

Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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NW Holdings' and NW Natural' s business and financial results are subject to a number of risks and uncertainties, many of which are not within our control, which could adversely affect our business, financial condition, and results of operations. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our businesses, financial condition, and results of operations. When considering any investment in NW Holdings' or NW Natural' s securities, investors should carefully consider the following information, as well as information contained in the caption "Forward- Looking Statements", Item 7A, and our other documents filed with the SEC. This list is not exhaustive and the order of presentation does not reflect management' s determination of priority or likelihood. Additionally, our listing of risk factors that primarily affects one of our businesses does not mean that such risk factor is inapplicable to our other businesses.

Legal, Regulatory and Legislative Risks REGULATORY RISK. Regulation of NW Holdings' and NW Natural' s regulated businesses, including changes in the regulatory environment, failure of regulatory authorities to approve rates which provide for timely recovery of costs and an adequate return on invested capital, or an unfavorable outcome in regulatory proceedings may adversely impact NW Holdings' and NW Natural' s financial condition and results of operations. The OPUC and WUTC have general regulatory authority over NW Natural' s gas business in Oregon and Washington. NW Holdings' regulated water utility businesses are generally regulated by the public utility commission in the state in which a water business is located. These public utility commissions have broad regulatory authority, including: the rates charged to customers; authorized rates of return on rate base, including ROE; the amounts and types of securities that may be issued by our regulated utility companies, like NW Natural; services our regulated utility companies provide and the manner in which they provide them; the nature of investments our utility companies make; deferral and recovery of various expenses, including, but not limited to, pipeline replacement, environmental remediation and compliance costs, capital ~~and~~, information technology and other investments, commodity hedging expense, and certain employee benefit expenses such as pension costs; transactions with affiliated interests; regulatory adjustment mechanisms such as weather adjustment mechanisms, and other matters. The OPUC also regulates actions investors may take with respect to our utility companies, NW Natural and NW Holdings. Similarly, FERC has regulatory authority over NW Natural' s interstate storage services. Expansion of our businesses generally results in regulation by other regulatory authorities. For example, certain of NW Holdings' water companies are regulated in Idaho, Texas and Arizona. The costs that are deemed recoverable in rates and prices regulators allow us to charge for regulated utility service, and the maximum FERC-approved rates FERC authorizes us to charge for interstate storage and related transportation services, are the most significant factors affecting both NW Natural' s and NW Holdings' financial position, results of operations and liquidity. State utility regulators have the authority to disallow recovery of costs they find imprudently incurred or otherwise disallowed, and rates that regulators allow may be insufficient for recovery of costs we incur. We expect to continue to make expenditures to expand, improve and safely operate our gas and water utility distribution and gas storage systems, and to work toward decarbonizing our gas systems. Regulators can deny recovery of those costs. Furthermore, while each applicable state regulator has established an authorized rate of return for our regulated utility businesses, we may not be able to achieve the earnings level authorized. Moreover, in the normal course of business we may place assets in service or incur higher than expected levels of operating expense before rate cases can be filed to recover those costs (this is commonly referred to as regulatory lag). The failure of any regulatory commission to approve requested rate increases on a timely basis to recover costs or to allow an adequate return could adversely impact NW Holdings' or NW Natural' s financial condition, results of operations and liquidity. As companies with regulated utility businesses, we frequently have dockets open with our regulators , including a general rate case filed with the OPUC in December 2023. The regulatory proceedings for these dockets typically involve multiple parties, including governmental agencies, consumer, environmental, and other advocacy groups, and other third parties. Each party advocates for the interests that they represent, which may include lower rates, additional regulatory oversight over the company, limitations on growth or phasing out of the gas system, decisions that favor electrification, or advancing other interests. We cannot predict the timing or outcome of these proceedings, or the effects of those outcomes on NW Holdings' and NW Natural' s results of operations and financial condition.

REGULATION, COMPLIANCE AND TAXING AUTHORITY RISK. NW Holdings and NW Natural are subject to governmental regulation, and compliance with local, state and federal requirements, including taxing requirements, and unforeseen changes in or interpretations of such requirements could affect NW Holdings' or NW Natural' s financial condition and results of operations. NW Holdings and NW Natural are subject to regulation by federal, state and local governmental authorities. We are required to comply with a variety of laws and regulations and to obtain authorizations, permits, approvals and certificates from governmental agencies in various aspects of our business. Significant changes in federal, state, or local governmental leadership can accelerate or amplify changes in existing laws or regulations, or the manner in which they are interpreted or enforced. For instance, the 2020 United States Presidential election resulted in leadership changes in many federal administrative agencies and resulted in a wide range of new policies, executive orders, rules, initiatives and other changes to fiscal, tax, regulation, environmental, climate and other federal policies, many of which have components that affect the energy sector. The 2024 presidential and congressional elections may result in additional significant changes that may impact NW Natural and NW Holdings. Similarly ~~, although party leadership in Oregon and Washington did not significantly change in the most recent election,~~ we could continue to face significant legislative, regulatory and other policy changes in at the state level or in the local jurisdictions in which we operate. In addition, foreign governments may implement changes to their policies, in response to changes to U. S. policy or otherwise. Although we cannot predict the impact, if any, of these changes to

our businesses, they could adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. Until we know what policy changes are made and how those changes impact our businesses and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or will be negatively affected by them. We cannot predict changes in laws, regulations, interpretations or enforcement or the impact of such changes. Additionally, any failure to comply with existing or new laws and regulations could result in fines, penalties or injunctive measures. For example, under the Energy Policy Act of 2005, the FERC has civil authority under the Natural Gas Act to impose penalties for current violations of **nearly over \$ 1.5 million per day for each violation**. In addition, as the regulatory environment for our businesses increases in complexity, the risk of inadvertent noncompliance may also increase. Changes in regulations, the imposition of additional regulations, and the failure to comply with laws and regulations could negatively influence NW Holdings' or NW Natural' s operating environment **and results of operations. There is uncertainty as to how our regulators will reflect the impact of the legislation and other government regulation in rates. The resulting ratemaking treatment may negatively affect NW Holdings' or NW Natural' s financial condition** and results of operations. Additionally, changes in federal, state, local or foreign tax laws and their related regulations, or differing interpretations or enforcement of applicable law by a federal, state, local or foreign taxing authority, could result in substantial cost to us and negatively affect our results of operations. Tax law and its related regulations and case law are inherently complex and dynamic. Disputes over interpretations of tax laws may be settled with the taxing authority in examination, through programs like the Compliance Assurance Process (CAP), upon appeal or through litigation. Our judgments may include reserves for potential adverse outcomes regarding tax positions that have been or plan to be taken that may be subject to challenge by taxing authorities. Changes in laws, regulations or adverse judgments and the inherent difficulty in quantifying potential tax effects of business decisions may negatively affect NW Holdings' or NW Natural' s financial condition and results of operations. Furthermore, certain tax assets and liabilities, such as deferred tax assets and regulatory tax assets and liabilities, are recognized or recorded by NW Holdings or NW Natural based on certain assumptions and determinations made based on available evidence, such as projected future taxable income, tax- planning strategies, and results of recent operations. If these assumptions and determinations prove to be incorrect, the recorded results may not be realized, which may negatively impact the financial results of NW Holdings and NW Natural. ~~There is uncertainty as to how our regulators will reflect the impact of the legislation and other government regulation in rates. The resulting ratemaking treatment may negatively affect NW Holdings' or NW Natural' s financial condition and results of operations.~~

REPUTATIONAL RISKS - ~~Customers', legislators', regulators' and other third parties' opinions of NW Holdings and NW Natural are affected by many factors, including system and fuel reliability and safety, protection of customer information, rates, actual or perceived effects of our products, media coverage, and public sentiment.~~ To the extent that customers, legislators, or regulators have or develop a negative opinion of our businesses, NW Holdings' and NW Natural' s financial position, results of operations and cash flows could be adversely affected. A number of factors can affect customers', legislators', regulators', and other third parties' perception of us or our business including: service interruptions or safety concerns due to failures of equipment or facilities or from other causes, and our ability to promptly respond to such failures; our ability to safeguard sensitive customer information; the timing and magnitude of rate increases; and volatility of rates. Customers', legislators', and regulators' opinions of us can also be affected by media coverage, including ~~the proliferation of~~ social media, which may include information, whether factual or not, that could damage the perception of natural gas, our brand, or our reputation. Although we believe that natural gas serves an important role in helping our region reduce GHG emissions and move to a resilient lower-carbon energy system, certain advocacy groups have opposed the use of natural gas as a fuel source altogether and have pursued policies that limit, restrict, or impose additional costs on, the use of natural gas in a variety of contexts. Concerns raised about the use of natural gas include the potential for natural gas explosions or delivery disruptions, methane leakage along production, transportation and delivery systems, and end- use equipment, and contribution of natural gas energy use to GHG emission levels and global warming. Similarly, concerns have also been raised regarding the use of RNG or hydrogen in place of **conventional natural gas**. In addition, studies and claims by advocacy groups contend that there are detrimental indoor public health effects associated with the use of natural gas, which may also impact public perception. Shifts in public sentiment due to these concerns or others that may be raised may impact further legislative initiatives, regulatory actions, and litigation, as well as behaviors and perceptions of customers, investors, lawmakers, and regulators. If customers, legislators, regulators, or other third parties have or develop a negative opinion of us and our services, or of natural gas as an energy source generally, this could make it more difficult for us to achieve policy, legislative or regulatory outcomes supportive of our business. Negative opinions could also result in reduced customer growth, sales volumes reductions, increased use of other sources of energy, or difficulties in accessing capital markets. Any of these consequences could adversely affect NW Holdings' or NW Natural' s financial position, results of operations and cash flows.

