

Risk Factors Comparison 2025-02-13 to 2024-02-20 Form: 10-K

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The risks and uncertainties discussed below could materially affect our business operations, financial position, results of operations and cash flows, and should be carefully considered by stakeholders. The risks and uncertainties in this section are not the only ones we face; additional risks and uncertainties that we are not presently aware of, or that we currently consider immaterial, may also affect our business operations, financial position, results of operations and cash flows. Accordingly, the risks described below should be carefully considered together with other information set forth in this report and in future reports that we file with the SEC.

Regulated Operations Risks Our results of operations could be negatively impacted if our taconite, paper and pipeline customers experience an economic downturn, incur work stoppages, fail to compete effectively, experience decreased demand, fail to economically obtain raw materials, fail to renew or obtain necessary permits, or experience a decline in prices for their product. Minnesota Power's Large Power Customers (see Item 1. Business – Regulated Operations – Electric Sales / Customers) and Silver Bay Power accounted for **24-31** percent of our **2023-2024** consolidated operating revenue (**24 percent in 2023 and 29 percent in 2022 and 32 percent in 2021**) and **36-38** percent of Regulated Operations operating revenue (36 percent in **2023 and 36 percent in 2022 and 37 percent in 2021**). Minnesota Power's taconite customers, which are currently owned by only two entities at the end of **2023-2024**, accounted for approximately **21-27** percent of consolidated operating revenue and **32-33** percent of Regulated Operations operating revenue in **2023-2024**. This concentrated ownership presents customer concentration risk for the Company, and could lead to further capacity consolidation for both steel blast furnaces and related Minnesota iron ore production. These customers are also involved in cyclical industries that by their nature are adversely impacted by economic downturns and are subject to strong competition in the marketplace. The North American paper and pulp industry also faces declining demand due to the impact of electronic substitution for print and changing customer needs. As a result, certain paper and pulp customers have reduced their existing operations or idled facilities in recent years and have pursued or are pursuing product changes in response to declining demand. Additionally, the taconite industry could be impacted by changing technology in the steel industry such as the adoption of electric arc furnaces for steelmaking, which could result in declining demand for taconite and the electricity used during its production. Minnesota Power also serves two pipeline customers that accounted for 2 percent of our **2023-2024** consolidated operating revenue (2 percent in **2023 and in 2022 and in 2021**) and **3-2** percent of Regulated Operations revenue in **2024 (3 percent in 2023 (and 2 percent in 2022 and 2021))**. These customers are involved in an industry that is seeing increased environmental pressure for construction of new or expanded pipeline infrastructure for the transportation of fossil fuels. Changes in regulatory rulings or permit proceedings could result in changes to operations of the pipeline network in our service territory. Accordingly, if our industrial customers experience an economic downturn, incur a work stoppage (including strikes, lock-outs or other events), fail to compete effectively, experience decreased demand, fail to economically obtain raw materials or operate their facilities, fail to renew or obtain necessary permits, or experience a decline in demand or prices for their product, there could be adverse effects on their operations and, consequently, this could have a negative impact on our results of operations as we are unable to remarket at similar prices the energy that would otherwise have been sold to such customers. We may not be able to successfully implement our strategic objectives of growing load at our utilities if current or potential industrial or municipal customers are unable to successfully implement expansion plans, including the inability to obtain necessary governmental permits and approvals. As part of our long- term strategy, we pursue new wholesale and retail loads in and around our service territories. Currently, there are several companies in northeastern Minnesota that are in the process of developing natural resource- based projects that represent long- term growth potential and load diversity for our Regulated Operations businesses. These projects may include construction of new facilities and restarts of old facilities, both of which require permitting and approvals to be obtained before the projects can be successfully implemented. If a project does not obtain any necessary governmental (including environmental) permits and approvals or if these customers are unable to successfully implement expansion plans, our long-term strategy and thus our results of operations could be adversely impacted.

