b>   | <b>946.8</b>                       |
| <b>Op. Expenses</b>                                |                                   |                   |   |                                    |                |                   |              |   |                                   |  |              |                                    |
| OG&A Expense                                       | 335.2                             | -                 | (6.0)   | (0.1)                              | 329.1          | 13.3              | 4.2%         | 315.8   | -                                 | (1.3)  | 6.9          | 310.2                              |
| Prop. & other taxes                                | 192.5                             | -                 | -   | -                                  | 192.5          | 19.1              | 11.0%        | 173.4   | -                                 | -  | -            | 173.4                              |
| Depreciation                                       | 195.0                             | -                 | -   | -                                  | 195.0          | 7.5               | 4.0%         | 187.5   | -                                 | -  | -            | 187.5                              |
| <b>Total Op. Exp.</b>                              | <b>722.7</b>                      | <b>-</b>          | <b>(6.0)</b>  | <b>(0.1)</b>                       | <b>716.6</b>   | <b>39.9</b>       | <b>5.9%</b>  | <b>676.7</b>  | <b>-</b>                          | <b>(1.3)</b>   | <b>6.9</b>   | <b>671.1</b>                       |
| <b>Op. Income</b>                                  | <b>263.1</b>                      | <b>(8.9)</b>      | <b>6.0</b>  | <b>0.1</b>                         | <b>260.3</b>   | <b>(4.0)</b>      | <b>-1.5%</b> | <b>264.3</b>  | <b>(6.9)</b>                      | <b>1.3</b>   | <b>(6.9)</b> | <b>275.7</b>                       |
| Interest expense                                   | (100.1)                           | -                 | -   | -                                  | (100.1)        | (6.4)             | -6.8%        | (93.7)  | -                                 | -  | -            | (93.7)                             |
| Other Inc. (Exp.), net                             | 19.4                              | -                 | (6.0)   | (0.1)                              | 15.8           | 2.0               | 14.5%        | 13.8  | -                                 | (1.3)  | 6.9          | 8.2                                |
| <b>Pretax Income</b>                               | <b>182.4</b>                      | <b>(8.9)</b>      | <b>-</b>  | <b>2.5</b>                         | <b>176.0</b>   | <b>(8.4)</b>      | <b>-4.6%</b> | <b>184.4</b>  | <b>(6.9)</b>                      | <b>-</b>   | <b>1.1</b>   | <b>190.2</b>                       |
| Income tax Ben / (Exp)                             | 0.6                               | 2.3               | -   | -                                  | 2.9            | 4.9               | 241.1%       | (2.0)   | 1.7                               | -  | (0.3)        | (3.4)                              |
| <b>Net Income</b>                                  | <b>\$183.0</b>                    | <b>(6.6)</b>      | <b>-</b>  | <b>2.5</b>                         | <b>\$178.9</b> | <b>(\$3.5)</b>    | <b>-1.9%</b> | <b>\$182.4</b>  | <b>(5.2)</b>                      | <b>-</b>   | <b>0.8</b>   | <b>\$186.8</b>                     |
| <i>ETFR</i>  | -0.3%                             | 25.3%             | -   | 0.0%                               | -1.6%          | 1.1%              | 25.3%        | -   | -                                 | -  | 25.3%        | 1.8%                               |
| Diluted Shares                                     | 56.3                              | -                 | -   | -                                  | 56.3           | 4.4               | 8.5%         | 51.9  | -                                 | -  | -            | 51.9                               |
| <b>Diluted EPS</b>                                 | <b>\$3.25</b>                     | <b>(0.11)</b>     | <b>-</b>  | <b>0.04</b>                        | <b>\$3.18</b>  | <b>(\$0.33)</b>   | <b>-9.4%</b> | <b>\$3.51</b>   | <b>(0.10)</b>                     | <b>-</b>   | <b>0.01</b>  | <b>\$3.60</b>                      |

| Twelve Months Ended December 31, GAAP and Non-GAAP |                                   |                   |   |                                    |                |                   |               |   |                                   |  |              |                                    |
|--|-----------------------------------|-------------------|---|------------------------------------|----------------|-------------------|---------------|---|-----------------------------------|--|--------------|------------------------------------|
| GAAP   | Non-GAAP Adjustments              |                   |   |                                    | Non-GAAP       | Non-GAAP Variance | Non-GAAP      | Non-GAAP Adjustments  |                                   |  | GAAP         |                                    |
|  | Twelve Months Ended Dec. 31, 2022 | Favorable Weather | Move Pension Expense to OG&A (disaggregated with ASU 2017-07) | Non-employee Deferred Compensation |                |                   |               | Community Renewable Energy Project Penalty (not tax deductible) | Twelve Months Ended Dec. 31, 2022 | GF Liability - adjustment associated with one-time clarification of contract |              | Non-employee Deferred Compensation |
| (in millions)                                      |                                   |                   |   |                                    |                |                   |               |   |                                   |  |              |                                    |
| <b>Revenues</b>                                    | \$1,477.8                         | (8.9)             | -   | -                                  | \$1,468.9      | \$100.5           | 7.3%          | \$1,368.4   | (6.9)                             | -  | -            | \$1,372.3                          |
| Fuel, supply & dir. tx                             | 492.0                             | -                 | -   | -                                  | 492.0          | 66.5              | 15.6%         | 425.5   | -                                 | -  | -            | 425.5                              |
| <b>Utility Margin (2)</b>                          | <b>985.8</b>                      | <b>(8.9)</b>      | <b>-</b>  | <b>-</b>                           | <b>976.9</b>   | <b>34.0</b>       | <b>3.6%</b>   | <b>942.9</b>  | <b>(6.9)</b>                      | <b>-</b>   | <b>3.0</b>   | <b>946.8</b>                       |
| <b>Op. Expenses</b>                                |                                   |                   |   |                                    |                |                   |               |   |                                   |  |              |                                    |
| OG&A Expense                                       | 335.2                             | -                 | (6.0)   | (0.1)                              | 329.1          | 13.3              | 4.2%          | 315.8   | -                                 | (1.3)  | 6.9          | 310.2                              |
| Prop. & other taxes                                | 192.5                             | -                 | -   | -                                  | 192.5          | 19.1              | 11.0%         | 173.4   | -                                 | -  | -            | 173.4                              |
| Depreciation                                       | 195.0                             | -                 | -   | -                                  | 195.0          | 7.5               | 4.0%          | 187.5   | -                                 | -  | -            | 187.5                              |
| <b>Total Op. Exp.</b>                              | <b>722.7</b>                      | <b>-</b>          | <b>(6.0)</b>  | <b>(0.1)</b>                       | <b>716.6</b>   | <b>39.9</b>       | <b>5.9%</b>   | <b>676.7</b>  | <b>-</b>                          | <b>(1.3)</b>   | <b>6.9</b>   | <b>671.1</b>                       |
| <b>Op. Income</b>                                  | <b>263.1</b>                      | <b>(8.9)</b>      | <b>6.0</b>  | <b>0.1</b>                         | <b>260.3</b>   | <b>(5.9)</b>      | <b>-2.2%</b>  | <b>266.2</b>  | <b>(6.9)</b>                      | <b>1.3</b>   | <b>(6.9)</b> | <b>275.7</b>                       |
| Interest expense                                   | (100.1)                           | -                 | -   | -                                  | (100.1)        | (6.4)             | -6.8%         | (93.7)  | -                                 | -  | -            | (93.7)                             |
| Other Inc. (Exp.), net                             | 19.4                              | -                 | (6.0)   | (0.1)                              | 15.8           | 2.0               | 14.5%         | 13.8  | -                                 | (1.3)  | 6.9          | 8.2                                |
| <b>Pretax Income</b>                               | <b>182.4</b>                      | <b>(8.9)</b>      | <b>-</b>  | <b>2.5</b>                         | <b>176.0</b>   | <b>(10.3)</b>     | <b>-5.5%</b>  | <b>186.3</b>  | <b>(6.9)</b>                      | <b>-</b>   | <b>3.0</b>   | <b>190.2</b>                       |
| Income tax Ben / (Exp)                             | 0.6                               | 2.3               | -   | -                                  | 2.9            | 5.4               | 216.0%        | (2.5)   | 1.7                               | -  | (0.8)        | (3.4)                              |
| <b>Net Income</b>                                  | <b>\$183.0</b>                    | <b>(6.6)</b>      | <b>-</b>  | <b>2.5</b>                         | <b>\$178.9</b> | <b>(\$4.9)</b>    | <b>-2.7%</b>  | <b>\$183.8</b>  | <b>(5.2)</b>                      | <b>-</b>   | <b>2.2</b>   | <b>\$186.8</b>                     |
| <i>ETFR</i>  | -0.3%                             | 25.3%             | -   | 0.0%                               | -1.7%          | 1.1%              | 25.3%         | -   | -                                 | -  | 25.3%        | 1.8%                               |
| Diluted Shares                                     | 56.3                              | -                 | -   | -                                  | 56.3           | 4.4               | 8.5%          | 51.9  | -                                 | -  | -            | 51.9                               |
| <b>Diluted EPS</b>                                 | <b>\$3.25</b>                     | <b>(0.11)</b>     | <b>-</b>  | <b>0.04</b>                        | <b>\$3.18</b>  | <b>(\$0.36)</b>   | <b>-10.2%</b> | <b>\$3.54</b>   | <b>(0.10)</b>                     | <b>-</b>   | <b>0.04</b>  | <b>\$3.60</b>                      |