REGULATORY ACCOUNTING RISK. In the future, NW Holdings or NW Natural may no longer meet the criteria for continued application of regulatory accounting practices for all or a portion of our regulated operations. If we can no longer apply regulatory accounting, we could be required to write off our regulatory assets and precluded from the future deferral of costs not recovered through rates at the time such amounts are incurred, even if we are expected to recover these amounts from customers in the future. **Public Health COVID-19 Risk PUBLIC HEALTH RISK.** ~~The continuation of the novel~~ **Public health threats, such as** coronavirus (COVID- 19) and the resulting economic conditions, or the emergence of other epidemic or pandemic crises, could materially and adversely affect NW Holdings' and NW Natural' s business, results of operations, or financial condition. ~~The novel coronavirus (~~ **Public health threats, such as resurgences or mutations of** COVID- 19), which was declared a pandemic by the World Health Organization in March 2020, has resulted in ~~widespread and severe global, national and local economic and societal disruptions. As recovery from the COVID- 19 pandemic continues, resurgences or mutations of the virus,~~ could ultimately adversely affect our business by, among other things: • impacting the health, safety, productivity and availability of our employees and contractors; • disrupting our access to capital markets or increasing costs of capital affecting our liquidity in the future; • reducing demand for natural gas, particularly from

commercial and industrial customers that are suffering slow- downs or ultimately close completely due to pandemic effects; • reducing customer growth and new meter additions due to less economic, construction or conversion activity; • limiting our ability to collect on overdue accounts or disconnect gas service for nonpayment, beyond an amount or period of time acceptable to us; • increasing our operating costs for emergency supplies, personal protective equipment, cleaning services and supplies, remote technology and other specific needs; • impacting our capital expenditures if construction activities are suspended or delayed; • sickening or causing a mandatory quarantine of a large percentage of our workforce, or key workgroups with specialized skill sets, impairing our ability to perform key business functions or execute our business continuity plans; • impacting our or our contractors' or suppliers' ability to recruit and retain qualified personnel or otherwise impairing the functioning of our supply chain or ability to rely on third parties or business partners; • adversely affecting the asset values of NW Natural' s defined benefit pension plan or causing a failure to maintain sustained growth in pension investments over time, increasing our contribution requirements; • limiting, delaying or curtailing entirely, public utility commissions' ability to approve or authorize applications or other requests we may make with respect to our regulated businesses; • increasing volatility in the price of natural gas; and • creating additional cybersecurity vulnerabilities due to ongoing heavy reliance on remote working. ~~Additionally, the long- term effects of COVID- 19 or other pandemics could create prolonged unfavorable economic conditions, slowed economic growth, inflation, which may continue to rise, or an economic recession that may result in or be accompanied by unprecedented unemployment rates and declines in the value of certain assets, adversely affecting the income and financial resources of many domestic households and businesses. It is unclear whether governmental responses to these conditions will lessen the severity or duration of any economic effects. Our operational and financial results would likely be affected by such economic conditions. Less new housing construction, fewer conversions to natural gas, higher levels of residential foreclosures and vacancies, and personal and business bankruptcies or reduced spending could all negatively affect our financial condition and results of operations.~~ The ultimate long- term impact of **public health threats, such as the resurgence of COVID- 19 or other pandemics,** on our business cannot be predicted and will depend on factors beyond our knowledge or control, including ~~resurgences of the pandemic and residual~~ economic effects, actions taken to mitigate its effects, and the extent to which normal economic and operating conditions can continue. Any of these factors could have an adverse effect on our business, outlook, financial condition, and results of operations and cash flows, which could be significant. Growth and Strategic Risks STRATEGIC TRANSACTION RISK. NW Holdings' and NW Natural' s ability to successfully complete strategic transactions ~~, including mergers, acquisitions, combinations, divestitures, joint ventures, business development projects or other strategic transactions~~ is subject to significant risks ~~, including the risk that required regulatory or governmental approvals may not be obtained, risks relating to unknown problems or liabilities or problems or liabilities undisclosed to us, and the risk that for these or other reasons, we may be unable to achieve some or all of the benefits that we anticipate from such transactions,~~ which could adversely affect NW Holdings' or NW Natural' s financial condition, results of operations, and cash flows. From time to time, NW Holdings and NW Natural have pursued and may continue to pursue strategic transactions including mergers, acquisitions, combinations, divestitures, joint ventures, business development projects or other strategic transactions, including, but not limited to, investments in RNG projects on a regulated basis by NW Natural and on a non- regulated basis by NW Holdings, as well as acquisitions by NW Holdings in the water ~~and,~~ wastewater **and water services, or in the gas or other utility** sectors. Any such transactions involve substantial risks, including the following: • such transactions that are contracted for may fail to close for a variety of reasons; • the result of such transactions may not produce revenues, earnings or cash flow at anticipated levels, which could, among other things, result in the impairment of any investments or goodwill associated with such transactions; • acquired businesses or assets could have environmental, permitting, or other problems for which contractual protections prove inadequate; • there may be difficulties in integration or **higher than expected** operation costs of new businesses; • there may exist liabilities that were not disclosed to us, that exceed our estimates, or for which our rights to indemnification from the seller are limited; • we may be unable to obtain the necessary regulatory or governmental approvals to close a transaction or receive approvals granted subject to terms that are unacceptable to us; • we may be unable to achieve the anticipated regulatory treatment of any such transaction as part of the transaction approval or subsequent to closing the transaction; or • we may be unable to avoid a disposition of assets for a price that is less than the book value of those assets. One or more of these risks could affect NW Holdings' and NW Natural' s financial condition, results of operations, and cash flows. BUSINESS DEVELOPMENT RISK. NW Holdings' and NW Natural' s business development projects may not be successful or may encounter unanticipated obstacles, costs, changes or delays that could result in a project being unsuccessful or becoming impaired, which could negatively impact NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. Business development projects involve many risks. We are currently engaged in several business development projects, including, but not limited to, several water, wastewater, **water services** and RNG projects, **non- regulated investments in RNG projects, and purchasing, marketing and reselling of RNG and its associated attributes**. We may also engage in other business development projects such as investments in additional long- term gas reserves, ~~non- regulated investments in RNG projects, and purchasing, marketing and reselling of RNG and its associated attributes,~~ CNG refueling stations, power to gas ~~or,~~ **power generation,** hydrogen **projects, carbon capture** projects or other similar projects. Our business development activities are subject to uncertainties and changed circumstances and may not reach the scale expected, be successful or perform as anticipated. Additionally, we may not be able to obtain required governmental permits and approvals to complete our projects in a cost- efficient or timely manner, potentially resulting in delays or abandonment of the projects. We could also experience issues such as: technological challenges; ineffective scalability; failure to achieve expected outcomes; unsuccessful business models; startup and construction delays; construction cost overruns; disputes with contractors; the inability to negotiate acceptable agreements such as rights- of- way, easements, construction, gas supply or other material contracts; changes in customer demand, perception or commitment; public opposition to projects; marketing risk and changes in market regulation, behavior or prices, market volatility or unavailability, including markets for