ALLETE, Inc. **2023-2024** Form 10- ~~K25~~ **K26** Item 1A. Risk Factors (Continued) Regulated Operations Risks (Continued) Our businesses, investments and customers are subject to an extensive legal and regulatory framework under federal and state laws as well as regulations imposed by other organizations that may have a negative impact on our business and results of operations. Our businesses, investments and customers are subject to an extensive legal and regulatory framework imposed under federal and state law including regulations administered by the FERC, MPUC, MPCA, PSCW, NDPSC and EPA as well as regulations administered by other organizations including the NERC. These laws and regulations relate to allowed rates of return, capital structure, financings, rate and cost structure, acquisition and disposal of assets and facilities, construction and operation of generation, transmission and distribution facilities (including the ongoing maintenance and reliable operation of such facilities), recovery of purchased power costs and capital investments, approval of integrated resource plans and present or prospective wholesale and retail competition, renewable portfolio standards that require utilities to obtain specified percentages of electric supply from eligible renewable generation sources, among other things. Energy policy initiatives at the state or federal level could increase or accelerate renewable and carbon- free energy standards or incentives for distributed generation, municipal utility ownership, or local initiatives could introduce generation or distribution requirements that could change the current integrated utility model. (See Item 1. Business – Regulated Operations – Minnesota Legislation.) Our transmission systems and electric generation facilities are subject to the NERC mandatory reliability standards, including cybersecurity standards. Compliance with these standards may lead to increased operating costs and capital expenditures which are subject to regulatory approval for recovery. If it was determined

that we were not in compliance with these mandatory reliability standards or other statutes, rules and orders, we could incur substantial monetary penalties and other sanctions, which could adversely affect our results of operations. These laws and regulations significantly influence our operations and may affect our ability to recover costs from our customers. We are required to have numerous permits, licenses, approvals and certificates from the agencies and other organizations that regulate our business. We believe we have obtained the necessary permits, licenses, approvals and certificates for our existing operations and that our business is conducted in accordance with applicable laws; however, we are unable to predict the impact on our operating results from the future regulatory activities of any of these agencies and other organizations. Changes in regulations, timing of approvals, the adoption of new regulations or the expansion of jurisdiction by these agencies and other organizations could have an adverse impact on our business and results of operations. In addition, our ability to manage changing regulations could be impacted by our rights and obligations under joint ownership agreements. Our ability to obtain rate adjustments to maintain reasonable rates of return depends upon regulatory action under applicable statutes and regulations, and we cannot provide assurance that rate adjustments will be obtained or reasonable authorized rates of return on capital will be earned. Minnesota Power and SWL & P, from time to time, file general rate cases with, or otherwise seek cost recovery authorization from, federal and state regulatory authorities. If Minnesota Power and SWL & P do not receive an adequate amount of rate relief in general rate cases, including if rates are reduced, if increased rates are not approved or recovered on a timely basis, if fuel adjustment clause recoveries or cost recovery for other items are not granted at the requested level, or costs are otherwise unable to be recovered through rates, we may experience an adverse impact on our financial position, results of operations and cash flows. We are unable to predict the impact on our business and results of operations from future legislation or regulatory activities of any of these agencies or organizations. Our regulated operations present certain environmental risks that could adversely affect our financial position and results of operations, including effects of environmental laws and regulations, physical risks associated with climate change and initiatives designed to reduce the impact of GHG emissions. We are subject to extensive environmental laws and regulations affecting many aspects of our past, present and future operations, including air quality, water quality and usage, waste management, reclamation, hazardous wastes, avian mortality and natural resources. These laws and regulations, or new laws and regulations that may be passed, can result in increased capital expenditures and increased operating and other costs as a result of compliance, remediation, containment and monitoring obligations, particularly with regard to laws relating to emissions, coal ash and water discharge at generating facilities. These laws and regulations could restrict the output of some existing facilities, limit the use of some fuels in the production of electricity, require the installation of additional pollution control equipment, require participation in environmental emission allowance trading, and lead to other environmental considerations and costs, which could have an adverse impact on our business, operations and results of operations. ALLETE, Inc. 2023-2024 Form 10-K ~~K26~~-K27 These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Violations of these laws and regulations could expose us to regulatory and legal proceedings, disputes with, and legal challenges by, governmental authorities and private parties, as well as potential significant civil fines criminal penalties and other sanctions. **On August 12, 2024, Minnesota Power received a Notice of Violation (NOV) from the MPCA, related to the spill at Boswell from a pipeline carrying ash wastewater from an inactive onsite storage pond to Blackwater Creek, which the Company reported on July 16, 2024. Minnesota Power continues to work with state and federal agencies to evaluate and mitigate the impacts from this event. We are unable to predict the mitigation or other costs related to the ash wastewater spill at this time; however, the costs could be material. (See Note 9. Commitments, Guarantees and Contingencies.)** Existing environmental regulations may be revised and new environmental regulations may be adopted or become applicable to us. Revised or additional regulations which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have an adverse effect on our results of operations. There is significant uncertainty regarding if and when new laws, regulations or administrative policies will be adopted to reduce or limit GHG and the impact any such laws or regulations would have on us. In 2023-2024, our operating coal- fired generating facilities consisted of the 352 MW Boswell Unit 3 and the 468 MW Boswell Unit 4. (See Item 7. Management Discussion and Analysis of Financial Condition and Results of Operation – Outlook – EnergyForward.) Any future limits on GHG emissions at the federal or state level, or action taken by regulators, before these facilities are retired or become coal- free may require us to incur significant capital expenditures and increases in operating costs, or could result in early closure of coal- fired generating facilities, stranded assets, an impairment of assets, denial of full recovery of decommissioning costs in excess of amounts previously collected, or otherwise adversely affect our results of operations, particularly if resulting expenditures and costs are not fully recoverable from customers. Our regulated operations may be adversely impacted by the physical and financial risks associated with climate change. See Entity- wide Risks for additional discussion of risks related to GHG and climate change. We cannot predict the amount or timing of all future expenditures related to environmental matters because of uncertainty as to applicable regulations or requirements. