



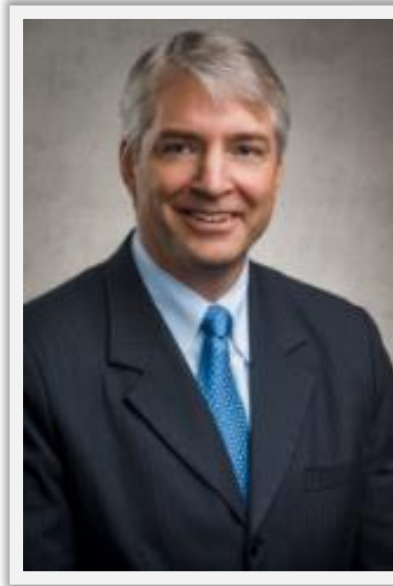
# 2022 Second Quarter Earnings Webcast

July 28, 2022

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



**Bob Rowe**  
CEO



**Brian Bird**  
President & COO



**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.



# Recent Highlights

## ✓ Financial results in line with expectations for the quarter...

- Net income of \$29.8 million or \$0.54 diluted earnings per share
  - Non-GAAP EPS of \$30.1 or \$0.54 diluted earning per share
- Expected long-term annual EPS growth rate of 3% - 6%
- Reaffirming full year non-GAAP guidance of \$3.20 - \$3.40 per diluted share

## ✓ \$582 million capital plan for 2022 remains on track...

## ✓ May 2022 commercial operation of the 58 megawatt Bob Glanzer Generating Station...

## ✓ Exceptional employee response and operational performance following extreme weather events in Montana and South Dakota...

## ✓ Ongoing Dividend Commitment...

- Quarterly dividend of \$0.63 per share payable September 30, 2022 (9/15/22 record date)





# Summary Financial Results

(Second Quarter)

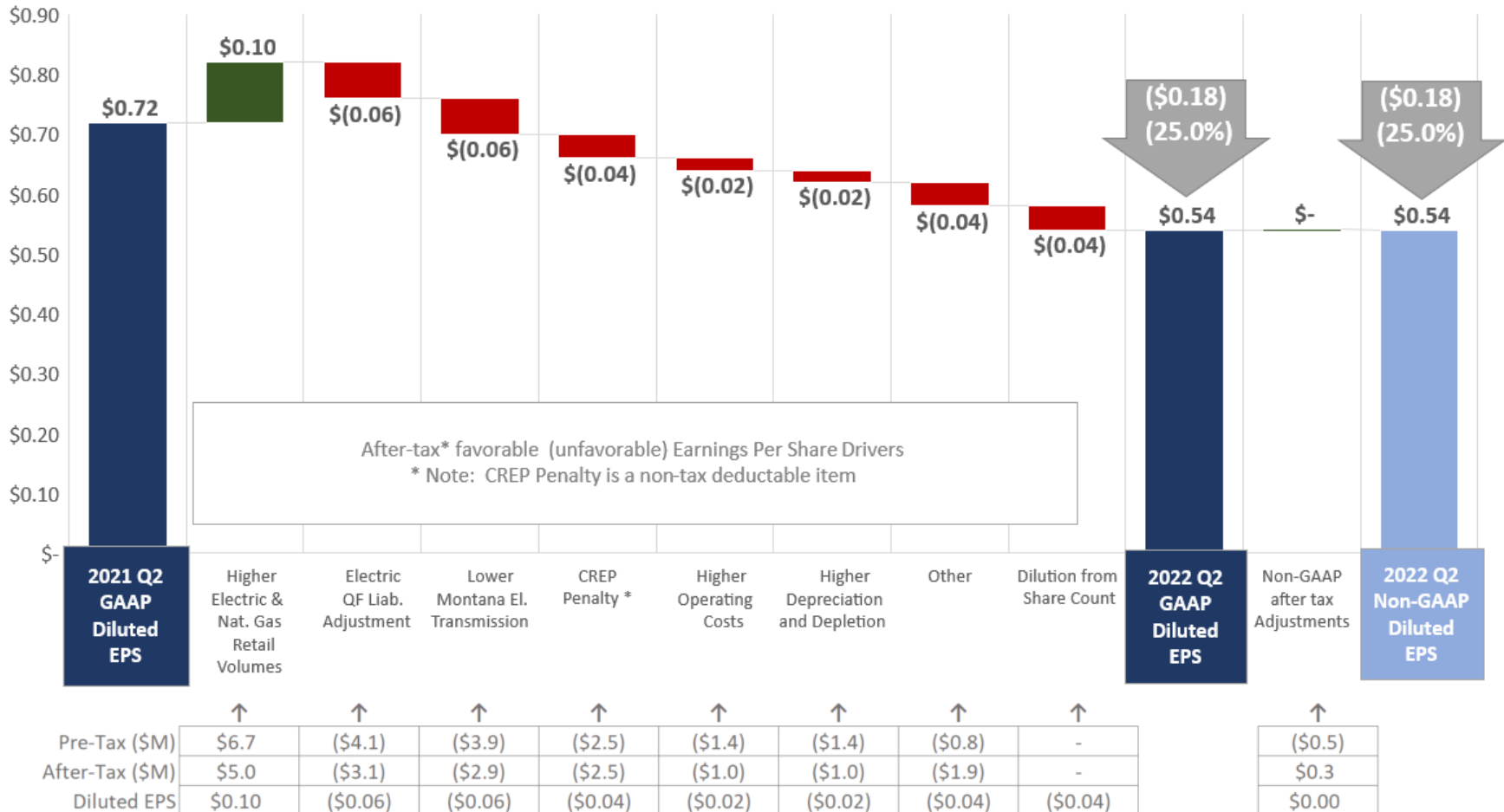
(in millions except per share amounts)

	Three Months Ended June 30,			
	2022	2021	Variance	% Variance
<b>Operating Revenues</b>	\$ 323.0	\$ 298.2	\$ 24.8	8.3%
Fuel, purchased supply & direct transmission expense (exclusive of depreciation and depletion)	95.0	67.9	27.1	39.9%
<b>Utility Margin <sup>(1)</sup></b>	<b>228.0</b>	<b>230.3</b>	<b>(2.3)</b>	<b>(1.0%)</b>
<b>Operating Expenses</b>				
Operating and maintenance	53.3	51.5	1.8	3.5%
Administrative and general	27.2	25.6	1.6	6.2%
Property and other taxes	46.9	47.3	(0.4)	(0.8%)
Depreciation and depletion	48.2	46.8	1.4	3.0%
<b>Total Operating Expenses</b>	<b>175.6</b>	<b>171.2</b>	<b>4.4</b>	<b>2.6%</b>
<b>Operating Income</b>	<b>52.4</b>	<b>59.1</b>	<b>(6.7)</b>	<b>(11.3%)</b>
Interest expense	(24.0)	(23.5)	(0.5)	(2.1%)
Other income, net	2.9	3.0	(0.1)	(3.3%)
<b>Income Before Taxes</b>	<b>31.2</b>	<b>38.6</b>	<b>(7.4)</b>	<b>(19.2%)</b>
Income tax expense	(1.4)	(1.4)	-	(0.0%)
<b>Net Income</b>	<b>\$ 29.8</b>	<b>\$ 37.2</b>	<b>\$ (7.4)</b>	<b>(19.9%)</b>
Effective Tax Rate	4.6%	3.4%	1.2%	
Diluted Shares Outstanding	55.1	51.1	4.0	7.8%
<b>Diluted Earnings Per Share</b>	<b>\$0.54</b>	<b>\$ 0.72</b>	<b>\$ (0.18)</b>	<b>(25.0%)</b>
Dividends Paid per Common Share	\$ 0.63	\$ 0.62	\$ 0.01	1.6%



# EPS Bridge to Second Quarter 2022

## After-tax Earnings Per Share



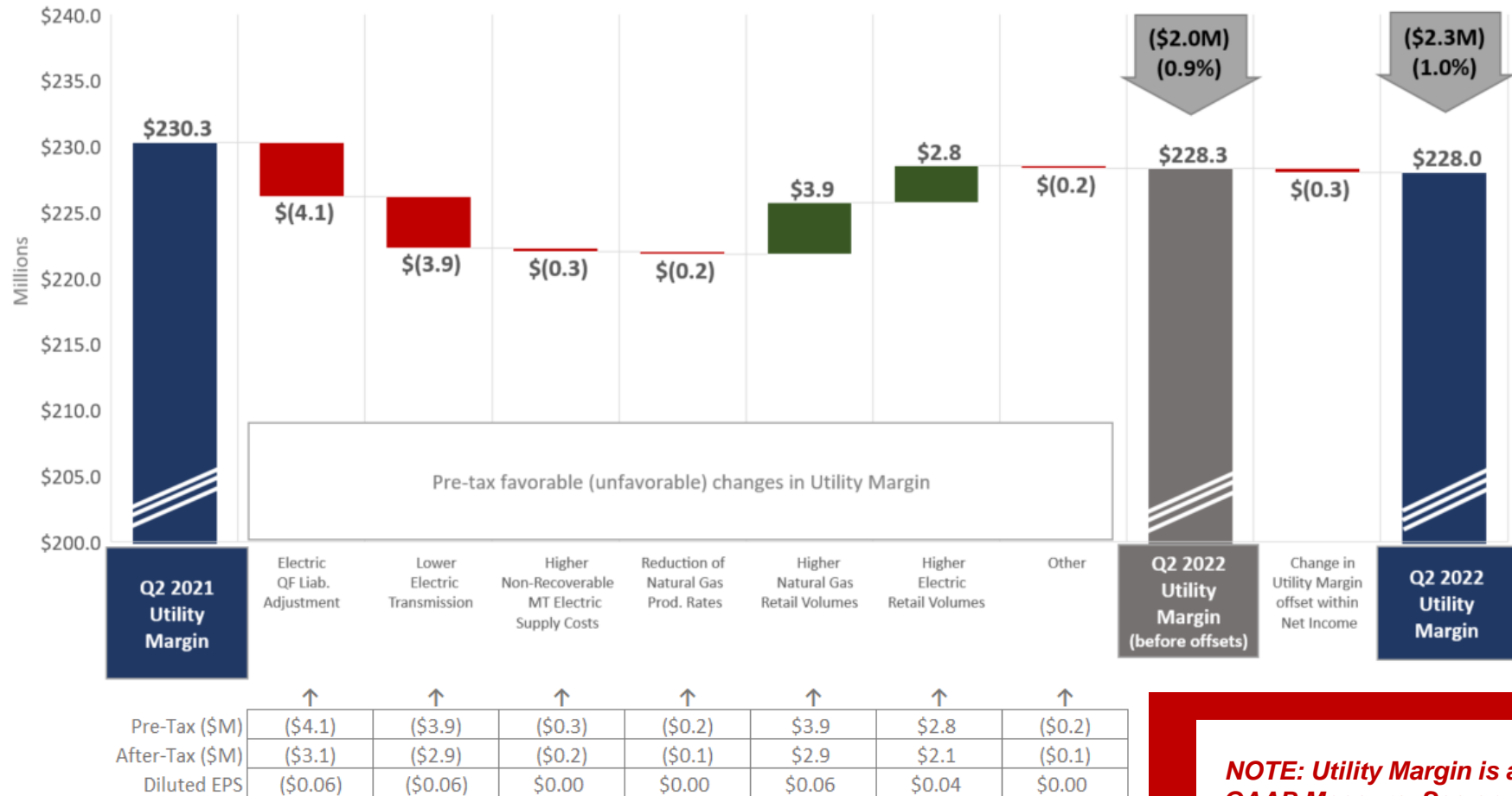
**Second quarter earnings in line with our expectations. We estimate favorable weather in Q2 2022 resulted in a \$3.0 million pretax benefit as compared to normal and a \$1.0 million benefit as compared to Q2 2021.**

See slide 8 and "Non-GAAP Financial Measures" slide in the appendix for additional detail on this measure.