RNG and its associated attributes or other environmental attributes; the inability to receive expected tax or regulatory treatment; and operating cost increases. Additionally, we may be unable to finance our business development projects at acceptable costs or within a scheduled time frame necessary for completing the project. Any of the foregoing risks, if realized, could result in business development efforts failing to produce expected financial results and the project investment becoming impaired, and such failure or impairment could have an adverse effect on NW Holdings' or NW Natural' s financial condition and results of operations. JOINT PARTNER RISK. Investing in business development projects through partnerships, joint ventures or other business arrangements affects our ability to manage certain risks and could adversely impact NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. We use joint ventures and other business arrangements to manage and diversify the risks of certain development projects **and investments**, including NW Natural' s gas reserves agreements **and**, certain RNG projects **, and certain of NW Holdings' subsidiaries' unregulated RNG projects and water platform investments. For example, in 2020, NW Natural began a partnership with BioCarbN to invest up to an estimated \$ 38 million in four separate RNG development projects that access biogas derived from water treatment at Tyson Foods' processing plants, subject to approval by all parties.** NW Holdings or NW Natural currently has and may further acquire or develop part- ownership interests in other projects in the future, including but not limited to, natural gas, water, wastewater **, water services**, RNG, or hydrogen projects. Under these arrangements, we may not be able to fully direct the management and policies of the business relationships, and other participants in those relationships may act contrary to our interests, including making operational decisions that could negatively affect our costs and liabilities. In addition, other participants may withdraw from the project, divest important assets, become financially distressed or bankrupt **, be subject to additional regulatory or legal requirements**, or have economic or other business interests or goals that are inconsistent with ours. We have in the past and may in the future become involved in disputes with our business partners, which could result in additional cost or divert management' s attention. NW Natural' s gas reserves arrangements, which operate as a hedge backed by physical gas supplies, involve a number of risks, including: gas production that is significantly less than the expected volumes, or no gas volumes; operating costs that are higher than expected; inherent risks of gas production, including disruption to operations or a complete shut- in of the field; and one or more participants in one of these gas reserves arrangements becoming financially insolvent or acting contrary to NW Natural' s interests. For example, ~~while~~ Jonah Energy, the counterparty in NW Natural' s gas reserves arrangement, ~~has recently issued asset- backed notes that are rated by credit agencies, Jonah Energy has previously experienced several credit rating downgrades and did not-~~ **no longer maintain maintains** any **company** credit ratings ~~for much of 2022~~. Although NW Natural intends to continue monitoring Jonah Energy' s financial condition and take appropriate actions to preserve NW Natural' s interests, it does not control Jonah Energy' s financial condition or continued performance under the gas reserves arrangement. The cost of the original gas reserves venture is currently included in customer rates and additional wells under that arrangement are recovered at specific costs, the occurrence of one or more of these risks could affect NW Natural' s ability to recover this hedge in rates. Further, new gas reserves arrangements have not been approved for inclusion in rates, and regulators may ultimately determine to not include all or a portion of future transactions in rates. The realization of any of these situations could adversely impact NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. CUSTOMER GROWTH RISK. NW Holdings' and NW Natural' s NGD margin, earnings and cash flow may be negatively affected if we are unable to sustain customer growth rates in our NGD segment. NW Natural' s NGD margins and earnings growth have largely depended upon the sustained growth of its residential and commercial customer base due, in part, to the new construction housing market, conversions of customers to natural gas from other energy sources and growing commercial use of natural gas. Building codes recently enacted and others under consideration in our territory may have the effect of reducing our natural gas customer growth rate. For example, effective February 1, 2021, building codes in Washington state require new residential homes to achieve higher levels of energy efficiency based on specified carbon emissions assumptions, which calculate electric appliances to have lower on- site GHG emissions than comparable gas appliances. This increases the cost of new home construction incorporating natural gas depending on a number of factors including home size, equipment configurations, and building envelope measures. Additionally, the Washington State Building Code Council (SBCC) voted in April 2022 to include updates in the state commercial building energy code that are expected to restrict or eliminate the use of gas space and water heating in new commercial construction. In ~~early~~ **November 2022**, the SBCC voted to include updates to the state residential building energy code that restrict the use of gas space and water heating in residential construction, with certain exceptions including for natural gas- fired heat pumps and hybrid fuel systems. The ~~SBCC-~~ **SBCC** commercial and residential rules ~~are were~~ expected to become effective July 1, 2023 **, but the SBCC delayed implementation and has taken steps to modify those rules. The timeline for implementation of the modified rules, if any, is March, 2024 unless the legislature delays, rejects, or amends the new rules**. Certain jurisdictions in Oregon and the State of Oregon are considering similar measures. While we expect these types of codes to be subject to legal challenge **, and the new modified SBCC rules are currently subject to legal challenges**, we cannot predict the outcome of any such challenge. Insufficient customer growth, for economic, political, public perception, policy, or other reasons could adversely affect NW Holdings' or NW Natural' s utility margin, earnings and cash flows. RISK OF COMPETITION. Our NGD business is subject to increased competition which could negatively affect NW Holdings' or NW Natural' s results of operations. In the residential and commercial markets, NW Natural' s NGD business competes primarily with suppliers of electricity, fuel oil, and propane. In the industrial market, NW Natural competes with suppliers of all forms of energy. Competition among these forms of energy is based on price, efficiency, reliability, performance, market conditions, technology, federal, state and local governmental regulation, actual and perceived environmental impacts, and public perception. Technological improvements such as electric heat pumps, batteries or other alternative technologies, or building code **or other regulations or** restrictions affecting the **cost or** ability to use certain gas appliances, could erode NW Natural' s competitive advantage. If natural gas prices are high relative to other energy sources, or if the cost, environmental impact or public perception of such other energy sources improves relative to natural gas, it may

negatively affect NW Natural's ability to secure new customers or retain our existing residential, commercial and industrial customers, which could have a negative impact on our customer growth rate and NW Holdings' and NW Natural's results of operations. Our natural gas storage operations compete primarily with other storage facilities and pipelines. Increased competition in the natural gas storage business could reduce the demand for our natural gas storage services, drive prices down for our storage business, and adversely affect our ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows, which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations and cash flows.

OPERATIONAL RISKS OPERATING RISK. Transporting and storing natural gas and liquid fuels and distributing natural gas and liquid fuels and, water and wastewater involves numerous risks that may result in accidents and other operating risks and costs, some or all of which may not be fully covered by insurance, and which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows. NW Holdings and NW Natural are subject to all of the risks and hazards inherent in the businesses of gas and RNG-liquid transmission, distribution and storage, water distribution, and wastewater services including:

- earthquakes, wildfires, floods, storms, landslides and other severe weather incidents and natural hazards;
- leaks or losses of natural gas gases or liquids RNG, water or wastewater, or contamination of natural gas gases, RNG or water liquids by chemicals or compounds, as a result of the malfunction of equipment or facilities or otherwise;
- operator errors or damages from third parties; • operator errors;
- negative performance by our storage reservoirs, facilities, or wells that could cause us to fail to meet expected or forecasted operational levels or contractual commitments to our customers or other third parties;
- problems maintaining, or the malfunction of, pipelines, biodigester facilities, wellbores and related equipment and facilities that form a part of the infrastructure that is critical to the operation of our gas and water distribution, wastewater services, RNG and gas storage facilities;
- presence of chemicals or other compounds in the RNG or natural gas gases or liquids we deliver that could adversely affect the performance of the system or end- use equipment;
- collapse of underground storage reservoirs;
- inadequate supplies of RNG, natural gas or water or contamination of water supplies;
- operating costs that are substantially higher than expected;
- supply chain disruptions, including unexpected price increases, or supply restrictions beyond the control of our suppliers;
- migration of gas through faults in the rock or to some area of the reservoir where existing wells cannot drain the gas effectively, resulting in loss of the gas;
- blowouts (uncontrolled escapes of gas from a pipeline or well) or other accidents, fires and explosions; and
- risks and hazards inherent in the drilling operations associated with the development of gas storage facilities, and wells.

For example, TC Pipelines, LP (TC Pipelines) has identified the presence of a chemical substance, dithiazine, at several facilities on the system of its subsidiary, Gas Transmission Northwest (GTN), and those of some upstream and downstream connecting pipeline facilities. A portion of NW Natural's gas supplies from Canada are transported on GTN's pipelines. TC Pipelines reports that dithiazine can drop out of gas streams in a powdery form at some points of pressure reduction (for example, at a regulator), and that in incidents where a sufficient quantity of the material accumulates in certain places, improper functioning of equipment can occur, which can result in increased preventative and corrective action costs. While NW Natural has not detected significant quantities of dithiazine on its system to date, we continue to monitor and could discover increased levels of dithiazine or other compounds on NW Natural's system that could affect the performance of the system or end- use equipment. These and other operational risks could result in disruption of service, personal injury or loss of human life, damage to and destruction of property and equipment, pollution or other environmental damage, breaches of our contractual commitments, and may result in curtailment or suspension of operations, which in turn could lead to significant costs and lost revenues. Further, because our pipeline, storage and distribution facilities are in or near populated areas, including residential areas, commercial business centers, and industrial sites, any loss of human life or adverse financial outcomes resulting from such events could be significant. We could be subject to lawsuits, claims, and criminal and civil enforcement actions. Additionally, we may not be able to maintain the level or types of insurance we desire, and the insurance coverage we do obtain may contain large deductibles or fail to cover certain hazards or cover all potential losses. The occurrence of any operating risks not covered by insurance could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

SAFETY REGULATION RISK. NW Holdings and NW Natural may experience increased federal, state and local regulation of the safety of our systems and operations, which could adversely affect NW Holdings' or NW Natural's operating costs and financial results. The safety and protection of the public, our customers and our employees is and will remain our top priority. We are committed to consistently monitoring, maintaining, and upgrading our distribution systems and storage operations to ensure that RNG, natural gas and water is acquired, stored and delivered safely, reliably and efficiently. Natural gas operators are subject to robust, ongoing federal, state and local regulatory oversight, which intensifies in response to incidents. For example, the 2020 Protecting our Infrastructure of Pipelines and Enhancing Safety Act (PIPES Act) prompted PHMSA to issue three new rulemakings impacting transmission lines, gathering lines, and valve automation in response to past incidents in other parts of the country. Proposed rulemakings planned for rules issued in 2023 by the Pipeline and Hazardous Materials Safety Administration (PHMSA), include regulations related to the detection and repair of leaks and safety of gas distribution pipelines. In addition, our workplaces are subject to the requirements of the Department of Transportation, through the Federal Motor Carrier Safety Administration, and the Occupational Safety and Health Administration, as well as state and local statutes and regulations that regulate the protection of the health and safety of workers. The failure to comply with these requirements or general industry standards, including keeping adequate records or preventing occupational injuries or exposure, could expose us to civil or criminal liability, enforcement actions, and regulatory fines and penalties that may not be recoverable through our rates and could have a material adverse effect on our business, financial condition, results of operations and cash flows. We intend to work diligently with industry associations and federal and state regulators to comply with these regulations and other new laws. We expect there to be increased costs associated with compliance, and those costs could be significant. If these costs are not recoverable in our customer rates, they could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