The comparison above updates 2021 non-GAAP earnings to exclude the estimated weather impacts of our commercial electric customers consistent with 2022 non-GAAP presentation.

The adjusted non-GAAP measures presented in the table are being shown to reflect significant items that are non-recurring or a variance from normal weather, however they should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP.

Pre-tax Millions

|                                    | Q1                             | Q2             | Q3             | Q4             | Full Year           |
|------------------------------------|--------------------------------|----------------|----------------|----------------|---------------------|
| '17/'18 Tracker                    | First full year recorded in Q3 |                |                |                | \$3.3               |
| '18/'19 Tracker                    |                                |                | (\$5.1)        | \$0.3          | (4.8)               |
| <b>2018 (Expense) Benefit</b>      | <b>\$0.0</b>                   | <b>\$0.0</b>   | <b>(\$1.8)</b> | <b>\$0.3</b>   | <b>(\$1.5)</b>      |
|                                    |                                |                |                |                | <i>Full Year</i>    |
| '18/'19 Tracker                    | (\$1.6)                        | \$4.6          |                |                | \$3.0               |
| '19/'20 Tracker                    |                                |                | \$0.1          | (\$0.7)        | (0.6)               |
| <b>2019 (Expense) Benefit</b>      | <b>(\$1.6)</b>                 | <b>\$4.6</b>   | <b>\$0.1</b>   | <b>(\$0.7)</b> | <b>\$2.4</b>        |
|                                    |                                |                |                |                | <i>Full Year</i>    |
| CU4 Disallowance ('18/'19 Tracker) |                                |                |                | (\$9.4)        | (\$9.4)             |
| '19/'20 Tracker                    | (\$0.1)                        | \$0.2          |                |                | \$0.1               |
| Recovery of modeling costs         | \$0.7                          |                |                |                | \$0.7               |
| '20/'21 Tracker                    |                                |                | (\$0.6)        | (\$0.3)        | (\$0.9)             |
| <b>2020 (Expense) Benefit</b>      | <b>\$0.6</b>                   | <b>\$0.2</b>   | <b>(\$0.6)</b> | <b>(\$0.3)</b> | <b>(\$0.1)</b>      |
|                                    |                                |                |                |                | <i>Full Year</i>    |
| '20/'21 Tracker                    | (\$0.8)                        | (\$0.5)        |                |                | (\$1.3)             |
| '21/'22 Tracker                    |                                |                | (\$2.7)        | (\$1.4)        | (\$4.1)             |
| <b>2021 (Expense) Benefit</b>      | <b>(\$0.8)</b>                 | <b>(\$0.5)</b> | <b>(\$2.7)</b> | <b>(\$1.4)</b> | <b>(\$5.4)</b>      |
|                                    |                                |                |                |                | <i>Year-to-Date</i> |
| '21/'22 Tracker                    | (\$0.8)                        | (\$0.8)        |                |                | (\$1.6)             |
| '22/'23 Tracker                    |                                |                | (\$4.0)        | (\$1.6)        | (\$5.6)             |
| <b>2022 (Expense) Benefit</b>      | <b>(\$0.8)</b>                 | <b>(\$0.8)</b> | <b>(\$4.0)</b> | <b>(\$1.6)</b> | <b>(\$7.2)</b>      |
| <b>Year-over-Year Variance</b>     | <b>\$0.0</b>                   | <b>(\$0.3)</b> | <b>(\$1.3)</b> | <b>(\$0.2)</b> | <b>(\$1.8)</b>      |

In 2017, the Montana legislature revised the statute regarding our recovery of electric supply costs. In response, the MPSC approved a new design for our electric tracker in 2018, effective July 1, 2017. The revised electric tracker, or PCCAM established a baseline of power supply costs and tracks the differences between the actual costs and revenues. Variances in supply costs above or below the baseline are allocated 90% to customers and 10% to shareholders, with an annual adjustment. From July 2017 to May 2019, the PCCAM also included a "deadband" which required us to absorb the variances within +/- \$4.1 million from the base, with 90% of the variance above or below the deadband collected from or refunded to customers. In 2019, the Montana legislature revised the statute effective May 7, 2019, prohibiting a deadband, allowing 100% recovery of QF purchases, and maintaining the 90% / 10% sharing ratio for other purchases.

# Qualified Facility Earnings Adjustment

| (Millions)                           | Annual actual contract price escalation |                       | Annual adjustment for actual output and pricing | Adjustment associated with the one-time clarification in contract term |  | Total    |
|--------------------------------------|---|-----------------------|---|--|--|----------|
|                                      |   |                       |   |  |  |          |
| Nov-12                               | (Arbitration)                           | \$47.9 Non-GAAP Adj.  | \$0.0   | \$0.0  |  | \$47.9   |
| Jun-13                               |   | \$0.0                 | 1.0   | 0.0  |  | \$1.0    |
| Jun-14                               |   | \$0.0                 | 0.0   | 0.0  |  | \$0.0    |
| Jun-15                               |   | (\$6.1) Non-GAAP Adj. | 1.8   | 0.0  |  | (\$4.3)  |
| Jun-16                               |   | \$0.0                 | 1.8   | 0.0  |  | \$1.8    |
| Jun-17                               |   | \$0.0                 | 2.1   | 0.0  |  | \$2.1    |
| Jun-18                               |   | \$17.5 Non-GAAP Adj.  | 9.7   | 0.0  |  | \$27.2   |
| Jun-19                               |   | \$3.3                 | 3.1   | 0.0  |  | \$6.4    |
| Jun-20                               |   | \$2.2                 | 0.9   | 0.0  |  | \$3.1    |
| Jun-21                               |   | (\$2.1)               | 2.6   | 8.7 Non-GAAP Adj.  |  | \$9.2    |
| Sep-21                               |   | \$0.0                 | 0.0   | (1.3) Non-GAAP Adj.  |  | (\$1.3)  |
| Dec-21                               |   | \$0.0                 | 0.0   | (0.4) Non-GAAP Adj.  |  | (\$0.4)  |
| Jun-22                               |   | \$3.3                 | 1.8   | 0.0  |  | \$5.1    |
| <b>Year-over-Year Better (Worse)</b> |   |                       |   |  |  |          |
| 2013                                 |   | (\$47.9)              | 1.0   | 0.0  |  | (\$46.9) |
| 2014                                 |   | \$0.0                 | (1.0)   | 0.0  |  | (\$1.0)  |
| 2015                                 |   | (\$6.1)               | 1.8   | 0.0  |  | (\$4.3)  |
| 2016                                 |   | \$6.1                 | 0.0   | 0.0  |  | \$6.1    |
| 2017                                 |   | \$0.0                 | 0.3   | 0.0  |  | \$0.3    |
| 2018                                 |   | \$17.5                | 7.6   | 0.0  |  | \$25.1   |
| 2019                                 |   | (\$14.2)              | (6.6)   | 0.0  |  | (\$20.8) |
| 2020                                 |   | (\$1.1)               | (2.2)   | 0.0  |  | (\$3.3)  |
| 2021                                 |   | (\$4.3)               | \$1.7   | \$7.0  |  | \$4.4    |
| 2022                                 |   | \$5.4                 | (\$0.8)   | (\$7.0)  |  | (\$2.4)  |