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties. Violations of certain environmental statutes, rules and regulations could expose ALLETE to third party disputes and potentially significant monetary penalties, as well as other sanctions for noncompliance. The operation and maintenance of our regulated electric generation, transmission and distribution facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows. The operation of generating facilities involves many risks, including start- up operational risks, breakdown or failure of facilities, the dependence on a specific fuel source, inadequate fuel supply, availability of fuel transportation, and the impact of unusual or adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. A significant portion of our facilities contain older generating equipment, which, even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. Generation, transmission and distribution facilities and equipment are also likely to require periodic upgrades and improvements due to changing environmental standards

and technological advances. Our ability to manage and operate certain facilities could also be impacted by our rights and obligations under the joint ownership agreements. We could be subject to costs associated with any unexpected failure to produce or deliver power, including failure caused by breakdown, forced outage or limited availability of fuel or fuel transportation, as well as the repair of damage to facilities due to breakdown, storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events. This could also lead to requiring additional purchased power to meet requirements of serving our retail load, which for Minnesota Power is subject to recovery under the fuel adjustment clause. Should these costs be denied or are otherwise unable to be recovered, our financial position, results of operations and cash flows could be adversely impacted. **ALLETE, Inc. 2024 Form 10- K28** Our ability to successfully and timely complete capital repairs or improvements to existing regulated facilities or in the development of new electric generation and transmission facilities or other capital projects is contingent upon many variables. We expect to incur significant capital expenditures in making capital repairs or improvements to our existing electric generation and transmission facilities and in the development and construction of new electric generation and transmission facilities. Should any such efforts be unsuccessful, not completed in a timely manner, if we are unable to obtain the necessary permits, land rights and regulatory approvals, or if there are increases in the costs for or limited availability of key materials, supplies, labor and services, we could be subject to additional costs or impairments, and projects may be delayed or canceled which could have an adverse impact on our financial position, results of operation and cash flows. **ALLETE, Inc. 2023 Form 10- K27** Our regulated electric operations may not have access to adequate and reliable transmission and distribution facilities necessary to deliver electricity to our customers. We depend on our own transmission and distribution facilities, as well as facilities owned by other utilities, to deliver the electricity sold to our customers, and to other energy suppliers. If transmission capacity is inadequate or transmission and distribution facilities we rely on are damaged, our ability to sell and deliver electricity may be limited. We may have to forgo sales or may have to buy more expensive wholesale electricity that is available in a capacity- constrained area. The ability to restore adequate capacity or repair damaged infrastructure may be impacted by the availability of key materials, supplies, labor and services, which if unavailable may prolong the impact of capacity constraints or damaged facilities. In addition, any infrastructure failure or damage that interrupts or impairs delivery of electricity to our customers could negatively impact the satisfaction of our customers, which could have an adverse impact on our business and results of operations. The price of electricity may be volatile and fuel may be volatile and availability may be limited. Volatility in market prices for electricity and volatility and limited availability of fuel could adversely impact our financial position and results of operations and may result from: • severe or unexpected weather conditions and natural disasters; • seasonality; • changes in electricity usage; • transmission or transportation constraints, inoperability or inefficiencies; • availability of competitively priced alternative energy sources; • changes in supply and demand for energy; • changes in power production capacity; • outages at our generating facilities or those of our competitors; • availability of fuel and transportation of fuel; • changes in production and storage levels of natural gas, lignite, coal, crude oil and refined products; • wars, sabotage, terrorist acts, cybersecurity attacks or other catastrophic events; and • federal, state, local and foreign energy, environmental, or other regulation and legislation, **including the direct and indirect effects of new or changes in tariffs**. Volatility in market prices for our fuel and **purchase-purchased** power costs impacts our sales to retail, municipal and Other Power Suppliers. Fluctuations in our fuel and purchased power costs related to our retail and municipal customers are passed on to customers through the fuel adjustment clause; however, our results of operations and cash flows may be adversely impacted if increased fuel adjustment clause rates are not approved or recovered on a timely basis, if cost recovery is not granted at the requested level, or costs are otherwise unable to be recovered through the fuel adjustment clause. Wholesale prices for electricity have also declined in recent years primarily due to the extension of renewable tax credits and additional renewable generation commencing operations. If there are reductions in demand from current customers, we lose retail customers, or we lose municipal customers that do not renew existing contracts, we will market any available power to Other Power Suppliers in an effort to mitigate any earnings impact. Sales to Other Power Suppliers are sold at market- based prices into the MISO market on a daily basis or through bilateral agreements of various durations. Due to wholesale prices for electricity being below our rates for retail and municipal customers, we do not expect that our power marketing efforts would fully offset the reduction in earnings resulting from the lower demand from existing customers or the loss of customers. (See Item 1. Business – Regulated Operations – Electric Sales / Customers.) **ALLETE, Inc. 2023-2024 Form 10- K28-K29** Demand for energy may decrease. Our results of operations are impacted by the demand for energy in our service territories, our municipal customers and other