# Utility Margin Bridge to Q2 2022

## Pre-tax Earnings



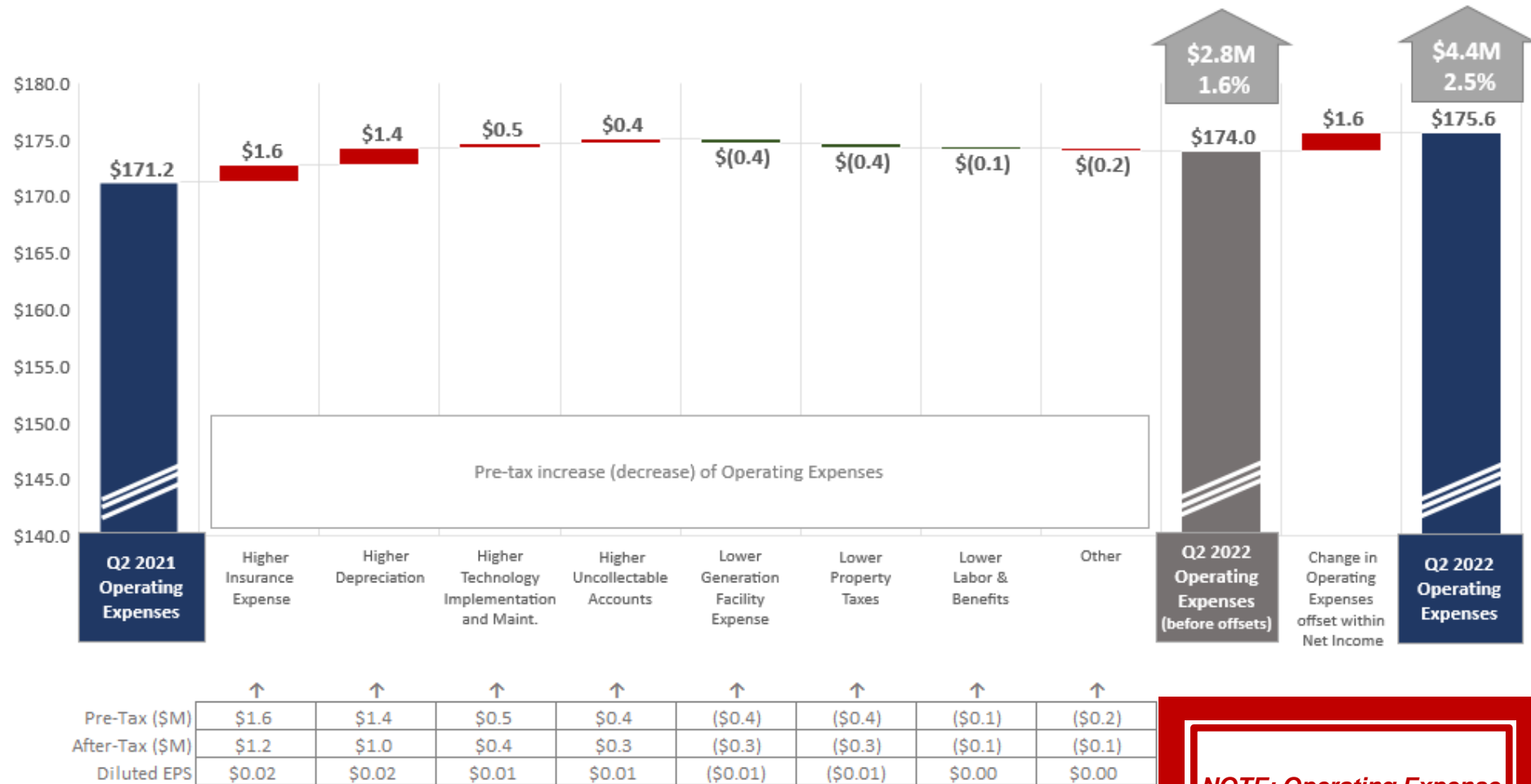
**NOTE: Utility Margin is a non-GAAP Measure See appendix slide titled "Explaining Utility Margin" for additional disclosure.**

**\$2.0 Million (0.9%) decrease in Utility Margin due to items that impact Net Income.**



# Operating Expense Bridge to Q2 2022

## Pre-tax Earnings



**\$2.8 Million (1.6%) increase in Operating Expenses due to items that impact Net Income.**

**NOTE: Operating Expense excludes fuel, purchased supply and direct transmission expense.**

# Q2 2022 GAAP to Non-GAAP Earnings

(in millions)

	Non-GAAP Adjustments					Non GAAP	Non-GAAP Variance		Non-GAAP Adjustments					GAAP
	GAAP	Favorable Weather	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) <sup>(1)</sup>	Non-employee Deferred Compensation	Community Renewable Energy Project Penalty (not tax deductible)		Three Months Ended June 30, 2022	\$	%	Non GAAP	Of Liability (clarification in contract term)	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07) <sup>(2)</sup>	
<b>Revenues</b>	\$323.0	(3.0)				\$320.0	\$32.5	11.3%	\$287.5	(8.7)			(2.0)	\$298.2
Fuel, supply & dir. tx	95.0					95.0	27.1	39.9%	67.9					67.9
<b>Utility Margin (2)</b>	<b>228.0</b>	<b>(3.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225.0</b>	<b>5.4</b>	<b>2.5%</b>	<b>219.6</b>	<b>(8.7)</b>	<b>-</b>	<b>-</b>	<b>(2.0)</b>	<b>230.3</b>
<b>Op. Expenses</b>														
OG&A Expense	80.5		(1.7)	0.1		78.9	1.9	2.5%	77.0		0.3	(0.4)		77.1
Prop. & other taxes	46.9					46.9	(0.4)	-0.8%	47.3					47.3
Depreciation	48.2					48.2	1.4	3.0%	46.8					46.8
<b>Total Op. Exp.</b>	<b>175.6</b>	<b>-</b>	<b>(1.7)</b>	<b>0.1</b>	<b>-</b>	<b>174.0</b>	<b>2.9</b>	<b>1.7%</b>	<b>171.1</b>	<b>-</b>	<b>0.3</b>	<b>(0.4)</b>	<b>-</b>	<b>171.2</b>
<b>Op. Income</b>	<b>52.4</b>	<b>(3.0)</b>	<b>1.7</b>	<b>(0.1)</b>	<b>-</b>	<b>51.0</b>	<b>2.5</b>	<b>5.2%</b>	<b>48.5</b>	<b>(8.7)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>(2.0)</b>	<b>59.1</b>
Interest expense	(24.0)					(24.0)	(0.5)	-2.1%	(23.5)					(23.5)
Other (Exp.) Inc., net	2.9		(1.7)	0.1	2.5	3.8	0.9	31.0%	2.9		0.3	(0.4)		3.0
<b>Pretax Income</b>	<b>31.2</b>	<b>(3.0)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>30.7</b>	<b>2.8</b>	<b>10.0%</b>	<b>27.9</b>	<b>(8.7)</b>	<b>-</b>	<b>-</b>	<b>(2.0)</b>	<b>38.6</b>
Income tax	(1.4)	0.8	-	-	-	(0.6)	(1.9)	-145.4%	1.3	2.2	-	-	0.5	(1.4)
<b>Net Income</b>	<b>\$29.8</b>	<b>(2.2)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>\$30.1</b>	<b>\$0.9</b>	<b>3.1%</b>	<b>\$29.2</b>	<b>(6.5)</b>	<b>-</b>	<b>-</b>	<b>(1.5)</b>	<b>\$37.2</b>
ETR	4.6%	25.3%	-	-	0.0%	2.0%			-4.7%	25.3%	-	-	25.3%	3.4%
Diluted Shares	55.1					55.1	4.0	7.8%	51.1				(0.03)	51.1
Diluted EPS	<b>\$0.54</b>	<b>(0.04)</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>\$0.54</b>	<b>(\$0.02)</b>	<b>-3.6%</b>	<b>\$0.56</b>	<b>(0.13)</b>	<b>-</b>	<b>-</b>	<b>(0.03)</b>	<b>\$0.72</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.





# Cash Flow

(YTD thru 6/30)

(dollars in millions)

	Six Months Ending June 30,	
	2022	2021
<b>Operating Activities</b>		
Net Income	\$ 88.9	\$ 100.3
Non-Cash adjustments to net income	93.6	95.7
Changes in working capital	52.8	(59.0)
Other non-current assets & liabilities	(2.5)	(32.5)
<b>Cash provided by Operating Activities</b>	<b>232.8</b>	<b>104.5</b>
<b>Investing Activities</b>		
PP&E additions	(234.4)	(182.2)
Investment in equity securities	(0.9)	(0.6)
<b>Cash used in Investing Activities</b>	<b>(235.3)</b>	<b>(182.8)</b>
<b>Financing Activities</b>		
Proceeds from issuance of common stock, net	99.9	56.3
Issuance of long-term debt, net	-	99.9
Repayments of short-term borrowings	-	(100.0)
Line of credit borrowings (repayments), net	(21.0)	88.0
Dividends on common stock	(67.8)	(62.8)
Other financing activities, net	(1.3)	(0.6)
<b>Cash Provided by Financing Activities</b>	<b>9.8</b>	<b>80.8</b>
<b>Increase in Cash, Cash Equiv. &amp; Restricted Cash</b>	<b>7.3</b>	<b>2.5</b>
Beginning Cash, Cash Equiv. & Restricted Cash	18.8	17.1
<b>Ending Cash, Cash Equiv. &amp; Restricted Cash</b>	<b>\$ 26.1</b>	<b>\$ 19.6</b>
<hr/>		
<b>Cash provided by Operating Activities</b>	<b>\$ 232.8</b>	<b>\$ 104.5</b>
Less: Changes in working capital	52.8	(59.0)
<b>Equals: Funds from Operations</b>	<b>\$ 180.0</b>	<b>\$ 163.5</b>

Cash from Operating Activities increased by \$128.3 million primarily due to:

- \$87.3 million increase\* in collection of energy supply costs from customers, which includes costs incurred during a February 2021 prolonged cold weather event, and the under-collected position of Montana's PCCAM for the July 2020 – June 2021 period; and
- Refunds of approximately \$20.5 million to our FERC regulated wholesale customers in the prior period.

