

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2026 or

☐ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-53713

OTTER TAIL CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

215 South Cascade Street, P.O. Box 496, Fergus Falls, Minnesota  
(Address of principal executive offices)

27-0383995

(I.R.S. Employer Identification No.)

56538-0496  
(Zip Code)

Registrant's telephone number, including area code: 866-410-8780

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                       | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------------------|-------------------|-------------------------------------------|
| Common Shares, par value \$5.00 per share | OTTR              | The Nasdaq Stock Market LLC               |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐  
Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:  
41,985,580 Common Shares (\$5 par value) as of July 31, 2026.

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## DEFINITIONS

The following abbreviations or acronyms are used in the text.

|            |                                                     |       |                                                  |
|------------|-----------------------------------------------------|-------|--------------------------------------------------|
| AFUDC      | Allowance for Funds Used During Construction        | MISO  | Midcontinent Independent System Operator, Inc.   |
| ARO        | Asset Retirement Obligation                         | MPUC  | Minnesota Public Utilities Commission            |
| ARP        | Alternative Revenue Program                         | NCPC  | Non-Converter Seller Purchaser Class             |
| ASC        | Accounting Standards Codification                   | OPIS  | Oil Price Information Systems, LLC.              |
| DOJ        | U.S. Department of Justice                          | OTC   | Otter Tail Corporation                           |
| DPP        | Direct Purchaser Class                              | OTP   | Otter Tail Power Company                         |
| ECO        | Energy Conservation and Optimization Rider          | PIR   | Phase-In Rider                                   |
| ESSRP      | Executive Survivor and Supplemental Retirement Plan | PSLRA | Private Securities Litigation Reform Act of 1995 |
| EUIC       | Electric Utility Infrastructure Costs Rider         | PTC   | Production Tax Credits                           |
| EUP        | End-User Class                                      | PVC   | Polyvinyl chloride                               |
| FASB       | Financial Accounting Standards Board                | ROE   | Return on equity                                 |
| FERC       | Federal Energy Regulatory Commission                | RRR   | Renewable Resource Rider                         |
| IRP        | Integrated Resource Plan                            | RTO   | Regional Transmission Organizations              |
| kwh        | kilowatt-hour                                       | SDPUC | South Dakota Public Utilities Commission         |
| MDT        | Metering & Distribution Technology Rider            | SEC   | Securities and Exchange Commission               |
| Merricourt | Merricourt Wind Energy Center                       | TCR   | Transmission Cost Recovery Rider                 |

## FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the PSLRA). When used in this Form 10-Q and in future filings by Otter Tail Corporation (the Company) with the Securities and Exchange Commission (SEC), in the Company's press releases and in oral statements, words such as "anticipate," "believe," "can," "could," "estimate," "expect," "future," "goal," "intend," "likely," "may," "outlook," "plan," "positions," "possible," "potential," "predict," "probable," "projected," "should," "target," "will," "would" or similar expressions are intended to identify forward-looking statements within the meaning of the PSLRA. Such statements are based on current expectations and assumptions and entail various risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements. The Company's risks and uncertainties include, among other things, uncertainty of future investments and capital expenditures; rate base levels and rate base growth; long-term investment risk; seasonal weather patterns and extreme weather events; counterparty credit risk; future business volumes with key customers; reductions in our credit ratings; our ability to access capital markets on favorable terms; assumptions and costs relating to funding our employee benefit plans; our subsidiaries' ability to make dividend payments; cyber security threats or data breaches; the impact of government executive orders, legislation and regulation including foreign trade and environmental policies; health and safety laws and regulations; changes in tax laws and regulations; the impact of climate change including compliance with legislative and regulatory changes to address climate change; operational and economic risks associated with our electric generating and manufacturing facilities; risks associated with energy markets; the availability and pricing of resource materials; inflation cost pressures; attracting and maintaining a qualified and stable workforce; expectations regarding regulatory proceedings; including state utility commission approval of resource plans; assigned service areas; the siting and construction of major facilities; capital structure; and allowed customer rates; actual and threatened claims or litigation; and changing macroeconomic and industry conditions that impact demand for our products, pricing and margins. These and other risks and uncertainties are more fully described in our filings with the SEC, including our most recently filed Annual Report on [Form 10-K](#). Forward-looking statements speak only as of the date they are made, and we expressly disclaim any obligation to update any forward-looking information.

## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**OTTER TAIL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (unaudited)**  
*(in thousands, except share data)*

|                                                                                                                                          | June 30, 2026       | December 31, 2025   |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Assets</b>                                                                                                                            |                     |                     |
| Current Assets                                                                                                                           |                     |                     |
| Cash and Cash Equivalents                                                                                                                | \$ 278,383          | \$ 386,193          |
| Restricted Cash                                                                                                                          | 73,500              | —                   |
| Receivables, net of allowance for credit losses                                                                                          | 199,034             | 145,496             |
| Inventories                                                                                                                              | 169,980             | 158,598             |
| Investments                                                                                                                              | 55,320              | 54,311              |
| Regulatory Assets                                                                                                                        | 19,917              | 20,437              |
| Other Current Assets                                                                                                                     | 41,219              | 34,690              |
| Total Current Assets                                                                                                                     | 837,353             | 799,725             |
| Noncurrent Assets                                                                                                                        |                     |                     |
| Investments                                                                                                                              | 82,666              | 78,823              |
| Property, Plant and Equipment, net of accumulated depreciation                                                                           | 3,138,430           | 2,876,685           |
| Regulatory Assets                                                                                                                        | 91,843              | 86,062              |
| Intangible Assets, net of accumulated amortization                                                                                       | 4,108               | 4,642               |
| Goodwill                                                                                                                                 | 37,572              | 37,572              |
| Other Noncurrent Assets                                                                                                                  | 101,633             | 80,770              |
| Total Noncurrent Assets                                                                                                                  | 3,456,252           | 3,164,554           |
| <b>Total Assets</b>                                                                                                                      | <b>\$ 4,293,605</b> | <b>\$ 3,964,279</b> |
| <b>Liabilities and Shareholders' Equity</b>                                                                                              |                     |                     |
| Current Liabilities                                                                                                                      |                     |                     |
| Short-Term Debt                                                                                                                          | \$ 53,847           | \$ 60,242           |
| Current Maturities of Long-Term Debt                                                                                                     | 79,977              | 79,951              |
| Accounts Payable                                                                                                                         | 131,054             | 93,606              |
| Accrued Salaries and Wages                                                                                                               | 32,197              | 35,666              |
| Accrued Taxes                                                                                                                            | 14,236              | 18,460              |
| Regulatory Liabilities                                                                                                                   | 28,830              | 16,600              |
| Other Current Liabilities                                                                                                                | 150,427             | 46,433              |
| Total Current Liabilities                                                                                                                | 490,568             | 350,958             |
| Noncurrent Liabilities                                                                                                                   |                     |                     |
| Pension Benefit Liability                                                                                                                | 32,001              | 32,376              |
| Other Postretirement Benefits Liability                                                                                                  | 32,341              | 31,813              |
| Regulatory Liabilities                                                                                                                   | 300,720             | 297,398             |
| Deferred Income Taxes                                                                                                                    | 289,697             | 305,931             |
| Deferred Tax Credits                                                                                                                     | 14,155              | 14,321              |
| Other Noncurrent Liabilities                                                                                                             | 124,363             | 106,156             |
| Total Noncurrent Liabilities                                                                                                             | 793,277             | 787,995             |
| Commitments and Contingencies ( <a href="#">Note 10</a> )                                                                                |                     |                     |
| Capitalization                                                                                                                           |                     |                     |
| Long-Term Debt                                                                                                                           | 1,132,889           | 963,566             |
| Shareholders' Equity                                                                                                                     |                     |                     |
| Common Shares: 50,000,000 shares authorized, \$5 par value; 41,985,580 and 41,905,520 outstanding at June 30, 2026 and December 31, 2025 | 209,928             | 209,528             |
| Additional Paid-In Capital                                                                                                               | 432,754             | 434,195             |
| Retained Earnings                                                                                                                        | 1,234,046           | 1,217,567           |
| Accumulated Other Comprehensive Income                                                                                                   | 143                 | 470                 |
| Total Shareholders' Equity                                                                                                               | 1,876,871           | 1,861,760           |
| Total Capitalization                                                                                                                     | 3,009,760           | 2,825,326           |
| <b>Total Liabilities and Shareholders' Equity</b>                                                                                        | <b>\$ 4,293,605</b> | <b>\$ 3,964,279</b> |

See accompanying condensed notes to consolidated financial statements.



**OTTER TAIL CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**

| (in thousands, except per-share amounts)                  | Three Months Ended June 30, |                  | Six Months Ended June 30, |                   |
|-----------------------------------------------------------|-----------------------------|------------------|---------------------------|-------------------|
|                                                           | 2026                        | 2025             | 2026                      | 2025              |
| <b>Operating Revenues</b>                                 |                             |                  |                           |                   |
| Electric                                                  | \$ 121,320                  | \$ 128,731       | \$ 287,188                | \$ 278,451        |
| Product Sales                                             | 213,063                     | 204,312          | 394,221                   | 391,945           |
| Total Operating Revenues                                  | 334,383                     | 333,043          | 681,409                   | 670,396           |
| <b>Operating Expenses</b>                                 |                             |                  |                           |                   |
| Electric Production Fuel                                  | 10,613                      | 16,292           | 31,385                    | 30,613            |
| Electric Purchased Power                                  | 13,270                      | 15,497           | 40,282                    | 46,367            |
| Electric Operating and Maintenance Expenses               | 54,692                      | 46,804           | 104,948                   | 95,685            |
| Cost of Products Sold (excluding depreciation)            | 118,409                     | 105,966          | 225,947                   | 210,353           |
| Nonelectric Selling, General, and Administrative Expenses | 22,169                      | 17,352           | 43,940                    | 38,644            |
| Depreciation and Amortization                             | 30,811                      | 29,447           | 60,789                    | 58,822            |
| Electric Property Taxes                                   | 5,121                       | 4,227            | 9,583                     | 8,455             |
| Legal Settlement Expenses                                 | 103,500                     | —                | 103,500                   | —                 |
| Total Operating Expenses                                  | 358,585                     | 235,585          | 620,374                   | 488,939           |
| <b>Operating Income (Loss)</b>                            | <b>(24,202)</b>             | <b>97,458</b>    | <b>61,035</b>             | <b>181,457</b>    |
| <b>Other Income and (Expense)</b>                         |                             |                  |                           |                   |
| Interest Expense                                          | (12,890)                    | (11,720)         | (25,526)                  | (23,273)          |
| Nonservice Components of Postretirement Benefits          | 1,050                       | 854              | 1,494                     | 2,136             |
| Other Income (Expense), net                               | 7,278                       | 4,788            | 11,720                    | 9,244             |
| <b>Income (Loss) Before Income Taxes</b>                  | <b>(28,764)</b>             | <b>91,380</b>    | <b>48,723</b>             | <b>169,564</b>    |
| Income Tax (Benefit) Expense                              | (21,157)                    | 13,652           | (16,280)                  | 23,737            |
| <b>Net Income (Loss)</b>                                  | <b>\$ (7,607)</b>           | <b>\$ 77,728</b> | <b>\$ 65,003</b>          | <b>\$ 145,827</b> |
| <b>Weighted-Average Common Shares Outstanding:</b>        |                             |                  |                           |                   |
| Basic                                                     | 41,955                      | 41,874           | 41,929                    | 41,850            |
| Diluted                                                   | 41,955                      | 42,118           | 42,100                    | 42,090            |
| <b>Earnings (Loss) Per Share:</b>                         |                             |                  |                           |                   |
| Basic                                                     | \$ (0.18)                   | \$ 1.86          | \$ 1.55                   | \$ 3.48           |
| Diluted                                                   | \$ (0.18)                   | \$ 1.85          | \$ 1.54                   | \$ 3.46           |

See accompanying condensed notes to consolidated financial statements.

**OTTER TAIL CORPORATION**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)**

| <i>(in thousands)</i>                                                                                                   | <i>Three Months Ended June 30,</i> |                  | <i>Six Months Ended June 30,</i> |                   |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------|----------------------------------|-------------------|
|                                                                                                                         | <i>2026</i>                        | <i>2025</i>      | <i>2026</i>                      | <i>2025</i>       |
| <b>Net Income (Loss)</b>                                                                                                | <b>\$ (7,607)</b>                  | <b>\$ 77,728</b> | <b>\$ 65,003</b>                 | <b>\$ 145,827</b> |
| <b>Other Comprehensive Income (Loss):</b>                                                                               |                                    |                  |                                  |                   |
| Unrealized Gains (Losses) on Available-for-Sale Securities, net of tax (expense) benefit of \$43, \$0, \$108 and (\$66) | (126)                              | 12               | (327)                            | 225               |
| Pension and Other Postretirement Benefits, net of tax benefit of \$0, \$4, \$0 and \$8                                  | —                                  | (12)             | —                                | (23)              |
| <b>Total Other Comprehensive Income (Loss)</b>                                                                          | <b>(126)</b>                       | <b>—</b>         | <b>(327)</b>                     | <b>202</b>        |
| <b>Total Comprehensive Income (Loss)</b>                                                                                | <b>\$ (7,733)</b>                  | <b>\$ 77,728</b> | <b>\$ 64,676</b>                 | <b>\$ 146,029</b> |