power suppliers. There could be lower demand for energy due to a loss of customers as a result of economic conditions, customers constructing or installing their own generation facilities, higher costs and rates charged to customers, eligible municipal and other power suppliers choosing an alternative energy provider, or loss of service territory or franchises. Further, energy conservation and technological advances that increased energy efficiency may temporarily or permanently reduce the demand for energy products. In addition, we are impacted by state and federal regulations requiring mandatory conservation measures, which reduce the demand for energy products. Continuing technology improvements and regulatory developments may make customer and third party- owned generation technologies such as rooftop solar systems, WTGs, microturbines and battery storage systems more cost effective and feasible for certain customers. If customers utilize their own generation, demand for energy from us would decline. There may not be future economic growth opportunities that would enable us to replace the lost energy demand from these customers. Therefore, a decrease in demand for energy could adversely impact our financial position, results of operations and cash flows. **ALLETE Clean Energy / Corporate and Other Risks** The inability to successfully manage and grow our businesses could adversely affect our results of operations. The Company's strategy includes adding customers, new geographies, and growth through acquisitions or project development with long- term PSAs in place for the output or to be sold upon completion. This strategy depends, in part, on the Company's ability to successfully identify and evaluate acquisition or development opportunities and consummate acquisitions on acceptable terms and obtain all required permits and approvals. The Company may compete with other companies for these acquisition and

development opportunities, which may increase the Company's cost of making acquisitions and the Company may be unsuccessful in pursuing these acquisition opportunities. Other companies may be able to pay more for acquisitions and may be able to identify, evaluate, bid for and purchase a greater number of assets than the Company's financial or human resources permit. New laws and regulations promoting renewable energy generation may result in increased competition. Our ALLETE Clean Energy business is experiencing return pressures from increased competition, and lower forward price curves, as a growing amount of investment capital is being directed into wind energy generation opportunities. In addition, current and potential new project developments at our businesses can be negatively affected by a lower ALLETE stock price, which may result in such projects not being accretive, or otherwise unable to satisfy our financial objectives criteria to proceed. Additionally, tax law changes may adversely impact the economic characteristics of potential acquisitions or investments. If the Company is unable to execute its strategy of growth through acquisitions, project development for others, or the addition of new customers and geographies, it may impede our long-term objectives and business strategy. Acquisitions and operations of recently acquired entities are subject to uncertainties. If we are unable to successfully integrate and manage ~~New Energy, or~~ future acquisitions and strategic investments, this could have an adverse impact on our results of operations. Our actual results may also differ from our expectations due to factors such as the ability to obtain timely regulatory or governmental approvals, integration and operational issues and the ability to retain management and other key personnel. **Our results of operations could be..... government on products purchased by our businesses.** The generation of electricity from wind and solar energy facilities depends heavily on suitable meteorological conditions. Although our electric generation facilities are located in diverse geographic regions to reduce the potential impact that may be caused by unfavorable weather in a particular region, suitable meteorological conditions are variable and difficult to predict. If wind or solar conditions are unfavorable or meteorological conditions are unsuitable, electricity generation and revenue from wind and solar energy facilities may be substantially below our expectations. The electricity produced, production tax credits received, and revenues generated by a wind or solar energy facility are highly dependent on suitable wind conditions and associated weather conditions, which are variable and beyond our control. We base our decisions about which wind and solar projects to build or acquire as well as our electricity generation estimates, in part, on the findings of long-term wind and other meteorological studies conducted on the project site and its region; however, the unpredictable nature of wind and solar conditions, weather and meteorological conditions can result in material deviations from these studies and our expectations. Furthermore, components of our systems could be damaged by severe weather, such as hailstorms, lightning or tornadoes. In addition, replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable wind and solar conditions, weather or changes to meteorological patterns could impair the effectiveness of our electric generation facility assets, reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of our wind energy facilities or lead to an impairment of assets. **ALLETE, Inc. 2024 Form 10-K30 ALLETE Clean Energy / Corporate and Other Risks (Continued)** The construction, operation and maintenance of our electric generation facilities or investment in facilities are subject to operational risks that could adversely affect our financial position, results of operations and cash flows. The construction and operation of generating facilities involves many risks, including the performance by key contracted suppliers and maintenance providers; increases in the costs for or limited availability of key materials, supplies, labor and services; start-up operations risks; breakdown or failure of facilities; curtailment of facilities by counterparties or due to inadequate transmission capacity; the dependence on the availability of wind resources; or the impact of unusual, adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency. Some of our facilities contain older generating equipment, which even if maintained in accordance with good engineering practices, may require significant capital expenditures to continue operating at peak efficiency. We could be subject to costs associated with any unexpected failure to produce and deliver power, including failure caused by breakdown or forced outage, as well as the repair of damage to facilities due to storms, natural disasters, wars, sabotage, terrorist acts and other catastrophic events. The price of electricity may be volatile, which may impact results of operations at ALLETE Clean Energy wind energy facilities under contracts with commercial and industrial (C & I) customers. Unusual, adverse weather conditions or other natural events and different settlement prices between hub and node can cause volatility in market prices for electricity and adversely affect our financial position, results of operations and cash flows. ALLETE Clean Energy's power sales agreements with C & I customers at its Diamond Spring and Caddo wind energy facilities are contracts for differences where power is delivered to the market, a fixed price is paid by the customers to ALLETE Clean Energy, and differences between the market