Funds from Operations increased by \$16.5 million.

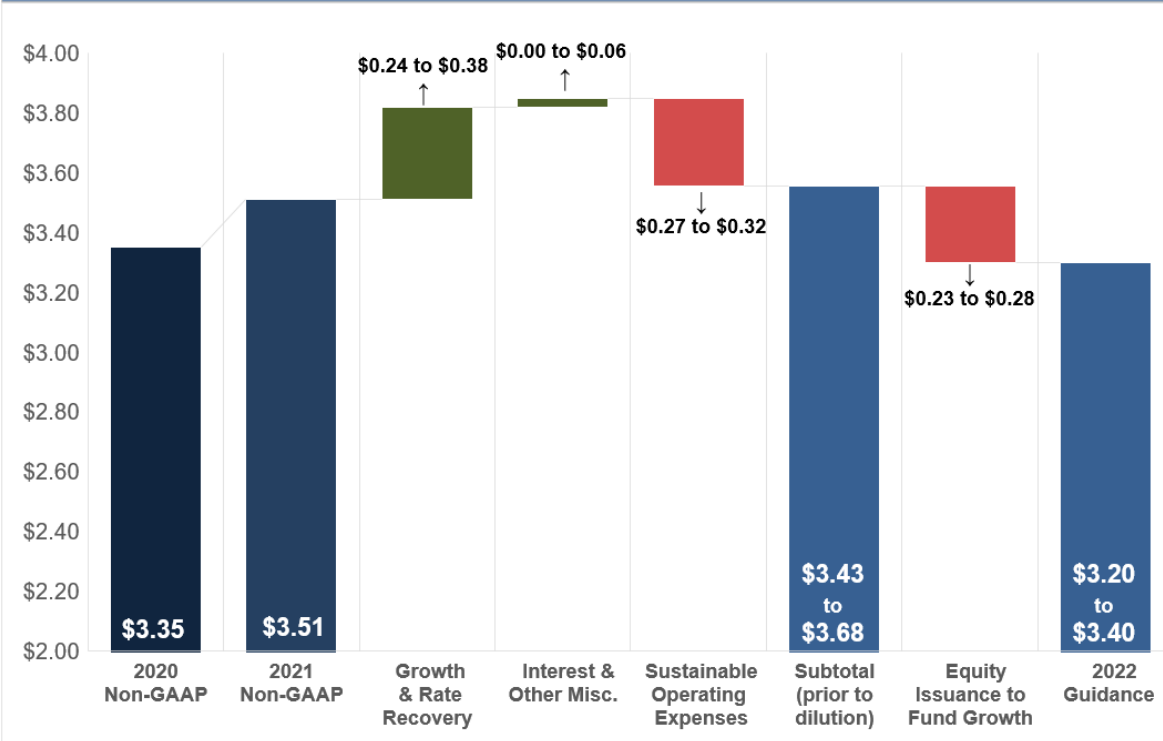
\* Includes \$19.1 million for electric and \$68.2 million for natural gas operations



# 2022 Earnings Bridge

Guiding down to \$3.20 to \$3.40 primarily due to equity needed to support increased capital investment.

Earnings Per Share Bridge  
2021 Non-GAAP to 2022



- An increased, yet more sustainable, level of operating expenses, along with dilution from equity financing of capital investment, is expected to be partially offset by organic growth and rate recovery\*.
- Dividend payout ratio is expected to exceed 60%-70% targeted range for 2022.
- We continue to target a long-term earnings per share growth rate of 3%-6% off a 2020 base year.

Note: "Rate Recovery" primarily a result of FERC formula rates and property tax trackers.

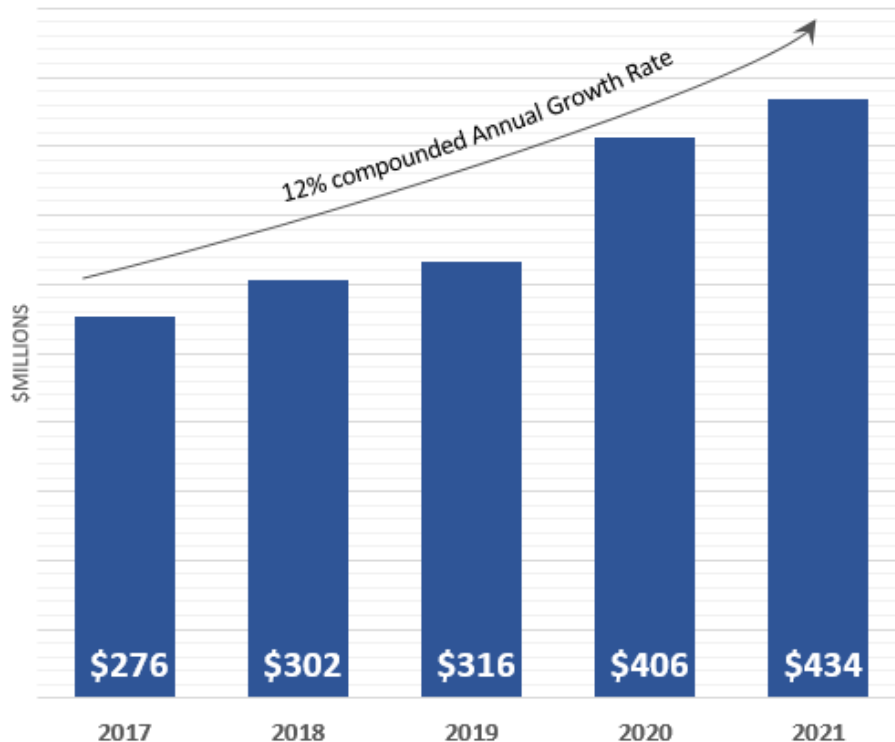
Note: See "Detailed 2022 Earnings Bridge" slide in the Appendix for additional information.

**NorthWestern affirms 2022 earnings guidance range of \$3.20 to \$3.40 per diluted share based upon, but not limited to, the following major assumptions and expectations:**

- Normal weather in our electric and natural gas service territories;
- A consolidated income tax rate of approximately 0% to 3% of pre-tax income; and
- Diluted shares outstanding of approximately 55.6 million to 56.2 million.

# Capital Investment Forecast and Funding

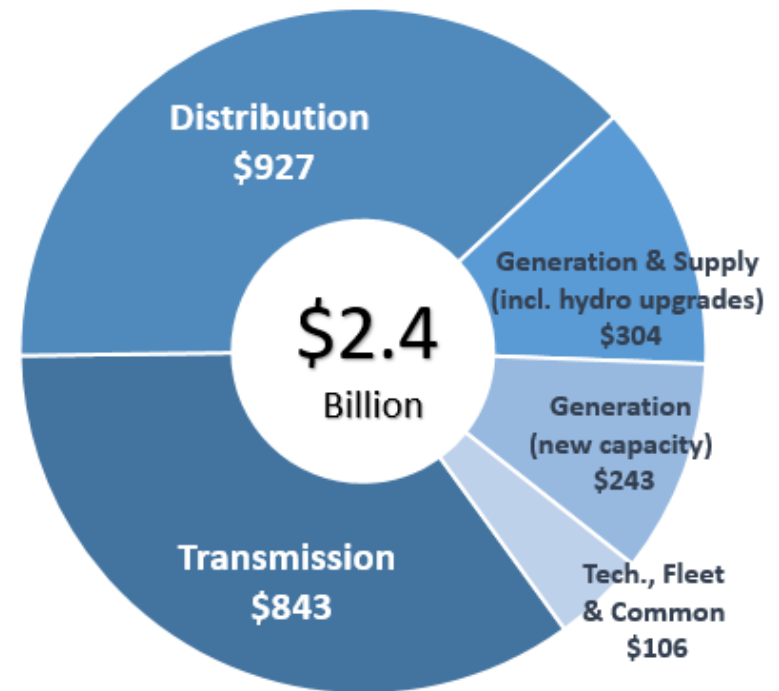
## A Track-Record of Growing Investment



Statement of Cash Flows: Property plant & equipment additions

## 2022-2026 Capital Forecast

(Millions)



## NorthWestern's \$582 million Capital Plan for 2022 remains on track...

**\$2.4 billion** of low-risk capital investment forecasted over the next five years to address grid modernization and renewable energy integration. This sustainable level of capex is **expected to drive 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 under existing forward contracts. Financing plans are subject to change and balance our intention to protect our current credit ratings. (targeting a 14%-15% FFO to Debt ratio)



## ✓ Montana electric and natural gas rate filing...

- ✓ Updating investment and cost of service from prior test periods (2015 natural gas and 2017 electric)
- ✓ Expect to file in August 2022
- ✓ We anticipate including proposals to reduce regulatory lag, improve cash flow to support credit ratings and enable us to compete for investor capital that will fund necessary future investment.