*See accompanying condensed notes to consolidated financial statements.*

**OTTER TAIL CORPORATION**
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)**

| <i>(in thousands, except common shares outstanding)</i>                                      | <i>Common Shares Outstanding</i> | <i>Par Value, Common Shares</i> | <i>Additional Paid-In Capital</i> | <i>Retained Earnings</i> | <i>Accumulated Other Comprehensive Income (Loss)</i> | <i>Total Shareholders' Equity</i> |
|----------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|-----------------------------------|--------------------------|------------------------------------------------------|-----------------------------------|
| <b>Balance, March 31, 2026</b>                                                               | <b>41,953,525</b>                | <b>\$ 209,768</b>               | <b>\$ 431,829</b>                 | <b>\$ 1,265,926</b>      | <b>\$ 269</b>                                        | <b>\$ 1,907,792</b>               |
| Stock Issued Under Share-Based Compensation Plans, net of shares withheld for employee taxes | 32,055                           | 160                             | (160)                             | —                        | —                                                    | —                                 |
| Stock Purchase Plan Expenses                                                                 | —                                | —                               | (225)                             | —                        | —                                                    | (225)                             |
| Stock Compensation Expense                                                                   | —                                | —                               | 1,310                             | —                        | —                                                    | 1,310                             |
| Net Loss                                                                                     | —                                | —                               | —                                 | (7,607)                  | —                                                    | (7,607)                           |
| Other Comprehensive Loss                                                                     | —                                | —                               | —                                 | —                        | (126)                                                | (126)                             |
| Common Dividends (\$0.5775 per share)                                                        | —                                | —                               | —                                 | (24,273)                 | —                                                    | (24,273)                          |
| <b>Balance, June 30, 2026</b>                                                                | <b>41,985,580</b>                | <b>\$ 209,928</b>               | <b>\$ 432,754</b>                 | <b>\$ 1,234,046</b>      | <b>\$ 143</b>                                        | <b>\$ 1,876,871</b>               |
| <b>Balance, March 31, 2025</b>                                                               | <b>41,873,995</b>                | <b>\$ 209,370</b>               | <b>\$ 431,423</b>                 | <b>\$ 1,075,834</b>      | <b>\$ 734</b>                                        | <b>\$ 1,717,361</b>               |
| Stock Issued Under Share-Based Compensation Plans, net of shares withheld for employee taxes | 30,375                           | 152                             | (152)                             | —                        | —                                                    | —                                 |
| Stock Purchase Plan Expenses                                                                 | —                                | —                               | (244)                             | —                        | —                                                    | (244)                             |
| Stock Compensation Expense                                                                   | —                                | —                               | 1,637                             | —                        | —                                                    | 1,637                             |
| Net Income                                                                                   | —                                | —                               | —                                 | 77,728                   | —                                                    | 77,728                            |
| Other Comprehensive Income                                                                   | —                                | —                               | —                                 | —                        | —                                                    | —                                 |
| Common Dividends (\$0.5250 per share)                                                        | —                                | —                               | —                                 | (22,020)                 | —                                                    | (22,020)                          |
| <b>Balance, June 30, 2025</b>                                                                | <b>41,904,370</b>                | <b>\$ 209,522</b>               | <b>\$ 432,664</b>                 | <b>\$ 1,131,542</b>      | <b>\$ 734</b>                                        | <b>\$ 1,774,462</b>               |
| <b>Balance, December 31, 2025</b>                                                            | <b>41,905,520</b>                | <b>\$ 209,528</b>               | <b>\$ 434,195</b>                 | <b>\$ 1,217,567</b>      | <b>\$ 470</b>                                        | <b>\$ 1,861,760</b>               |
| Stock Issued Under Share-Based Compensation Plans, net of shares withheld for employee taxes | 80,060                           | 400                             | (4,374)                           | —                        | —                                                    | (3,974)                           |
| Stock Purchase Plan Expenses                                                                 | —                                | —                               | (240)                             | —                        | —                                                    | (240)                             |
| Stock Compensation Expense                                                                   | —                                | —                               | 3,173                             | —                        | —                                                    | 3,173                             |
| Net Income                                                                                   | —                                | —                               | —                                 | 65,003                   | —                                                    | 65,003                            |
| Other Comprehensive Loss                                                                     | —                                | —                               | —                                 | —                        | (327)                                                | (327)                             |
| Common Dividends (\$1.155 per share)                                                         | —                                | —                               | —                                 | (48,524)                 | —                                                    | (48,524)                          |
| <b>Balance, June 30, 2026</b>                                                                | <b>41,985,580</b>                | <b>\$ 209,928</b>               | <b>\$ 432,754</b>                 | <b>\$ 1,234,046</b>      | <b>\$ 143</b>                                        | <b>\$ 1,876,871</b>               |
| <b>Balance, December 31, 2024</b>                                                            | <b>41,827,967</b>                | <b>\$ 209,140</b>               | <b>\$ 429,089</b>                 | <b>\$ 1,029,738</b>      | <b>\$ 532</b>                                        | <b>\$ 1,668,499</b>               |
| Stock Issued Under Share-Based Compensation Plans, net of shares withheld for employee taxes | 76,403                           | 382                             | (3,516)                           | —                        | —                                                    | (3,134)                           |
| Stock Purchase Plan Expenses                                                                 | —                                | —                               | (305)                             | —                        | —                                                    | (305)                             |
| Stock Compensation Expense                                                                   | —                                | —                               | 7,396                             | —                        | —                                                    | 7,396                             |
| Net Income                                                                                   | —                                | —                               | —                                 | 145,827                  | —                                                    | 145,827                           |
| Other Comprehensive Income                                                                   | —                                | —                               | —                                 | —                        | 202                                                  | 202                               |
| Common Dividends (\$1.05 per share)                                                          | —                                | —                               | —                                 | (44,023)                 | —                                                    | (44,023)                          |
| <b>Balance, June 30, 2025</b>                                                                | <b>41,904,370</b>                | <b>\$ 209,522</b>               | <b>\$ 432,664</b>                 | <b>\$ 1,131,542</b>      | <b>\$ 734</b>                                        | <b>\$ 1,774,462</b>               |

See accompanying condensed notes to consolidated financial statements.

**OTTER TAIL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

| (in thousands)                                                                    | Six Months Ended June 30, |                   |
|-----------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                   | 2026                      | 2025              |
| <b>Operating Activities</b>                                                       |                           |                   |
| Net Income                                                                        | \$ 65,003                 | \$ 145,827        |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |                           |                   |
| Depreciation and Amortization                                                     | 60,789                    | 58,822            |
| Deferred Tax Credits                                                              | (166)                     | (285)             |
| Deferred Income Taxes                                                             | (18,519)                  | 6,149             |
| Investment Losses                                                                 | (2,878)                   | (2,741)           |
| Stock Compensation Expense                                                        | 8,526                     | 7,396             |
| Legal Settlement Expenses                                                         | 103,500                   | —                 |
| Other, Net                                                                        | (4,810)                   | (1,745)           |
| Changes in Operating Assets and Liabilities:                                      |                           |                   |
| Receivables                                                                       | (53,538)                  | (34,859)          |
| Inventories                                                                       | (10,590)                  | (131)             |
| Regulatory Assets                                                                 | (4,837)                   | (643)             |
| Other Assets                                                                      | (2,771)                   | 4,756             |
| Accounts Payable                                                                  | 32,200                    | (6,477)           |
| Accrued and Other Liabilities                                                     | (8,402)                   | (13,447)          |
| Regulatory Liabilities                                                            | 20,749                    | 198               |
| Pension and Other Postretirement Benefits                                         | (1,545)                   | (3,441)           |
| <b>Net Cash Provided by Operating Activities</b>                                  | <b>182,711</b>            | <b>159,379</b>    |
| <b>Investing Activities</b>                                                       |                           |                   |
| Capital Expenditures                                                              | (324,755)                 | (124,239)         |
| Proceeds from Disposal of Noncurrent Assets                                       | 5,165                     | 2,792             |
| Purchases of Investments and Other Assets                                         | (7,015)                   | (5,579)           |
| <b>Net Cash Used in Investing Activities</b>                                      | <b>(326,605)</b>          | <b>(127,026)</b>  |
| <b>Financing Activities</b>                                                       |                           |                   |
| Net Repayments of Short-Term Debt                                                 | (6,395)                   | (69,615)          |
| Proceeds from Issuance of Long-Term Debt                                          | 170,000                   | 100,000           |
| Dividends Paid                                                                    | (48,524)                  | (44,023)          |
| Payments for Shares Withheld for Employee Tax Obligations                         | (3,974)                   | (3,134)           |
| Other, net                                                                        | (1,523)                   | (2,991)           |
| <b>Net Cash Provided by (Used in) Financing Activities</b>                        | <b>109,584</b>            | <b>(19,763)</b>   |
| <b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>                   | <b>(34,310)</b>           | <b>12,590</b>     |
| <b>Cash, Cash Equivalents and Restricted Cash at Beginning of Period</b>          | <b>386,193</b>            | <b>294,651</b>    |
| <b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>                | <b>\$ 351,883</b>         | <b>\$ 307,241</b> |
| <b>Supplemental Disclosure of Noncash Investing Activities</b>                    |                           |                   |
| Accrued Property, Plant and Equipment Additions                                   | \$ 31,838                 | \$ 13,576         |

See accompanying condensed notes to consolidated financial statements,

## **OTTER TAIL CORPORATION**

### **CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

#### **1. Summary of Significant Accounting Policies**

##### **Overview**

Otter Tail Corporation (OTC) and its subsidiaries (collectively, the "Company", "us", "our" or "we") form a diverse, multi-platform business consisting of a vertically integrated, regulated utility with generation, transmission and distribution facilities complemented by manufacturing businesses providing metal fabrication for custom machine parts and metal components, manufacturing of extruded and thermoformed plastic products, and manufacturing of polyvinyl chloride (PVC) pipe products. We classify our business into three segments: Electric, Manufacturing and Plastics. [Note 2](#) includes an additional description of the segments and financial information regarding each segment.

##### **Basis of Presentation**

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the SEC for interim reporting. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles. In the opinion of management, we have included all adjustments, including normal recurring accruals, necessary for a fair presentation of the consolidated financial statements for the periods presented. The consolidated financial statements and condensed notes thereto should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2025.

Because of the seasonality of our businesses and other factors, earnings for the three and six months ended June 30, 2026 should not be taken as an indication of earnings for all or any part of the balance of the current year or as an indication of earnings for future years.

##### **Use of Estimates**

We use estimates based on the best information available in recording transactions and balances resulting from business operations. As better information becomes available or actual amounts are known, the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

##### **Recent Accounting Pronouncements**

**Disaggregated Income Statement Expenses.** In November 2024, the Financial Accounting Standards Board (FASB) issued authoritative guidance codified in Accounting Standards Codification (ASC) 220, Income Statement—Reporting Comprehensive Income, which will require additional disclosures of certain costs and expenses within the notes to the financial statements. The new standard is effective for our annual periods beginning in 2027 and interim periods beginning in the first quarter of fiscal 2028 and can be applied on either a prospective or retrospective basis. Early adoption of the new standard is permitted. We anticipate adopting the updated standard in our Form 10-K for the year ending December 31, 2027.

**Government Grants.** In December 2025, the FASB issued authoritative guidance codified in ASC 832, Government Grants, which adds guidance on the recognition, measurement and presentation of government grants. The new guidance is effective for our annual periods beginning in 2029, including interim periods within that fiscal year, and can be applied on a modified prospective, modified retrospective, or full retrospective basis. We are currently evaluating the impact of this guidance on our consolidated financial statements and related disclosures.

## 2. Segment Information

Our business is comprised of three reportable segments: Electric, Manufacturing and Plastics, consistent with our business strategy, organizational structure, and internal reporting and review processes. Segment net income is the primary measure of segment profit or loss used by our chief operating decision maker in assessing segment performance and allocating resources to our segments.

### Segment Profit or Loss

Information about each segment, including significant expenses and net income of each segment, for the three and six months ended June 30, 2026 and 2025 are as follows:

#### Electric Segment

| (in thousands)                      | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|-------------------------------------|-----------------------------|------------|---------------------------|------------|
|                                     | 2026                        | 2025       | 2026                      | 2025       |
| <b>Operating Revenue</b>            | \$ 121,320                  | \$ 128,731 | \$ 287,188                | \$ 278,451 |
| Production Fuel and Purchased Power | 23,883                      | 31,789     | 71,667                    | 76,980     |
| Operating and Maintenance Expenses  | 54,692                      | 46,804     | 104,948                   | 95,685     |
| Depreciation and Amortization       | 24,223                      | 22,278     | 47,669                    | 44,655     |
| Property Taxes                      | 5,121                       | 4,227      | 9,583                     | 8,455      |
| Interest Expense                    | 11,990                      | 10,822     | 23,726                    | 21,479     |
| Income Tax Benefit                  | (13,104)                    | (4,469)    | (18,286)                  | (8,477)    |
| Other Segment Items <sup>(1)</sup>  | (4,183)                     | (1,915)    | (6,067)                   | (4,229)    |
| <b>Net Income</b>                   | \$ 18,698                   | \$ 19,195  | \$ 53,948                 | \$ 43,903  |

<sup>(1)</sup> Other segment items include nonservice components of postretirement benefits, allowance for funds used during construction and other expenses (income).

#### Manufacturing Segment

| (in thousands)                                | Three Months Ended June 30, |           | Six Months Ended June 30, |            |
|-----------------------------------------------|-----------------------------|-----------|---------------------------|------------|
|                                               | 2026                        | 2025      | 2026                      | 2025       |
| <b>Operating Revenue</b>                      | \$ 88,461                   | \$ 78,726 | \$ 178,021                | \$ 160,412 |
| Cost of Goods Sold                            | 69,419                      | 63,311    | 140,621                   | 131,827    |
| Selling, General, and Administrative Expenses | 12,544                      | 10,350    | 24,772                    | 21,093     |
| Interest Expense                              | 591                         | 627       | 1,190                     | 1,249      |
| Income Tax Expense                            | 1,336                       | 958       | 2,585                     | 1,230      |
| Other Segment Items                           | —                           | (1)       | (1)                       | —          |
| <b>Net Income</b>                             | \$ 4,571                    | \$ 3,481  | \$ 8,854                  | \$ 5,013   |

#### Plastics Segment

| (in thousands)                                | Three Months Ended June 30, |            | Six Months Ended June 30, |            |
|-----------------------------------------------|-----------------------------|------------|---------------------------|------------|
|                                               | 2026                        | 2025       | 2026                      | 2025       |
| <b>Operating Revenue</b>                      | \$ 124,602                  | \$ 125,586 | \$ 216,200                | \$ 231,533 |
| Cost of Goods Sold                            | 52,661                      | 46,929     | 92,678                    | 87,016     |
| Selling, General, and Administrative Expenses | 7,874                       | 6,623      | 14,752                    | 13,608     |
| Legal Settlement Expenses                     | 103,500                     | —          | 103,500                   | —          |
| Interest Expense                              | 325                         | 246        | 472                       | 392        |
| Income Tax (Benefit) Expense                  | (9,678)                     | 18,684     | 1,941                     | 33,977     |
| Other Segment Items                           | 1                           | —          | (2)                       | (3)        |
| <b>Net Income (Loss)</b>                      | \$ (30,081)                 | \$ 53,104  | \$ 2,859                  | \$ 96,543  |

### Capital Expenditures and Identifiable Assets

The following provides capital expenditures for each reportable segment and our corporate cost center for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>             | <i>Six Months Ended June 30,</i> |                   |
|-----------------------------------|----------------------------------|-------------------|
|                                   | <i>2026</i>                      | <i>2025</i>       |
| <b>Capital Expenditures</b>       |                                  |                   |
| Electric                          | \$ 310,660                       | \$ 114,038        |
| Manufacturing                     | 7,913                            | 4,674             |
| Plastics                          | 6,136                            | 4,915             |
| Corporate                         | 46                               | 612               |
| <b>Total Capital Expenditures</b> | <b>\$ 324,755</b>                | <b>\$ 124,239</b> |

The following provides the identifiable assets by segment and corporate assets as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>            | <i>June 30, 2026</i> | <i>December 31, 2025</i> |
|----------------------------------|----------------------|--------------------------|
| <b>Identifiable Assets</b>       |                      |                          |
| Electric                         | \$ 3,298,885         | \$ 3,006,695             |
| Manufacturing                    | 259,342              | 243,737                  |
| Plastics                         | 306,994              | 185,936                  |
| Corporate                        | 428,384              | 527,911                  |
| <b>Total Identifiable Assets</b> | <b>\$ 4,293,605</b>  | <b>\$ 3,964,279</b>      |

Corporate assets consist primarily of cash and cash equivalents, investments, and prepaid expenses.