price and the fixed price are paid to or received from the customers. Certain contracts also settle with the market at the hub price whereas ALLETE Clean Energy settles with the customer at the node price which can vary significantly based on multiple factors. These settlement provisions can result in an adverse impact on our financial position, results of operations and cash flows when market prices are volatile, or lead to potential impairment of property, plant and equipment if these conditions persist for an extended period of time. ~~ALLETE, Inc. 2023 Form 10-K30~~ As contracts with counterparties expire, we may not be able to replace them with agreements on similar terms or divest the related assets at a profit. ALLETE Clean Energy is party to PSAs that expire in various years between ~~2024~~ **2027** and 2039. These PSA expirations are prior to the end of the estimated useful lives of the respective wind energy facilities. If, for any reason, ALLETE Clean Energy is unable to enter into new agreements with existing or new counterparties on similar terms once the current agreements expire, sell energy in the wholesale market resulting in similar revenue, or enter into a contract to sell the facility at a profit, our financial position, results of operations and cash flows could be adversely affected, which includes potential impairment of property, plant and equipment. Counterparties to turbine and other generation supply, service and maintenance, or power sale agreements may not fulfill their obligations. Our businesses are party to turbine and other generation supply agreements, service and maintenance agreements, and PSAs under various durations with a limited number of creditworthy counterparties. If, for any reason, any of the counterparties under these agreements do not fulfill their related contractual obligations, and we are unable to mitigate non-performance by a key supplier or maintenance

provider or remarket PSA energy resulting in similar revenue, our financial position, results of operations and cash flows could be adversely affected. ALLETE has a significant amount of goodwill. A determination that goodwill has been impaired could result in a significant non-cash charge to earnings. We had approximately \$ 155 million of goodwill recorded on our Consolidated Balance Sheet as of December 31, 2023-2024, related to New Energy. If we change our business strategy, fail to deliver on our projected results or if market or other conditions adversely affect the operations of New Energy, we may be required to record an impairment charge. Declines in projected operating cash flows at New Energy could also result in an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations. **ALLETE, Inc. 2024 Form 10- K31** BNI Energy may be adversely impacted by its exposure to customer concentration, and environmental laws and regulations. BNI Energy sells lignite coal to two electric generating cooperatives, Minnkota Power and Square Butte, and could be adversely impacted if these customers were unable or unwilling to fulfill their related contractual obligations, or change the way in which they operate their generating facilities. In addition, BNI Energy and its customers may be adversely impacted by existing or new environmental laws and regulations which could have an adverse effect on our financial position, results of operations and cash flows. In addition, insurance companies have decreased the available coverage for policy holders in the mining industry, impacting the availability of coverage, and leading to higher deductibles and premiums. Real estate market conditions where our legacy Florida real estate investment is located may deteriorate. The Company's strategy related to the real estate assets of ALLETE Properties incorporates the possibility of a bulk sale of its entire portfolio, in addition to sales over time, however, adverse market conditions could impact the timing of land sales, which could result in little to no sales, while still incurring operating expenses such as community development district assessments and property taxes, resulting in net operating losses at ALLETE Properties. Furthermore, weak market conditions could put the properties at risk for an impairment charge. An impairment charge would result in a non-cash charge to earnings that could have an adverse effect on our results of operations. We could be materially adversely affected by health epidemics, pandemics and other outbreaks. Health epidemics, pandemics and other outbreaks, as well as the related federal and state government responses, can have widespread impacts on the economy and on our employees, customers, contractors and suppliers, such as those experienced from the COVID- 19 pandemic. There may be uncertainty regarding the length of time an epidemic, pandemic or other outbreak will last, how they will evolve, or the extent and duration of any measures attempted to try and contain them. **ALLETE, Inc. 2023 Form 10- K31 Entity-wide Risks (Continued)** A disruption of economic activity or an extended disruption of economic activity may lead to adverse impacts on our taconite, paper, pulp and secondary wood products, and pipeline customers' operations including reduced production or the temporary idling or indefinite shutdown of facilities, which would result in lower sales and revenue from these customers. A disruption in capital markets could lead to increased borrowing costs or adversely impact our ability to access capital markets or other financing sources, which would adversely affect our ability to maintain our businesses or to implement our business plans. An epidemic, pandemic or other outbreak may also result in a disruption to our supply chains which could adversely impact our operations and capital projects resulting in project and operational delays, project cancellations, lower returns on projects and cost increases. Despite any efforts made to mitigate the impacts on the Company of an epidemic, pandemic or other outbreak, their ultimate impact also depends on factors beyond our control, including their duration and severity as well as governmental and third-party actions taken to contain their spread and mitigate their public health effects. As a result, we cannot predict the ultimate impact of an epidemic, pandemic or other outbreak, such as the ongoing COVID- 19 pandemic and whether it will have a material impact on our liquidity, financial position, results of operations and cash flows. We rely on access to financing sources and capital markets. If we do not have access to capital on acceptable terms or are unable to obtain capital when needed, our ability to execute our business plans, make capital expenditures or pursue other strategic actions that we may otherwise rely on for future growth would be adversely affected. We rely on access to financing sources and the capital markets, on acceptable terms and at reasonable costs, as sources of liquidity for capital requirements not satisfied by our cash flows from operations. Rising interest rates, inflation and market disruptions or a downgrade of our credit ratings may increase the cost of borrowing or adversely affect our ability to access and finance in the capital markets or to access other financing sources such as tax equity financing. Such disruptions or causes of a downgrade could include but are not limited to: weakening of the Company's cash flow metrics; a loss of, or a reduction in sales to, our taconite, paper and pipeline customers if we are unable to offset the related lost margins; weaker operating performance; adverse regulatory outcomes; disproportionate increase in the contribution