## ✓ 175 megawatt Yellowstone County generating project in Montana...

- ✓ Construction began in April 2022
- ✓ Total construction costs of approximately \$275 million
- ✓ (Approximately \$53.7 million through June 30, 2022)
- ✓ Current schedule anticipates commercial operation during the 2023-2024 winter season

## ✓ Electric Supply Resource Plans

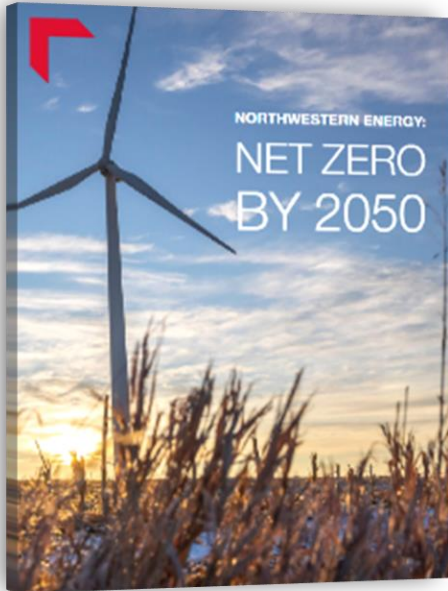
- ✓ South Dakota – expect to file an updated integrated resource plan in second half of 2022
- ✓ Montana – expect to submit an integrated resource plan to the MPSC by the end of 2022



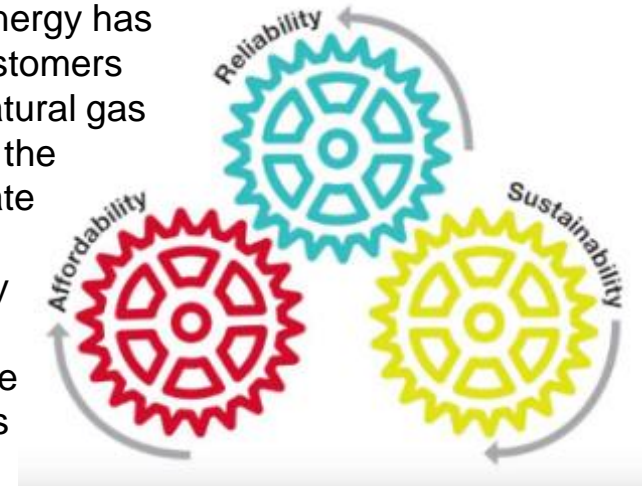
The recently completed 58-megawatt Bob Glanzer Generating Station in Huron, South Dakota, provides on-demand resources to support the variability of wind and solar projects coming onto our system and the grid in our region and help serve our customers during extended periods of peak demand.







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)

Three Months Ended June 30,

	2022	2021	Variance	
Electric	\$ 185.7	\$ 192.2	\$ (6.5)	(3.4%)
Natural Gas	42.3	38.1	4.2	11.0%
<b>Total Utility Margin <sup>(1)</sup></b>	<b>\$ 228.0</b>	<b>\$ 230.3</b>	<b>\$ (2.3)</b>	<b>(1.0%)</b>

**Decrease in utility margin due to the following factors:**

\$ (4.1)	Electric QF liability adjustment
(3.9)	Lower transmission revenue
(0.3)	Higher non-recoverable Montana electric supply costs
(0.2)	Lower Montana natural gas production rates (annual step down)
3.9	Higher natural gas retail volumes
2.8	Higher electric retail volumes
(0.2)	Other
<b>\$ (2.0)</b>	<b>Change in Utility Margin Items Impacting Net Income</b>
\$ (0.7)	Lower revenue from higher production tax credits, offset in income tax expense
(0.4)	Lower property taxes recovered in revenue, offset in property tax expense
0.5	Higher operating expenses recovered in revenue, offset in O&M expense
0.3	Higher gas prod. taxes recovered in revenue, offset in property and other taxes
<b>\$ (0.3)</b>	<b>Change in Utility Margin <u>Offset Within Net Income</u></b>
<b>\$ (2.3)</b>	<b>Decrease in Utility Margin <sup>(1)</sup></b>



(dollars in millions)

## Three Months Ended June 30,

	2022	2021	Variance	
Operating & maintenance	\$ 53.3	\$ 51.5	\$ 1.8	3.5%
Administrative & general	27.2	25.6	\$3.4 } 1.6	6.3%
Property and other taxes	46.9	47.3	(0.4)	(0.8%)
Depreciation and depletion	48.2	46.8	1.4	3.0%
<b>Operating Expenses</b>	<b>\$ 175.6</b>	<b>\$ 171.2</b>	<b>\$ 4.4</b>	<b>2.6%</b>

(1) 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, within the labor and benefits amount above in order to present the total change in labor benefits expenses. This change is offset below within this table as it does not affect our operating expenses.

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

\$ 1.6	Higher insurance expense
1.4	Higher depreciation expense due to plant additions
0.5	Higher technology implementation and maintenance expense
0.4	Increase in uncollectible accounts (due to prior year collection of previously written off balances)
(0.4)	Decrease in expenses at our generation facilities
(0.4)	Lower property tax expense due to a decrease in the estimated state and local taxes
(0.1)	Lower labor and benefits <sup>(1)</sup>
(0.2)	Other miscellaneous

### \$ 2.8 Change in Operating Expense Items Impacting Net Income

\$ 1.3	Higher pension and other postretirement benefits, offset in other income
0.5	Higher operating and maintenance expenses recovered in trackers, offset in revenue
0.2	Higher non-employee directors deferred compensation, offset in other income
(0.4)	Lower property and other taxes recovered in trackers, offset in revenue

### \$ 1.6 Change in Operating Expense Items Offset Within Net Income

### \$ 4.4 Increase in Operating Expenses

(dollars in millions)

Three Months Ended June 30,

	2022	2021	Variance	
<b>Operating Income</b>	<b>\$ 52.4</b>	<b>\$ 59.1</b>	<b>\$ (6.7)</b>	<b>(11.3%)</b>
Interest expense	(24.0)	(23.5)	(0.5)	(2.1%)
Other income, net	2.9	3.0	(0.1)	(3.3%)
<b>Income Before Taxes</b>	<b>31.2</b>	<b>38.6</b>	<b>(7.4)</b>	<b>(19.2%)</b>
Income tax expense	(1.4)	(1.4)	-	0.0%
<b>Net Income</b>	<b>\$ 29.8</b>	<b>\$ 37.2</b>	<b>\$ (7.4)</b>	<b>(19.9%)</b>

**\$0.5 million increase in interest expenses** was primarily due to higher interest on borrowings under our revolving credit facilities, partly offset by higher capitalization of AFUDC.

**\$0.1 million decrease in other income** includes a \$2.5 million CREP penalty, partly offset by decrease in the non-service costs component of pension expense of \$1.3 million and higher capitalization of AFUDC.

**Flat income tax expense** was primarily lower pre-tax income offset by lower discrete flow-through repairs deductions in 2022 Q2 compared to the same period last year.

(in millions)

	Three Months Ended June 30,				
	2022		2021		Variance
<b>Income Before Income Taxes</b>	<b>\$31.2</b>		<b>\$38.6</b>		<b>(\$7.4)</b>
Income tax calculated at federal statutory rate	6.6	21.0%	8.1	21.0%	(1.5)
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	0.4	1.4%	0.2	0.6%	0.2
Flow - through repairs deductions	(3.3)	(10.6%)	(4.2)	(11%)	0.9
Production tax credits	(2.6)	(8.2%)	(2.3)	(5.9%)	(0.3)
Amortization of excess deferred income taxes	(0.2)	(0.5%)	(0.1)	(0.4%)	(0.1)
Plant and depreciation of flow-through items	0.4	1.3%	(0.2)	(0.5%)	0.6
Other, net	0.1	0.2%	(0.1)	(0.4%)	0.2
Sub-total	(5.2)	(16.4%)	(6.7)	(17.6%)	1.5
<b>Income Tax Expense</b>	<b>\$ 1.4</b>	<b>4.6%</b>	<b>\$ 1.4</b>	<b>3.4%</b>	<b>\$ -</b>

# 2022 Earnings Bridge (detailed)

	<u>Low</u>	<u>High</u>
<b>2021 Non-GAAP Diluted EPS</b>	<b>\$3.51</b>	<b>\$3.51</b>
<b>2022 Earnings Drivers (after-tax and per share)</b>		
Utility Margin	0.24	- 0.38
OG&A expense	(0.06)	- (0.04)
Property & other tax expense	(0.11)	- (0.10)
Depreciation expense	(0.15)	- (0.13)
Interest expense	(0.02)	-
Other income	0.03	- 0.06
Incremental tax impact*	(0.01)	-
<b>Subtotal of anticipated changes</b>	<b>(0.08)</b>	<b>- 0.17</b>
<b>2022 EPS guidance <u>prior</u> to equity dilution</b>	<b>\$3.43</b>	<b>\$3.68</b>
Dilution from higher outstanding shares	(0.23)	- (0.28)
<b>EPS guidance <u>after</u> potential equity dilution</b>	<b>\$3.20</b>	<b>\$3.40</b>

**NorthWestern affirms its 2022 earnings guidance range of \$3.20 - \$3.40 per diluted share and remains on track for its \$582 million capital plan for 2022.**

#### Cash Tax Outlook

We anticipate production tax and other credits to largely offset federal cash tax obligations into 2023.

#### Effective Tax Rate Outlook

Assuming no significant change in current tax legislation, we anticipate our effective tax rate to gradually increase to approximately 15% by 2026.

\* 2022 earnings drivers shown above are calculated using a 25.3% effective tax rate. The incremental tax impact line included above reflects anticipated changes in discrete tax items (such as tax repairs and meter deductions, production tax credits, and other permanent or flow-through items) from 2021 earnings to 2022 guidance.

#### Assumptions included in the 2022 Guidance includes, but not limited to, the following major assumptions:

- Normal weather in our electric and natural gas service territories;
- A consolidated income tax rate of approximately 0 to +3.0% of pre-tax income; and
- Diluted average shares outstanding of approximately 55.6 million to 56.2 million.

# EPS Range to Meet Guidance

Six Months Ended June 30, 2022	EPS Range to Meet Guidance								
	Pre-tax Income	Net <sup>(1)</sup> Income	Diluted EPS	Q3 - Q4			Estimated 2022 Full Year		
				Low	High	Low	High		
<b>2022 Reported GAAP</b>	\$91.4	\$88.9	\$1.62	\$1.57	to	\$1.77	\$3.19	to	\$3.39
<b>Non-GAAP Adjustments:</b>									
Remove impact of favorable weather as compared to normal	(2.4)	(1.8)	(0.03)	?	—	?	(0.03)	—	(0.03)
CREP Penalty (Non-deductible for income taxes)	2.5	2.5	0.04				0.04	—	0.04
<b>2022 Adj. Non-GAAP</b>	<b>\$91.5</b>	<b>\$89.6</b>	<b>\$1.63</b>	<b>\$1.57</b>	<b>to</b>	<b>\$1.77</b>	<b>\$3.20</b>	<b>to</b>	<b>\$3.40</b>

Six Months Ended June 30, 2021	Actual								
	Pre-tax Income	Net <sup>(1)</sup> Income	Diluted EPS	Q3 - Q4			2021 Full Year		
				Pre-tax Income	Net <sup>(1)</sup> Income	Diluted EPS	Pre-tax Income	Net <sup>(1)</sup> Income	Diluted EPS
<b>2021 Reported GAAP</b>	\$101.7	\$100.3	\$ 1.96	\$88.5	\$86.5	\$1.64	\$190.2	\$186.8	\$3.60
<b>Non-GAAP Adjustments:</b>									
Remove impact of favorable weather as compared to normal	(0.7)	(0.5)	(0.01)	1.8	1.3	0.02	1.1	0.8	0.01
QF Liability - adjustment associated with one-time clarification of contract term	(8.7)	(6.5)	(0.13)	1.8	1.3	0.03	(6.9)	(5.2)	(0.10)
<b>2021 Adj. Non-GAAP</b>	<b>\$92.3</b>	<b>\$93.3</b>	<b>\$1.82</b>	<b>\$92.1</b>	<b>\$89.1</b>	<b>\$1.69</b>	<b>\$184.4</b>	<b>\$182.4</b>	<b>\$3.51</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.*