## Reconciliation to Consolidated Amounts

Certain costs are not allocated to our operating segments. Corporate operating costs include items such as corporate staff and overhead costs, the results of our captive insurance company and other items excluded from the measurement of operating segment performance. Corporate is not an operating segment, rather it is added to operating segment totals to reconcile to consolidated amounts.

Included below are a reconciliation of certain segment information and our unallocated corporate costs to consolidated amounts for the three and six months ended June 30, 2026 and 2025:

| (in thousands)                                            | Three Months Ended June 30, |                  | Six Months Ended June 30, |                   |
|-----------------------------------------------------------|-----------------------------|------------------|---------------------------|-------------------|
|                                                           | 2026                        | 2025             | 2026                      | 2025              |
| <b>Depreciation and Amortization</b>                      |                             |                  |                           |                   |
| Electric                                                  | \$ 24,223                   | \$ 22,278        | \$ 47,669                 | \$ 44,655         |
| Manufacturing                                             | 4,762                       | 5,523            | 9,549                     | 10,946            |
| Plastics                                                  | 1,750                       | 1,588            | 3,422                     | 3,135             |
| Corporate                                                 | 76                          | 58               | 149                       | 86                |
| <b>Total Depreciation and Amortization</b>                | <b>\$ 30,811</b>            | <b>\$ 29,447</b> | <b>\$ 60,789</b>          | <b>\$ 58,822</b>  |
| <b>Interest Expense</b>                                   |                             |                  |                           |                   |
| Total Interest Expense of Reportable Segments             | \$ 12,906                   | \$ 11,695        | \$ 25,388                 | \$ 23,120         |
| Corporate Interest Expense (Income)                       | (16)                        | 25               | 138                       | 153               |
| <b>Total Interest Expense</b>                             | <b>\$ 12,890</b>            | <b>\$ 11,720</b> | <b>\$ 25,526</b>          | <b>\$ 23,273</b>  |
| <b>Income Tax Expense (Benefit)</b>                       |                             |                  |                           |                   |
| Total Income Tax Expense (Benefit) of Reportable Segments | \$ (21,446)                 | \$ 15,173        | \$ (13,760)               | \$ 26,730         |
| Corporate Income Tax Expense (Benefit)                    | 289                         | (1,521)          | (2,520)                   | (2,993)           |
| <b>Total Income Tax Expense (Benefit)</b>                 | <b>\$ (21,157)</b>          | <b>\$ 13,652</b> | <b>\$ (16,280)</b>        | <b>\$ 23,737</b>  |
| <b>Net Income (Loss)</b>                                  |                             |                  |                           |                   |
| Total Net Income (Loss) of Reportable Segments            | \$ (6,812)                  | \$ 75,780        | \$ 65,661                 | \$ 145,459        |
| Corporate Net Income (Loss)                               | (795)                       | 1,948            | (658)                     | 368               |
| <b>Total Net Income (Loss)</b>                            | <b>\$ (7,607)</b>           | <b>\$ 77,728</b> | <b>\$ 65,003</b>          | <b>\$ 145,827</b> |

### 3. Revenue

The following presents our operating revenues from external customers, in total and by amounts arising from contracts with customers and alternative revenue program (ARP) arrangements, disaggregated by revenue source and segment for the three and six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                         | <i>Three Months Ended June 30,</i> |                   | <i>Six Months Ended June 30,</i> |                   |
|---------------------------------------------------------------|------------------------------------|-------------------|----------------------------------|-------------------|
|                                                               | <i>2026</i>                        | <i>2025</i>       | <i>2026</i>                      | <i>2025</i>       |
| <b>Operating Revenues</b>                                     |                                    |                   |                                  |                   |
| <b>Electric Segment</b>                                       |                                    |                   |                                  |                   |
| Retail: Residential                                           | \$ 28,907                          | \$ 29,586         | \$ 74,962                        | \$ 72,846         |
| Retail: Commercial and Industrial                             | 75,208                             | 78,699            | 176,153                          | 166,585           |
| Retail: Other                                                 | 1,996                              | 1,845             | 4,232                            | 4,071             |
| Total Retail                                                  | 106,111                            | 110,130           | 255,347                          | 243,502           |
| Transmission                                                  | 11,101                             | 13,232            | 24,551                           | 25,363            |
| Wholesale                                                     | 883                                | 3,261             | 2,386                            | 6,039             |
| Other                                                         | 3,225                              | 2,108             | 4,904                            | 3,547             |
| <b>Total Electric Segment</b>                                 | <b>121,320</b>                     | <b>128,731</b>    | <b>287,188</b>                   | <b>278,451</b>    |
| <b>Manufacturing Segment</b>                                  |                                    |                   |                                  |                   |
| Metal Parts and Tooling                                       | 77,546                             | 69,348            | 155,190                          | 140,219           |
| Plastic Products and Tooling                                  | 8,809                              | 7,587             | 18,650                           | 16,545            |
| Scrap Metal                                                   | 2,106                              | 1,791             | 4,181                            | 3,648             |
| <b>Total Manufacturing Segment</b>                            | <b>88,461</b>                      | <b>78,726</b>     | <b>178,021</b>                   | <b>160,412</b>    |
| <b>Plastics Segment</b>                                       |                                    |                   |                                  |                   |
| PVC Pipe                                                      | 124,602                            | 125,586           | 216,200                          | 231,533           |
| <b>Total Operating Revenue</b>                                | <b>334,383</b>                     | <b>333,043</b>    | <b>681,409</b>                   | <b>670,396</b>    |
| <b>Less: Non-contract Revenues Included Above</b>             |                                    |                   |                                  |                   |
| Electric Segment - ARP Revenues                               | (354)                              | 610               | 3,812                            | 628               |
| <b>Total Operating Revenues from Contracts with Customers</b> | <b>\$ 334,737</b>                  | <b>\$ 332,433</b> | <b>\$ 677,597</b>                | <b>\$ 669,768</b> |

### 4. Select Balance Sheet Information

#### Cash, Cash Equivalents and Restricted Cash

The following table reconciles the amounts presented for cash, both unrestricted and restricted, in the consolidated balance sheets to the amounts presented in the consolidated statements of cash flows as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>                                   | <i>June 30,<br/>2026</i> | <i>December 31,<br/>2025</i> |
|---------------------------------------------------------|--------------------------|------------------------------|
| Cash and Cash Equivalents                               | \$ 278,383               | \$ 386,193                   |
| Restricted Cash <sup>(1)</sup>                          | 73,500                   | —                            |
| <b>Total Cash, Cash Equivalents and Restricted Cash</b> | <b>\$ 351,883</b>        | <b>\$ 386,193</b>            |

<sup>(1)</sup> Represents the amounts held in the escrow accounts as part of the pending legal settlements of certain class-action lawsuits. These amounts will remain restricted until such time the related settlement agreements receive final court approval and the funds are disbursed to the class members or settlement agreements are terminated, at which point the funds would be returned to the Company. See [Note 10](#), Commitments and Contingencies, for additional information.

## Receivables and Allowance for Credit Losses

Receivables as of June 30, 2026 and December 31, 2025 are as follows:

| <i>(in thousands)</i>                                  |    | <i>June 30,<br/>2026</i> |    | <i>December 31,<br/>2025</i> |
|--------------------------------------------------------|----|--------------------------|----|------------------------------|
| <b>Receivables</b>                                     |    |                          |    |                              |
| Trade                                                  | \$ | 169,019                  | \$ | 110,180                      |
| Other                                                  |    | 10,653                   |    | 12,094                       |
| Unbilled Receivables                                   |    | 21,270                   |    | 24,868                       |
| <b>Total Receivables</b>                               |    | <b>200,942</b>           |    | <b>147,142</b>               |
| Less: Allowance for Credit Losses                      |    | 1,908                    |    | 1,646                        |
| <b>Receivables, net of allowance for credit losses</b> | \$ | <b>199,034</b>           | \$ | <b>145,496</b>               |

The following is a summary of activity in the allowance for credit losses for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                 |    | <i>2026</i>  |    | <i>2025</i>  |
|-------------------------------------------------------|----|--------------|----|--------------|
| <b>Beginning Balance, January 1</b>                   | \$ | <b>1,646</b> | \$ | <b>1,920</b> |
| Additions Charged to Expense                          |    | 729          |    | 880          |
| Reductions for Amounts Written Off, Net of Recoveries |    | (467)        |    | (443)        |
| <b>Ending Balance, June 30</b>                        | \$ | <b>1,908</b> | \$ | <b>2,357</b> |

## Inventories

Inventories consist of the following as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>           |    | <i>June 30,<br/>2026</i> |    | <i>December 31,<br/>2025</i> |
|---------------------------------|----|--------------------------|----|------------------------------|
| Raw Material, Fuel and Supplies | \$ | 101,547                  | \$ | 90,720                       |
| Work in Process                 |    | 26,224                   |    | 25,381                       |
| Finished Goods                  |    | 42,209                   |    | 42,497                       |
| <b>Total Inventories</b>        | \$ | <b>169,980</b>           | \$ | <b>158,598</b>               |

## Investments

The following is a summary of our investments as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>                   |    | <i>June 30,<br/>2026</i> |    | <i>December 31,<br/>2025</i> |
|-----------------------------------------|----|--------------------------|----|------------------------------|
| <b>Short-term Investments</b>           |    |                          |    |                              |
| Government Debt Securities              | \$ | 54,921                   | \$ | 53,915                       |
| Corporate Debt Securities               |    | 399                      |    | 396                          |
| <b>Total Short-term Investments</b>     |    | <b>55,320</b>            |    | <b>54,311</b>                |
| <b>Long-term Investments</b>            |    |                          |    |                              |
| Corporate-Owned Life Insurance Policies |    | 49,872                   |    | 49,258                       |
| Government Debt Securities              |    | 8,687                    |    | 9,221                        |
| Corporate Debt Securities               |    | 931                      |    | 924                          |
| Mutual Funds                            |    | 20,542                   |    | 16,727                       |
| Money Market Funds                      |    | 2,607                    |    | 2,666                        |
| Other Investments                       |    | 27                       |    | 27                           |
| <b>Total Long-term Investments</b>      |    | <b>82,666</b>            |    | <b>78,823</b>                |
| <b>Total Investments</b>                | \$ | <b>137,986</b>           | \$ | <b>133,134</b>               |

**Debt Securities.** The following table summarizes the amortized cost and fair value of available-for-sale debt securities and the corresponding amounts of gross unrealized gains and losses as of June 30, 2026 and December 31, 2025:

|                              | <i>June 30, 2026</i> |                        |                           |                  |
|------------------------------|----------------------|------------------------|---------------------------|------------------|
| <i>(in thousands)</i>        | Amortized Cost       | Gross Unrealized Gains | Gross Unrealized (Losses) | Fair Value       |
| Government Debt Securities   | \$ 63,519            | \$ 133                 | \$ (44)                   | \$ 63,608        |
| Corporate Debt Securities    | 1,334                | 1                      | (5)                       | 1,330            |
| <b>Total Debt Securities</b> | <b>\$ 64,853</b>     | <b>\$ 134</b>          | <b>\$ (49)</b>            | <b>\$ 64,938</b> |

  

|                              | <i>December 31, 2025</i> |                        |                           |                  |
|------------------------------|--------------------------|------------------------|---------------------------|------------------|
| <i>(in thousands)</i>        | Amortized Cost           | Gross Unrealized Gains | Gross Unrealized (Losses) | Fair Value       |
| Government Debt Securities   | \$ 62,617                | \$ 527                 | \$ (8)                    | \$ 63,136        |
| Corporate Debt Securities    | 1,309                    | 12                     | (1)                       | 1,320            |
| <b>Total Debt Securities</b> | <b>\$ 63,926</b>         | <b>\$ 539</b>          | <b>\$ (9)</b>             | <b>\$ 64,456</b> |

As of June 30, 2026 and December 31, 2025, no unrealized losses on debt securities were deemed to be credit related.

The following table summarizes the fair value of available-for-sale debt securities by contractual maturity date as of June 30, 2026:

| <i>(in thousands)</i>        | <i>June 30, 2026</i> |
|------------------------------|----------------------|
| Due in one year or less      | \$ 55,320            |
| Due in one to five years     | 9,091                |
| Due in five to ten years     | 527                  |
| <b>Total Debt Securities</b> | <b>\$ 64,938</b>     |

**Equity Securities.** The amount of net unrealized gains and losses during the three and six months ended June 30, 2026 and 2025 on marketable equity securities still held as of June 30, 2026 and 2025 was not material.