to net income from ALLETE Clean Energy and our Corporate and Other businesses as compared to that from our Regulated Operations; deteriorating economic or capital market conditions; or volatility in commodity prices. **ALLETE, Inc. 2024 Form 10- K32 Entity-wide Risks (Continued)** If we are not able to access capital on acceptable terms in sufficient amounts and when needed, or at all, the ability to maintain our businesses or to implement our business plans would be adversely affected. This would include our ability to make the significant capital expenditures planned in order to achieve Minnesota Power's clean-energy transition plans. (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Capital Requirements.) A deterioration in general economic conditions, an inflationary environment or supply chain disruptions may have adverse impacts on our financial position, results of operations and cash flows. If economic conditions deteriorate, we experience an inflationary environment or supply chains are disrupted on a national, regional or global level, it may have a negative impact on our customers and the Company's financial position, results of operations and cash flows. This impact may include volatility and unpredictability in the demand for the products and services offered by our businesses, the loss of existing customers, tempered growth strategies, customer production cutbacks, customer bankruptcies and increases in costs for or limited availability of key materials, supplies, labor and services for our operations and capital projects. An uncertain economy could also adversely affect expenses including pension costs, interest costs, and uncollectible accounts, or lead to reductions in the value of certain real estate and other investments. Our utility infrastructure and generating facilities, ongoing and future capital and development projects, and other operations require components, supplies, materials, labor and services sourced from

suppliers or providers who, in turn, may source components from their suppliers. A shortage of key components, supplies, materials, labor or services in which an alternative supplier or provider is not identified could significantly impact project plans or our operations. Such impacts could include project delays, including potential for project cancellation, lower project returns, increased costs or the inability to provide service to customers, which could adversely impact our results of operations, financial condition or cash flows. **Our results of operations** could be adversely affected by changes in governmental incentives or policies that support renewable energy or changes in taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it. Any reductions or modifications to, or the elimination of, governmental incentives or policies that support renewable energy, or the imposition of additional or increased sourcing of components subject to taxes, tariffs, duties or other assessments on renewable energy or the equipment necessary to generate and deliver it, could result in, among other items, the lack of a satisfactory market for the development or financing of new renewable energy projects and reduced project returns on current or future projects. ~~ALLETE, Inc. 2023 Form 10- K29~~ **ALLETE Clean Energy / Corporate and Other Risks (Continued)** The U.S. government currently imposes anti-dumping and countervailing duties on certain imported photovoltaic (PV) cells and modules from China and Taiwan. Such duties can change over time pursuant to annual reviews conducted by the U.S. Department of Commerce (DOC). On August 18, 2023, the U.S. DOC issued a final affirmative determination that imports of certain PV cells and modules assembled and completed in Cambodia, Malaysia, Thailand, and Vietnam are circumventing anti-dumping and countervailing duties. Duties ~~will were~~ not be collected on imports before June 2024 as a result of a temporary duty suspension ordered by the U.S. President. Our operating results could be adversely impacted if this U.S. DOC circumvention determination results in duties assessed on future purchases made by our businesses after the current moratorium ends, or if additional anti-dumping and countervailing **duties are imposed by the U.S. government on products purchased by our businesses.** ~~ALLETE, Inc. 2023-2024 Form 10- K32-K33~~ **Our results of operations could be adversely affected by changes in governmental policy related to taxes, tariffs and duties, as well as grants and other incentives. Our business, investments and customers could be adversely affected by the direct and indirect effects of recently proposed and new tariffs, or changes in existing tariffs, on purchases from suppliers located outside of the U. S. or suppliers with products sourced from outside of the U. S. Minnesota Power has PPAs that provide for the purchase of capacity and energy from Manitoba Hydro in Canada and also purchases other energy and capacity through MISO or under bilateral contracts with other power suppliers that may be sourced from outside of the U. S. A portion of SWL & P's natural gas purchases for resale in its regulated service territory is also sourced from Canada. In addition, the Company has various other agreements for the purchase of equipment and other components for use in our operations or capital projects that may be sourced from outside the U. S. We are evaluating the impact of proposed tariffs on our operations, capital projects and purchases from and agreements with suppliers. The U. S. Department of Energy (DOE) previously awarded grants on two transmission projects that are currently under various stages of development. (See Outlook – Transmission – North Plains Connector Development Agreement and HVDC Transmission System Project.) **These projects could be materially affected by changes in DOE's funding policies.** Our businesses, investments and customers are subject to extensive state and federal legislation and regulation, compliance with which could have an adverse effect on our businesses. Our businesses, investments and customers are subject to, and affected by, extensive state and federal legislation and regulation. If it was determined that our businesses failed to comply with applicable laws and regulations, we could become subject to fines or penalties or be required to implement additional compliance measures or actions, the cost of which could be material. If we are unable to obtain all required permits and approvals for our development projects, it could negatively impact our ability to execute on our EnergyForward strategy. Adoption of new laws, rules, regulations, principles, **public policy positions** or practices **and their interpretations** by federal and state agencies, or changes to or a failure to comply with current laws, rules, regulations, principles, **public policy positions** or practices and their interpretations, could have an adverse effect on our financial position, results of operations and cash flows. The inability to attract and retain a qualified workforce including, but not limited to, executive officers, key employees and employees with specialized skills, could have an adverse effect on our operations. The success of our business heavily depends on the leadership of our executive officers and key employees to implement our business strategy. The inability to maintain a qualified workforce, including, but not limited to, executive officers, key employees and employees with specialized skills, may negatively affect our ability to service our existing or new customers, or successfully manage our business or achieve our business objectives. Personnel