# Appendix 2022 YTD GAAP to Non-GAAP Earnings

(in millions)

	GAAP	Non-GAAP Adjustments				Non GAAP	Non-GAAP Variance		Non GAAP	Non-GAAP Adjustments				GAAP
		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)		\$	%		GF Liability (clarification in contract term)	Non-employee Deferred Compensation	Move Pension Expense to OG&A (disaggregated with ASU 2017-07)	Favorable Weather	
	Six Months Ended June 30, 2022		(1)					Six Months Ended June 30, 2021					Six Months Ended June 30, 2021	
<b>Revenues</b>	\$717.4	(2.4)	-	-	-	\$715.0	\$25.4 3.7%	\$689.6	(8.7)	-	-	(0.7)	\$699.0	
Fuel, supply & dir. tx	230.1	-	-	-	-	230.1	17.6 8.3%	212.5	-	-	-	-	212.5	
<b>Utility Margin (2)</b>	<b>487.3</b>	<b>(2.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>484.9</b>	<b>7.8 1.6%</b>	<b>477.1</b>	<b>(8.7)</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>486.5</b>	
<b>Op. Expenses</b>														
OG&A Expense	165.0	-	(2.3)	(0.1)	-	162.6	8.2 5.3%	154.4	-	(1.5)	(2.1)	-	158.0	
Prop. & other taxes	93.7	-	-	-	-	93.7	(1.1) -1.2%	94.8	-	-	-	-	94.8	
Depreciation	97.1	-	-	-	-	97.1	3.3 3.5%	93.8	-	-	-	-	93.8	
<b>Total Op. Exp.</b>	<b>355.8</b>	<b>-</b>	<b>(2.3)</b>	<b>(0.1)</b>	<b>-</b>	<b>353.4</b>	<b>10.4 3.0%</b>	<b>343.0</b>	<b>-</b>	<b>(1.5)</b>	<b>(2.1)</b>	<b>-</b>	<b>346.6</b>	
<b>Op. Income</b>	<b>131.5</b>	<b>(2.4)</b>	<b>2.3</b>	<b>0.1</b>	<b>-</b>	<b>131.5</b>	<b>(2.7) -2.0%</b>	<b>134.2</b>	<b>(8.7)</b>	<b>1.5</b>	<b>2.1</b>	<b>(0.7)</b>	<b>140.0</b>	
Interest expense	(47.7)	-	-	-	-	(47.7)	(0.7) -1.5%	(47.0)	-	-	-	-	(47.0)	
Other (Exp.) Inc., net	7.6	-	(2.3)	(0.1)	2.5	7.7	2.7 54.0%	5.0	-	(1.5)	(2.1)	-	8.6	
<b>Pretax Income</b>	<b>91.4</b>	<b>(2.4)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>91.5</b>	<b>(0.8) -0.9%</b>	<b>92.3</b>	<b>(8.7)</b>	<b>-</b>	<b>-</b>	<b>(0.7)</b>	<b>101.7</b>	
Income tax	(2.5)	0.6	-	-	-	(1.9)	(2.9) -296.5%	1.0	2.2	-	-	0.2	(1.4)	
<b>Net Income</b>	<b>\$88.9</b>	<b>(1.8)</b>	<b>-</b>	<b>-</b>	<b>2.5</b>	<b>\$89.6</b>	<b>(\$3.7) -4.0%</b>	<b>\$93.3</b>	<b>(6.5)</b>	<b>-</b>	<b>-</b>	<b>(0.5)</b>	<b>\$100.3</b>	
<i>ETR</i>	2.8%	25.3%	-	-	0.0%	2.1%		-1.1%	25.3%	-	-	25.3%	1.3%	
Diluted Shares	55.0					55.0	4.1 8.1%	50.9					50.9	
<b>Diluted EPS</b>	<b>\$1.62</b>	<b>(0.03)</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>\$1.63</b>	<b>(\$0.19) -10.4%</b>	<b>\$1.82</b>	<b>(0.13)</b>	<b>-</b>	<b>-</b>	<b>(0.01)</b>	<b>\$1.96</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).

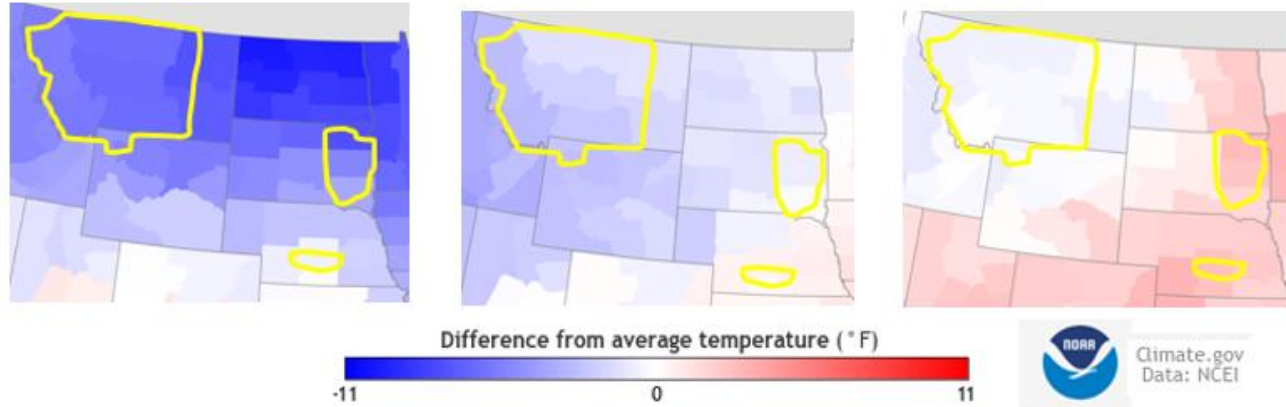
(2) Utility Margin is a non-GAAP Measure. See the slide titled "Explaining Utility Margin" for additional disclosure.

April 2022

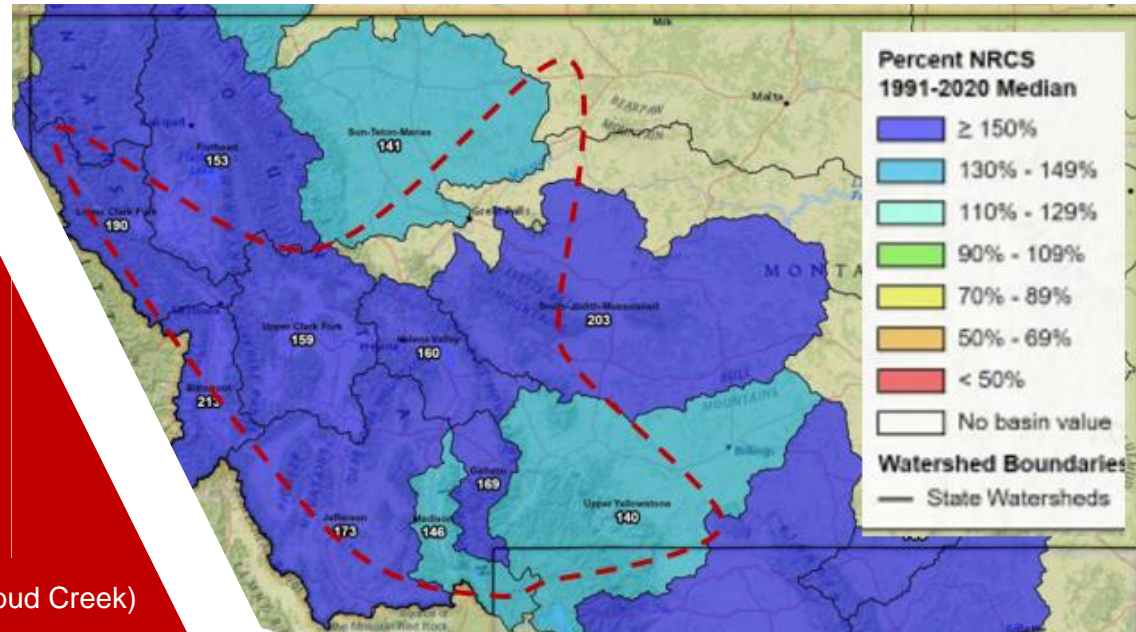
May 2022

June 2022

We estimated a \$3.0 million pre-tax benefit as compared to normal and a \$1.0 million benefit as compared to Q2 2021 with a longer heating season in April and May, partially offset by an overall cooler June.



Much needed snowfall blanketed Western Montana this spring, improving Snow Water Equivalent percentages – now reporting greater than their thirty year medians.



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

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)	(\$1.3)	(\$4.0)
<b>2021 (Expense) Benefit</b>	<b>(\$0.8)</b>	<b>(\$0.5)</b>	<b>(\$2.7)</b>	<b>(\$1.3)</b>	<b>(\$5.3)</b>
					<i>Year-to-Date</i>
'21/'22 Tracker	(\$0.8)	(\$0.8)			(\$1.6)
'22/'23 Tracker					\$0.0
<b>2022 (Expense) Benefit</b>	<b>(\$0.8)</b>	<b>(\$0.8)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>(\$1.6)</b>
<b>Year-over-Year Variance</b>	<b>\$0.0</b>	<b>(\$0.3)</b>			<b>(\$0.3)</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	(0.5) Non-GAAP Adj.	(\$0.5)
Jun-22	\$3.3	1.8	0.0	\$5.1

**Year-over-Year Better (Worse)**

Jun-13	(\$47.9)	1.0	0.0	(\$46.9)
Jun-14	\$0.0	(1.0)	0.0	(\$1.0)
Jun-15	(\$6.1)	1.8	0.0	(\$4.3)
Jun-16	\$6.1	0.0	0.0	\$6.1
Jun-17	\$0.0	0.3	0.0	\$0.3
Jun-18	\$17.5	7.6	0.0	\$25.1
Jun-19	(\$14.2)	(6.6)	0.0	(\$20.8)
Jun-20	(\$1.1)	(2.2)	0.0	(\$3.3)
Jun-21	(\$4.3)	1.7	8.7	\$6.1
Sep-21	\$0.0	0.0	(1.3)	(\$1.3)
Dec-21	\$0.0	0.0	(0.5)	(\$0.5)
Jun-22	\$5.4	(\$0.8)	(\$8.7)	(\$4.1)

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 June 30, 2022	As of December 31, 2021
Cash and cash equivalents	\$ 8.1	\$ 2.8
Restricted cash	18.0	15.9
Accounts receivable, net	146.0	198.7
Inventories	99.0	80.6
Other current assets	132.2	139.7
Goodwill	357.6	357.6
PP&E and other non-current assets	6,159.4	5,985.1
<b>Total Assets</b>	<b>\$ 6,920.3</b>	<b>\$ 6,780.4</b>
Payables	121.2	115.2
Current Maturities - debt and leases	3.0	2.9
Other current liabilities	261.5	261.5
Long-term debt & capital leases	2,530.4	2,553.4
Other non-current liabilities	1,539.7	1,507.7
Shareholders' equity	2,464.5	2,339.7
<b>Total Liabilities and Equity</b>	<b>\$ 6,920.3</b>	<b>\$ 6,780.4</b>
<b>Capitalization:</b>		
Short-Term Debt & Short-Term Finance Leases	3.0	2.9
Long-Term Debt & Long-Term Finance Leases	2,530.4	2,553.4
Less: Basin Creek Finance Lease	(13.4)	(14.8)
Less: New Market Tax Credit Financing Debt	-	-
Shareholders' Equity	2,464.5	2,339.7
<b>Total Capitalization</b>	<b>\$ 4,984.5</b>	<b>\$ 4,881.2</b>
<b>Ratio of Debt to Total Capitalization</b>	<b>50.6%</b>	<b>52.1%</b>

Debt to Total Capitalization down from last year and remains within our targeted 50% - 55% range.