#### Property, Plant and Equipment

Major classes of property, plant and equipment as of June 30, 2026 and December 31, 2025 include:

| <i>(in thousands)</i>                                 | <i>June 30, 2026</i> | <i>December 31, 2025</i> |
|-------------------------------------------------------|----------------------|--------------------------|
| <b>Electric Plant</b>                                 |                      |                          |
| Electric Plant in Service                             | \$ 3,461,933         | \$ 3,370,677             |
| Construction Work in Progress                         | 400,844              | 233,978                  |
| Total Gross Electric Plant                            | 3,862,777            | 3,604,655                |
| Less Accumulated Depreciation                         | 897,871              | 899,401                  |
| Net Electric Plant                                    | 2,964,906            | 2,705,254                |
| <b>Nonelectric Property, Plant and Equipment</b>      |                      |                          |
| Nonelectric Property, Plant and Equipment             | 412,845              | 404,922                  |
| Construction Work in Progress                         | 14,989               | 12,389                   |
| Total Gross Nonelectric Property, Plant and Equipment | 427,834              | 417,311                  |
| Less Accumulated Depreciation                         | 254,310              | 245,880                  |
| Net Nonelectric Property, Plant and Equipment         | 173,524              | 171,431                  |
| <b>Total Net Property, Plant and Equipment</b>        | <b>\$ 3,138,430</b>  | <b>\$ 2,876,685</b>      |

#### Leases

**Land Leases.** In connection with our Abercrombie Solar project, which is currently under construction in southeastern North Dakota, we have entered into multiple land lease agreements for the property on which the facility will be constructed. The leases commenced on May 1, 2026, and have an initial term of 35 years, with options to extend the lease term for up to an additional 10 years. Total contractual lease payments over the initial 35-year term are \$53.9 million. Upon commencement of the leases, we recognized operating lease right-of-use assets and corresponding lease liabilities of \$20.1 million during the three months ended June 30, 2026.

## 5. Regulatory Matters

### Regulatory Assets and Liabilities

The following presents our current and long-term regulatory assets and liabilities as of June 30, 2026 and December 31, 2025 and the period we expect to recover or refund such amounts:

| (in thousands)                                              | Period of<br>Recovery/Refund | June 30, 2026 |            | December 31, 2025 |            |  |
|-------------------------------------------------------------|------------------------------|---------------|------------|-------------------|------------|--|
|                                                             |                              | Current       | Long-Term  | Current           | Long-Term  |  |
| Regulatory Assets                                           |                              |               |            |                   |            |  |
| Pension and Other Postretirement Benefit Plans <sup>1</sup> | Various                      | \$ 2,765      | \$ 73,141  | \$ 2,765          | \$ 72,762  |  |
| Alternative Revenue Program Riders <sup>2</sup>             | Up to 2 years                | 9,193         | 3,489      | 7,834             | 1,036      |  |
| Deferred Income Taxes <sup>1</sup>                          | Asset lives                  | —             | 8,907      | —                 | 9,007      |  |
| Fuel Clause Adjustments <sup>1</sup>                        | Up to 1 year                 | 4,528         | —          | 6,558             | —          |  |
| Derivative Instruments <sup>1</sup>                         | Up to 2 years                | 2,494         | 915        | 2,717             | —          |  |
| Other <sup>1</sup>                                          | Various                      | 937           | 5,391      | 563               | 3,257      |  |
| Total Regulatory Assets                                     |                              | \$ 19,917     | \$ 91,843  | \$ 20,437         | \$ 86,062  |  |
| Regulatory Liabilities                                      |                              |               |            |                   |            |  |
| Deferred Income Taxes                                       | Asset lives                  | \$ —          | \$ 122,921 | \$ —              | \$ 125,413 |  |
| Plant Removal Obligations                                   | Asset lives                  | —             | 127,059    | —                 | 130,686    |  |
| Fuel Clause Adjustments                                     | Up to 1 year                 | 11,585        | —          | 1,231             | —          |  |
| Alternative Revenue Program Riders                          | Up to 1 year                 | 11,469        | —          | 9,961             | —          |  |
| North Dakota PTC Refunds                                    | Asset lives                  | —             | 38,123     | —                 | 29,169     |  |
| Pension and Other Postretirement Benefit Plans              | Various                      | 3,174         | 10,109     | 3,174             | 9,187      |  |
| Other                                                       | Various                      | 2,602         | 2,508      | 2,234             | 2,943      |  |
| Total Regulatory Liabilities                                |                              | \$ 28,830     | \$ 300,720 | \$ 16,600         | \$ 297,398 |  |

<sup>1</sup>Costs subject to recovery without a rate of return.

<sup>2</sup>Amounts eligible for recovery include an incentive or rate of return.

### South Dakota Rate Case

On June 4, 2025, Otter Tail Power Company (OTP) filed a request with the South Dakota Public Utilities Commission (SDPUC) for an increase in revenue recoverable under general rates in South Dakota. In its filing, OTP requested a net increase in annual revenue of \$5.7 million, or 12.50%, based on an allowed rate of return on rate base of 8.29%. Interim rates went into effect on December 1, 2025, and were subject to potential refund until the finalization of the rate case.

On March 10, 2026, the SDPUC approved a settlement agreement between OTP and the commission staff in the general rate case. The key provisions of the order included a net increase in annual revenue of \$3.3 million, or 7.7%, based on a return on rate base of 7.09%. Through the settlement of the case, the parties also agreed to a moratorium on increases to base rates until December 1, 2029, with certain exceptions. New base rates in South Dakota went into effect on April 1, 2026, and interim rate refunds totaling \$0.8 million were refunded to customers during the three months ended June 30, 2026.

### Minnesota Rate Case

On October 31, 2025, OTP filed a request with the Minnesota Public Utilities Commission (MPUC) for an increase in revenue recoverable under general rates in Minnesota. In its filing, OTP requested a net increase in annual revenue of \$44.8 million, or 17.7%, based on an allowed rate of return on rate base of 7.92% and an allowed return on equity (ROE) of 10.65% on an equity ratio of 53.5% of total capital. The request includes, among other items, accelerated recovery of the remaining investment of the jurisdictionally allocated share of Coyote Station, which has a \$4.3 million annual impact. The request for accelerated recovery is driven by the MPUC's order in OTP's most recent Integrated Resource Plan (IRP) to discontinue serving Minnesota customers with capacity and energy from Coyote Station by December 2031. If this part of the request is granted, we anticipate the amounts collected would be deferred and recognized over the remaining estimated useful life of the plant, which extends until 2041. The filing also included an interim rate request for a net increase in annual revenue of \$31.8 million, or 12.6%.

On December 23, 2025, the MPUC approved the interim rate request with a modification to exclude the impact of the accelerated recovery of the remaining investment of the jurisdictionally allocated share of Coyote Station from interim rates. The resulting interim net increase in annual revenue is \$28.6 million, or 11.3%. Interim rates went into effect on January 1, 2026, and are subject to potential refund until the finalization of the rate case.

In a filing submitted to the MPUC on July 30, 2026, OTP revised its requested net annual revenue increase to \$42.3 million to reflect updates and adjustments made since the initial filing.

## 6. Asset Retirement Obligations

We have recognized Asset Retirement Obligations (AROs) related to our wind turbines, coal-fired generation plants, solar facilities and natural gas combustion turbines. The cost of AROs includes items such as site restoration, closure of ash landfills, monitoring activities and the removal of certain structures.

A reconciliation of the carrying amounts of AROs for the six months ended June 30, 2026:

| <i>(in thousands)</i>                               |    | <b>2026</b>    |
|-----------------------------------------------------|----|----------------|
| <b>Beginning Balance, January 1</b>                 | \$ | <b>43,987</b>  |
| Adjustments Due to Revisions in Cash Flow Estimates |    | <b>(6,083)</b> |
| Accrued Accretion                                   |    | <b>970</b>     |
| Settlements                                         |    | <b>(44)</b>    |
| <b>Ending Balance, June 30</b>                      | \$ | <b>38,830</b>  |

During the six months ended June 30, 2026, we completed our wind repowering project, which consisted of the replacement or upgrades of hubs, gearboxes, blades, generators and other components at several of our wind facilities. The completion of the project resulted in the extension of the estimated useful lives of these facilities, which directly impacts the timing and amount of the expected cash flows to be incurred to settle the associated retirement obligations. As such, we adjusted our estimated cash flows related to these facilities during the period, which resulted in a \$6.1 million reduction in our estimated ARO liabilities, as well as related reduction to property, plant and equipment.

As of June 30, 2026 and December 31, 2025, \$0.1 million was included in other current liabilities, and \$38.7 million and \$43.9 million, respectively, were included in other noncurrent liabilities in the consolidated balance sheets related to AROs.

## 7. Short-Term and Long-Term Borrowings

### Short-Term Debt

The following is a summary of our lines of credit as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>        |    | <b>June 30, 2026</b>   |                           |                          | <b>December 31, 2025</b> |                         |
|------------------------------|----|------------------------|---------------------------|--------------------------|--------------------------|-------------------------|
|                              |    | <b>Borrowing Limit</b> | <b>Amount Outstanding</b> | <b>Letters of Credit</b> | <b>Amount Available</b>  | <b>Amount Available</b> |
| OTC Credit Agreement         | \$ | 170,000                | \$ —                      | \$ —                     | \$ 170,000               | \$ 170,000              |
| OTP Credit Agreement         |    | 220,000                | <b>53,847</b>             | <b>13,126</b>            | <b>153,027</b>           | 149,297                 |
| <b>Total Short-Term Debt</b> | \$ | 390,000                | \$ <b>53,847</b>          | \$ <b>13,126</b>         | \$ <b>323,027</b>        | \$ 319,297              |

Borrowings under each credit facility are subject to a variable rate of interest on outstanding balances and a commitment fee is charged based on the average unused amount available to be drawn under the respective facility. The variable rate of interest to be charged is based on a benchmark interest rate, either the Secured Overnight Financing Rate or a Base Rate, as defined in the credit agreements, selected by the borrower at the time of an advance, subject to the conditions of each agreement, plus an applicable credit spread. The credit spread ranges from zero to 2.00%, depending on the benchmark interest rate selected, and is subject to adjustment based on the credit ratings of the relevant borrower. The weighted-average interest rate on all outstanding borrowings as of June 30, 2026 and December 31, 2025 was 4.95% and 5.08%.

### Letters of Credit

As of June 30, 2026, we had a total of \$16.7 million of unused letters of credit outstanding, including the amounts issued under our credit facilities.

## Long-Term Debt

The following is a summary of outstanding long-term debt by borrower as of June 30, 2026 and December 31, 2025:

| Borrower                                                            | Debt Instrument                                            | Rate   | Maturity | (in thousands)      |                   |
|---------------------------------------------------------------------|------------------------------------------------------------|--------|----------|---------------------|-------------------|
|                                                                     |                                                            |        |          | June 30, 2026       | December 31, 2025 |
| OTC                                                                 | Guaranteed Senior Notes                                    | 3.55 % | 12/15/26 | \$ 80,000           | \$ 80,000         |
| OTP                                                                 | Series 2007C Senior Unsecured Notes                        | 6.37 % | 08/02/27 | 42,000              | 42,000            |
| OTP                                                                 | Series 2013A Senior Unsecured Notes                        | 4.68 % | 02/27/29 | 60,000              | 60,000            |
| OTP                                                                 | Series 2019A Senior Unsecured Notes                        | 3.07 % | 10/10/29 | 10,000              | 10,000            |
| OTP                                                                 | Series 2020A Senior Unsecured Notes                        | 3.22 % | 02/25/30 | 10,000              | 10,000            |
| OTP                                                                 | Series 2020B Senior Unsecured Notes                        | 3.22 % | 08/20/30 | 40,000              | 40,000            |
| OTP                                                                 | Series 2021A Senior Unsecured Notes                        | 2.74 % | 11/29/31 | 40,000              | 40,000            |
| OTP                                                                 | Series 2024A Senior Unsecured Notes                        | 5.48 % | 04/01/34 | 60,000              | 60,000            |
| OTP                                                                 | Series 2025A Senior Unsecured Notes                        | 5.49 % | 03/27/35 | 50,000              | 50,000            |
| OTP                                                                 | Series 2026A Senior Unsecured Notes                        | 5.33 % | 03/19/36 | 100,000             | —                 |
| OTP                                                                 | Series 2007D Senior Unsecured Notes                        | 6.47 % | 08/20/37 | 50,000              | 50,000            |
| OTP                                                                 | Series 2019B Senior Unsecured Notes                        | 3.52 % | 10/10/39 | 26,000              | 26,000            |
| OTP                                                                 | Series 2020C Senior Unsecured Notes                        | 3.62 % | 02/25/40 | 10,000              | 10,000            |
| OTP                                                                 | Series 2013B Senior Unsecured Notes                        | 5.47 % | 02/27/44 | 90,000              | 90,000            |
| OTP                                                                 | Series 2018A Senior Unsecured Notes                        | 4.07 % | 02/07/48 | 100,000             | 100,000           |
| OTP                                                                 | Series 2019C Senior Unsecured Notes                        | 3.82 % | 10/10/49 | 64,000              | 64,000            |
| OTP                                                                 | Series 2020D Senior Unsecured Notes                        | 3.92 % | 02/25/50 | 15,000              | 15,000            |
| OTP                                                                 | Series 2021B Senior Unsecured Notes                        | 3.69 % | 11/29/51 | 100,000             | 100,000           |
| OTP                                                                 | Series 2022A Senior Unsecured Notes                        | 3.77 % | 05/20/52 | 90,000              | 90,000            |
| OTP                                                                 | Series 2024B Senior Unsecured Notes                        | 5.77 % | 04/01/54 | 60,000              | 60,000            |
| OTP                                                                 | Series 2025B Senior Unsecured Notes                        | 5.98 % | 06/05/55 | 50,000              | 50,000            |
| OTP                                                                 | Series 2026B Senior Unsecured Notes                        | 6.04 % | 06/04/56 | 70,000              | —                 |
| <b>Total Long-Term Debt</b>                                         |                                                            |        |          | <b>1,217,000</b>    | <b>1,047,000</b>  |
| Less:                                                               | Current Maturities, Net of Unamortized Debt Issuance Costs |        |          | <b>79,977</b>       | <b>79,951</b>     |
| Less:                                                               | Unamortized Long-Term Debt Issuance Costs                  |        |          | <b>4,134</b>        | <b>3,483</b>      |
| <b>Total Long-Term Debt, Net of Unamortized Debt Issuance Costs</b> |                                                            |        |          | <b>\$ 1,132,889</b> | <b>\$ 963,566</b> |

On March 19, 2026, OTP entered into a Note Purchase Agreement pursuant to which OTP issued, in a private placement transaction, \$170.0 million of senior unsecured notes consisting of (a) \$100.0 million of 5.33% Series 2026A Senior Unsecured Notes due March 19, 2036, and (b) \$70.0 million of 6.04% Series 2026B Senior Unsecured Notes due June 4, 2056. The Series 2026A Notes were issued on March 19, 2026, upon entering into the agreement. The Series 2026B Notes were issued on June 4, 2026.