RELIANCE ON THIRD PARTIES TO SUPPLY OR OPTIMIZE NATURAL GAS, RNG AND ENVIRONMENTAL

ATTRIBUTES OR CREDITS RISK. NW Natural relies on third parties to supply **the or optimize** natural gas, RNG, **storage or pipeline capacity**, and environmental attributes or credits in its NGD segment, and limitations on NW Natural's ability to obtain supplies, **engage in effective optimization**, or failure to receive expected supplies, could have an adverse impact on NW Holdings' or NW Natural's financial results. NW Natural's ability to secure natural gas, RNG and environmental attributes or credits depends upon its ability to purchase and receive delivery of them from third parties. NW Natural, and in some cases its suppliers, does not have control over the availability of natural gas, RNG or environmental attributes or credits, competition for those supplies, disruptions in those supplies, priority allocations on transmission pipelines, markets for those supplies, or pricing and other terms related to such supplies. Additionally, third parties on whom NW Natural relies may fail to deliver supplies for which it has contracted. For example, in October, 2018, a 36- inch pipeline near Prince George, British Columbia owned by Enbridge ruptured, disrupting natural gas flows from Canada into Washington while the ruptured pipeline and an adjacent pipeline were assessed and the ruptured pipeline was repaired. Once repaired, pressurization levels for those pipelines were reduced for a significant period of time for assessment and testing. If NW Natural is unable or limited in its ability to obtain natural gas, RNG or environmental attributes or credits from its current suppliers or new sources, it may not be able to meet customers' gas requirements or regulatory or compliance requirements, and would likely incur costs associated with actions necessary to mitigate service disruptions or regulatory compliance, which could significantly and negatively impact NW Holdings' and NW Natural's **results of operations. NW Natural also contracts with an independent energy marketing company to provide asset management services regarding storage and pipeline capacity when those assets are not serving the needs of NGD business customers. We may not be able to fully direct these transactions, or the counterparty to these arrangements may act contrary to our interests, become financially distressed or have economic or other business interests or goals that are inconsistent with ours. Failure to effectively optimize our assets could result in a negative impact on NW Holdings' and NW Natural's financial condition, revenues and** results of operations.

SINGLE TRANSPORTATION PIPELINE RISK. NW Natural relies on a single pipeline company for the transportation of gas to its service territory, a disruption, limitation, or inadequacy of which could adversely impact its ability to meet customers' gas requirements, which could significantly and negatively impact NW Holdings' and NW Natural's results of operations. NW Natural's distribution system is directly connected to a single interstate pipeline, which is owned and operated by Northwest Pipeline. The pipeline's gas flows are bi- directional, transporting gas into the Portland metropolitan market from two directions: (1) the north, which brings supplies from the British Columbia and Alberta supply basins; and (2) the east, which brings supplies from the Alberta and the U. S. Rocky Mountain supply basins. If there is a rupture or inadequate capacity in, or supplies to maintain adequate pressures in, the pipeline, NW Natural may not be able to meet its customers' gas requirements and we would likely incur costs associated with actions necessary to mitigate service disruptions, both of which could significantly and negatively impact NW Holdings' and NW Natural's results of operations.

THIRD PARTY PIPELINE RISK. NW Natural's gas storage business depends on third- party pipelines that connect our storage facilities to interstate pipelines, the failure or unavailability of which could adversely affect NW Holdings' or NW Natural's financial condition, results of operations and cash flows. Our gas storage facilities are reliant on the continued operation of a third- party pipeline and other facilities that provide delivery options to and from our storage facilities. Because we do not own all of these pipelines, their operations are not within our control. If the third- party pipeline to which we are connected were to become unavailable for current or future withdrawals or injections of natural gas due to repairs, damage to the infrastructure, lack of capacity or other reasons, our ability to operate efficiently and satisfy our customers' needs could be compromised, thereby potentially having an adverse impact on NW Holdings' or NW Natural's financial condition, results of operations and cash flows.

WORKFORCE RISK. NW Holdings' and NW Natural's businesses are heavily dependent on being able to attract and retain qualified employees and maintain a competitive cost structure with market- based salaries and employee benefits, and workforce disruptions could adversely affect NW Holdings' or NW Natural's operations and results. NW Holdings' and NW Natural's ability to implement our business strategy and serve our customers is dependent upon our continuing ability to attract and retain diverse, talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of our workforce to new and increasingly diverse employees as our largely older workforce retires. A significant portion of our workforce is currently eligible or will reach retirement eligibility within the next five years, which will require that we attract, train and retain skilled workers to prevent loss of institutional knowledge or skills gaps. We face competition for qualified personnel with specific skillsets. This competition ~~is elevated by the record low unemployment in Oregon and~~ may result in increased pressure on wages or other challenges in recruiting or retaining personnel. Without an appropriately skilled workforce, our ability to provide quality service and meet our regulatory requirements will be challenged and this could negatively impact NW Holdings' and NW Natural's earnings. Additionally, approximately half of NW Natural workers are represented by the OPEIU Local No. 11 AFL- CIO and are covered by a collective bargaining agreement that extends to May 31, 2024. Disputes with the union representing NW Natural employees over terms and conditions of their agreement, or failure to timely and effectively renegotiate the agreement upon its expiration, could result in instability in our labor relationship or other labor disruptions **or work stoppages** that could impact the timely delivery of gas and other services from our utility and storage facilities, which could strain relationships with customers and state regulators and cause a loss of revenues. The collective bargaining agreements may also limit our flexibility in dealing with NW Natural's workforce, and the ability to change work rules and practices and implement other efficiency- related improvements to successfully compete in today's challenging marketplace, which may negatively affect NW Holdings' and NW Natural's financial condition and results of operations.

Environmental Risks ENVIRONMENTAL LIABILITY RISK. Certain of NW Natural's, and possibly NW Holdings', properties and facilities may pose environmental risks requiring remediation, the costs of which are difficult to estimate and which could adversely affect NW Holdings' and NW Natural's financial condition, results of operations, and cash flows. NW Natural owns, or previously owned, properties that require environmental remediation or other action. NW Holdings or NW

Natural may now, or in the future, own other properties that require environmental remediation or other action. NW Natural and NW Holdings accrue all material loss contingencies relating to these properties. A regulatory asset at NW Natural has been recorded for estimated costs pursuant to a deferral order from the OPUC and WUTC. In addition to maintaining regulatory deferrals, NW Natural settled with most of its historical liability insurers for only a portion of the costs it has incurred to date and expects to incur in the future. To the extent amounts NW Natural recovered from insurance are inadequate and it is unable to recover these deferred costs in utility customer rates, NW Natural would be required to reduce its regulatory assets which would result in a charge to earnings in the year in which regulatory assets are reduced. In addition, in Oregon, the OPUC approved the SRRM, which limits recovery of deferred amounts to those amounts which satisfy an annual prudence review and an earnings test that requires NW Natural to contribute additional amounts toward environmental remediation costs above approximately \$ 10 million in years in which NW Natural earns above its authorized ROE. To the extent NW Natural earns more than its authorized ROE in a year, it would be required to cover environmental expenses greater than the \$ 10 million with those earnings that exceed its authorized ROE. The OPUC ordered a review of the SRRM in 2018 or when we obtain greater certainty of environmental costs, whichever occurred first. We submitted information for review in 2018, and believe we could be subject to further review. Similarly, in October 2019, the WUTC authorized an ECRM, which allows for recovery of certain past deferred and future prudently incurred remediation costs allocable to Washington through application of insurance proceeds and collections from customers, subject to an annual prudence determination. These ongoing prudence reviews, or with respect to the SRRM, the earnings test, or the periodic review could reduce the amounts NW Natural is allowed to recover, and could adversely affect NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. Moreover, we may have disputes with regulators and other parties as to the severity of particular environmental matters, what remediation efforts are appropriate, whether natural resources were damaged, and the portion of the costs or claims NW Natural or NW Holdings should bear. We cannot predict with certainty the amount or timing of future expenditures related to environmental investigations, remediation or other action, the portions of these costs allocable to NW Natural or NW Holdings, or disputes or litigation arising in relation thereto. Environmental liability estimates are based on current remediation technology, industry experience gained at similar sites, an assessment of probable level of responsibility, and the financial condition of other potentially responsible parties. However, it is difficult to estimate such costs due to uncertainties surrounding the course of environmental remediation, the preliminary nature of certain site investigations, natural recovery of the site, unavoidable limitations associated with environmental investigations and remedial technologies, evolving science, and the application of environmental laws that impose joint and several liabilities on all potentially responsible parties. These uncertainties and disputes arising therefrom could lead to further adversarial administrative proceedings or litigation, with associated costs and uncertain outcomes, all of which could adversely affect NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. ENVIRONMENTAL REGULATION COMPLIANCE RISK. NW Holdings and NW Natural are subject to environmental regulations ~~for our ongoing businesses~~, compliance with which or failure to comply with, could adversely affect our operations or financial results. NW Holdings and NW Natural are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, groundwater quality and availability, plant and wildlife protection, the emitting of greenhouse gases, and other aspects of environmental regulation. For example, our natural gas operations are subject to reporting requirements to a number of governmental authorities including, but not limited to, the Environmental Protection Agency (EPA), the Oregon Department of Environmental Quality (ODEQ), and the Washington State Department of Ecology regarding greenhouse gas emissions. We are also required to reduce emissions of GHGs over time in accordance with ~~the Oregon Climate Protection Program and~~ the Washington Climate Commitment Act. These and other current and future additional environmental regulations at the local, state or national level could result in increased compliance costs or additional operating restrictions, which may or may not be recoverable in customer rates, through insurance or otherwise. If these costs are not recoverable, or if these regulations reduce the desirability, availability, or cost-competitiveness of natural gas, they could have an adverse effect on NW Holdings' or NW Natural' s operations or financial condition. Furthermore, failure to comply with such laws or regulations could subject us to possible enforcement actions, financial liability or litigation, any of which could adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. GLOBAL CLIMATE CHANGE RISK. Our businesses may be subject to physical risks associated with climate change, all of which could adversely affect NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. Climate change may cause physical risks, including an increase in sea level, intensified storms, water scarcity, wildfire susceptibility and intensity and changes in weather conditions, such as changes in precipitation, average temperatures and extreme wind or other extreme weather events or climate conditions. Moreover, a significant portion of the nation' s gas infrastructure is located in areas susceptible to storm damage that could be aggravated by wetland and barrier island erosion, which could give rise to gas supply interruptions and price spikes. These and other physical changes could result in disruptions to natural gas production and transportation systems potentially increasing the cost of gas and affecting our natural gas businesses' ability to procure or transport gas to meet customer demand. These changes could also affect our distribution systems resulting in increased maintenance and capital costs, disruption of service, regulatory actions and lower customer satisfaction. Similar disruptions could occur in NW Holdings' water utility **and unregulated RNG** businesses. Additionally, to the extent that climate change adversely impacts the economic health or weather conditions of our service territory directly, it could adversely impact customer demand or our customers' ability to pay. Such physical risks could have an adverse effect on NW Holdings' or NW Natural' s financial condition, results of operations, and cash flows. PUBLIC PERCEPTION AND POLICY RISK. Changes in public sentiment or public policy with respect to natural gas, including through local, state or federal laws or legislation or other regulation (including ballot initiatives, executive orders or regulatory codes) or litigation, could adversely affect NW Holdings'