(Unaudited) (in thousands)

### Three Months Ending June 30, 2022

	Electric	Gas	Other	Total
Operating revenues	\$ 243,418	\$ 79,586	\$ -	\$ 323,004
Fuel, purchased supply & direct transmission*	57,696	37,305	-	95,001
Utility margin <sup>(1)</sup>	185,722	42,281	-	228,003
Operating and maintenance	40,822	12,515	-	53,337
Administrative and general	20,115	7,171	(66)	27,220
Property and other taxes	36,426	10,465	2	46,893
Depreciation & depletion	40,185	8,027	-	48,212
Operating income	48,174	4,103	64	52,341
Interest expense	(18,837)	(3,323)	(1,873)	(24,033)
Other income	1,319	1,412	182	2,913
Income tax (expense) benefit	(790)	(1,000)	355	(1,435)
Net income (loss)	\$ 29,866	\$ 1,192	\$ (1,272)	\$ 29,786

### Three Months Ending June 30, 2021

	Electric	Gas	Other	Total
Operating revenues	\$ 241,440	\$ 56,777	\$ -	\$ 298,217
Fuel, purchased supply & direct transmission*	49,239	18,726	-	67,965
Utility margin <sup>(1)</sup>	192,201	38,051	-	230,252
Operating and maintenance	39,488	12,030	-	51,518
Administrative and general	18,547	7,235	(187)	25,595
Property and other taxes	36,957	10,328	2	47,287
Depreciation & depletion	38,540	8,269	-	46,809
Operating income	58,669	189	185	59,043
Interest expense	(20,849)	(1,422)	(1,202)	(23,473)
Other income (expense)	2,215	1,036	(219)	3,032
Income tax expense	(804)	(208)	(353)	(1,365)
Net income (loss)	\$ 39,231	\$ (405)	\$ (1,589)	\$ 37,237

\* Direct Transmission expense excludes depreciation and depletion

	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2022	2021	\$	%	2022	2021	2022	2021
	(in thousands)							
Montana	\$ 70,715	\$ 69,884	\$ 831	1.2 %	590	575	316,180	311,264
South Dakota	15,593	14,401	1,192	8.3 %	123	119	50,925	50,734
<b>Residential</b>	<b>86,308</b>	<b>84,285</b>	<b>2,023</b>	<b>2.4 %</b>	<b>713</b>	<b>694</b>	<b>367,105</b>	<b>361,998</b>
Montana	84,327	84,555	(228)	(0.3) %	772	762	72,826	71,400
South Dakota	26,445	24,053	2,392	9.9 %	261	252	12,882	12,805
<b>Commercial</b>	<b>110,772</b>	<b>108,608</b>	<b>2,164</b>	<b>2.0 %</b>	<b>1,033</b>	<b>1,014</b>	<b>85,708</b>	<b>84,205</b>
Industrial	8,988	9,224	(236)	(2.6) %	608	618	76	77
Other	8,311	9,118	(807)	(8.9) %	42	49	6,415	6,373
<b>Total Retail Electric</b>	<b>\$ 214,379</b>	<b>\$ 211,235</b>	<b>\$ 3,144</b>	<b>1.5 %</b>	<b>2,396</b>	<b>2,375</b>	<b>459,304</b>	<b>452,653</b>
Regulatory amortization	7,741	5,201	2,540	48.8 %				
Transmission	20,005	23,862	(3,857)	(16.2) %				
Wholesale and other	1,293	1,142	151	13.2 %				
<b>Total Revenues</b>	<b>\$ 243,418</b>	<b>\$ 241,440</b>	<b>\$ 1,978</b>	<b>0.8 %</b>				
<b>Total fuel, purchased supply &amp; direct transmission expense*</b>	<b>57,695</b>	<b>49,239</b>	<b>8,456</b>	<b>17.2 %</b>				
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 185,723</b>	<b>\$ 192,201</b>	<b>\$ (6,478)</b>	<b>(3.4) %</b>				

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

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2022	2021	\$	%	2022	2021	2022	2021
	(in thousands)							
Montana	\$ 28,596	\$ 25,503	\$ 3,093	12.1 %	3,000	2,188	181,694	179,454
South Dakota	9,408	6,372	3,036	47.6 %	715	572	41,355	40,962
Nebraska	7,357	3,914	3,443	88.0 %	524	494	37,569	37,540
<b>Residential</b>	<b>45,361</b>	<b>35,789</b>	<b>9,572</b>	<b>26.7 %</b>	<b>4,239</b>	<b>3,254</b>	<b>260,618</b>	<b>257,956</b>
Montana	14,697	13,000	1,697	13.1 %	1,630	1,181	25,309	24,903
South Dakota	6,425	4,257	2,168	50.9 %	663	536	7,021	6,874
Nebraska	4,456	1,878	2,578	137.3 %	386	343	4,977	4,956
<b>Commercial</b>	<b>25,578</b>	<b>19,135</b>	<b>6,443</b>	<b>33.7 %</b>	<b>2,679</b>	<b>2,060</b>	<b>37,307</b>	<b>36,733</b>
Industrial	222	168	54	32.1 %	25	14	233	229
Other	469	355	114	32.1 %	57	42	177	163
<b>Total Retail Electric</b>	<b>\$ 71,630</b>	<b>\$ 55,447</b>	<b>\$ 16,183</b>	<b>29.2 %</b>	<b>7,000</b>	<b>5,370</b>	<b>298,335</b>	<b>295,081</b>
Regulatory amortization	(1,204)	(7,831)	6,627	(84.6) %				
Wholesale and other	9,160	9,161	(1)	(0.0) %				
<b>Total Revenues</b>	<b>\$ 79,586</b>	<b>\$ 56,777</b>	<b>\$ 22,809</b>	<b>40.2 %</b>				
<b>Total fuel, purchased supply &amp; direct transmission expense*</b>	<b>37,305</b>	<b>18,726</b>	<b>18,579</b>	<b>99.2 %</b>				
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 42,281</b>	<b>\$ 38,051</b>	<b>\$ 4,230</b>	<b>11.1 %</b>				

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

(dollars in millions)

Six Months Ended June 30,

	2022	2021	Variance	
Electric	\$ 379.8	\$ 382.1	(\$ 2.3)	(0.6%)
Natural Gas	107.5	104.4	3.1	3.0%
<b>Total Utility Margin <sup>(1)</sup></b>	<b>\$ 487.3</b>	<b>\$ 486.5</b>	<b>\$ 0.8</b>	<b>0.2%</b>

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

\$ 3.5	Higher electric retail volumes
2.9	Higher natural gas retail volumes
(4.1)	Electric QF liability adjustment
(0.9)	Lower transmission revenue
(0.7)	Lower Montana natural gas production rates (annual step down)
(0.3)	Higher non-recoverable Montana electric supply costs
0.4	Other

**\$ 0.8 Change in Utility Margin Impacting Net Income**

\$ 2.1	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
(2.1)	Lower revenue from higher production tax credits, offset in income tax expense
(0.3)	Lower property taxes recovered in revenue, offset in property tax expense

**\$ 0.0 Change in Utility Margin Offset Within Net Income**

**\$ 0.8 Increase in Utility Margin**

(dollars in millions)

Six Months Ended June 30,

	2022	2021	Variance	
Operating & maintenance	\$ 106.1	\$ 103.3	\$ 2.8	2.7%
Administrative & general	58.9	54.7	4.2	7.7%
Property and other taxes	93.7	94.8	(1.1)	(1.2%)
Depreciation and depletion	97.1	93.8	3.3	3.5%
<b>Operating Expenses</b>	<b>\$ 355.8</b>	<b>\$ 346.6</b>	<b>\$ 9.2</b>	<b>2.7%</b>

(1) 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, within the labor and benefits amount above in order to present the total change in labor benefits expenses. This change is offset below within this table as it does not affect our operating expenses.

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

- \$ 3.3 Higher depreciation due to plant additions
- 2.2 Higher insurance expense
- 1.8 Higher technology implementation and maintenance expense
- 1.7 Increase in uncollectible accounts (due to prior year collection of previously written off balances)
- 0.8 Higher labor and benefits <sup>(1)</sup>
- 0.4 Higher line clearing expense
- (1.1) Lower property taxes due to a decrease in estimated state and local taxes
- (0.4) Lower expenses at our electric generation facilities
- (0.1) Other miscellaneous

**\$ 8.6 Change in Operating Expense Items Impacting Net Income**

- \$ 2.1 Higher operating and maintenance expenses recovered in trackers, offset in revenue
- 0.2 Higher pension and other postretirement benefits, offset in other income
- (1.4) Lower non-employee directors deferred compensation, offset in other income
- (0.3) Lower property and other taxes recovered in trackers, offset in revenue

**\$ 0.6 Change in Operating Expense Items Offset Within Net Income**

**\$ 9.2 Increase in Operating Expenses**

(dollars in millions)

Six Months Ended June 30,

	2022	2021	Variance	
<b>Operating Income</b>	<b>\$ 131.5</b>	<b>\$ 140.0</b>	<b>\$ (8.5)</b>	<b>(6.1%)</b>
Interest expense	(47.7)	(47.0)	(0.7)	(1.5%)
Other income, net	7.6	8.6	(1.0)	(11.6%)
<b>Income Before Taxes</b>	<b>91.4</b>	<b>101.7</b>	<b>(10.3)</b>	<b>(10.1%)</b>
Income tax expense	(2.5)	(1.3)	(1.2)	(92.3%)
<b>Net Income</b>	<b>\$ 88.9</b>	<b>\$ 100.3</b>	<b>\$ (11.4)</b>	<b>(11.4%)</b>

**\$0.7 million increase in interest expenses** was primarily due to higher interest on borrowings under our revolving credit facilities, partly offset by higher capitalization of AFUDC.