Pursuant to the terms of the agreement, OTP may prepay all or any portion of the notes (in an amount not less than 10% of the aggregate principal amount of the notes then outstanding in the case of a partial prepayment) at 100% of the principal amount so prepaid, together with unpaid accrued interest and a make-whole amount, as defined in the agreement, provided that no default or event of default exists under the agreement. Any prepayment of the Series 2026A Notes then outstanding on or after December 19, 2035, or the Series 2026B Notes then outstanding on or after December 4, 2055, will be made without any make-whole amount. Consistent with other of our borrowings, the agreement contains a number of restrictions on the business of OTP, including restrictions and limitations on OTP's ability to merge, sell substantially all assets, create or incur liens on assets, guarantee the obligations of any other party and engage in certain transactions with affiliates.

### Financial Covenants

Certain of OTC's and OTP's short- and long-term debt agreements require the borrower, whether OTC or OTP, to maintain certain financial covenants, including a maximum debt to total capitalization ratio of 0.60 to 1.00 or 0.65 to 1.00, depending on the debt agreement, a minimum interest and dividend coverage ratio of 1.50 to 1.00, and a maximum level of priority indebtedness. As of June 30, 2026, OTC and OTP were in compliance with these financial covenants.

## 8. Employee Postretirement Benefits

The Company sponsors a noncontributory funded pension plan (the Pension Plan), an unfunded, nonqualified Executive Survivor and Supplemental Retirement Plan (ESSRP), both accounted for as defined benefit pension plans, and a postretirement healthcare plan accounted for as an other postretirement benefit plan.

The following table includes the components of net periodic benefit cost (income) related to our defined benefit pension plans and other postretirement benefits for the three and six months ended June 30, 2026 and 2025:

| (in thousands)                            | Three Months Ended June 30,     |                 |                          |               |                         |                 |
|-------------------------------------------|---------------------------------|-----------------|--------------------------|---------------|-------------------------|-----------------|
|                                           | Pension Benefits (Pension Plan) |                 | Pension Benefits (ESSRP) |               | Postretirement Benefits |                 |
|                                           | 2026                            | 2025            | 2026                     | 2025          | 2026                    | 2025            |
| Service Cost                              | \$ 815                          | \$ 875          | \$ —                     | \$ —          | \$ 173                  | \$ 122          |
| Interest Cost                             | 4,307                           | 4,326           | 459                      | 473           | 457                     | 402             |
| Expected Return on Assets                 | (6,242)                         | (6,191)         | —                        | —             | —                       | —               |
| Amortization of Prior Service Cost        | —                               | —               | —                        | —             | (917)                   | (949)           |
| Amortization of Net Actuarial Loss        | 712                             | 336             | —                        | —             | 102                     | —               |
| <b>Net Periodic Benefit Cost (Income)</b> | <b>\$ (408)</b>                 | <b>\$ (654)</b> | <b>\$ 459</b>            | <b>\$ 473</b> | <b>\$ (185)</b>         | <b>\$ (425)</b> |

  

| (in thousands)                            | Six Months Ended June 30,       |                   |                          |               |                         |                 |
|-------------------------------------------|---------------------------------|-------------------|--------------------------|---------------|-------------------------|-----------------|
|                                           | Pension Benefits (Pension Plan) |                   | Pension Benefits (ESSRP) |               | Postretirement Benefits |                 |
|                                           | 2026                            | 2025              | 2026                     | 2025          | 2026                    | 2025            |
| Service Cost                              | \$ 1,630                        | \$ 1,751          | \$ —                     | \$ —          | \$ 345                  | \$ 245          |
| Interest Cost                             | 8,613                           | 8,652             | 917                      | 947           | 914                     | 805             |
| Expected Return on Assets                 | (12,483)                        | (12,382)          | —                        | —             | —                       | —               |
| Amortization of Prior Service Cost        | —                               | —                 | —                        | —             | (1,833)                 | (1,898)         |
| Amortization of Net Actuarial Loss        | 1,424                           | 671               | —                        | —             | 204                     | —               |
| <b>Net Periodic Benefit Cost (Income)</b> | <b>\$ (816)</b>                 | <b>\$ (1,308)</b> | <b>\$ 917</b>            | <b>\$ 947</b> | <b>\$ (370)</b>         | <b>\$ (848)</b> |

The following table includes the impact of regulation on the recognition of periodic benefit cost (income) arising from pension and other postretirement benefits for the three and six months ended June 30, 2026 and 2025:

| (in thousands)                                       | Three Months Ended June 30, |               | Six Months Ended June 30, |                 |
|------------------------------------------------------|-----------------------------|---------------|---------------------------|-----------------|
|                                                      | 2026                        | 2025          | 2026                      | 2025            |
| Net Periodic Benefit Cost (Income)                   | \$ (134)                    | \$ (606)      | \$ (269)                  | \$ (1,209)      |
| Net Amount Amortized Due to the Effect of Regulation | 72                          | 749           | 750                       | 1,069           |
| <b>Net Periodic Benefit Cost (Income) Recognized</b> | <b>\$ (62)</b>              | <b>\$ 143</b> | <b>\$ 481</b>             | <b>\$ (140)</b> |

We had no minimum funding requirements for our Pension Plan or any other postretirement benefit plans as of December 31, 2025. We did not make any contributions to our Pension Plan during the six months ended June 30, 2026 and 2025.

## 9. Income Taxes

During the three and six months ended June 30, 2026, the Company recorded an income tax benefit of \$21.2 million and \$16.3 million, compared with income tax expense of \$13.7 million and \$23.7 million for the corresponding periods in 2025. The Company's effective tax rate was a tax benefit of 73.6% and 33.4% for the three and six months ended June 30, 2026 and tax expense at an effective rate of 14.9% and 14.0% for the three and six months ended June 30, 2025.

Income tax benefit for the three and six months ended June 30, 2026 included discrete income tax benefits of \$26.3 million related to losses recognized from the settlement agreements executed during the period in connection with the ongoing U.S. PVC pipe antitrust class action litigation. Additional information regarding these matters is included in [Note 10](#) to the consolidated financial statements.

The rates for all periods presented differ from the federal statutory rate of 21% primarily due to the impact of production tax credits (PTCs) associated with the energy generation of our wind and solar assets, partially offset by the impact of state taxes. In 2026, the effective tax rate was also significantly impacted by the discrete tax benefits described above.

The Company's effective tax rate decreased in 2026 compared with 2025 primarily as a result of the discrete tax benefits described above. The decrease was also attributable to higher PTCs generated by the Company's wind generation facilities following the completion of repowering projects at certain facilities in late 2025 and early 2026. Completion of these projects initiated new ten-year periods for earning PTCs on qualifying generation. PTCs are generally credited to customers through rider mechanisms and are reflected as reductions to both operating revenues and income tax expense.

## 10. Commitments and Contingencies

### Contingencies

**Self-Funding of Transmission Upgrades for Generator Interconnections.** The Federal Energy Regulatory Commission (FERC) has granted transmission owners within Midcontinent Independent System Operator, Inc. (MISO) and other regional transmission organizations (RTOs) the unilateral authority to determine the funding mechanism for interconnection transmission upgrades that are necessary to accommodate new generation facilities connecting to the electrical grid. Under existing FERC orders, transmission owners can unilaterally determine whether the generator pays the transmission owner in advance for the transmission upgrade or, alternatively, the transmission owner can elect to fund the upgrade and recover over time from the generator the cost of and a return on the upgrade investment (a self-funding). FERC's orders granting transmission owners this unilateral funding authority have been judicially contested on the basis that transmission owners may be motivated to discriminate among generators in making funding determinations. In the most recent judicial proceedings, the petitioners argued to the U.S. Court of Appeals for the District of Columbia that FERC did not comply with a previous judicial order to fully develop a record regarding the risk of discrimination and the financial risk absorbed by transmission owners for generator-funded upgrades. In December 2022, the Court of Appeals ruled in favor of the petitioners remanding the matter to FERC, instructing the agency to adequately explain the basis of its orders. The Court of Appeals decision did not vacate the transmission owners' unilateral funding authority.

In June 2024, FERC issued an Order to Show Cause proceeding against four RTOs, including MISO. Within its order, FERC indicates that the transmission tariffs of the RTOs appear to be unjust, unreasonable, and unduly discriminatory or preferential because they allow transmission owners to unilaterally elect transmission owner self-funding, which may increase costs, impose barriers to transmission interconnection and result in undue discrimination among interconnection customers.

The order required each RTO to submit filings to either 1) show cause as to why the transmission tariff remains just and reasonable and not unduly discriminatory or preferential, or 2) to explain what changes to the tariff it believes would remedy the identified concerns. FERC has received a number of responses to its Order to Show Cause. In September 2024, in separate filings, MISO and transmission owners within MISO, including OTP, filed responses outlining the reasons why the self-funding option remains just and reasonable and not unduly discriminatory or preferential. Other responses have been provided by other RTOs, individual transmission owners, developers of renewable generation facilities and other interested parties.

OTP, as a transmission owner in MISO, has exercised its authority and elected to self-fund transmission upgrades necessary to accommodate new system generation. Under such an election, OTP is recovering the cost of the transmission upgrade and a return on that investment from the generator over a contractual period of time. Should the resolution of this matter eliminate transmission owners' unilateral funding authority on either a prospective or retrospective basis, our financial results would be impacted. We cannot at this time reasonably predict the outcome of this matter given the uncertainty as to how FERC may ultimately decide on the matter.

**Class Action Lawsuits and Related Matters.** Beginning in August of 2024, a series of putative federal class action lawsuits, now consolidated under the caption *In re: PVC Pipe Antitrust Litigation* (Case No. 1:24-cv-07639), were filed in the United States District Court for the Northern District of Illinois against Northern Pipe Products, Vinyltech Corporation, Otter Tail Corporation and more than twenty other PVC pipe manufacturers, as well as Oil Price Information Systems, LLC (OPIS), a reporting service that provides pricing and market information in various industries, including the PVC pipe industry during the relevant period. The Court permitted plaintiffs to proceed through three putative class complaints: a Direct Purchaser Class (DPPs), a Non-Converter Seller Purchaser Class (NCSPs) and an End-User Class (EUPs).

In August of 2025, the three putative classes each filed a first or an amended complaint alleging, among other things, that the defendants and alleged co-conspirators conspired to fix, raise, maintain and stabilize the price of PVC municipal pipe, PVC plumbing pipe, PVC electrical pipe and PVC pipe fittings in violation of U.S. federal and state antitrust laws. The complaints alleged that PVC pipe manufacturers improperly exchanged confidential information through OPIS and engaged in other indirect and direct communications with each other. The plaintiffs were seeking treble damages, injunctive relief, pre- and post-judgment interest, costs and attorneys' fees on behalf of the putative classes.

On May 28, 2026, the Company entered into settlement agreements with the DPPs and NCSPs, individually and on behalf of the putative DPP and NCSP class members. Subject to the satisfaction of certain conditions, the Company's subsidiaries, Northern Pipe Products, Inc. and Vinyltech Corporation, agreed to pay \$39.5 million to resolve all claims asserted, or that could have been asserted,

by the DPPs against the Company, and \$34.0 million to resolve all claims asserted, or that could have been asserted, by the NCSPs against the Company, in each case relating to the alleged conduct at issue in the PVC pipe antitrust litigation. During the second quarter of 2026, Northern Pipe Products and Vinyltech Corporation paid an aggregate amount of \$73.5 million into settlement fund escrow accounts utilizing available cash. As of June 30, 2026, the \$73.5 million was included as restricted cash on our consolidated balance sheet pending the final court approval of the DPP and NCSP settlement agreements.

On June 17, 2026, the Company entered into a settlement agreement with the EUPs, individually and on behalf of the putative class members. Subject to the satisfaction of certain conditions, the Company's subsidiaries, Northern Pipe Products, Inc. and Vinyltech Corporation, agreed to pay \$30.0 million to resolve all claims asserted, or that could have been asserted, by the EUPs against the Company, relating to the alleged conduct at issue in the PVC pipe antitrust litigation. In July 2026, Northern Pipe Products and Vinyltech Corporation paid \$30.0 million into a settlement fund escrow account utilizing available cash. The amount will be reflected as restricted cash on our consolidated balance sheet pending final court approval of the settlement agreement.

The settlement agreements remain subject to the satisfaction of certain conditions, including final approval by the Court. Following preliminary approval of each settlement by the Court, the settlement administrators began notice campaigns to inform potential class members of the settlements and advise them of their right to request exclusion from, or opt out of the applicable settlement. To be valid, exclusion requests must be received before the end of the applicable notice period. The NCSP notice period ends August 7, 2026, the DPP notice period ends August 25, 2026, and the EUP notice period ends September 8, 2026. The DPP and NCSP settlement agreements contain provisions allowing the Company to terminate the respective settlement agreement if opt outs exceed certain thresholds.

In connection with the class action lawsuits in the United States, we have recognized an estimated loss in the amount of \$103.5 million, which was included in other current liabilities on our consolidated balance sheet as of June 30, 2026.

The execution of the settlement agreements does not constitute an admission by the Company of any wrongdoing, fault, or liability, and the Company does not admit any wrongdoing, fault, or liability. Although the Company believes it has factual and legal defenses and was prepared to continue litigating, the Company determined that resolving these claims was in its best interests. The settlements meaningfully reduce the uncertainty, distraction, and potential costs and exposure associated with protracted and complex class action antitrust litigation and allow the Company to maintain its focus on executing its business strategy.

On September 26, 2025, a putative nation-wide class action complaint (Case No. S-257310) was filed in the Supreme Court of British Columbia, Canada against Northern Pipe, Vinyltech Corporation, Otter Tail Corporation and several other PVC pipe manufacturers, as well as OPIS. The complaint alleges that the defendants conspired to fix, raise, maintain, and stabilize the price of PVC pipe through an information exchange, OPIS, breaching Canada's Competition Act. The plaintiffs seek general damages, injunctive relief, pre- and post-judgment interest, punitive damages, costs, and attorneys' fees on behalf of the putative class. The Company believes there are factual and legal defenses to the allegations in the complaint and is defending itself accordingly.