Our electric QF liability consists of unrecoverable costs associated with contracts covered under PURPA that are part of a 2002 stipulation with the MPSC and other parties. Risks / losses associated with these contracts are born by shareholders, not customers. Therefore, any mitigation of prior losses and / or benefits of liability reduction also accrue to shareholders.

| (dollars in millions)                        | As of December 31,<br>2022 | As of December 31,<br>2021 |
|--|----------------------------|----------------------------|
| Cash and cash equivalents                    | \$ 8.5                     | \$ 2.8                     |
| Restricted cash                              | 14.0                       | 15.9                       |
| Accounts receivable, net                     | 245.0                      | 198.7                      |
| Inventories                                  | 107.4                      | 80.6                       |
| Other current assets                         | 164.1                      | 139.7                      |
| Goodwill                                     | 357.6                      | 357.6                      |
| PP&E and other non-current assets            | 6,421.4                    | 5,985.1                    |
| <b>Total Assets</b>                          | <b>\$ 7,317.8</b>          | <b>\$ 6,780.4</b>          |
| Payables                                     | 201.5                      | 115.2                      |
| Current Maturities - debt and leases         | 147.6                      | 2.9                        |
| Other current liabilities                    | 271.7                      | 261.5                      |
| Long-term debt & capital leases              | 2,483.2                    | 2,553.4                    |
| Other non-current liabilities                | 1,548.6                    | 1,507.7                    |
| Shareholders' equity                         | 2,665.2                    | 2,339.7                    |
| <b>Total Liabilities and Equity</b>          | <b>\$ 7,317.8</b>          | <b>\$ 6,780.4</b>          |
| <b>Capitalization:</b>                       |                            |                            |
| Short-Term Debt & Short-Term Finance Leases  | 147.6                      | 2.9                        |
| Long-Term Debt & Long-Term Finance Leases    | 2,483.2                    | 2,553.4                    |
| Less: Basin Creek Finance Lease              | (11.9)                     | (14.8)                     |
| Shareholders' Equity                         | 2,665.2                    | 2,339.7                    |
| <b>Total Capitalization</b>                  | <b>\$ 5,284.1</b>          | <b>\$ 4,881.2</b>          |
| <b>Ratio of Debt to Total Capitalization</b> | <b>49.6%</b>               | <b>52.1%</b>               |

Debt to Total Capitalization down from last year and slightly below our targeted 50% - 55% range with the incremental equity issuance in the 4th quarter of 2022.

*(Unaudited) (in thousands)*

| <b>Twelve Months Ending December 31, 2022</b> | <b>Electric</b> | <b>Gas</b> | <b>Other</b> | <b>Total</b> |
|---|-----------------|------------|--------------|--------------|
| Operating revenues                            | \$ 1,106,565    | \$ 371,272 | \$ -         | \$ 1,477,837 |
| Fuel, purchased supply & direct transmission* | 324,434         | 167,577    | -            | 492,011      |
| Utility margin <sup>(1)</sup>                 | 782,131         | 203,695    | -            | 985,826      |
| Operating and maintenance                     | 167,798         | 53,629     | -            | 221,427      |
| Administrative and general                    | 82,405          | 31,002     | 369          | 113,776      |
| Property and other taxes                      | 149,781         | 42,734     | 9            | 192,524      |
| Depreciation & depletion                      | 162,404         | 32,616     | -            | 195,020      |
| Operating Income                              | 219,743         | 43,714     | (378)        | 263,079      |
| Interest expense                              | (74,420)        | (13,030)   | (12,660)     | (100,110)    |
| Other income                                  | 12,491          | 6,399      | 544          | 19,434       |
| Income tax (expense) benefit                  | 798             | (3,108)    | 2,915        | 605          |
| Net income (loss)                             | \$ 158,612      | \$ 33,975  | \$ (9,579)   | \$ 183,008   |
| <b>Twelve Months Ending December 31, 2021</b> | <b>Electric</b> | <b>Gas</b> | <b>Other</b> | <b>Total</b> |
| Operating revenues                            | \$ 1,052,182    | \$ 320,134 | \$ -         | \$ 1,372,316 |
| Fuel, purchased supply & direct transmission* | 294,820         | 130,728    | -            | 425,548      |
| Utility margin <sup>(1)</sup>                 | 757,362         | 189,406    | -            | 946,768      |
| Operating and maintenance                     | 156,383         | 51,920     | -            | 208,303      |
| Administrative and general                    | 72,641          | 27,550     | 1,682        | 101,873      |
| Property and other taxes                      | 134,910         | 38,526     | 8            | 173,444      |
| Depreciation & depletion                      | 154,626         | 32,841     | -            | 187,467      |
| Operating Income (loss)                       | 238,802         | 38,569     | (1,690)      | 275,681      |
| Interest expense                              | (82,678)        | (6,083)    | (4,913)      | (93,674)     |
| Other income                                  | 3,676           | 3,046      | 1,530        | 8,252        |
| Income tax (expense) benefit                  | (2,512)         | (2,640)    | 1,733        | (3,419)      |
| Net income (loss)                             | \$ 157,288      | \$ 32,892  | \$ (3,340)   | \$ 186,840   |