**\$1.0 million decrease in other income** primarily due to a CREP penalty of \$2.5 million as well as a \$1.4 million decrease in the value of deferred shares held in trust for non-employee directors deferred compensation, which is offset in general and administrative expense with no impact to net income. These unfavorable items are partly offset by a \$0.2 million decrease in the non-service cost component of pension expense, which is offset in operating expense and higher capitalization of AFUDC.

**\$1.2 million increase in income tax expense** was primarily due lower discrete flow-through deductions partly offset by lower pretax income.



(in millions)

	Six Months Ended June 30,				
	2022		2021		Variance
<b>Income Before Income Taxes</b>	<b>\$91.4</b>		<b>\$101.7</b>		<b>(\$10.3)</b>
Income tax calculated at federal statutory rate	19.2	21.0%	21.3	21.0%	(2.1)
<u>Permanent or flow through adjustments:</u>					
State income, net of federal provisions	0.8	0.9%	0.3	0.3%	0.5
Flow - through repairs deductions	(10.1)	(11.1%)	(12.1)	(11.9%)	2.0
Production tax credits	(6.4)	(7%)	(6.6)	(6.5%)	0.2
Plant and depreciation of flow-through items	0.1	0.2%	(0.5)	(0.5%)	0.6
Amortization of excess deferred income tax (DIT)	(0.6)	(0.6%)	(0.4)	(0.4%)	(0.2)
Share-based compensation	(0.3)	(0.3%)	(0.3)	(0.3%)	-
Other, net	(0.2)	(0.3%)	(0.4)	(0.4%)	0.2
Sub-total	(16.7)	(18.2%)	(20.0)	(19.7%)	3.3
<b>Income Tax Expense / (Benefit)</b>	<b>\$ 2.5</b>		<b>\$ 1.3</b>		<b>\$ 1.2</b>

(Unaudited) (in thousands)

Six Months Ending June 30, 2022	Electric	Gas	Other	Total
Operating revenues	\$ 515,145	\$ 202,341	\$ -	\$ 717,486
Fuel, purchased supply & direct transmission*	135,319	94,755	-	230,074
Utility margin <sup>(1)</sup>	379,826	107,586	-	487,412
Operating and maintenance	80,323	25,808	-	106,131
Administrative and general	42,852	15,823	189	58,864
Property and other taxes	72,851	20,888	4	93,743
Depreciation & depletion	80,609	16,508	-	97,117
Operating Income (loss)	103,191	28,559	(193)	131,557
Interest expense	(37,806)	(6,713)	(3,230)	(47,749)
Other income	4,301	2,942	391	7,634
Income tax (expense) benefit	(1,784)	(2,382)	1,620	(2,546)
Net income (loss)	\$ 67,902	\$ 22,406	\$ (1,412)	\$ 88,896

Six Months Ending June 30, 2021	Electric	Gas	Other	Total
Operating revenues	\$ 511,511	\$ 187,509	\$ -	\$ 699,020
Fuel, purchased supply & direct transmission*	129,427	83,051	-	212,478
Utility margin <sup>(1)</sup>	382,084	104,458	-	486,542
Operating and maintenance	77,694	25,621	-	103,315
Administrative and general	38,096	14,823	1,731	54,650
Property and other taxes	73,984	20,777	4	94,765
Depreciation & depletion	77,224	16,560	-	93,784
Operating Income (loss)	115,086	26,677	(1,735)	140,028
Interest expense	(41,578)	(2,910)	(2,495)	(46,983)
Other income	5,044	2,019	1,543	8,606
Income tax (expense) benefit	(689)	(2,230)	1,576	(1,343)
Net income (loss)	\$ 77,863	\$ 23,556	\$ (1,111)	\$ 100,308

\* Direct Transmission expense excludes depreciation and depletion

	Revenues		Change		Megawatt Hours (MWH)		Average Customer Counts	
	2022	2021	\$	%	2022	2021	2022	2021
			(in thousands)					
Montana	\$ 167,668	\$ 165,903	\$ 1,765	1.1 %	1,415	1,375	315,811	310,750
South Dakota	36,023	32,150	3,873	12.0 %	312	295	50,964	50,770
<b>Residential</b>	<b>203,691</b>	<b>198,053</b>	<b>5,638</b>	<b>2.8 %</b>	<b>1,727</b>	<b>1,670</b>	<b>366,775</b>	<b>361,520</b>
Montana	170,861	171,396	(535)	(0.3) %	1,581	1,551	72,722	71,273
South Dakota	54,079	48,171	5,908	12.3 %	552	530	12,848	12,763
<b>Commercial</b>	<b>224,940</b>	<b>219,567</b>	<b>5,373</b>	<b>2.4 %</b>	<b>2,133</b>	<b>2,081</b>	<b>85,570</b>	<b>84,036</b>
Industrial	18,642	18,939	(297)	(1.6) %	1,236	1,231	76	77
Other	12,784	13,710	(926)	(6.8) %	57	66	5,599	5,561
<b>Total Retail Electric</b>	<b>\$ 460,057</b>	<b>\$ 450,269</b>	<b>\$ 9,788</b>	<b>2.2 %</b>	<b>5,153</b>	<b>5,048</b>	<b>458,020</b>	<b>451,194</b>
Regulatory amortization	14,281	19,991	(5,710)	(28.6) %				
Transmission	37,695	38,591	(896)	(2.3) %				
Wholesale and other	3,112	2,660	452	17.0 %				
<b>Total Revenues</b>	<b>\$ 515,145</b>	<b>\$ 511,511</b>	<b>\$ 3,634</b>	<b>0.7 %</b>				
<b>Total fuel, purchased supply &amp; direct transmission expense*</b>	135,318	129,427	5,891	4.6 %				
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 379,827</b>	<b>\$ 382,084</b>	<b>\$ (2,257)</b>	<b>(0.6) %</b>				

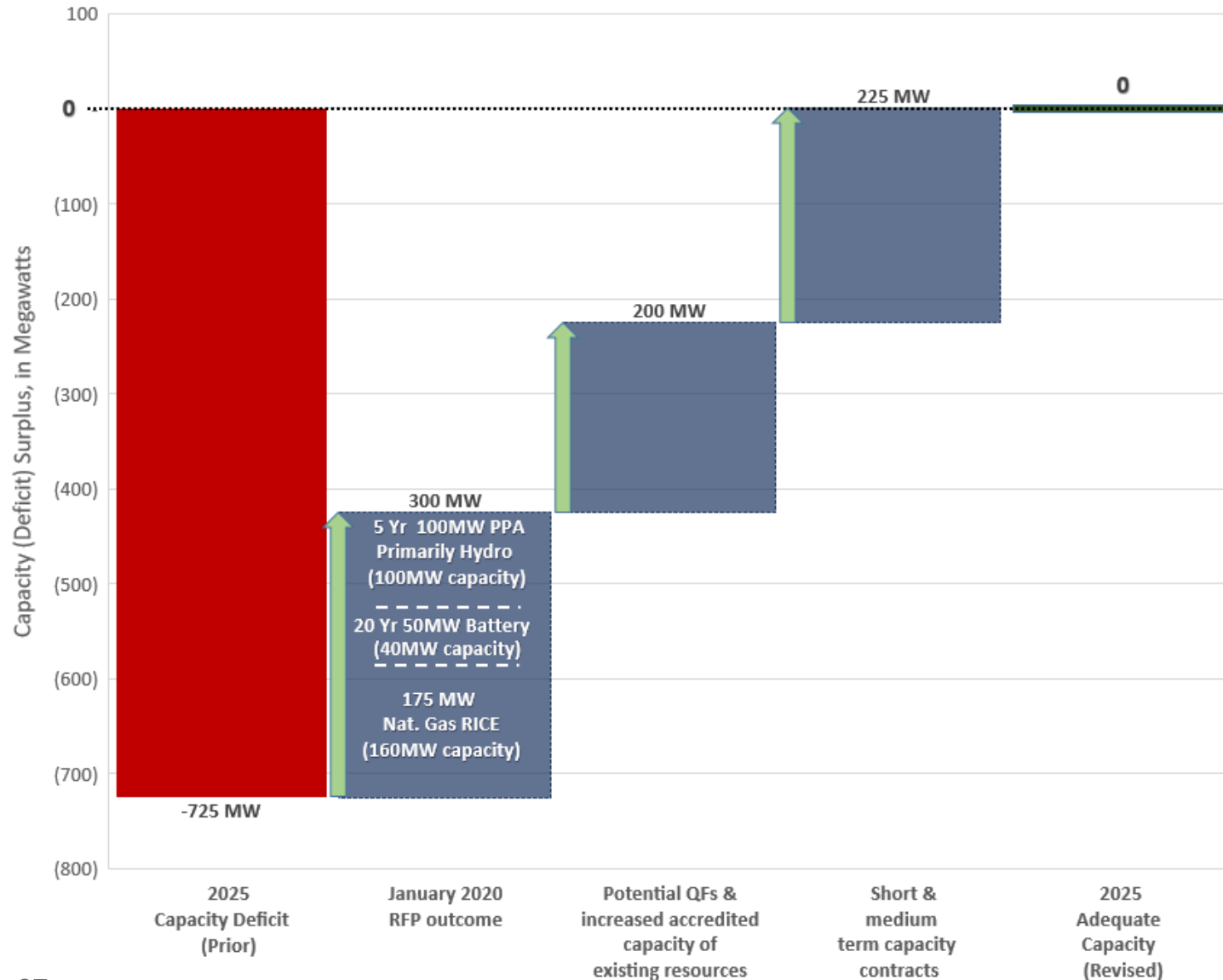
\* Direct transmission expense is exclusive of depreciation and depletion expense