or NW Natural's financial condition, results of operations and cash flows. There are a number of international, federal, state, and local legislative, legal, regulatory and other initiatives being proposed and adopted in an attempt to measure, control or limit the effects of global warming and climate change, including greenhouse gas (GHG) emissions such as carbon dioxide, nitrous oxide, and methane. Legislation or other forms of public policy or regulation that aim to reduce GHG emissions at the federal, state, or local level have and could continue to take a variety of forms including, but not limited to, GHG emissions limits, reporting requirements, carbon taxes, requirements to purchase carbon credits, building codes, increased efficiency standards, additional charges to fund energy efficiency activities or other regulatory actions, and incentives or mandates to conserve energy, or use renewable energy sources. Federal, state, or local governments may provide tax advantages and other subsidies to support alternative energy sources, withdraw funding from fossil fuel sources, mandate the use of specific fuels or technologies, prohibit the use of natural gas, or promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources. In 2021, the United States rejoined the Paris Agreement on Climate Change, and the United States Presidential administration has issued executive orders aimed at reducing GHG emissions, has declared climate change a national security priority, and continues to consider a wide range of policies, executive orders, rules, legislation and other initiatives to address climate change. For example, the Inflation Reduction Act of 2022 (IRA), was signed into law in August 2022 and includes a number of energy and climate related provisions including funding for the EPA to improve GHG reporting and enforcement, as well as a methane fee applicable to activities associated with gas production and processing facilities, transmission pipelines and certain storage facilities. The U. S. Congress may also pass federal climate change legislation in the future. Additionally, other federal agencies have taken or are expected to take actions related to climate change. For example, in March 2022, the Securities and Exchange Commission (SEC) proposed new rules relating to the disclosure of a range of climate-related matters, PHMSA ~~has is expected to prepare~~ **prepared** regulations and other actions to limit methane emissions and the Commodities Futures Trading Commission (CFTC) has indicated it intends to take actions related to oversight of climate-related financial risks as pertinent to the derivatives and underlying commodities markets. Similarly, other federal agencies and regulations, including but not limited to the Consumer Products Safety Commission, the U. S. Department of Treasury, Federal Acquisitions Regulations, and others have indicated impending actions related to regulation related to climate change. At the state level, the State of Washington has enacted the Climate Commitment Act (CCA), which establishes a comprehensive program that provides an overall limit for GHG emissions from major sources in the state that ~~begins~~ **began** on January 1, 2023 and declines yearly to 95 % below 1990 levels by 2050. **NW Natural is currently subject to the CCA.** Similarly, in Oregon, in March 2020, the Oregon Governor issued an executive order (EO) establishing GHG emissions reduction goals and directing state agencies and commissions (including the ODEQ and the OPUC) to facilitate such GHG emission goals. In December 2021, the ODEQ concluded its process and issued final cap and reduce rules for the Climate Protection Program (CPP), which **initially** became effective January 1, 2022 ~~and~~. ~~The CPP outlines~~ **outlined** GHG emissions reduction goals of 50 % by 2035 and 90 % by 2050 from a ~~1990~~ **2017- 2019** baseline. **The CPP was subsequently invalidated by the Oregon Court of Appeals in December 2023. Although** NW Natural is **not currently** subject to ~~both the CCA and compliance requirements of the CPP~~, **the ODEQ has stated that it intends to promulgate new rules covering GHG emissions, and we cannot predict the timing, scope or impact of such rules.** We **further** expect that there will be additional efforts to address climate change in the ~~2023-2024~~ legislative sessions in both Oregon and Washington and we cannot predict whether the legislatures will pass any climate related legislation and the potential impact any such legislation may have on the Company. In addition, the State of Washington ~~has enacted~~ **is in the process of implementing**, and the State of Oregon and some local jurisdictions are considering ~~building codes that could have the effect of disfavoring or disallowing natural gas in residential or commercial new construction or conversions, including locations within our service territory, such as the recent actions by the City of Eugene to disallow gas in new residential construction beginning with permits issued in mid-2023.~~ A number of local and county jurisdictions are also proposing or passing renewable energy resolutions, **green tariffs** or other measures in an effort to accelerate renewable energy goals. Such current or future legislation, regulation or other initiatives (including executive orders, ballot initiatives or ordinances) could impose on our natural gas businesses operational requirements or restrictions, additional charges to fund energy efficiency initiatives, or levy a tax based on carbon content. In addition, certain jurisdictions, including San Francisco, Seattle, and New York have enacted measures to ban or discourage the use of new natural gas hookups in residential or other buildings. Other jurisdictions, including several in our service territory, such as the city of Milwaukie, have considered or are currently considering similar restrictions or other measures discouraging the use of natural gas, such as limitations or bans on the use of natural gas in new construction, requiring the conversion of buildings to electric heat, or adopting policies or incentives to encourage the use of electricity in lieu of natural gas. Such restrictions could adversely impact customer growth or usage and could adversely impact our ability to recover costs and maintain reasonable customer rates. In addition, certain **states**, cities, local jurisdictions and private parties have initiated lawsuits against companies related to climate change impacts, GHG emissions or climate-related disclosures. While NW Natural has not been subject to such litigation to date, such climate-related claims or actions could be costly to defend and could negatively impact our business, reputation, financial condition, and results of operations. NW Natural believes natural gas has an important role in moving the Pacific Northwest to a ~~low~~ **lower** carbon future, and to that end is developing programs and measures to reduce carbon emissions. However, NW Natural's efforts may not happen quickly enough to keep pace with legislation or other regulation, legal changes or public sentiment, or may be more costly or not be as effective as expected. Any of these initiatives, or our unsuccessful response to them, could result in us incurring additional costs to comply with the imposed policies, regulations, restrictions or programs, provide a cost or other competitive advantage to energy sources other than natural gas, reduce demand for natural gas, restrict our customer growth, impose costs or restrictions on end users of natural gas, impact the prices we charge our customers, increase the likelihood of litigation, impose increased costs on us associated with the adoption of new infrastructure and technology to respond to such requirements which may or may not be recoverable in