In August 2024, the Company received a grand jury subpoena issued by the U.S. District Court for the Northern District of California, from the U.S. Department of Justice (DOJ) Antitrust Division. The subpoena calls for production of documents regarding the manufacturing, selling and pricing of PVC pipe. The Company has responded to the subpoena and intends to comply with its obligations thereunder. On October 7, 2025, the DOJ filed a motion to intervene and for a partial stay of document discovery in *In Re: PVC Pipe Antitrust Litigation*. On July 1, 2026, the DOJ moved to extend the discovery stay until December 31, 2026, and narrow the terms of the stay.

As it pertains to the unresolved complaint in Canada and the DOJ investigation, the Company believes there are factual and legal defenses and is defending itself accordingly. There remains considerable uncertainty regarding the timing or ultimate resolution of the litigation in Canada and the DOJ investigation. At this time, we are unable to determine the likelihood of an outcome or estimate a range of reasonably possible losses, if any, arising from these matters. The resolution of these matters could have a material impact on the Company's financial position, operating results and liquidity, and it is reasonably possible that our assessment of losses arising from these matters could change in the near term.

On May 20, 2025, the Otter Tail Corporation Board of Directors received a letter from counsel submitted on behalf of a shareholder, demanding the Board investigate and take legal action against certain current and former directors and officers of the Company. The derivative demand letter alleges securities law violations, breaches of fiduciary duties, and unjust enrichment by certain current and former officers and directors of the Company in connection with the matters at issue in the pending civil antitrust cases. At this time, we are unable to determine the likelihood of any outcome related to this matter.

**Other Contingencies.** We are involved in claims, legal proceedings, investigations and regulatory matters arising in the normal course of business. We regularly analyze relevant information and, as necessary, estimate and record accrued liabilities for legal, regulatory enforcement and other matters in which a loss or range of loss is probable of occurring and can be reasonably estimated. We believe the effect on our consolidated operating results, financial position and cash flows, if any, for the disposition of all matters pending as of June 30, 2026, other than those discussed above, will not be material.

## 11. Shareholders' Equity

### Registration Statements

On May 3, 2024, we filed a shelf registration statement with the SEC under which we may offer for sale, from time to time, either separately or together in any combination, equity, debt or other securities described in the shelf registration statement. No new debt or equity has been issued pursuant to the registration statement. The registration statement expires in May 2027.

On May 3, 2024, we filed a second registration statement with the SEC for the issuance of up to 1,500,000 common shares under an Automatic Dividend Reinvestment and Share Purchase Plan, which provides shareholders, retail customers of OTP and other interested investors methods of purchasing our common shares by reinvesting their dividends or making optional cash investments. Shares purchased under the plan may be newly issued common shares or common shares purchased on the open market. During the six months ended June 30, 2026, we issued 48,065 shares under this plan. We repurchased a sufficient number of shares on the open market to satisfy all issuances under the plan; accordingly, no proceeds were received as a result of the issuance of these shares. As of June 30, 2026, there were 1,282,756 shares available for purchase or issuance under the plan. The registration statement expires in May 2027.

### Dividend Restrictions

OTC is a holding company with no significant operations of its own. The primary source of funds for payments of dividends to OTC's shareholders is from dividends paid or distributions made by OTC's subsidiaries. As a result of certain statutory limitations or regulatory or financing agreements, the amount of distributions allowed to be made by OTC's subsidiaries or the amount of dividends paid by OTC could be restricted. Both the OTC Credit Agreement and the OTP Credit Agreement contain restrictions on the payment of cash dividends upon a default or event of default, including failure to maintain certain financial covenants. As of June 30, 2026, we were in compliance with these financial covenants.

Under the Federal Power Act, a public utility may not pay dividends from any funds properly included in a capital account. What constitutes "funds properly included in a capital account" is undefined in the Federal Power Act or the related regulations; however, the FERC has consistently interpreted the provision to allow dividends to be paid as long as i) the source of the dividends is clearly disclosed, ii) the dividend is not excessive and iii) there is no self-dealing on the part of corporate officials.

The MPUC indirectly limits the amount of dividends OTP can pay to OTC by requiring an equity-to-total-capitalization ratio between 46.7% and 57.1% based on OTP's current capital structure requirements. As of June 30, 2026, OTP's equity-to-total-capitalization ratio, including short-term debt, was 51.4% and its net assets restricted from distribution totaled approximately \$1.0 billion. Under the MPUC order, total capitalization for OTP cannot exceed \$2.4 billion.

## 12. Accumulated Other Comprehensive Income (Loss)

The following presents the changes in accumulated other comprehensive income (loss) for the three and six months ended June 30, 2026 and 2025:

| (in thousands)                                                          | Three Months Ended June 30,               |                                                                |               |                                           |                                                                |               |
|-------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|---------------|-------------------------------------------|----------------------------------------------------------------|---------------|
|                                                                         | 2026                                      |                                                                |               | 2025                                      |                                                                |               |
|                                                                         | Pension and Other Postretirement Benefits | Net Unrealized Gains (Losses) on Available-for-Sale Securities | Total         | Pension and Other Postretirement Benefits | Net Unrealized Gains (Losses) on Available-for-Sale Securities | Total         |
| Balance, Beginning of Period                                            | \$ 70                                     | \$ 199                                                         | \$ 269        | \$ 362                                    | \$ 372                                                         | \$ 734        |
| Other Comprehensive Income Before Reclassifications, net of tax         | —                                         | (121)                                                          | (121)         | —                                         | 24                                                             | 24            |
| Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) | —                                         | (5) <sup>(1)</sup>                                             | (5)           | (12) <sup>(2)</sup>                       | (12) <sup>(1)</sup>                                            | (24)          |
| Total Other Comprehensive Income (Loss)                                 | —                                         | (126)                                                          | (126)         | (12)                                      | 12                                                             | —             |
| <b>Balance, End of Period</b>                                           | <b>\$ 70</b>                              | <b>\$ 73</b>                                                   | <b>\$ 143</b> | <b>\$ 350</b>                             | <b>\$ 384</b>                                                  | <b>\$ 734</b> |

  

| (in thousands)                                                          | Six Months Ended June 30,                 |                                                                |               |                                           |                                                                |               |
|-------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------|---------------|-------------------------------------------|----------------------------------------------------------------|---------------|
|                                                                         | 2026                                      |                                                                |               | 2025                                      |                                                                |               |
|                                                                         | Pension and Other Postretirement Benefits | Net Unrealized Gains (Losses) on Available-for-Sale Securities | Total         | Pension and Other Postretirement Benefits | Net Unrealized Gains (Losses) on Available-for-Sale Securities | Total         |
| Balance, Beginning of Period                                            | \$ 70                                     | \$ 400                                                         | \$ 470        | \$ 373                                    | \$ 159                                                         | \$ 532        |
| Other Comprehensive Income Before Reclassifications, net of tax         | —                                         | (333)                                                          | (333)         | —                                         | 234                                                            | 234           |
| Amounts Reclassified from Accumulated Other Comprehensive Income (Loss) | — <sup>(1)</sup>                          | 6 <sup>(2)</sup>                                               | 6             | (23) <sup>(1)</sup>                       | (9) <sup>(2)</sup>                                             | (32)          |
| Total Other Comprehensive Income (Loss)                                 | —                                         | (327)                                                          | (327)         | (23)                                      | 225                                                            | 202           |
| <b>Balance, End of Period</b>                                           | <b>\$ 70</b>                              | <b>\$ 73</b>                                                   | <b>\$ 143</b> | <b>\$ 350</b>                             | <b>\$ 384</b>                                                  | <b>\$ 734</b> |

<sup>(1)</sup> Included in other income (expense), net on the accompanying consolidated statements of operations.

<sup>(2)</sup> Included in the computation of net periodic pension and other postretirement benefit costs. See [Note 8](#).

### 13. Share-Based Payments

#### Stock Compensation Expense

Stock-based compensation expense arising from our employee stock purchase plan and share-based compensation plans recognized within operating expenses in the consolidated statements of operations amounted to \$2.1 million and \$1.6 million for the three months ended June 30, 2026 and 2025 and \$8.5 million and \$7.4 million for the six months ended June 30, 2026 and 2025.

**Restricted Stock Awards.** Restricted stock awards are granted to executive officers and other key employees and members of the Company's Board of Directors. The awards vest, depending on award recipient, either ratably over a period of three or four years or cliff vest after four years. Vesting is accelerated in certain circumstances, including upon retirement. Awards granted to members of the Board of Directors are issued and outstanding upon grant and carry the same voting and dividend rights of unrestricted outstanding common stock. Awards granted to executive officers are eligible to receive dividend equivalent payments during the vesting period, subject to forfeiture under the terms of the agreement, but such awards are not issued or outstanding upon grant and do not provide for voting rights. Certain awards will be settled in cash at the time of vesting rather than shares of common stock. The amount of cash paid upon settlement is equal to the value of the shares which otherwise would have been issued on the vesting date.

The grant-date fair value of each restricted stock award is determined based on the market price of the Company's common stock on the date of grant adjusted to exclude the value of dividends for those awards that do not receive dividend or dividend equivalent payments during the vesting period. Awards that will be settled in cash are liability-classified awards, which are remeasured at fair value each reporting period until settlement, with changes in fair value recognized in earnings. As of June 30, 2026, the estimated fair value of liability-classified awards was \$1.3 million, which is included in accrued salaries and wages on our consolidated balance sheet. There were no liability-classified awards outstanding as of December 31, 2025.

The following is a summary of award activity for the six months ended June 30, 2026:

|                                 | <i>Cash-settled<br/>Awards<br/>(Units)</i> | <i>Stock-settled<br/>Awards<br/>(Shares)</i> | <i>Weighted-Average<br/>Grant-Date<br/>Fair Value</i> |
|---------------------------------|--------------------------------------------|----------------------------------------------|-------------------------------------------------------|
| Nonvested, January 1, 2026      | —                                          | 145,889                                      | \$ 73.60                                              |
| Granted                         | 14,800                                     | 43,355                                       | 85.74                                                 |
| Vested                          | —                                          | (48,362)                                     | 70.13                                                 |
| Forfeited                       | —                                          | (1,875)                                      | 74.34                                                 |
| <b>Nonvested, June 30, 2026</b> | <b>14,800</b>                              | <b>139,007</b>                               | <b>\$ 79.28</b>                                       |

The fair value of vested awards was \$4.3 million and \$3.5 million during the six months ended June 30, 2026 and 2025, and all awards were settled in shares of common stock.

**Stock Performance Awards.** Stock performance awards are granted to executive officers and certain other key employees. The awards vest at the end of a three-year performance period. The number of common shares awarded, if any, at the end of the performance period ranges from zero to 150% of the target amount based on two performance measures: i) total shareholder return relative to a peer group and ii) ROE. Vesting of the awards is accelerated in certain circumstances, including upon retirement. The number of common shares awarded on an accelerated vesting is based on actual performance at the end of the performance period. Certain awards will be settled in cash at the time of vesting rather than shares of common stock. The amount of cash paid upon settlement is equal to the value of the shares which otherwise would have been issued on the vesting date. Awards that will be settled in cash are liability-classified awards, which are remeasured at fair value each reporting period until settlement, with changes in fair value recognized in earnings. As of June 30, 2026, the estimated fair value of liability-classified awards was \$4.0 million, which is included in other noncurrent liabilities on our consolidated balance sheet. There were no liability-classified awards outstanding as of December 31, 2025.

The grant-date fair value of stock performance awards granted during the six months ended June 30, 2026 and 2025 was determined using a Monte Carlo fair value simulation model incorporating the following assumptions:

|                          | <b>2026</b>    | <b>2025</b> |
|--------------------------|----------------|-------------|
| Risk-free interest rate  | <b>3.49 %</b>  | 4.28 %      |
| Expected term (in years) | <b>3</b>       | 3           |
| Expected volatility      | <b>27.70 %</b> | 30.30 %     |
| Dividend yield           | <b>2.90 %</b>  | 2.50 %      |

The risk-free interest rate was derived from yields on U.S. government bonds of a similar term. The expected term of the award is equal to the three-year performance period. Expected volatility was estimated based on actual historical volatility of our common stock. Dividend yield was estimated based on historical and future yield estimates.

The following is a summary of performance award activity for the six months ended June 30, 2026 (unit/share amounts reflect awards at target):

|                                 | <i>Cash-settled<br/>Awards<br/>(Units)</i> | <i>Stock-settled<br/>Awards<br/>(Shares)</i> | <i>Weighted-Average<br/>Grant-Date<br/>Fair Value</i> |
|---------------------------------|--------------------------------------------|----------------------------------------------|-------------------------------------------------------|
| Nonvested, January 1, 2026      | —                                          | 152,800                                      | \$ 75.52                                              |
| Granted                         | 47,600                                     | 14,800                                       | 78.32                                                 |
| Vested                          | —                                          | (52,400)                                     | 61.61                                                 |
| Forfeited                       | —                                          | —                                            | —                                                     |
| <b>Nonvested, June 30, 2026</b> | <b>47,600</b>                              | <b>115,200</b>                               | <b>\$ 81.07</b>                                       |

The fair value of vested awards was \$6.8 million and \$5.5 million during the six months ended June 30, 2026 and 2025, and all awards were settled in shares of common stock.

#### 14. Earnings Per Share

The numerator used in the calculation of both basic and diluted earnings per share is net income (loss). The denominator used in the calculation of basic earnings per share is the weighted-average number of shares outstanding during the period. The denominator used in the calculation of diluted earnings per share is derived by adjusting basic shares outstanding for the dilutive effect of potential shares outstanding, which consist of time- and performance-based stock awards and employee stock purchase plan shares. Basic net loss per share was the same as diluted net loss per share for the three months ended June 30, 2026, as a result of our net loss position for the period.