## Six Months Ended June 30,

	Revenues		Change		Dekatherms (Dkt)		Average Customer Counts	
	2022	2021	\$	%	2022	2021	2022	2021
	(in thousands)							
Montana	\$ 80,895	\$ 72,514	\$ 8,381	11.6 %	9,039	8,274	181,579	179,226
South Dakota	29,325	16,475	12,850	78.0 %	2,464	2,142	41,463	41,050
Nebraska	22,799	12,155	10,644	87.6 %	1,822	1,843	37,690	37,638
<b>Residential</b>	<b>133,019</b>	<b>101,144</b>	<b>31,875</b>	<b>31.5 %</b>	<b>13,325</b>	<b>12,259</b>	<b>260,732</b>	<b>257,914</b>
Montana	41,747	36,780	4,967	13.5 %	4,889	4,374	25,286	24,877
South Dakota	20,950	10,781	10,169	94.3 %	2,153	1,881	7,035	6,887
Nebraska	13,683	6,279	7,404	117.9 %	1,266	1,253	5,008	4,969
<b>Commercial</b>	<b>76,380</b>	<b>53,840</b>	<b>22,540</b>	<b>41.9 %</b>	<b>8,308</b>	<b>7,508</b>	<b>37,329</b>	<b>36,733</b>
Industrial	773	650	123	18.9 %	92	80	232	230
Other	1,160	844	316	37.4 %	151	118	176	161
<b>Total Retail Electric</b>	<b>\$ 211,332</b>	<b>\$ 156,478</b>	<b>\$ 54,854</b>	<b>35.1 %</b>	<b>21,876</b>	<b>19,965</b>	<b>298,469</b>	<b>295,038</b>
Regulatory amortization	(27,774)	12,536	(40,310)	(321.6) %				
Wholesale and other	18,783	18,495	288	1.6 %				
<b>Total Revenues</b>	<b>\$ 202,341</b>	<b>\$ 187,509</b>	<b>\$ 14,832</b>	<b>7.9 %</b>				
<b>Total fuel, purchased supply &amp; direct transmission expense*</b>	94,756	83,051	11,705	14.1 %				
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 107,585</b>	<b>\$ 104,458</b>	<b>\$ 3,127</b>	<b>3.0 %</b>				

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

# De-risking the Montana Capacity Deficit



**NorthWestern has made significant progress to de-risk the capacity deficit between now and 2025.**

These near term capacity solutions allow time for clarity on Colstrip arbitration, further development in the western markets, and ongoing technological advances.

**We expect to submit an updated integrated resource plan by the end of 2022 or early 2023\*, followed by an all-source competitive solicitation request for capacity available in 2026.**

*\* Due to the significant impact of our ownership in Colstrip Unit 4 to the capacity available in the arbitration amongst the co-owners may affect the timing of the submission of this plan.*

# Alternative Capacity Considerations



## Yellowstone County RICE Generation



175 MW

Nameplate Needed

**\$275 Million** Cost to Build  
(\$1,571 per kW)

\$\$\$



## Wind Farm



1,222 MW

Nameplate needed

**\$2.1 BILLION** Cost to Build  
(\$1,718 per kW)

\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$  
\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$  
\$



## Solar Farm



3,077 MW

Nameplate needed

**\$4.1 BILLION** Cost to Build  
(\$1,327 per kW)

\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$  
\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$  
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\$

We expect to build the 175MW nameplate Yellowstone County Reciprocating Internal Combustion Engine (RICE) generation facility for approximately \$275 million with capacity generation output of roughly 160 MW\*.

If we were to build wind or solar to provide the equivalent 160 MW of capacity, we estimate a range of roughly \$2.1 billion to \$4.1 billion in capital costs – roughly 8 to 15 times our RICE units investment.

\* Natural gas Reciprocating Internal Combustion Engine (RICE) facility capacity credit of 96.5% is further adjusted for altitude levels at our Yellowstone County location (160 MW capacity contribution versus 175 MW nameplate).

Note: Capacity Credit factors are based on Effective Load Carrying Capability (ELCC) as of Dec. 2021.

The cost per kW per fuel type Cost and Performance Characteristics of New Generating Technologies, Annual Energy Outlook 2022 (eia.gov)

Cost Calculation: 160 MW of capacity from Yellowstone County RICE Facility. 160 MW divided by Capacity Credit then times the cost per fuel type equals total capex investment.

Note: Each dollar sign above represents \$100 million of investment and the shaded area below represents the land requirement, according to generation type, to provide required capacity.

## Land Requirement

Yellowstone County RICE Facility ~10 acres

Solar Farm ~18,500 acres

Wind Farm ~60,400 acres

# Appendix Rate Base & Authorized Return Summary

As of 12/31/2021

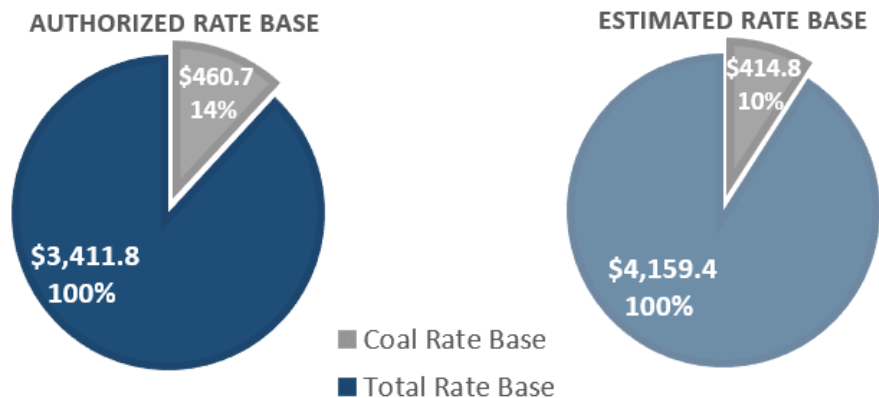
Jurisdiction and Service	Implementation Date	Authorized Rate Base (millions)	Estimated Rate Base (millions)	Authorized Overall Rate of Return	Authorized Return on Equity	Authorized Equity Level
Montana electric delivery and production (1)	April 2019	\$ 2,030.1	\$ 2,596.5	6.92%	9.65%	49.38%
Montana - Colstrip Unit 4	April 2019	\$ 304.0	\$ 270.1	8.25%	10.00%	50.00%
Montana natural gas delivery and production (2)	September 2017	\$ 430.2	\$ 536.7	6.96%	9.55%	46.79%
<b>Total Montana</b>		<b>\$ 2,764.3</b>	<b>\$ 3,403.3</b>			
South Dakota electric (3)	December 2015	\$ 557.3	\$ 635.8	7.24%	n/a	n/a
South Dakota natural gas (3)	December 2011	\$ 65.9	\$ 80.8	7.80%	n/a	n/a
<b>Total South Dakota</b>		<b>\$ 623.2</b>	<b>\$ 716.6</b>			
Nebraska natural gas (3)	December 2007	\$ 24.3	\$ 39.5	8.49%	10.40%	n/a
<b>Total NorthWestern Energy</b>		<b>\$ 3,411.8</b>	<b>\$ 4,159.4</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.

## 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 10 - 14% of earnings from its jointly owned coal generation rate base.

## Reconciliation of Gross Margin to Utility Margin for quarter ending June 30,

(in millions)	Electric		Natural Gas		Total	
	2022	2021	2022	2021	2022	2021
<b>Reconciliation of gross margin to utility margin</b>						
Operating Revenues	\$ 243.4	\$ 241.4	\$ 79.6	\$ 56.8	\$ 323.0	\$ 298.2
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	57.7	49.2	37.3	18.7	95.0	67.9
Less: Operating & maintenance expense	40.8	39.5	12.5	12.0	53.3	51.5
Less: Property and other tax expense	36.4	37.0	10.5	10.3	46.9	47.3
Less: Depreciation and depletion expense	40.2	38.5	8.0	8.3	48.2	46.8
<b>Gross Margin</b>	<b>68.3</b>	<b>77.2</b>	<b>11.3</b>	<b>7.5</b>	<b>79.6</b>	<b>84.7</b>
Plus: Operating & maintenance expense	40.8	39.5	12.5	12.0	53.3	51.5
Plus: Property and other tax expense	36.4	37.0	10.5	10.3	46.9	47.3
Plus: Depreciation and depletion	40.2	38.5	8.0	8.3	48.2	46.8
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 185.7</b>	<b>\$ 192.2</b>	<b>\$ 42.3</b>	<b>\$ 38.1</b>	<b>\$ 228.0</b>	<b>\$ 230.3</b>

## Reconciliation of Gross Margin to Utility Margin year-to-date through June 30,

(in millions)	Electric		Natural Gas		Total	
	2022	2021	2022	2021	2022	2021
<b>Reconciliation of gross margin to utility margin</b>						
Operating Revenues	\$ 515.1	\$ 511.5	\$ 202.3	\$ 187.5	\$ 717.4	\$ 699.0
Less: Fuel, purchased supply and direct transmission expense (exclusive of depreciation and depletion shown separately below)	135.3	129.4	94.8	83.1	230.1	212.5
Less: Operating & maintenance expense	80.3	77.7	25.8	25.6	106.1	103.3
Less: Property and other tax expense	72.9	74.0	20.9	20.8	93.8	94.8
Less: Depreciation and depletion expense	80.6	77.2	16.5	16.6	97.1	93.8
<b>Gross Margin</b>	<b>146.0</b>	<b>153.2</b>	<b>44.3</b>	<b>41.4</b>	<b>190.3</b>	<b>194.6</b>
Plus: Operating & maintenance expense	80.3	77.7	25.8	25.6	106.1	103.3
Plus: Property and other tax expense	72.9	74.0	20.9	20.8	93.8	94.8
Plus: Depreciation and depletion	80.6	77.2	16.5	16.6	97.1	93.8
<b>Utility Margin <sup>(1)</sup></b>	<b>\$ 379.8</b>	<b>\$ 382.1</b>	<b>\$ 107.5</b>	<b>\$ 104.4</b>	<b>\$ 487.3</b>	<b>\$ 486.5</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>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>
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
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	-	-	-
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>Tax Adjustments to Non-GAAP Items (\$ 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>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>
Non-GAAP Adjustments Taxed at 38.5% ('13-'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
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)	-	-	-
Electric tracker disallowance of prior period costs	-	-	-	7.5	-	-	-	7.4	(5.2)
Income tax adjustment	-	(18.5)	-	(12.5)	-	(12.8)	(22.8)	-	-
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>Non-GAAP Diluted Earnings Per Share</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>
<i>Diluted Average Shares (Millions)</i>	38.2	40.4	47.6	48.5	48.7	50.2	50.8	50.7	51.9
<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>
Non-GAAP Adjustments:									
Weather	(0.05)	(0.02)	0.17	0.19	(0.04)	(0.02)	(0.11)	0.14	0.01
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)	-	-	-
Electric tracker disallowance of prior period costs	-	-	-	0.16	-	-	-	0.15	(0.10)
Income tax adjustment	-	(0.47)	-	(0.26)	-	(0.25)	(0.45)	-	-
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>

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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