\* Direct Transmission expense excludes depreciation and depletion

## Twelve Months Ended December 31,

|  | Revenues            |                     | Change           |              | Megawatt Hours (MWH) |               | Average Customer Counts |                |
|--|---------------------|---------------------|------------------|--------------|----------------------|---------------|-------------------------|----------------|
|  | 2022                | 2021                | \$               | %            | 2022                 | 2021          | 2022                    | 2021           |
|  | (in thousands)      |                     |                  |              |                      |               |                         |                |
| Montana  | \$ 357,384          | \$ 334,581          | \$ 22,803        | 6.8 %        | 2,868                | 2,729         | 316,968                 | 311,922        |
| South Dakota   | 69,809              | 65,429              | 4,380            | 6.7 %        | 596                  | 571           | 51,069                  | 50,805         |
| <b>Residential</b>   | <b>427,193</b>      | <b>400,010</b>      | <b>27,183</b>    | <b>6.8 %</b> | <b>3,464</b>         | <b>3,300</b>  | <b>368,037</b>          | <b>362,727</b> |
| Montana  | 368,634             | 356,669             | 11,965           | 3.4 %        | 3,237                | 3,176         | 73,093                  | 71,605         |
| South Dakota   | 108,202             | 102,475             | 5,727            | 5.6 %        | 1,114                | 1,092         | 12,897                  | 12,795         |
| <b>Commercial</b>  | <b>476,836</b>      | <b>459,144</b>      | <b>17,692</b>    | <b>3.9 %</b> | <b>4,351</b>         | <b>4,268</b>  | <b>85,990</b>           | <b>84,400</b>  |
| Industrial   | 39,773              | 37,866              | 1,907            | 5.0 %        | 2,590                | 2,448         | 76                      | 77             |
| Other  | 31,007              | 32,084              | (1,077)          | (3.4) %      | 161                  | 175           | 6,406                   | 6,333          |
| <b>Total Retail Electric</b>   | <b>\$ 974,809</b>   | <b>\$ 929,104</b>   | <b>\$ 45,705</b> | <b>4.9 %</b> | <b>10,566</b>        | <b>10,191</b> | <b>460,509</b>          | <b>453,537</b> |
| Regulatory amortization  | 46,382              | 34,395              | 11,987           | 34.9 %       |                      |               |                         |                |
| Transmission   | 77,791              | 82,628              | (4,837)          | (5.9) %      |                      |               |                         |                |
| Wholesale and other  | 7,583               | 6,055               | 1,528            | 25.2 %       |                      |               |                         |                |
| <b>Total Revenues</b>  | <b>\$ 1,106,565</b> | <b>\$ 1,052,182</b> | <b>\$ 54,383</b> | <b>5.2 %</b> |                      |               |                         |                |
| <b>Total fuel, purchased supply &amp; direct transmission expense*</b> | 324,434             | 294,820             | 29,614           | 10.0 %       |                      |               |                         |                |
| <b>Utility Margin<sup>(1)</sup></b>                                    | <b>\$ 782,131</b>   | <b>\$ 757,362</b>   | <b>\$ 24,769</b> | <b>3.3 %</b> |                      |               |                         |                |

\* Direct transmission expense is exclusive of depreciation and depletion expense



## Twelve Months Ended December 31,

|  | Revenues          |                   | Change           |               | Dekatherms (Dkt) |               | Average Customer Counts |                |
|--|-------------------|-------------------|------------------|---------------|------------------|---------------|-------------------------|----------------|
|  | 2022              | 2021              | \$               | %             | 2022             | 2021          | 2022                    | 2021           |
|  | (in thousands)    |                   |                  |               |                  |               |                         |                |
| Montana  | \$ 152,343        | \$ 126,043        | \$ 26,300        | 20.9 %        | 15,319           | 13,885        | 181,879                 | 179,637        |
| South Dakota   | 39,178            | 26,596            | 12,582           | 47.3 %        | 3,280            | 2,834         | 41,524                  | 41,079         |
| Nebraska   | 35,756            | 20,964            | 14,792           | 70.6 %        | 2,558            | 2,480         | 37,693                  | 37,603         |
| <b>Residential</b>   | <b>227,277</b>    | <b>173,603</b>    | <b>53,674</b>    | <b>30.9 %</b> | <b>21,157</b>    | <b>19,199</b> | <b>261,096</b>          | <b>258,319</b> |
| Montana  | 79,274            | 64,681            | 14,593           | 22.6 %        | 8,329            | 7,446         | 25,319                  | 24,927         |
| South Dakota   | 28,487            | 19,131            | 9,356            | 48.9 %        | 2,981            | 2,744         | 7,058                   | 6,896          |
| Nebraska   | 22,071            | 11,371            | 10,700           | 94.1 %        | 1,846            | 1,755         | 5,003                   | 4,963          |
| <b>Commercial</b>  | <b>129,832</b>    | <b>95,183</b>     | <b>34,649</b>    | <b>36.4 %</b> | <b>13,156</b>    | <b>11,945</b> | <b>37,380</b>           | <b>36,786</b>  |
| Industrial   | 1,520             | 1,134             | 386              | 34.0 %        | 163              | 135           | 232                     | 229            |
| Other  | 1,932             | 1,417             | 515              | 36.3 %        | 232              | 187           | 178                     | 166            |
| <b>Total Retail Electric</b>   | <b>\$ 360,561</b> | <b>\$ 271,337</b> | <b>\$ 89,224</b> | <b>32.9 %</b> | <b>34,708</b>    | <b>31,466</b> | <b>298,886</b>          | <b>295,500</b> |
| Regulatory amortization  | (27,964)          | 12,048            | (40,012)         | (332.1) %     |                  |               |                         |                |
| Wholesale and other  | 38,675            | 36,749            | 1,926            | 5.2 %         |                  |               |                         |                |
| <b>Total Revenues</b>  | <b>\$ 371,272</b> | <b>\$ 320,134</b> | <b>\$ 51,138</b> | <b>16.0 %</b> |                  |               |                         |                |
| <b>Total fuel, purchased supply &amp; direct transmission expense*</b> | <b>167,577</b>    | <b>130,728</b>    | <b>36,849</b>    | <b>28.2 %</b> |                  |               |                         |                |
| <b>Utility Margin <sup>(1)</sup></b>                                   | <b>\$ 203,695</b> | <b>\$ 189,406</b> | <b>\$ 14,289</b> | <b>7.5 %</b>  |                  |               |                         |                |

\* Direct transmission expense is exclusive of depreciation and depletion expense

# Quarter Financial Results

(4<sup>th</sup> Quarter)

(in millions except per share amounts)

|  | Three Months Ended December 31, |                |                |              |
|--|---------------------------------|----------------|----------------|--------------|
|  | 2022                            | 2021           | Variance       | % Variance   |
| <b>Operating Revenues</b>  | \$ 425.2                        | \$ 347.3       | \$ 77.9        | 22.4%        |
| Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion) | 152.9                           | 114.4          | 38.5           | 33.7%        |
| <b>Utility Margin <sup>(1)</sup></b>   | <b>272.3</b>                    | <b>232.9</b>   | <b>39.4</b>    | <b>16.9%</b> |
| <b>Operating Expenses</b>  |                                 |                |                |              |
| Operating and maintenance  | 60.7                            | 49.0           | 11.7           | 23.9%        |
| Administrative and general   | 26.8                            | 22.3           | 4.5            | 20.2%        |
| Property and other taxes   | 52.2                            | 35.0           | 17.2           | 49.1%        |
| Depreciation and depletion   | 49.3                            | 46.6           | 2.7            | 5.8%         |
| <b>Total Operating Expenses</b>  | <b>189.0</b>                    | <b>152.9</b>   | <b>36.1</b>    | <b>23.6%</b> |
| <b>Operating Income</b>  | <b>83.3</b>                     | <b>80.0</b>    | <b>3.3</b>     | <b>4.1%</b>  |
| Interest expense   | (27.1)                          | (23.4)         | (3.7)          | (15.8%)      |
| Other income, net  | 7.6                             | (5.7)          | 13.3           | 233.3%       |
| <b>Income Before Taxes</b>   | <b>63.8</b>                     | <b>50.9</b>    | <b>12.9</b>    | <b>25.3%</b> |
| Income tax benefit   | 2.9                             | 0.4            | 2.5            | 625.0%       |
| <b>Net Income</b>  | <b>\$ 66.7</b>                  | <b>\$ 51.3</b> | <b>\$ 15.4</b> | <b>30.0%</b> |
| Effective Tax Rate   | (4.5%)                          | (0.8%)         | -3.6%          |              |
| Diluted Shares Outstanding   | 58.5                            | 53.6           | 4.9            | 9.2%         |
| <b>Diluted Earnings Per Share</b>  | <b>\$1.16</b>                   | <b>\$ 0.96</b> | <b>\$ 0.20</b> | <b>20.8%</b> |
| Dividends Paid per Common Share  | \$ 0.63                         | \$ 0.62        | \$ 0.01        | 1.6%         |

(dollars in millions)