customer rates, and could negatively impact public perception of our services or products that negatively diminishes the value of our brand, all of which could adversely affect NW Holdings' or NW Natural' s business operations, financial condition and results of operations. BUSINESS CONTINUITY RISK. NW Holdings and NW Natural may be adversely impacted by local or national disasters, political unrest, terrorist activities, cyber- attacks or data breaches, and other extreme events to which we may not be able to promptly respond, which could adversely affect NW Holdings' or NW Natural' s operations or financial condition. Local or national disasters, political unrest, terrorist activities, cyber- attacks and data breaches, **power outages**, and other extreme events are a threat to our assets and operations. Companies in critical infrastructure industries may face a heightened risk due to being the target of, and having heightened exposure to, acts of terrorism or sabotage, including physical and security breaches of our physical infrastructure and information **technology or operational** technology systems in the form of cyber- attacks or other forms of attacks. These attacks could, among other things, target or impact our technology or mechanical systems that operate our distribution, transmission or storage facilities and result in a disruption in our operations, damage to our system and inability to meet customer requirements. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of RNG, natural gas or other necessary commodities that could affect our operations. Threatened or actual national disasters or terrorist activities may also disrupt capital or bank markets and our ability to raise capital or obtain debt financing, or impact our suppliers or our customers directly. Local disaster or civil unrest could result in disruption of our infrastructure **or facilities**, or part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. A slow or inadequate response to events may have an adverse impact on our operations and earnings. We may not be able to maintain sufficient insurance to cover all risks associated with local and national disasters, terrorist activities, cyber- attacks and other attacks or events. Additionally, large scale natural disasters or terrorist attacks could destabilize the insurance industry making the insurance we do have unavailable, which could increase the risk that an event could adversely affect NW Holdings' or NW Natural' s operations or financial results. RELIANCE ON TECHNOLOGY RISK. NW Holdings' and NW Natural' s efforts to integrate, consolidate and streamline each of their operations has resulted in increased reliance on technology, the failure of which could adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. NW Holdings and NW Natural have undertaken **and will continue to undertake**, a variety of initiatives to integrate, standardize, centralize and streamline operations. These efforts have resulted in greater reliance on technological tools such as, at NW Natural: an enterprise resource planning system, **technology associated with gas operations**, a digital dispatch system, an automated meter reading system, a web- based ordering and tracking system, and other similar technological tools and initiatives. Our future success will depend, in part, on our ability to anticipate and adapt to technological changes in a cost- effective manner and to offer, on a timely basis, services that meet customer demands and evolving industry standards. New technologies may emerge that could be superior to, or may not be compatible with, some of our existing technologies, and may require us to make significant expenditures to remain competitive. We continue to implement technology to improve our business processes and customer interactions. In addition, our various existing information technology systems require periodic modifications, upgrades and / or replacement. For example, NW Natural has recently implemented upgrades to its SAP system and intends to replace its customer information system in the near future. There are various risks associated with these systems in addition to upgrades and replacements, including hardware and software failure, communications failure, data distortion or destruction, unauthorized access to data, misuse of proprietary or confidential data, unauthorized control through electronic means, programming mistakes and other inadvertent errors or deliberate human acts. In addition, we are dependent on a continuing flow of important components and appropriately skilled individuals to maintain and upgrade our information technology systems. Our suppliers have faced disruptions due to COVID- 19 and may face additional production or import delays due to natural disasters, strikes, lock- outs, political unrest, pandemics ~~(including COVID-19)~~ or other such circumstances. Technology services provided by third- parties also could be disrupted due to events and circumstances beyond our control which could adversely impact our business, financial condition and results of operations. Any modifications, upgrades, system maintenance or replacements subject us to inherent costs and risks, including potential disruption of our internal control structure, substantial capital expenditures, additional administrative and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, and other risks and costs of delays or difficulties in transitioning to new systems or of integrating new systems into our current systems. In addition, the difficulties with implementing new technology systems may cause disruptions in our business operations and have an adverse effect on our business and operations, if not anticipated and appropriately mitigated. There is also risk that we may not be able to recover all costs associated with projects to improve our technological capabilities, which may adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. CYBERSECURITY RISK. NW Holdings' and NW Natural' s status as an infrastructure services provider coupled with its reliance on technology could result in a security breach which could adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. Although we take precautions to protect our technology systems and are not aware of any material security breaches to date, there is no guarantee that the procedures we have implemented to protect against unauthorized access to secured data and systems, including our ~~industrial controls~~ **operational technology** and other information technology systems, are adequate to safeguard against all security breaches or other cyberattacks. Additionally, the facilities and systems of clients, suppliers and third- party service providers also could be vulnerable to cyber risks and attacks, and such third party systems may be interconnected to our systems. Therefore, an event caused by cyberattacks or other malicious act at an interconnected third party could impact our business and facilities similarly. As these potential cyber security attacks become more common and sophisticated, we could be required to incur costs to strengthen our systems or maintain insurance coverage against potential losses. Moreover, a variety of regulatory agencies are increasingly focused on cybersecurity risks, and specifically in critical infrastructure sectors. For example, the Transportation Security Administration (TSA) has published ~~multiple~~ security directives and is currently in the process of implementing formal rules mandating

cybersecurity actions for critical pipeline owners and operators. Failure to ~~timely and effectively~~ meet the requirements of these directives or other cybersecurity regulations could result in fines or other penalties. We are continuing to evaluate the potential costs of implementation of these directives, and there is no assurance that we will be able to continue to recover in rates costs associated with such compliance. In addition, our businesses could experience breaches of security pertaining to sensitive customer, employee, and vendor information maintained by us in the normal course of business, which could adversely affect our reputation, diminish customer confidence, disrupt operations, materially increase the costs we incur to protect against these risks, and subject us to possible financial liability or increased regulation or litigation. All of these risks could adversely affect NW Holdings' or NW Natural' s financial condition and results of operations.

HOLDING COMPANY DIVIDEND RISK. As a holding company, NW Holdings depends on its operating subsidiaries, including NW Natural, to meet financial obligations and the ability of NW Holdings to pay dividends on its common stock is dependent on the receipt of dividends and other payments from its subsidiaries, including NW Natural. As a holding company, NW Holdings' only significant assets are the stock and membership interests of its operating subsidiaries, which at this time is primarily NW Natural. NW Holdings' direct and indirect subsidiaries are separate and distinct legal entities, managed by their own boards of directors, and have no obligation to pay any amounts to their respective shareholders, whether through dividends, loans or other payments. The ability of these companies to pay dividends or make other distributions on their common stock is subject to, among other things: their results of operations, net income, cash flows and financial condition, as well as the success of their business strategies and general economic and competitive conditions; the prior rights of holders of existing and future debt securities and any future preferred stock issued by those companies; and any applicable legal restrictions. In addition, the ability of NW Holdings' subsidiaries to pay upstream dividends and make other distributions is subject to applicable state law and regulatory restrictions. Under the OPUC and WUTC regulatory approvals for the holding company formation, if NW Natural ceases to comply with credit and capital structure requirements approved by the OPUC and WUTC, it will not, with limited exceptions, be permitted to pay dividends to NW Holdings. Under the OPUC and WUTC orders authorizing the holding company reorganization, NW Natural may not pay dividends or make distributions to NW Holdings if NW Natural' s credit ratings and common equity levels fall below specified ratings and levels. If NW Natural' s long- term secured credit ratings are below A- for S & P and A3 for Moody' s, dividends may be issued so long as NW Natural' s common equity is 45 % or above. If NW Natural' s long- term secured credit ratings are below BBB for S & P and Baa2 for Moody' s, dividends may be issued so long as NW Natural' s common equity is 46 % or above. Dividends may not be issued if NW Natural' s long- term secured credit ratings fall to BB or below for S & P or Ba1 or below for Moody' s, or if NW Natural' s common equity is below 44 %. The ratio is measured using common equity and long- term debt excluding imputed debt or debt- like lease obligations, and is determined on a preceding or projected 13- month basis.

EMPLOYEE BENEFIT RISK. The cost of providing pension and postretirement healthcare benefits is subject to changes in pension assets and liabilities, changing employee demographics and changing actuarial assumptions, which may have an adverse effect on NW Holdings' or NW Natural' s financial condition, results of operations and cash flows. Until NW Natural closed the pension plans to new hires, which for non- union employees was in 2006 and for union employees was in 2009, it provided pension plans and postretirement healthcare benefits to eligible full- time utility employees and retirees. Approximately ~~30~~**28** % of NW Natural' s current utility employees were hired prior to these dates, and therefore remain eligible for these plans. Other businesses we acquire may also have pension plans. The costs to NW Natural, or the other applicable businesses we may acquire, for providing such benefits is subject to change in the market value of the pension assets, changes in employee demographics including longer life expectancies, increases in healthcare costs, current and future legislative changes, and various actuarial calculations and assumptions. The actuarial assumptions used to calculate our future pension and postretirement healthcare expenses may differ materially from actual results due to significant market fluctuations and changing withdrawal rates, wage rates, interest rates and other factors. These differences may result in an adverse impact on the amount of pension contributions, pension expense or other postretirement benefit costs recorded in future periods. Sustained declines in equity markets and reductions in bond rates may have a material adverse effect on the value of the pension fund assets and liabilities. In these circumstances, NW Natural may be required to recognize increased contributions and pension expense earlier than it had planned to the extent that the value of pension assets is less than the total anticipated liability under the plans, which could have a negative impact on NW Holdings' and NW Natural' s financial condition, results of operations and cash flows.