costs may increase due to competitive pressures, inflation or terms of collective bargaining agreements with union employees. Market performance and other changes could decrease the value of pension and other postretirement benefit plan assets, which may result in significant additional funding requirements and increased annual expenses. The performance of the capital markets impacts the values of the assets that are held in trust to satisfy future obligations under our pension and other postretirement benefit plans. We have significant obligations to these plans and the trusts hold significant assets. These assets are subject to market fluctuations and will yield uncertain returns, which may fall below our projected rates of return. A decline in the market value of the pension and other postretirement benefit plan assets would increase the funding requirements under our benefit plans if asset returns do not recover. Additionally, our pension and other postretirement benefit plan liabilities are sensitive to changes in interest rates. As interest rates decrease, the liabilities increase, potentially increasing benefit expense and funding requirements. Our pension and other postretirement benefit plan costs are generally recoverable in our electric rates as allowed by our regulators or through our cost-plus fixed fee coal supply agreements at BNI Energy; however, there is no certainty that regulators will continue to allow recovery of these rising costs in the future. ~~ALLETE, Inc. 2024 Form 10- K34~~ We are exposed to significant reputational risk. The Company could suffer negative impacts to its reputation as a result of operational incidents, violations of corporate compliance policies, such as our code of business conduct, by employees, directors of ALLETE, contractors, vendors and others who do business with or on behalf of ALLETE, regulatory violations, operations that produce or enable the production of GHG emissions or other events which may result in negative customer perception, increased regulatory oversight, and negative**

consequences to our credit ratings and ability to access capital, each of which could have an adverse effect on our financial position, results of operations and cash flows. We are subject to physical and financial risks associated with climate change and other catastrophic events, such as natural disasters and acts of war. Catastrophic events at or near Company facilities and equipment on which the Company depends upon or that otherwise impact the Company such as fires, wildfires, including the impact to Company facilities and operations or potential liability if caused by Company equipment, earthquakes, explosions, and floods, severe weather, such as ice storms, hailstorms, or tornadoes or similar occurrences, as well as acts of war, could adversely affect the Company's facilities, operations, financial position, results of operations and cash flows. Although the Company has contingency plans and employs crisis management to respond and recover operations in the event of a severe disruption resulting from a catastrophic event, these measures may not be successful. Furthermore, despite these measures, if a catastrophic event were to occur, our financial position, results of operations and cash flows could be adversely affected.

~~ALLETE, Inc. 2023 Form 10-K33~~ The scientific community generally accepts that emissions of GHG are linked to global climate change. Physical risks of climate change, such as more frequent, longer duration or more extreme weather events, changes in temperature and precipitation patterns, increased risk of wildfires, changes to ground and surface water availability, and other related phenomena, could affect some, or all, of our operations. Severe weather or other natural disasters could be destructive, which could result in increased costs or limit the availability of key materials, supplies, labor and services used in our operations or to respond to damaged facilities. An extreme weather event can also directly affect our capital assets, causing disruption in service to customers due to facility outages, downed wires and poles or damage to other operating equipment. Climate-related risks that could adversely affect our financial position and results of operations include effects of environmental- or economic- based laws, regulations, incentives or initiatives designed to reduce the quantity or impact of GHG emissions, the ability of our regulated businesses to obtain rate adjustments to recover costs and investments to implement clean-energy transition plans, or disruptions to the economy or energy markets caused by climate change. This includes the risk of laws or regulations that create mandates that do not allow for a transition that protects the safety, reliability or affordability of energy for our customers, are implemented before cost-effective technology is developed and regulatory policy is established, or require the electric sector to decarbonize faster than other sectors ~~and ahead of our current vision to deliver 100 percent carbon-free energy to customers by 2050~~. Additionally, restrictions on land use, wildlife impacts, and other environmental regulations could affect the siting, construction and operation of new or existing generation and transmission facilities needed to transition to lower- carbon generation sources. These all have the potential to adversely affect our business and operations. We are vulnerable to acts of terrorism or cybersecurity attacks. Our operations may be targets of terrorist activities or cybersecurity attacks, which could disrupt our ability to provide utility service at our regulated utilities, develop or operate our renewable energy projects at ALLETE Clean Energy, or operate our other businesses. The impacts may also impair the fulfillment of critical business functions, negatively impact our reputation, subject us to litigation or increased regulation, or compromise sensitive, confidential and other data. There have been cybersecurity attacks on U. S. energy infrastructure in the past and there may be such attacks in the future. Our generation, transmission and distribution facilities, information technology systems and other infrastructure facilities and systems could be direct targets of, or otherwise be materially adversely affected by such activities. Hacking, computer viruses, terrorism, theft and sabotage could impact our systems and facilities, or those of third parties on which we rely, which may disrupt our operations. **ALLETE, Inc. 2024 Form 10-K35** Our businesses require the continued operation of sophisticated custom- developed, purchased, and leased information technology systems and network infrastructure as well as the collection and retention of personally identifiable information of our customers, shareholders and employees. Although we maintain security measures designed to prevent cybersecurity incidents and protect our information technology and control systems, network infrastructure and other assets, our technology systems, or those of third parties on which we rely, may be vulnerable to disability, failures or unauthorized access due to hacking, viruses, acts of war or terrorism as well as other causes. If those technology systems fail or are breached and not recovered in a timely manner, we may be unable to perform critical business functions including effectively maintaining certain internal controls over financial reporting, our reputation may be negatively impacted, we may become subject to litigation or increased regulation, and sensitive, confidential and other data could be compromised. If our business were impacted by