## Three Months Ended December 31,

|  | 2022            | 2021            | Variance       |              |
|--|-----------------|-----------------|----------------|--------------|
| Electric                                   | \$ 205.6        | \$ 177.2        | \$ 28.5        | 16.1%        |
| Natural Gas                                | 66.6            | 55.7            | 11.0           | 19.7%        |
| <b>Total Utility Margin <sup>(1)</sup></b> | <b>\$ 272.2</b> | <b>\$ 232.9</b> | <b>\$ 39.4</b> | <b>16.9%</b> |

### Increase in utility margin due to the following factors:

|        |  |
|--------|--|
| \$ 9.5 | Montana interim rates  |
| 9.2    | Electric retail volumes  |
| 5.8    | Natural gas retail volumes   |
| 0.8    | Higher transmission revenue (higher demand from market conditions) |
| 0.4    | Prior year electric QF liability adjustment                        |
| (0.2)  | Higher non-recoverable Montana electric supply costs               |
| 1.8    | Other  |

### \$ 27.3 Change in Utility Margin Impacting Net Income

|         |   |
|---------|---|
| \$ 11.4 | Higher property taxes recovered in revenue, offset in property tax expense      |
| 0.5     | Higher operating expenses recovered in revenue, offset in O&M expense           |
| 0.2     | Higher revenue from higher production tax credits, offset in income tax expense |

### \$ 12.1 Change in Utility Margin Offset Within Net Income

### \$ 39.4 Increase in Utility Margin

(dollars in millions)

## Three Months Ended December 31,

|                            | 2022            | 2021            | Variance       |              |
|----------------------------|-----------------|-----------------|----------------|--------------|
| Operating & maintenance    | \$ 60.7         | \$ 49.0         | \$ 11.7        | 23.9%        |
| Administrative & general   | 26.8            | 22.3            | 4.5            | 20.2%        |
| Property and other taxes   | 52.2            | 35.0            | 17.2           | 49.1%        |
| Depreciation and depletion | 49.3            | 46.6            | 2.7            | 5.8%         |
| <b>Operating Expenses</b>  | <b>\$ 189.0</b> | <b>\$ 152.9</b> | <b>\$ 36.1</b> | <b>23.6%</b> |

(1) In order to present the total change in labor and benefits, we have included the change in the non-service cost component of our pension and other postretirement benefits, which is recorded within other income on our Condensed Consolidated Statements of Income. This change is offset within this table as it does not affect our operating expenses.

### Increase in operating expenses due to the following factors:

|        |  |
|--------|--|
| \$ 5.5 | Higher property and other taxes                          |
| 2.7    | Higher depreciation due to plant additions               |
| 0.8    | Higher expenses at our electric generation facilities    |
| 0.5    | Higher travel expense                                    |
| 0.4    | Higher insurance expense                                 |
| 0.3    | Higher technology implementation and maintenance expense |
| (2.3)  | Lower labor and benefits <sup>(1)</sup>                  |
| (0.4)  | Prior year write-off of preliminary construction costs   |
| (0.2)  | Lower Uncollectible accounts expenses                    |
| 3.8    | Other miscellaneous                                      |

### \$ 11.2 Change in Operating Expense Items Impacting Net Income

|         |  |
|---------|--|
| \$ 12.0 | Higher pension and other postretirement benefits, offset in other income                   |
| 11.7    | Higher property and other taxes recovered in trackers, offset in revenue                   |
| 0.7     | Higher non-employee directors deferred compensation, offset in other income <sup>(1)</sup> |
| 0.5     | Higher operating and maintenance expenses recovered in trackers, offset in revenue         |

### \$ 24.9 Change in Operating Expense Items Offset Within Net Income

\$ 36.1 Increase in Operating Expenses

*(dollars in millions)***Three Months Ended December 31,**

|                            | <b>2022</b>    | <b>2021</b>    | <b>Variance</b> |              |
|----------------------------|----------------|----------------|-----------------|--------------|
| <b>Operating Income</b>    | <b>\$ 83.3</b> | <b>\$ 80.0</b> | <b>\$ 3.3</b>   | <b>4.1%</b>  |
| Interest expense           | (27.1)         | (23.4)         | (3.7)           | (15.8%)      |
| Other income, net          | 7.6            | (5.7)          | 13.3            | 233.3%       |
| <b>Income Before Taxes</b> | <b>63.8</b>    | <b>50.9</b>    | <b>12.9</b>     | <b>25.3%</b> |
| Income tax benefit         | 2.9            | 0.4            | 2.5             | 625.0%       |
| <b>Net Income</b>          | <b>\$ 66.7</b> | <b>\$ 51.3</b> | <b>\$ 15.3</b>  | <b>30.0%</b> |

**\$3.7 million increase in interest expenses** was primarily due to higher interest rates on borrowings under our revolving credit facilities, partly offset by higher capitalization of AFUDC.

**\$13.3 million increase in other income** was primarily due to a decrease in the non-service cost component of pension expense, higher capitalization of AFUDC, and an increase in the value of deferred shares held in trust for non-employee directors deferred compensation (which is offset in operating expense).

**\$2.5 million increase in income tax benefits** was primarily due higher flow-through benefits partially offset by higher pre-tax income.

(in millions)

|   | Three Months Ended December 31, |         |                 |         |                 |
|---|---------------------------------|---------|-----------------|---------|-----------------|
|   | 2022                            |         | 2021            |         | Variance        |
| <b>Income Before Income Taxes</b>               | <b>\$63.8</b>                   |         | <b>\$50.9</b>   |         | <b>\$12.9</b>   |
| Income tax calculated at federal statutory rate | 13.4                            | 21.0%   | 10.7            | 21.0%   | 2.7             |
| <u>Permanent or flow through adjustments:</u>   |                                 |         |                 |         |                 |
| State income taxes, net of federal provisions   | (0.4)                           | (0.6%)  | (0.3)           | (0.6%)  | (0.1)           |
| Flow - through repairs deductions               | (9.2)                           | (14.4%) | (6.3)           | (12.4%) | (2.9)           |
| Production tax credits                          | (5.1)                           | (8%)    | (3.1)           | (6.1%)  | (2.0)           |
| Income tax return to accrual adjustment         | (0.5)                           | (0.8%)  | (0.4)           | (0.8%)  | (0.1)           |
| Amortization of excess deferred income taxes    | (0.9)                           | (1.4%)  | -               | -       | (0.9)           |
| Share-based compensation                        | 0.3                             | 0.5%    | 0.3             | 0.6%    | -               |
| Plant and depreciation of flow-through items    | (0.6)                           | (0.9%)  | (0.1)           | (0.2%)  | (0.5)           |
| Other, net                                      | 0.1                             | 0.20%   | (1.2)           | (2.4%)  | 1.3             |
| Sub-total                                       | (16.3)                          | (25.4%) | (11.1)          | (21.9%) | (5.2)           |
| <b>Income Tax (Benefit) Expense</b>             | <b>\$ (2.9)</b>                 |         | <b>\$ (0.4)</b> |         | <b>\$ (2.5)</b> |

(Unaudited) (in thousands)

**Three Months Ending December 31, 2022**

|   | <b>Electric</b>  | <b>Gas</b>       | <b>Other</b>      | <b>Total</b>     |
|---|------------------|------------------|-------------------|------------------|
| Operating revenues                            | \$ 299,150       | \$ 126,133       | \$ -              | \$ 425,283       |
| Fuel, purchased supply & direct transmission* | 93,562           | 59,455           | -                 | 153,017          |
| Utility margin                                | 205,588          | 66,678           | -                 | 272,266          |
| Operating and maintenance                     | 46,561           | 14,081           | -                 | 60,642           |
| Administrative and general                    | 18,814           | 7,245            | 707               | 26,766           |
| Property and other taxes                      | 40,577           | 11,736           | 2                 | 52,315           |
| Depreciation & depletion                      | 41,148           | 8,167            | -                 | 49,315           |
| Operating income                              | 58,488           | 25,449           | (709)             | 83,228           |
| Interest expense                              | (18,389)         | (3,079)          | (5,561)           | (27,029)         |
| Other income                                  | 5,246            | 1,730            | 667               | 7,643            |
| Income tax (expense) benefit                  | 3,588            | (1,845)          | 1,159             | 2,902            |
| Net income (loss)                             | <u>\$ 48,933</u> | <u>\$ 22,255</u> | <u>\$ (4,444)</u> | <u>\$ 66,744</u> |