The following includes the computation of the denominator for basic and diluted weighted-average shares outstanding for the three and six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                       | <i>Three Months Ended June 30,</i> |               | <i>Six Months Ended June 30,</i> |               |
|-------------------------------------------------------------|------------------------------------|---------------|----------------------------------|---------------|
|                                                             | <i>2026</i>                        | <i>2025</i>   | <i>2026</i>                      | <i>2025</i>   |
| <b>Weighted-Average Common Shares Outstanding – Basic</b>   | <b>41,955</b>                      | <b>41,874</b> | <b>41,929</b>                    | <b>41,850</b> |
| Effect of Dilutive Securities:                              |                                    |               |                                  |               |
| Stock Performance Awards                                    | —                                  | 154           | 82                               | 143           |
| Restricted Stock Awards                                     | —                                  | 88            | 87                               | 95            |
| Employee Stock Purchase Plan                                | —                                  | 2             | 2                                | 2             |
| Dilutive Effect of Potential Common Shares                  | —                                  | 244           | 171                              | 240           |
| <b>Weighted-Average Common Shares Outstanding – Diluted</b> | <b>41,955</b>                      | <b>42,118</b> | <b>42,100</b>                    | <b>42,090</b> |

For the three months ended June 30, 2026, 197,007 shares were excluded from the computation of diluted weighted-average common shares outstanding because such shares were anti-dilutive. The number of shares excluded from diluted weighted-average common shares outstanding because such shares were anti-dilutive was not material for the six months ended June 30, 2026, or the three and six months ended June 30, 2025.

#### 15. Derivative Instruments

OTP enters into derivative instruments to manage its exposure to future market energy price variability and reduce price volatility for retail customers. These derivative instruments are not designated as qualifying hedging transactions but provide for an economic hedge against future market energy price variability. The instruments are recorded at fair value on the consolidated balance sheets. In accordance with ratemaking and cost recovery processes, we recognize a regulatory asset or liability to defer losses or gains from derivative activity until settlement of the associated derivative instrument.

As of June 30, 2026, OTP had multiple outstanding pay-fixed, receive-variable swap agreements with various settlement dates extending to December 31, 2027. The following presents the notional amounts and fair value of our derivative instruments as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>               | <i>June 30,<br/>2026</i> | <i>December 31,<br/>2025</i> |
|-------------------------------------|--------------------------|------------------------------|
| Megawatt hours of electricity       | 511                      | 311                          |
| Derivative Assets:                  |                          |                              |
| Other Current Assets                | \$ 763                   | \$ 124                       |
| Other Noncurrent Assets             | 94                       | —                            |
| <b>Total Derivative Assets</b>      | <b>\$ 857</b>            | <b>\$ 124</b>                |
| Derivative Liabilities:             |                          |                              |
| Other Current Liabilities           | \$ 2,494                 | \$ 2,717                     |
| Other Noncurrent Liabilities        | 915                      | —                            |
| <b>Total Derivative Liabilities</b> | <b>\$ 3,409</b>          | <b>\$ 2,717</b>              |

During the six months ended June 30, 2026 and 2025, contracts matured and were settled resulting in a gain of \$1.5 million and a loss of \$2.6 million, respectively. Gains and losses recognized on the settlement of derivative instruments are returned to or recovered from our electric customers through fuel recovery mechanisms in each state. When recognized in the consolidated statements of operations, these gains or losses are included in electric purchased power. Gains or losses related to the settlement of derivative instruments are included in cash flows from operations in the consolidated statements of cash flows.

## 16. Fair Value Measurements

The following tables present our assets and liabilities measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025 classified by the input method used to measure fair value:

| <i>(in thousands)</i>      | <i>Level 1</i> | <i>Level 2</i>  | <i>Level 3</i> |
|----------------------------|----------------|-----------------|----------------|
| <b>June 30, 2026</b>       |                |                 |                |
| <b>Assets:</b>             |                |                 |                |
| Investments:               |                |                 |                |
| Money Market Funds         | \$ 2,607       | \$ —            | \$ —           |
| Mutual Funds               | 20,542         | —               | —              |
| Corporate Debt Securities  | —              | 1,330           | —              |
| Government Debt Securities | —              | 63,608          | —              |
| Derivative Instruments     | —              | 857             | —              |
| <b>Total Assets</b>        | <b>23,149</b>  | <b>65,795</b>   | <b>—</b>       |
| <b>Liabilities:</b>        |                |                 |                |
| Derivative Instruments     | —              | 3,409           | —              |
| <b>Total Liabilities</b>   | <b>\$ —</b>    | <b>\$ 3,409</b> | <b>\$ —</b>    |
| <b>December 31, 2025</b>   |                |                 |                |
| <b>Assets:</b>             |                |                 |                |
| Investments:               |                |                 |                |
| Money Market Funds         | \$ 2,666       | \$ —            | \$ —           |
| Mutual Funds               | 16,727         | —               | —              |
| Corporate Debt Securities  | —              | 1,320           | —              |
| Government Debt Securities | —              | 63,136          | —              |
| Derivative Instruments     | —              | 124             | —              |
| <b>Total Assets</b>        | <b>19,393</b>  | <b>64,580</b>   | <b>—</b>       |
| <b>Liabilities:</b>        |                |                 |                |
| Derivative Instruments     | —              | 2,717           | —              |
| <b>Total Liabilities</b>   | <b>\$ —</b>    | <b>\$ 2,717</b> | <b>\$ —</b>    |

Level 1 fair value measurements are based on quoted prices (unadjusted) in active markets for identical assets that we have the ability to access at the measurement date.



The level 2 fair value measurements for government and corporate debt securities are determined based on valuations provided by third parties which utilize industry-accepted valuation models and observable market inputs to determine valuation. Some valuations or model inputs used by the pricing service may be based on broker quotes.

The level 2 fair value measurements for derivative instruments are determined by using inputs such as forward electric commodity prices, adjusted for location differences. These inputs are observable in the marketplace throughout the full term of the instrument, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace.

In addition to assets recorded at fair value on a recurring basis, we also hold financial instruments that are not recorded at fair value in the consolidated balance sheets but for which disclosure of the fair value of these financial instruments is provided.

The following reflects the carrying value and estimated fair value of these assets and liabilities as of June 30, 2026 and December 31, 2025:

| <i>(in thousands)</i>     | <i>June 30, 2026</i>   |                     | <i>December 31, 2025</i> |                   |
|---------------------------|------------------------|---------------------|--------------------------|-------------------|
|                           | <i>Carrying Amount</i> | <i>Fair Value</i>   | <i>Carrying Amount</i>   | <i>Fair Value</i> |
| <b>Assets:</b>            |                        |                     |                          |                   |
| Cash and Cash Equivalents | \$ 278,383             | \$ 278,383          | \$ 386,193               | \$ 386,193        |
| Restricted Cash           | 73,500                 | 73,500              | —                        | —                 |
| <b>Total Assets</b>       | <b>351,883</b>         | <b>351,883</b>      | <b>386,193</b>           | <b>386,193</b>    |
| <b>Liabilities:</b>       |                        |                     |                          |                   |
| Short-Term Debt           | 53,847                 | 53,847              | 60,242                   | 60,242            |
| Long-Term Debt            | 1,212,866              | 1,086,036           | 1,043,517                | 923,639           |
| <b>Total Liabilities</b>  | <b>\$ 1,266,713</b>    | <b>\$ 1,139,883</b> | <b>\$ 1,103,759</b>      | <b>\$ 983,881</b> |

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

**Cash Equivalents:** The carrying amount approximates fair value because of the short-term maturity of these instruments. Fair value is determined based on quoted prices in active markets, a Level 1 fair value input.

**Short-Term Debt:** The carrying amount approximates fair value because the debt obligations are short-term in nature and balances outstanding are subject to variable rates of interest which reset frequently, a Level 2 fair value input.

**Long-Term Debt:** The fair value of long-term debt is estimated based on current market indications for borrowings of similar maturities with similar terms, a Level 2 fair value input.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our interim financial statements and the related notes appearing under Item 1 of this Quarterly Report on Form 10-Q, and our annual financial statements and the related notes along with the discussion and analysis of our financial condition and results of operations contained in our Annual Report on [Form 10-K](#) for the year ended December 31, 2025.

Otter Tail Corporation and its subsidiaries form a diverse group of businesses with operations classified into three segments: Electric, Manufacturing and Plastics. Our Electric segment business is a vertically integrated, regulated utility with generation, transmission and distribution facilities to serve our customers in western Minnesota, eastern North Dakota and northeastern South Dakota. Our Manufacturing segment provides metal fabrication for custom machine parts and metal components and manufactures extruded and thermoformed plastic products. Our Plastics segment manufactures PVC pipe for use in, among other applications, municipal and rural water, wastewater and water reclamation projects.

### RESULTS OF OPERATIONS - QUARTER TO DATE

Provided below are a summary and discussion of our operating results on a consolidated basis followed by a discussion of the operating results of each of our segments: Electric, Manufacturing and Plastics. In addition to the segment results, we provide an overview of our Corporate costs. Our Corporate costs do not constitute a reportable segment, but rather consist of unallocated general corporate expenses, such as corporate staff and overhead costs, the results of our captive insurance company and other items excluded from the measurement of segment performance. Corporate costs are added to operating segment totals to reconcile to totals on our consolidated statements of operations.

#### CONSOLIDATED RESULTS

The following table summarizes consolidated operating results for the three months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                            | <b>2026</b> |                 | <b>2025</b> |          | <b>\$ change</b> | <b>% change</b> |
|--------------------------------------------------|-------------|-----------------|-------------|----------|------------------|-----------------|
| Operating Revenues                               | \$          | <b>334,383</b>  | \$          | 333,043  | \$ 1,340         | 0.4 %           |
| Operating Expenses                               |             | <b>255,085</b>  |             | 235,585  | 19,500           | 8.3             |
| Legal Settlement Expenses                        |             | <b>103,500</b>  |             | —        | 103,500          | n/m             |
| <b>Operating Income (Loss)</b>                   |             | <b>(24,202)</b> |             | 97,458   | (121,660)        | (124.8)         |
| Interest Expense                                 |             | <b>(12,890)</b> |             | (11,720) | (1,170)          | 10.0            |
| Nonservice Components of Postretirement Benefits |             | <b>1,050</b>    |             | 854      | 196              | 23.0            |
| Other Income (Expense), net                      |             | <b>7,278</b>    |             | 4,788    | 2,490            | 52.0            |
| <b>Income (Loss) Before Income Taxes</b>         |             | <b>(28,764)</b> |             | 91,380   | (120,144)        | (131.5)         |
| Income Tax (Benefit) Expense                     |             | <b>(21,157)</b> |             | 13,652   | (34,809)         | n/m             |
| <b>Net Income (Loss)</b>                         | \$          | <b>(7,607)</b>  | \$          | 77,728   | \$ (85,335)      | (109.8)%        |

**Operating Revenues** increased \$1.3 million primarily due to higher sales volumes in our Plastics and Manufacturing segments, higher steel costs passed through to customers in our Manufacturing segment and increased electric rates in our Electric segment. These increases were largely offset by lower sales prices in the Plastics segment, and higher PTCs, the benefit of which is passed on to customers, and lower fuel recovery revenues in the Electric segment. See the segment discussions below for additional information regarding period-over-period changes in operating revenues.

**Operating Expenses** increased \$19.5 million primarily due to increased operating and maintenance expenses in the Electric segment and additional expenses driven by higher sales volumes in the Plastics and Manufacturing segments. These factors were partially offset by lower fuel and purchased power costs in the Electric segment. See our segment disclosures below for additional discussion of items impacting operating expenses.

**Legal Settlement Expenses** reflect a \$103.5 million estimated loss contingency recognized in the Plastics segment related to the ongoing U.S. PVC pipe antitrust class action lawsuit and settlement agreements entered into during the period. See [Note 10](#) to the consolidated financial statements for additional information regarding the lawsuit and related settlements.

**Other Income (Expense), net** increased \$2.5 million primarily due to an increase in allowance for funds used during construction (AFUDC) in our Electric segment, driven by our continued investments in our Abercrombie and Solway solar projects.

**Income Tax (Benefit) Expense** was a benefit of \$23.3 million for the three months ended June 30, 2026, compared to income tax expense of \$13.7 million for the same period in 2025. The change was primarily attributable to a \$26.3 million tax benefit recognized as a result of the litigation settlements executed during the period, as referenced above. The Company's effective tax rate for the

period also benefited from increased PTCs generated by our wind facilities following the completion of repowering projects in late 2025 and early 2026.

## ELECTRIC SEGMENT RESULTS

The following table summarizes Electric segment operating results for the three months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                            | <b>2026</b> |                 | <b>2025</b> |          | <b>\$ change</b> | <b>% change</b> |
|--------------------------------------------------|-------------|-----------------|-------------|----------|------------------|-----------------|
| Operating Revenues                               | \$          | <b>121,320</b>  | \$          | 128,731  | \$ (7,411)       | (5.8)%          |
| Production Fuel                                  |             | <b>10,613</b>   |             | 16,292   | (5,679)          | (34.9)          |
| Purchased Power                                  |             | <b>13,270</b>   |             | 15,497   | (2,227)          | (14.4)          |
| Operating and Maintenance Expenses               |             | <b>54,692</b>   |             | 46,804   | 7,888            | 16.9            |
| Depreciation and Amortization                    |             | <b>24,223</b>   |             | 22,278   | 1,945            | 8.7             |
| Property Taxes                                   |             | <b>5,121</b>    |             | 4,227    | 894              | 21.1            |
| <b>Operating Income</b>                          |             | <b>13,401</b>   |             | 23,633   | (10,232)         | (43.3)          |
| Interest Expense                                 |             | <b>(11,990)</b> |             | (10,822) | (1,168)          | 10.8            |
| Nonservice Components of Postretirement Benefits |             | <b>1,332</b>    |             | 1,127    | 205              | 18.2            |
| Other Income (Expense), net                      |             | <b>2,851</b>    |             | 788      | 2,063            | n/m             |
| <b>Income Before Income Taxes</b>                |             | <b>5,594</b>    |             | 14,726   | (9,132)          | (62.0)          |
| Income Tax Benefit                               |             | <b>(13,104)</b> |             | (4,469)  | (8,635)          | 193.2           |
| <b>Net Income</b>                                | \$          | <b>18,698</b>   | \$          | 19,195   | \$ (497)         | (2.6)%          |

  

|                                                          | <b>2026</b>      | <b>2025</b> | <b>change</b> | <b>% change</b> |
|----------------------------------------------------------|------------------|-------------|---------------|-----------------|
| <b>Electric kilowatt-hour (kwh) Sales (in thousands)</b> |                  |             |               |                 |
| Retail kwh Sales                                         | <b>1,400,638</b> | 1,337,696   | 62,942        | 4.7 %           |
| Wholesale kwh Sales – Company Generation                 | <b>1,275</b>     | 71,477      | (70,202)      | (98.2)          |
| <b>Heating Degree Days</b>                               | <b>602</b>       | 460         | 142           | 30.9            |
| <b>Cooling Degree Days</b>                               | <b>164</b>       | 145         | 19            | 13.1 %          |

The operating results of our Electric segment are impacted by fluctuations in weather conditions and the resulting demand for electricity for heating and cooling. The following table shows heating degree days and cooling degree days as a percent of normal for the three months ended June 30, 2026 and 2025.

|                     | <b>2026</b>    | <b>2025</b> |
|---------------------|----------------|-------------|
| Heating Degree Days | <b>112.7 %</b> | 86.5 %      |
| Cooling Degree Days | <b>127.1 %</b> | 114.2 %     |

The following table summarizes the estimated effect on diluted earnings per share of the difference in retail kwh sales under actual weather conditions and expected retail kwh sales under normal weather conditions for the three months ended June 30, 2026 and 2025, and between those periods.

|                                      | <b>2026 vs Normal</b> |      | <b>2026 vs 2025</b> |      | <b>2025 vs Normal</b> |
|--------------------------------------|-----------------------|------|---------------------|------|-----------------------|
| Effect on Diluted Earnings Per Share | \$                    | 0.01 | \$                  | 0.01 | \$ —                  |

**Operating Revenues** decreased \$7.4 million primarily due to:

- A \$6.5 million decrease in fuel recovery revenues, driven by a planned outage at one of our coal-fired facilities, which resulted in lower coal consumption. In addition, lower market energy prices, as described below, also contributed to reduced fuel recovery revenues.
- A \$6.2 million increase in PTCs, the benefit of which is passed on to customers, as described below.
- A decrease in wholesale revenue due to lower excess generation available to sell into the wholesale market driven by a planned outage at one of our coal-fired facilities, and a decrease in rider revenue due to certain non-recurring benefits recognized in the same period last year and changes in jurisdictional allocation factors.