HEDGING RISK. NW Holdings' and NW Natural' s risk management policies and hedging activities cannot eliminate the risk of commodity price movements and other financial market risks, and hedging activities may expose us to additional liabilities for which rate recovery may be disallowed, which could result in an adverse impact on NW Holdings' and NW Natural' s operating revenues, costs, derivative assets and liabilities and operating cash flows. NW Natural' s gas purchasing requirements expose us to risks of commodity price movements, while NW Holdings' and NW Natural' s use of debt and equity financing exposes us to interest rate, liquidity and other financial market risks. We attempt to manage these exposures with both financial and physical hedging mechanisms, including NW Natural' s gas reserves transactions which are hedges backed by physical gas supplies and interest rate hedging arrangements at NW Holdings and NWN Water. While we have risk management procedures for hedging in place, they may not always work as planned and cannot entirely eliminate the risks associated with hedging. Additionally, our hedging activities may cause us to incur additional expenses to obtain the hedge. We do not hedge our entire interest rate or commodity cost exposure, and the unhedged exposure will vary over time. Gains or losses experienced through NW Natural' s hedging activities, including carrying costs, generally flow through NW Natural' s PGA mechanism or are recovered in future general rate cases. However, the hedge transactions NW Natural enters into for utility purposes are subject to a prudence review by the OPUC and WUTC, and, if found imprudent, those expenses may be, and have been previously, disallowed, which could have an adverse effect on NW Holdings' or NW Natural' s financial condition and results of operations. In addition, our actual business requirements and available resources may vary from forecasts, which are used as the basis for hedging decisions and could cause our exposure to be more or less than

anticipated. Moreover, if NW Natural's derivative instruments and hedging transactions do not qualify for regulatory deferral or and it does not elect hedge accounting treatment under U. S. GAAP, NW Holdings' or NW Natural's results of operations and financial condition could be adversely affected. NW Holdings and NW Natural also have credit-related and performance exposure to derivative counterparties. Counterparties owing NW Holdings, NW Natural or their respective subsidiaries money or, physical natural gas commodities, RNG or environmental attributes could breach their obligations. Should the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements to meet our normal business requirements. In that event, NW Holdings' or NW Natural's financial results could be adversely affected. Additionally, under most of NW Natural's hedging arrangements, any a downgrade of its senior unsecured long-term debt credit rating could allow its counterparties to require NW Natural to post cash, a letter of credit or other form of collateral, which would expose NW Natural to additional costs and may trigger significant increases in borrowing from its credit facilities or equity contribution needs from NW Holdings, if the credit rating downgrade is below investment grade. Further, based on current interpretations, each of NW Holdings, NW Natural and NWN Water is not considered a "swap dealer" or "major swap participant" in 2022-2023, so we are exempt from certain requirements under the Dodd-Frank Act. If we are unable to claim this exemption, we could be subject to higher costs for our derivatives activities, and such higher costs could have a negative impact on NW Holdings' and NW Natural's operating costs and financial results.

GAS PRICE RISK. Higher natural gas commodity prices and volatility in the price of gas may adversely affect NW Natural's NGD business, whereas lower gas price volatility may adversely affect NW Natural's gas storage business, negatively affecting NW Holdings' and NW Natural's results of operations and cash flows. The cost of natural gas is affected by a variety of factors, including weather, changes in demand, the level of production and availability of natural gas supplies, transportation constraints, availability and cost of pipeline capacity, federal, state and local energy and environmental policy, regulation and legislation, natural disasters and other catastrophic events, national and worldwide economic and political conditions, and the price and availability of alternative fuels. In 2021 and 2022 and 2023 there was increased pricing and volatility in the current and forward gas markets. At NW Natural, the cost we pay for natural gas is generally passed through to customers through an annual PGA rate adjustment. If gas prices were to increase significantly and remain higher, it could raise the cost of energy to NW Natural's customers, potentially causing those customers to conserve or switch to alternate sources of energy. Sustained significant price increases could also cause new home builders and commercial developers to select alternative energy sources. Decreases in the volume of gas NW Natural sells could reduce NW Holdings' or NW Natural's earnings, and a decline in customers could slow growth in future earnings. Additionally, notwithstanding NW Natural's current rate structure, higher gas costs could result in increased pressure on the OPUC or the WUTC to seek other means to reduce NW Natural's rates, which also could adversely affect NW Holdings' and NW Natural's results of operations and cash flows. Temporary gas price increases can also adversely affect NW Holdings' and NW Natural's operating cash flows, liquidity and results of operations because a portion (10% or 20%) of any difference between the estimated average PGA gas cost in rates and the actual average gas cost incurred is recognized as current income or expense. Temporary or sustained higher gas prices may also cause NW Natural to experience an increase in short-term debt and temporarily reduce liquidity because it pays suppliers for gas when it is purchased, which can be in advance of when these costs are recovered through rates. Significant increases in the price of gas can also slow collection efforts as customers experience increased difficulty in paying their higher energy bills, leading to higher than normal delinquent accounts receivable resulting in greater expense associated with collection efforts and increased bad debt expense.

INABILITY TO ACCESS CAPITAL MARKET RISK. NW Holdings' or NW Natural's inability to access capital, or significant increases in the cost of capital, could adversely affect NW Holdings' or NW Natural's financial condition and results of operations. NW Holdings' and NW Natural's ability to obtain adequate and cost effective short-term and long-term financing depends on maintaining investment grade credit profiles, perceptions of our business in capital markets, and the existence of liquid and stable financial markets. NW Holdings relies on access to equity, debt, and bank markets to finance equity contributions to subsidiaries and other business requirements. NW Natural relies on access to capital and bank markets, including commercial paper and bond markets, to finance its operations, construction expenditures and other business requirements, and to refinance maturing debt that cannot be funded entirely by internal cash flows. Disruptions in capital markets, including but not limited to, pandemics, political unrest, inflationary pressures, recessionary pressures, or rising interest rates could adversely affect our ability to access short-term and long-term financing or refinance maturing indebtedness. Our access to funds under committed credit facilities, which are currently provided by a number of banks, is dependent on the ability of the participating banks to meet their funding commitments. Those banks may not be able to meet their funding commitments if they experience shortages of capital and liquidity. Disruptions in the bank or capital financing markets as a result of economic uncertainty, changing or increased regulation of the financial sector, or failure of major financial institutions, or disruptions in credit markets, could adversely affect NW Holdings' and NW Natural's access to capital and negatively impact our ability to run our businesses, achieve NW Natural's authorized rate of return, and make strategic investments. Furthermore, recent trends toward investments that are perceived to be "green" or "sustainable" could shift capital away from, or increase the cost of capital for, our natural gas business. We believe our business is an important component of a low carbon future and are striving to decarbonize our systems. Nevertheless, perceptions in the financial markets could differ or outpace our decarbonization progress and result in a shift funding away from, or limit or restrict certain forms of funding for, natural gas businesses. NW Natural is currently rated by S & P and Moody's and a negative change in its credit ratings, particularly below investment grade, could adversely affect its cost of borrowing and access to sources of liquidity and capital. Such a downgrade could further limit its access to borrowing under available credit lines. Additionally, downgrades in its current credit ratings below investment grade could cause additional delays in NW Natural's ability to access the capital markets while it seeks supplemental state regulatory approval, which could hamper its ability to access credit markets on a timely basis. NW Holdings' credit profile is largely supported by NW Natural's credit ratings and any negative change in NW Natural's credit ratings would likely negatively impact NW Holdings' access to