**Three Months Ending December 31, 2021**

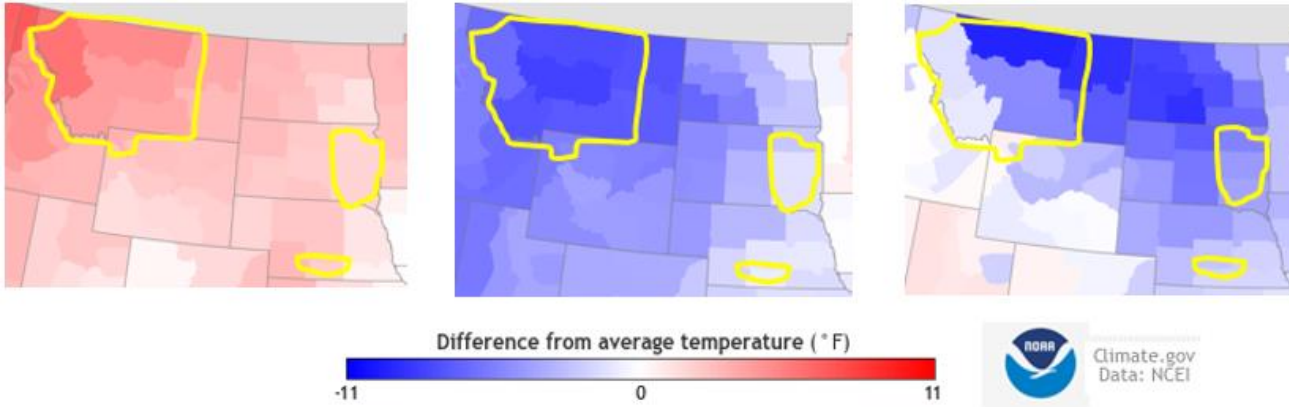
|   | <b>Electric</b>  | <b>Gas</b>       | <b>Other</b>  | <b>Total</b>     |
|---|------------------|------------------|---------------|------------------|
| Operating revenues                            | \$ 253,198       | \$ 94,143        | \$ -          | \$ 347,341       |
| Fuel, purchased supply & direct transmission* | 76,018           | 38,393           | -             | 114,411          |
| Utility margin                                | 177,180          | 55,750           | -             | 232,930          |
| Operating and maintenance                     | 34,370           | 14,616           | -             | 48,986           |
| Administrative and general                    | 18,243           | 3,981            | 53            | 22,277           |
| Property and other taxes                      | 26,860           | 8,245            | 2             | 35,107           |
| Depreciation & depletion                      | 38,768           | 7,803            | -             | 46,571           |
| Operating income                              | 58,939           | 21,105           | (55)          | 79,989           |
| Interest expense                              | (20,671)         | (1,533)          | (1,204)       | (23,408)         |
| Other income (expense)                        | (4,716)          | (989)            | 25            | (5,680)          |
| Income tax (expense) benefit                  | (143)            | (1,135)          | 1,713         | 435              |
| Net income                                    | <u>\$ 33,409</u> | <u>\$ 17,448</u> | <u>\$ 479</u> | <u>\$ 51,336</u> |

\* Direct Transmission expense excludes depreciation and depletion

October 2022

November 2022

December 2022



We estimated a \$2.3 million pre-tax benefit as compared to normal and a \$7.5 million benefit as compared to Q4 2021.

Snow water equivalents generally in line with the 30-year medians.

(Missouri, Madison & Clark Fork Rivers and West Rosebud Creek basins)

## Snow Water Equivalent Percent to 30-Year Normal





|  | Three Months Ended December 31, |                   |                  |               |              |              |                |                |
|--|---------------------------------|-------------------|------------------|---------------|--------------|--------------|----------------|----------------|
|  | Revenues                        |                   | Change           |               | (MWH)        |              | Counts         |                |
|  | 2022                            | 2021              | \$               | %             | 2022         | 2021         | 2022           | 2021           |
|  | (in thousands)                  |                   |                  |               |              |              |                |                |
| Montana  | \$ 104,491                      | \$ 83,138         | \$ 21,353        | 25.7 %        | 751          | 662          | 318,975        | 313,923        |
| South Dakota   | 14,831                          | 14,398            | 433              | 3.0 %         | 126          | 118          | 51,291         | 50,925         |
| <b>Residential</b>   | <b>119,322</b>                  | <b>97,536</b>     | <b>21,786</b>    | <b>22.3 %</b> | <b>877</b>   | <b>780</b>   | <b>370,266</b> | <b>364,848</b> |
| Montana  | 105,210                         | 90,025            | 15,185           | 16.9 %        | 817          | 778          | 73,650         | 72,109         |
| South Dakota   | 25,030                          | 25,506            | (476)            | (1.9) %       | 265          | 266          | 12,942         | 12,795         |
| <b>Commercial</b>  | <b>130,240</b>                  | <b>115,531</b>    | <b>14,709</b>    | <b>12.7 %</b> | <b>1,082</b> | <b>1,044</b> | <b>86,592</b>  | <b>84,904</b>  |
| Industrial   | 11,347                          | 9,780             | 1,567            | 16.0 %        | 679          | 606          | 77             | 76             |
| Other  | 5,642                           | 5,286             | 356              | 6.7 %         | 19           | 20           | 6,159          | 5,981          |
| <b>Total Retail Electric</b>   | <b>\$ 266,551</b>               | <b>\$ 228,133</b> | <b>\$ 38,418</b> | <b>16.8 %</b> | <b>2,657</b> | <b>2,450</b> | <b>463,094</b> | <b>455,809</b> |
| Regulatory amortization  | 10,295                          | 4,482             | 5,813            | 129.7 %       |              |              |                |                |
| Transmission   | 19,656                          | 18,866            | 790              | 4.2 %         |              |              |                |                |
| Wholesale and other  | 2,648                           | 1,717             | 931              | 54.2 %        |              |              |                |                |
| <b>Total Revenues</b>  | <b>\$ 299,150</b>               | <b>\$ 253,198</b> | <b>\$ 45,952</b> | <b>18.1 %</b> |              |              |                |                |
| <b>Total fuel, purchased supply &amp; direct transmission expense*</b> | 93,562                          | 76,018            | 17,544           | 23.1 %        |              |              |                |                |
| <b>Utility Margin <sup>(1)</sup></b>                                   | <b>\$ 205,588</b>               | <b>\$ 177,180</b> | <b>\$ 28,408</b> | <b>16.0 %</b> |              |              |                |                |

\* Direct transmission expense is exclusive of depreciation and depletion expense