terrorist activities or cybersecurity attacks, such impacts could have an adverse effect on our financial position, results of operations and cash flows. We maintain insurance against some, but not all, of the risks and uncertainties we face. We maintain insurance against some, but not all, of the risks and uncertainties we face. The occurrence of these risks and uncertainties, if not fully covered by insurance, could have a material effect on our financial position, results of operations and cash flows. ~~ALLETE, Inc. 2023 Form 10-K34~~ Government challenges to our tax positions, as well as tax law changes and the inherent difficulty in quantifying potential tax effects of our operations and business decisions, could adversely affect our results of operations and liquidity. We are required to make judgments regarding the potential tax effects of various financial transactions and our ongoing operations in order to estimate our obligations to taxing authorities. The obligations, which include income taxes and taxes other than income taxes, involve complex matters that ultimately could be litigated. We also estimate our ability to use tax benefits, including those in the form of carryforwards and tax credits that are recorded as deferred tax assets on our Consolidated Balance Sheet. A disallowance of some or all of these tax benefits could have an adverse impact on our financial position, results of operations and cash flows. We are currently utilizing, and plan to utilize in the future, our carryforwards and tax credits to reduce our income tax obligations. If we cannot generate enough taxable income in the future to utilize all of our carryforwards and tax credits before they expire, we may incur adverse charges to earnings. If federal or state tax authorities deny any deductions or tax credits, negatively change existing tax laws or policies, or fail to extend or renew policies beneficial to the Company, such as those for renewable energy production tax credits, our financial position, results of operations and cash flows may be adversely impacted. Our business, financial position, results of operations, and cash flows could be materially affected by adverse results of litigation. We are involved in litigation arising in the normal course of business. Unfavorable resolution of legal or

administrative proceedings in which we are involved or other future legal or administrative proceedings may have an adverse effect on our business, financial position, results of operations and cash flows. **ALLETE, Inc. 2024 Form 10- K36 Risks Relating to the Merger** On May 5, 2024, ALLETE entered into the Merger Agreement. (See Note 15. Agreement and Plan of Merger.) There is no assurance when or if the Merger will be completed, and there could be an adverse effect on the Company's business, results of operations, financial condition or cash flows if the Merger is not completed or is delayed. Consummation of the Merger is subject to various closing conditions, including: (1) approval of the shareholders of ALLETE; (2) receipt of all required regulatory approvals without the imposition of a Burdensome Condition (as defined in the Merger Agreement); (3) absence of any law or order prohibiting the consummation of the Merger; (4) subject to materiality qualifiers, the accuracy of each party's representations and warranties; (5) each party's compliance in all material respects with its obligations and covenants under the Merger Agreement; and (6) the absence of a material adverse effect with respect to the Company. The Merger Agreement also contains certain termination rights for both ALLETE and Alloy Parent, including if the Merger is not consummated by August 5, 2025 (subject to extension for an additional two successive three-month periods if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). While the shareholders of ALLETE voted to approve and adopt the Merger Agreement and approve the transactions contemplated thereby, including the Merger, at a special meeting of the shareholders that was held on August 21, 2024, there can be no assurance that the other conditions to completion of the Merger will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the proposed Merger. The Merger Agreement also provides for certain termination rights for each of ALLETE and Alloy Parent. If the Merger Agreement is terminated, there may be various material, adverse consequences to the Company, including that the Company could be required to pay Alloy Parent a termination fee of \$ 116 million under certain specified circumstances. If the Merger is not completed or delayed, there may be negative reactions from the financial markets, including declines in the price of ALLETE's common stock due to the fact that the current price may reflect a market assumption that the Merger will be completed. The announcement and pendency of the Merger, during which the Company is subject to certain operating restrictions, could have an adverse effect on the Company's businesses, results of operations, financial condition or cash flows. The announcement and pendency of the Merger could disrupt the Company's businesses, and uncertainty about the effect of the Merger may have an adverse effect on the Company. These uncertainties could affect existing employee relationships, disrupt the business of the Company, and could cause suppliers, vendors, partners, lenders and others that deal with the Company to: (1) defer entering into contracts with the Company; or (2) make other decisions concerning the Company or seek to change or cancel existing business relationships with the Company. The Merger Agreement also requires the Company to obtain Parent's consent prior to taking certain specified actions while the Merger is pending. These restrictions may prevent the Company from pursuing otherwise attractive business opportunities or making other changes to its business prior to the completion of the Merger. The Company will incur substantial transaction fees and costs in connection with the Merger. The Company has incurred transaction costs of \$ 22. 6 million after- tax through December 31, 2024, and expects to incur additional material expenses in connection with the Merger and completion of the transactions contemplated by the Merger Agreement. Further, even if the proposed Merger is not completed, the Company will need to pay certain costs relating to the proposed Merger incurred prior to the date the proposed Merger was abandoned, such as legal, accounting, financial advisory, filing and printing fees. **ALLETE, Inc. 2024 Form 10- K37 Risks Relating to the Merger (Continued)** Pending litigation related to the Merger could result in substantial costs and may delay or prevent the Merger from being completed. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs to us and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Merger, then that injunction may delay or prevent the Merger from being completed. A complaint has been filed in the U. S. District Court for the Southern District of New York alleging violation of Sections 14 (a) and 20 (a) of the Securities Exchange Act of 1934, disclosure deficiency in the Preliminary Proxy, and seeking to enjoin the transaction until certain disclosures are corrected. On September 3, 2024, that complaint was voluntarily dismissed without prejudice. Two additional complaints were filed on August 6, 2024, and August 7, 2024, in New York State Supreme Court, alleging negligent misrepresentation and negligence related to alleged deficiencies in the Preliminary Proxy. Those complaints have not been served on any defendant. The Company believes that the complaints are without merit.