sources of liquidity and capital and cost of borrowing. A credit downgrade to NW Natural, or resulting negative impact on NW Holdings, could also require additional support in the form of letters of credit, cash or other forms of collateral and otherwise adversely affect NW Holdings' or NW Natural' s financial condition and results of operations. **IMPAIRMENT OF LONG-LIVED ASSETS OR GOODWILL RISK.** Impairments of the value of long- lived assets or goodwill could have a material effect on NW Holdings' or NW Natural' s financial condition, or results of operations. NW Holdings and NW Natural review the carrying value of long- lived assets other than goodwill whenever events or changes in circumstances indicate the carrying amount of the assets might not be recoverable. The determination of recoverability is based on the undiscounted net cash flows expected to result from the operation of such assets. Projected cash flows depend on the future operating costs and projected revenues associated with the asset. We review the carrying value of goodwill annually or whenever events or changes in circumstances indicate that such carrying value may not be recoverable. A goodwill impairment analysis begins with a qualitative analysis of events and circumstances. If the qualitative assessment indicates that the carrying value may be at risk, we will perform a quantitative assessment and recognize a goodwill impairment for any amount in which the fair value of a reporting unit exceeds its fair value. NW Holdings' total goodwill was \$ **149.163** million as of December 31, **2022-2023** and \$ **70.149.63** million as of December 31, **2021-2022**. All of our goodwill is related to water and wastewater acquisitions. There have been no impairments recognized for the water and wastewater acquisitions to date. Any impairment charge taken with respect to our long- lived assets or goodwill could be material and could have a material effect on NW Holdings' or NW Natural' s financial condition and results of operations. **CUSTOMER CONSERVATION RISK.** Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural' s revenues. An increasing national focus on energy conservation, including improved building practices and appliance efficiencies may result in increased energy conservation by customers. This can decrease NW Natural' s sales of natural gas and adversely affect NW Holdings' or NW Natural' s results of operations because revenues are collected mostly through volumetric rates, based on the amount of gas sold. In Oregon, NW Natural has a conservation tariff which is designed to recover lost utility margin due to declines in residential and small commercial customers' consumption. However, NW Natural does not have a conservation tariff in Washington that provides it this margin protection on sales to customers in that state. Similar conservation risks exist for water utilities. Customers' conservation efforts may have a negative impact on NW Holdings' and NW Natural' s financial condition, revenues **and results of operations.** **ECONOMIC RISK. Changes in the economy and in the financial markets may have a negative impact on our financial condition and results of operations. If an economic slowdown occurs, our financial condition, results of operations, and cash flows could be adversely affected. Moreover, fluctuations and uncertainties in the economy make it challenging for us to accurately forecast and plan future business activities and to identify risks that may affect our business, financial condition, and operating results. Changes in economic activity in our markets and in global financial markets can result lower demand for energy, increased incidence of customers' inability to pay or delay in paying utility bills or increase in customer bankruptcies, less new housing construction or fewer conversions to natural gas, higher levels of residential foreclosures or vacancies, uncertainty regarding energy prices and the capital and commodity markets, increased credit risk and supply chain uncertainty. We are evaluating and monitoring current economic conditions, which include but are not limited to: inflation, interest rates and rising commodity costs, recessionary pressures, banking environment and risk of further bank failure, heightened cybersecurity awareness, geopolitical uncertainty, including the ongoing conflicts in Europe and the Middle East, and supply chain disruptions. These and other macroeconomic conditions may adversely impact the markets in which we operate and could cause the local, national or global economy to enter a period of recession. We cannot predict the timing, strength, or duration of any future economic slowdown or recession. If the economy or the markets in which we operate decline from present levels, it may have an adverse effect on our business, financial condition,** and results of operations. **WEATHER RISK.** Warmer than average weather may have a negative impact on our revenues and results of operations. We are exposed to weather risk in our natural gas business, primarily at NW Natural. A majority of NW Natural' s gas volume is driven by gas sales to space heating residential and small commercial customers during the winter heating season. Current NW Natural rates are based on an assumption of average weather. Warmer than average weather typically results in lower gas sales. Colder weather typically results in higher gas sales. Although the effects of warmer or colder weather on utility margin in Oregon are expected to be mitigated through the operation of NW Natural' s weather normalization mechanism, weather variations from normal could adversely affect utility margin because NW Natural may be required to purchase more or less gas at spot rates, which may be higher or lower than the rates assumed in its PGA . **Additionally, extreme weather events, such as those that occurred in February 2021 and January 2024 can result in the purchase of higher levels of gas at significantly higher spot rates.** Also, a portion of NW Natural' s Oregon residential and commercial customers (usually less than 10 %) have opted out of the weather normalization mechanism, and approximately 12 % of its customers are located in Washington where it does not have a weather normalization mechanism. These effects could have an adverse effect on NW Holdings' and NW Natural' s financial condition, results of operations and cash flows. **Water Business Risks WATER SECTOR BUSINESS.** NW Holdings' ~~has entered the water~~ **, wastewater and** ~~sector through the acquisition of a number of water~~ **services and wastewater companies.** ~~Water and wastewater~~ businesses are subject to a number of risks in addition to the risks described above. Although the water businesses are not currently expected to materially contribute to the results of operations of NW Holdings, these businesses are subject to risks, in addition to those described above ~~that could adversely affect their results of operations~~, including: • contamination of water supplies, including water provided to customers with naturally occurring or human- made substances or other hazardous materials **, or disruptions to water treatment processes**; • interruptions in water supplies and service **, weather conditions**, natural disasters and droughts; • insufficient water supplies, limitations on or disputes with respect to water rights or supplies, or the inability to secure water rights or supplies at a reasonable cost; • disruptions to the wastewater collection and treatment process; • reliance on third parties for water supplies and transportation of such water supplies; • **the**

ability to attract and retain customers to our water services business and competition for customers' business; • conservation efforts by customers; • regulatory and legal requirements, including environmental, health and safety laws and regulations; • operational risks, including customer and employee safety; **and** • the outcome of rate cases and other regulatory proceedings; ~~and • weather conditions~~. Significant losses, liabilities or impairments arising from these businesses may adversely affect NW Holdings' financial position or results of operations. INVESTMENT RISK. NW Holdings' expectations with respect to the financial results of its investments in water, **wastewater and water services** operations are based on various assumptions and beliefs that may not prove accurate, resulting in failures or delays in achieving expected returns or performance. NW Holdings' expansion into the water sector is an important component of its growth strategy. Although NW Holdings expects its water and wastewater utility operations **and water services businesses** will result in various benefits, including expanding customer bases, providing investment opportunities through infrastructure development and enhancing regulatory relationships within the local communities served, NW Holdings may not be able to realize these or other benefits. Achieving the anticipated benefits is subject to a number of uncertainties, including whether the businesses acquired can be operated in the manner intended and whether costs to finance the acquisitions and investments will be consistent with expectations, as well as whether investments in the water sector can reach scale in a reasonable period of time. Events outside of our control, including but not limited to regulatory changes or developments, could adversely affect our ability to realize the anticipated benefits from building NW Holdings' water platform. The integration of newly acquired water businesses, particularly over a noncontiguous geographic regions, may be unpredictable, subject to delays or changed circumstances, and such businesses may not perform in accordance with our expectations. In addition, anticipated costs, level of management' s attention and internal resources to achieve the integration of or operate the acquired businesses may differ significantly from our current estimates resulting in failures or delays in achieving expected returns or performance. **We have previously acquired, and from time to time may make further investments in unregulated businesses on the water platform, including wastewater and water services businesses, which may result in additional uncertainty or volatility of earnings from these businesses**. If NW Holdings' expectations regarding the financial results of its investments in water operations prove to be inaccurate, it may adversely affect NW Holdings' financial position or results of operations. Non- Regulated RNG Risks INVESTMENT RISK. NW Holdings' expectations with respect to the financial results of its investments in non- regulated RNG investments are based on various assumptions and beliefs that may not prove accurate, resulting in failures or delays in achieving expected returns. NW Holdings' expansion into the non- regulated RNG business is an important component of its growth strategy. Although NW Holdings expects this expansion will result in various benefits, including providing cost-effective solutions to decarbonize the utility, commercial, industrial and transportation sectors, NW Holdings may not be able to realize these or other benefits. Achieving the anticipated benefits is subject to a number of uncertainties, including whether the investments can be made at an expected scale, whether the investments can be monetized in the manner intended, and whether costs to finance the investments will be consistent with expectations. Events outside of our control, including but not limited to market or regulatory changes or developments, could adversely affect our ability to realize the anticipated benefits from building NW Holdings' non- regulated RNG platform. The establishment and growth of a non- regulated RNG business may be unpredictable, subject to uncertainties or changed circumstances, and such business may not perform in accordance with our expectations. In addition, anticipated costs, level of management' s attention and internal resources to achieve the integration of the acquired investments may differ significantly from our current estimates resulting in failures or delays in achieving expected returns or performance. **As part of our business model, we may purchase RNG from third parties in a variety of structures, including on a volumes- produced basis. Conversely, we may sell RNG in a variety of structures, including on a fixed- volume basis. This model could result in a mismatch between our purchased RNG portfolio and RNG volumes we have contracted to sell at any one time, which could result in our obligation to procure additional RNG at then- market prices or to pay damages to satisfy RNG sales contracts to which we are a party, which amounts could be significant. For example, the RNG purchase contract between Ohio Renewables and a subsidiary of EDL is on a volumes- produced basis, whereas Ohio Renewables' contract for the sale of RNG from 2025 through 2042 is a fixed- volume contract.** We could additionally experience ~~unsuccessful business models~~; technological challenges; ineffective scalability or inability to achieve production volumes consistent with our expectations and marketing arrangements; construction delays or cost overruns; disputes with third party business partners; risks related to markets for RNG and its associated attributes (including changes in market regulation, behavior, or prices); the inability to receive expected tax or regulatory treatment; **unsuccessful business models**; or unexpected operating costs. If NW Holdings' ¹² expectations regarding the financial results of its investments in non- regulated RNG prove to be inaccurate, it may adversely affect NW Holdings' ¹² financial position or results of operations. **RENEWABLES BUSINESS RISK. NW Natural Renewables is an unregulated subsidiary of NW Holdings established to pursue unregulated renewable natural gas activities. These activities are subject to a number of risks in addition to the risks described above. Our Renewables business is subject to risks, in addition to those described above, including: • unpredictable production levels or performance or gas quality below expected levels, which may impact our ability to accept or deliver RNG under our contractual agreements; • construction risks or delays, including due to inclement weather, supply chain or labor disruptions or otherwise; • cost overruns and the need to commit more capital than initially budgeted as a result of environmental, construction, technological or other complications; • weather conditions; • changes in energy commodity prices, including pricing of, and volatility in markets for, RNG and its associated attributes; • equipment failure, difficulties or delays in repairing or replacing equipment, technical difficulties or otherwise higher than expected operating costs; • regulatory, policy, and legal requirements, including environmental, health and safety laws and regulations or regulations that may impact the value of RNG and its associated attributes or our ability to deliver RNG in the manner contemplated under our contractual arrangements; • changes to laws or policies that may reduce demand for, or desirability of, RNG or its associated attributes; • reliance on third parties,**

including for pipeline interconnection and for a sufficient supply of waste for conversion to RNG; • catastrophic events such as fires, explosions, earthquakes, droughts, acts of terrorism and other force majeure events that may impact the Renewables business, its customers, suppliers, or other business partners; and • failures or delays in obtaining necessary land rights, permits, approvals or other consents required to construct and operate projects.