## Three Months Ended December 31,

|  | Revenues          |                  | Change           |               | Dekatherms (Dkt) |              | Counts         |                |
|--|-------------------|------------------|------------------|---------------|------------------|--------------|----------------|----------------|
|  | 2022              | 2021             | \$               | %             | 2022             | 2021         | 2022           | 2021           |
|  | (in thousands)    |                  |                  |               |                  |              |                |                |
| Montana  | \$ 60,674         | \$ 43,619        | \$ 17,055        | 39.1 %        | 5,850            | 4,766        | 182,630        | 180,525        |
| South Dakota   | 7,492             | 7,942            | (450)            | (5.7) %       | 714              | 586          | 41,948         | 41,390         |
| Nebraska   | 9,728             | 6,365            | 3,363            | 52.8 %        | 598              | 493          | 37,868         | 37,732         |
| <b>Residential</b>   | <b>77,894</b>     | <b>57,926</b>    | <b>19,968</b>    | <b>34.5 %</b> | <b>7,162</b>     | <b>5,845</b> | <b>262,446</b> | <b>259,647</b> |
| Montana  | 30,461            | 21,791           | 8,670            | 39.8 %        | 3,038            | 2,469        | 25,437         | 25,080         |
| South Dakota   | 5,457             | 6,569            | (1,112)          | (16.9) %      | 667              | 684          | 7,151          | 6,966          |
| Nebraska   | 6,067             | 3,631            | 2,436            | 67.1 %        | 435              | 358          | 5,049          | 4,994          |
| <b>Commercial</b>  | <b>41,985</b>     | <b>31,991</b>    | <b>9,994</b>     | <b>31.2 %</b> | <b>4,140</b>     | <b>3,511</b> | <b>37,637</b>  | <b>37,040</b>  |
| Industrial   | 630               | 408              | 222              | 54.4 %        | 63               | 47           | 233            | 228            |
| Other  | 551               | 410              | 141              | 34.4 %        | 61               | 51           | 182            | 174            |
| <b>Total Retail Electric</b>   | <b>\$ 121,060</b> | <b>\$ 90,735</b> | <b>\$ 30,325</b> | <b>33.4 %</b> | <b>11,426</b>    | <b>9,454</b> | <b>300,498</b> | <b>297,089</b> |
| Regulatory amortization  | (5,776)           | (5,903)          | 127              | (2.2) %       |                  |              |                |                |
| Wholesale and other  | 10,849            | 9,311            | 1,538            | 16.5 %        |                  |              |                |                |
| <b>Total Revenues</b>  | <b>\$ 126,133</b> | <b>\$ 94,143</b> | <b>\$ 31,990</b> | <b>34.0 %</b> |                  |              |                |                |
| <b>Total fuel, purchased supply &amp; direct transmission expense*</b> | 59,455            | 38,393           | 21,062           | 54.9 %        |                  |              |                |                |
| <b>Utility Margin <sup>(1)</sup></b>                                   | <b>\$ 66,678</b>  | <b>\$ 55,750</b> | <b>\$ 10,928</b> | <b>19.6 %</b> |                  |              |                |                |

\* Direct transmission expense is exclusive of depreciation and depletion expense

## Reconciliation of Gross Margin to Utility Margin for quarter ending December 31,

|   | Electric        |                 | Natural Gas    |                | Total           |                 |
|---|-----------------|-----------------|----------------|----------------|-----------------|-----------------|
|   | 2022            | 2021            | 2022           | 2021           | 2022            | 2021            |
| (in millions)   |                 |                 |                |                |                 |                 |
| <b>Reconciliation of gross margin to utility margin</b>   |                 |                 |                |                |                 |                 |
| Operating Revenues  | \$ 299.1        | \$ 253.2        | \$ 126.1       | \$ 94.1        | \$ 425.2        | \$ 347.3        |
| Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below) | 93.5            | 76.0            | 59.5           | 38.4           | 153.0           | 114.4           |
| Less: Operating & maintenance expense   | 46.6            | 34.4            | 14.0           | 14.6           | 60.6            | 49.0            |
| Less: Property and other tax expense  | 40.6            | 26.8            | 11.7           | 8.3            | 52.3            | 35.1            |
| Less: Depreciation and depletion expense  | 41.1            | 38.7            | 8.2            | 7.8            | 49.3            | 46.5            |
| <b>Gross Margin</b>   | <b>77.3</b>     | <b>77.3</b>     | <b>32.7</b>    | <b>25.0</b>    | <b>110.0</b>    | <b>102.3</b>    |
| Plus: Operating & maintenance expense   | 46.6            | 34.4            | 14.0           | 14.6           | 60.6            | 49.0            |
| Plus: Property and other tax expense  | 40.6            | 26.8            | 11.7           | 8.3            | 52.3            | 35.1            |
| Plus: Depreciation and depletion  | 41.1            | 38.7            | 8.2            | 7.8            | 49.3            | 46.5            |
| <b>Utility Margin <sup>(1)</sup></b>  | <b>\$ 205.6</b> | <b>\$ 177.2</b> | <b>\$ 66.6</b> | <b>\$ 55.7</b> | <b>\$ 272.2</b> | <b>\$ 232.9</b> |

## Reconciliation of Gross Margin to Utility Margin Twelve Months Ending December 31,

|   | Electric        |                 | Natural Gas     |                 | Total           |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2022            | 2021            | 2022            | 2021            | 2022            | 2021            |
| (in millions)   |                 |                 |                 |                 |                 |                 |
| <b>Reconciliation of gross margin to utility margin</b>   |                 |                 |                 |                 |                 |                 |
| Operating Revenues  | \$1,106.5       | \$1,052.2       | \$ 371.3        | \$ 320.1        | \$1,477.8       | \$1,372.3       |
| Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below) | 324.4           | 294.8           | 167.6           | 130.7           | 492.0           | 425.5           |
| Less: Operating & maintenance expense   | 167.8           | 156.4           | 53.6            | 51.9            | 221.4           | 208.3           |
| Less: Property and other tax expense  | 149.8           | 134.9           | 42.7            | 38.5            | 192.5           | 173.4           |
| Less: Depreciation and depletion expense  | 162.4           | 154.6           | 32.6            | 32.8            | 195.0           | 187.4           |
| <b>Gross Margin</b>   | <b>302.1</b>    | <b>311.5</b>    | <b>74.8</b>     | <b>66.2</b>     | <b>376.9</b>    | <b>377.7</b>    |
| Plus: Operating & maintenance expense   | 167.8           | 156.4           | 53.6            | 51.9            | 221.4           | 208.3           |
| Plus: Property and other tax expense  | 149.8           | 134.9           | 42.7            | 38.5            | 192.5           | 173.4           |
| Plus: Depreciation and depletion  | 162.4           | 154.6           | 32.6            | 32.8            | 195.0           | 187.4           |
| <b>Utility Margin <sup>(1)</sup></b>  | <b>\$ 782.1</b> | <b>\$ 757.4</b> | <b>\$ 203.7</b> | <b>\$ 189.4</b> | <b>\$ 985.8</b> | <b>\$ 946.8</b> |

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results.

Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

## Use of Non-GAAP Financial Measures - Reconcile to Non-GAAP diluted EPS

| <b>Pre-Tax Adjustments (\$ Millions)</b>                               | <b>2013</b>     | <b>2014</b>     | <b>2015</b>     | <b>2016</b>     | <b>2017</b>     | <b>2018</b>     | <b>2019</b>     | <b>2020</b>     | <b>2021</b>     | <b>2022</b>     |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Reported GAAP Pre-Tax Income</b>                                    | <b>\$ 108.3</b> | <b>\$ 110.4</b> | <b>\$ 181.2</b> | <b>\$ 156.5</b> | <b>\$ 176.1</b> | <b>\$ 178.3</b> | <b>\$ 182.2</b> | <b>\$ 144.2</b> | <b>\$ 190.2</b> | <b>\$ 182.4</b> |
| Non-GAAP Adjustments to Pre-Tax Income:                                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Weather  | (3.7)           | (1.3)           | 13.2            | 15.2            | (3.4)           | (1.3)           | (7.3)           | 9.8             | 1.1             | (8.9)           |
| Lost revenue recovery related to prior periods                         | (1.0)           | -               | -               | (14.2)          | -               | -               | -               | -               | -               | -               |
| Remove hydro acquisition transaction costs                             | 6.3             | 15.4            | -               | -               | -               | -               | -               | -               | -               | -               |
| Exclude unplanned hydro earnings                                       | -               | (8.7)           | -               | -               | -               | -               | -               | -               | -               | -               |
| Remove benefit of insurance settlement                                 | -               | -               | (20.8)          | -               | -               | -               | -               | -               | -               | -               |
| QF liability adjustment  | -               | -               | 6.1             | -               | -               | (17.5)          | -               | -               | (6.9)           | -               |
| Electric tracker disallowance of prior period costs                    | -               | -               | -               | 12.2            | -               | -               | -               | 9.9             | -               | -               |
| Income tax adjustment  | -               | -               | -               | -               | -               | 9.4             | -               | -               | -               | -               |
| Community Renewable Energy Project Penalty                             | -               | -               | -               | -               | -               | -               | -               | -               | -               | 2.5             |
| Unplanned Equity Dilution from Hydro transaction                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Adjusted Non-GAAP Pre-Tax Income</b>                                | <b>\$ 109.8</b> | <b>\$ 115.8</b> | <b>\$ 179.7</b> | <b>\$ 169.7</b> | <b>\$ 172.7</b> | <b>\$ 168.9</b> | <b>\$ 174.9</b> | <b>\$ 163.9</b> | <b>\$ 184.4</b> | <b>\$ 176.0</b> |
| <b>Tax Adjustments to Non-GAAP Items (\$ Millio</b>                    |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>GAAP Net Income</b>   | <b>\$ 94.0</b>  | <b>\$ 120.7</b> | <b>\$ 151.2</b> | <b>\$ 164.2</b> | <b>\$ 162.7</b> | <b>\$ 197.0</b> | <b>\$ 202.1</b> | <b>\$ 155.2</b> | <b>\$ 186.8</b> | <b>\$ 183.0</b> |
| Non-GAAP Adjustments Taxed at 38.5% ('12-'17) and 25.3% ('18-current): |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Weather  | (2.3)           | (0.8)           | 8.1             | 9.3             | (2.1)           | (1.0)           | (5.5)           | 7.3             | 0.8             | (6.6)           |
| Lost revenue recovery related to prior periods                         | (0.6)           | -               | -               | (8.7)           | -               | -               | -               | -               | -               | -               |
| Remove hydro acquisition transaction costs                             | 3.9             | 9.5             | -               | -               | -               | -               | -               | -               | -               | -               |
| Exclude unplanned hydro earnings                                       | -               | (5.4)           | -               | -               | -               | -               | -               | -               | -               | -               |
| Remove benefit of insurance settlement                                 | -               | -               | (12.8)          | -               | -               | -               | -               | -               | -               | -               |
| QF liability adjustment  | -               | -               | 3.8             | -               | -               | (13.1)          | -               | -               | (5.2)           | -               |
| Electric tracker disallowance of prior period costs                    | -               | -               | -               | 7.5             | -               | -               | -               | 7.4             | -               | -               |
| Income tax adjustment  | -               | (18.5)          | -               | (12.5)          | -               | (12.8)          | (22.8)          | -               | -               | -               |
| Community Renewable Energy Project Penalty                             | -               | -               | -               | -               | -               | -               | -               | -               | -               | 2.5             |
| Unplanned Equity Dilution from Hydro transaction                       | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Non-GAAP Net Income</b>   | <b>\$ 94.9</b>  | <b>\$ 105.5</b> | <b>\$ 150.3</b> | <b>\$ 159.8</b> | <b>\$ 160.6</b> | <b>\$ 170.1</b> | <b>\$ 173.8</b> | <b>\$ 169.9</b> | <b>\$ 182.4</b> | <b>\$ 178.9</b> |
| <b>Non-GAAP Diluted Earnings Per Share</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Diluted Average Shares (Millions)</b>                               | <b>38.2</b>     | <b>40.4</b>     | <b>47.6</b>     | <b>48.5</b>     | <b>48.7</b>     | <b>50.2</b>     | <b>50.8</b>     | <b>50.7</b>     | <b>51.9</b>     | <b>56.3</b>     |
| <b>Reported GAAP Diluted earnings per share</b>                        | <b>\$ 2.46</b>  | <b>\$ 2.99</b>  | <b>\$ 3.17</b>  | <b>\$ 3.39</b>  | <b>\$ 3.34</b>  | <b>\$ 3.92</b>  | <b>\$ 3.98</b>  | <b>\$ 3.06</b>  | <b>\$ 3.60</b>  | <b>\$ 3.25</b>  |
| Non-GAAP Adjustments:  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Weather  | (0.05)          | (0.02)          | 0.17            | 0.19            | (0.04)          | (0.02)          | (0.11)          | 0.14            | 0.01            | (0.11)          |
| Lost revenue recovery related to prior periods                         | (0.02)          | -               | -               | (0.18)          | -               | -               | -               | -               | -               | -               |
| Remove hydro acquisition transaction costs                             | 0.11            | 0.24            | -               | -               | -               | -               | -               | -               | -               | -               |
| Exclude unplanned hydro earnings                                       | -               | (0.14)          | -               | -               | -               | -               | -               | -               | -               | -               |
| Remove benefit of insurance settlements & recoveries                   | -               | -               | (0.27)          | -               | -               | -               | -               | -               | -               | -               |
| QF liability adjustment  | -               | -               | 0.08            | -               | -               | (0.26)          | -               | -               | (0.10)          | 0.04            |
| Electric tracker disallowance of prior period costs                    | -               | -               | -               | 0.16            | -               | -               | -               | 0.15            | -               | -               |
| Income tax adjustment  | -               | (0.47)          | -               | (0.26)          | -               | (0.25)          | (0.45)          | -               | -               | -               |
| Community Renewable Energy Project Penalty                             | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Unplanned Equity Dilution from Hydro transaction                       | -               | 0.08            | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Non-GAAP Diluted Earnings Per Share</b>                             | <b>\$ 2.50</b>  | <b>\$ 2.68</b>  | <b>\$ 3.15</b>  | <b>\$ 3.30</b>  | <b>\$ 3.30</b>  | <b>\$ 3.39</b>  | <b>\$ 3.42</b>  | <b>\$ 3.35</b>  | <b>\$ 3.51</b>  | <b>\$ 3.18</b>  |

This presentation includes financial information prepared in accordance with GAAP, as well as other financial measures, such as Utility Margin, Adjusted Non-GAAP pretax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP Diluted EPS that are considered “non-GAAP financial measures.” Generally, a non-GAAP financial measure is 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.

We define Utility Margin as Operating Revenues less fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion) as presented in our Consolidated Statements of Income. This measure differs from the GAAP definition of Gross Margin due to the exclusion of Operating and maintenance, Property and other taxes, and Depreciation and depletion expenses, which are presented separately in our Consolidated Statements of Income. A reconciliation of Utility Margin to Gross Margin, the most directly comparable GAAP measure, is included in this presentation.

Management believes that Utility Margin provides a useful measure for investors and other financial statement users to analyze our financial performance in that it excludes the effect on total revenues caused by volatility in energy costs and associated regulatory mechanisms. This information is intended to enhance an investor's overall understanding of results. Under our various state regulatory mechanisms, as detailed below, our supply costs are generally collected from customers. In addition, Utility Margin is used by us to determine whether we are collecting the appropriate amount of energy costs from customers to allow recovery of operating costs, as well as to analyze how changes in loads (due to weather, economic or other conditions), rates and other factors impact our results of operations. Our Utility Margin measure may not be comparable to that of other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Management also believes the presentation of Adjusted Non-GAAP pre-tax income, Adjusted Non-GAAP net income and Adjusted Non-GAAP Diluted EPS is more representative of normal earnings than GAAP pre-tax income, net income and EPS due to the exclusion (or inclusion) of certain impacts that are not reflective of ongoing earnings. The presentation of these non-GAAP measures is intended to supplement investors' understanding of our financial performance and not to replace other GAAP measures as an indicator of actual operating performance. Our measures may not be comparable to other companies' similarly titled measures.



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