These decreases were partially offset by:

- A \$6.4 million increase from higher rates, reflecting interim and final base rate increases in Minnesota and South Dakota. Interim rates in Minnesota and South Dakota became effective in January 2026 and December 2025, respectively, and final base rates in South Dakota went into effect in April 2026.
- The recovery of additional rate base investments, higher commercial and industrial sales volumes, and the impact of favorable weather.

**Production Fuel** costs decreased \$5.7 million primarily driven by lower generation from our coal-fired facilities, as a planned outage at one of our facilities during the period resulted in lower fuel consumption.

**Purchased Power** costs decreased \$2.2 million primarily due to a 36% decrease in the price of purchased power, driven by lower market energy costs, partially offset by a 33% increase in purchased power volumes primarily driven by the planned outage at one of our facilities.

**Operating and Maintenance** expenses increased \$7.9 million primarily due to higher labor costs, increased vegetative management expenses, plant outage-related expenses and an increase in insurance costs.

**Depreciation and Amortization** expense increased \$1.9 million as additional assets, including certain wind generation, distribution and transmission assets, were placed in service.

**Interest Expense** increased \$1.2 million primarily due to the issuance of additional long-term debt in the current year totaling \$170.0 million, the proceeds of which were primarily used to fund our capital investments.

**Other Income (Expense), net** increased \$2.1 million primarily due to an increase in AFUDC driven by our continued investments in our Abercrombie and Solway solar projects.

**Income Tax Benefit** increased \$8.6 million primarily due to an increase in PTCs driven by increased wind generation that qualified for PTCs compared to the same period last year. Our wind repowering projects were completed in the first quarter of 2026. The completion of these facility repowering projects resulted in the commencement of PTCs earned from the generation from these facilities as they were placed back into service. PTCs are credited to customers, resulting in a reduction of both operating revenue and income taxes.

## MANUFACTURING SEGMENT RESULTS

The following table summarizes Manufacturing segment operating results for the three months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                          | <b>2026</b> |              | <b>2025</b> |              | <b>\$ change</b> | <b>% change</b> |
|------------------------------------------------|-------------|--------------|-------------|--------------|------------------|-----------------|
| Operating Revenues                             | \$          | 88,461       | \$          | 78,726       | \$ 9,735         | 12.4 %          |
| Cost of Products Sold (excluding depreciation) |             | 65,748       |             | 59,037       | 6,711            | 11.4            |
| Selling, General, and Administrative Expenses  |             | 11,453       |             | 9,101        | 2,352            | 25.8            |
| Depreciation and Amortization                  |             | 4,762        |             | 5,523        | (761)            | (13.8)          |
| <b>Operating Income</b>                        |             | <b>6,498</b> |             | <b>5,065</b> | <b>1,433</b>     | <b>28.3</b>     |
| Interest Expense                               |             | (591)        |             | (627)        | 36               | (5.7)           |
| Other Income (Expense), net                    |             | —            |             | 1            | (1)              | (100.0)         |
| <b>Income Before Income Taxes</b>              |             | <b>5,907</b> |             | <b>4,439</b> | <b>1,468</b>     | <b>33.1</b>     |
| Income Tax Expense                             |             | 1,336        |             | 958          | 378              | 39.5            |
| <b>Net Income</b>                              | \$          | <b>4,571</b> | \$          | <b>3,481</b> | \$ 1,090         | <b>31.3 %</b>   |

**Operating Revenues** increased \$9.7 million primarily due to steel cost increases, which drove a 9% revenue increase, as steel costs are passed on to customers, as well as a 3% increase in sales volumes. Demand improved in certain markets we serve, including the construction, recreational vehicle and horticulture markets, compared to softer demand and tighter inventory management efforts during the same period last year.

**Cost of Products Sold** increased \$6.7 million primarily due to higher steel costs and sales volumes, partially offset by improved absorption of fixed manufacturing costs attributable to the higher production volumes.

**Selling, General, and Administrative Expenses** increased \$2.4 million, driven by variable compensation costs associated with financial results during the period and expectations for full-year performance.

## PLASTICS SEGMENT RESULTS

The following table summarizes Plastics segment operating results for the three months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                          |    | <b>2026</b>     |    | <b>2025</b> | <b>\$ change</b> | <b>% change</b> |
|------------------------------------------------|----|-----------------|----|-------------|------------------|-----------------|
| Operating Revenues                             | \$ | <b>124,602</b>  | \$ | 125,586     | \$ (984)         | (0.8)%          |
| Cost of Products Sold (excluding depreciation) |    | <b>52,661</b>   |    | 46,929      | 5,732            | 12.2            |
| Selling, General, and Administrative Expenses  |    | <b>6,124</b>    |    | 5,035       | 1,089            | 21.6            |
| Depreciation and Amortization                  |    | <b>1,750</b>    |    | 1,588       | 162              | 10.2            |
| Legal Settlement Expenses                      |    | <b>103,500</b>  |    | —           | 103,500          | n/m             |
| <b>Operating Income (Loss)</b>                 |    | <b>(39,433)</b> |    | 72,034      | (111,467)        | (154.7)         |
| Interest Expense                               |    | <b>(325)</b>    |    | (246)       | (79)             | 32.1            |
| Other Income                                   |    | <b>(1)</b>      |    | —           | (1)              | n/m             |
| <b>Income (Loss) Before Income Taxes</b>       |    | <b>(39,759)</b> |    | 71,788      | (111,547)        | (155.4)         |
| Income Tax (Benefit) Expense                   |    | <b>(9,678)</b>  |    | 18,684      | (28,362)         | n/m             |
| <b>Net Income (Loss)</b>                       | \$ | <b>(30,081)</b> | \$ | 53,104      | \$ (83,185)      | (156.6)%        |

**Operating Revenues** decreased \$1.0 million compared to the same period last year, primarily due to a 14% decrease in average sales prices. The impact of lower pricing was largely offset by a 15% increase in sales volumes, primarily driven by customer purchasing activity ahead of announced PVC resin cost increases and additional production capacity recently added at our Phoenix facility.

**Cost of Products Sold** increased \$5.7 million primarily due to an increase in sales volumes, as described above. The impact of increased sales volumes was partially offset by a 2% decrease in the cost of input materials, including PVC resin.

**Legal Settlement Expenses** reflect an estimated loss contingency recognized in the period. In the second quarter of 2026, we entered into settlement agreements with each of the three putative classes in the ongoing U.S. PVC pipe antitrust class action lawsuit. In connection with these matters, we recognized an estimated pre-tax loss in the amount of \$103.5 million during the period. See [Note 10](#) to the consolidated financial statements for additional information regarding the lawsuit and related settlements.

**Income Tax (Benefit) Expense** was a \$9.7 million tax benefit in the current year compared to an \$18.7 million tax expense in the same period last year. Income tax benefit for the three months ended June 30, 2026 included discrete tax benefits of \$26.3 million recognized in connection with the settlement agreements executed in the period.

## CORPORATE RESULTS

The following table summarizes Corporate operating results for the three months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                 |    | <b>2026</b>  |    | <b>2025</b> | <b>\$ change</b> | <b>% change</b> |
|-------------------------------------------------------|----|--------------|----|-------------|------------------|-----------------|
| General and Administrative Expenses                   | \$ | <b>4,592</b> | \$ | 3,216       | \$ 1,376         | 42.8 %          |
| Depreciation and Amortization                         |    | <b>76</b>    |    | 58          | 18               | 31.0            |
| <b>Operating Loss</b>                                 |    | <b>4,668</b> |    | 3,274       | 1,394            | 42.6            |
| Interest Income (Expense)                             |    | <b>16</b>    |    | (25)        | 41               | n/m             |
| Nonservice Cost Components of Postretirement Benefits |    | <b>(282)</b> |    | (273)       | (9)              | 3.3             |
| Other Income (Expense), net                           |    | <b>4,428</b> |    | 3,999       | 429              | 10.7            |
| <b>Income (Loss) Before Income Taxes</b>              |    | <b>(506)</b> |    | 427         | (933)            | n/m             |
| Income Tax (Benefit) Expense                          |    | <b>289</b>   |    | (1,521)     | 1,810            | n/m             |
| <b>Net Income (Loss)</b>                              | \$ | <b>(795)</b> | \$ | 1,948       | \$ (2,743)       | n/m             |

**General and Administrative Expenses** increased \$1.4 million primarily driven by higher employee compensation costs.

**Income Tax (Benefit) Expense** reflected income tax expense of \$0.3 million for the three months ended June 30, 2026, compared to income tax benefit of \$1.5 million in the same period last year due to the internal allocation of interim tax expense.

## RESULTS OF OPERATIONS – YEAR TO DATE

### CONSOLIDATED RESULTS

The following table summarizes consolidated operating results for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                            | <i>2026</i> |               | <i>2025</i> |                | <i>\$ change</i>   | <i>% change</i> |
|--------------------------------------------------|-------------|---------------|-------------|----------------|--------------------|-----------------|
| Operating Revenues                               | \$          | 681,409       | \$          | 670,396        | \$ 11,013          | 1.6 %           |
| Operating Expenses                               |             | 516,874       |             | 488,939        | 27,935             | 5.7             |
| Legal Settlement Expenses                        |             | 103,500       |             | —              | 103,500            | n/m             |
| <b>Operating Income</b>                          |             | <b>61,035</b> |             | <b>181,457</b> | <b>(120,422)</b>   | <b>(66.4)</b>   |
| Interest Expense                                 |             | (25,526)      |             | (23,273)       | (2,253)            | 9.7             |
| Nonservice Components of Postretirement Benefits |             | 1,494         |             | 2,136          | (642)              | (30.1)          |
| Other Income (Expense), net                      |             | 11,720        |             | 9,244          | 2,476              | 26.8            |
| <b>Income Before Income Taxes</b>                |             | <b>48,723</b> |             | <b>169,564</b> | <b>(120,841)</b>   | <b>(71.3)</b>   |
| Income Tax (Benefit) Expense                     |             | (16,280)      |             | 23,737         | (40,017)           | n/m             |
| <b>Net Income</b>                                | \$          | <b>65,003</b> | \$          | <b>145,827</b> | <b>\$ (80,824)</b> | <b>(55.4)%</b>  |

**Operating Revenues** increased \$11.0 million primarily due to higher sales volumes in our Plastics segment and increased revenues from our Electric segment driven by recent rate increases. In addition, higher steel costs, which are passed on to customers, and increased sales volumes in our Manufacturing segment also contributed to the increase in operating revenues. These increases were largely offset by lower sales prices in our Plastics segment and increased PTCs in our Electric segment, the benefit of which is passed on to customers. See our segment disclosures below for additional discussion of items impacting operating revenues.

**Operating Expenses** increased \$27.9 million primarily due to increased operating and maintenance expenses in the Electric segment, as well as increased expenses driven by higher sales volumes in the Plastics segment and higher material costs in the Manufacturing segment. These factors were partially offset by lower purchased power costs in the Electric segment. See our segment disclosures below for additional discussion of items impacting operating expenses.

**Legal Settlement Expenses** reflect a \$103.5 million estimated loss contingency recognized in the Plastics segment related to the ongoing U.S. PVC pipe antitrust class action lawsuit and settlement agreements entered into during the period. See [Note 10](#) to the consolidated financial statements for additional information regarding the lawsuit and related settlements.

**Other Income (Expense), net** increased \$2.5 million primarily due to an increase in AFUDC in our Electric segment, driven by our continued investments in our Abercrombie and Solway solar projects.

**Income Tax (Benefit) Expense** was a benefit of \$18.4 million for the six months ended June 30, 2026, compared to income tax expense of \$23.7 million for the same period in 2025. The change was primarily attributable to a \$26.3 million tax benefit recognized as a result of the litigation settlements executed during the period, as referenced above. Our effective tax rate decreased in 2026 compared with 2025 primarily as a result of the discrete tax benefits described above. The decrease was also attributable to higher PTCs generated by the Company's wind generation facilities following the completion of repowering projects at certain facilities in late 2025 and early 2026.

## ELECTRIC SEGMENT RESULTS

The following table summarizes Electric segment operating results for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                    | <b>2026</b> |               | <b>2025</b> |               | <b>\$ change</b> | <b>% change</b> |
|----------------------------------------------------------|-------------|---------------|-------------|---------------|------------------|-----------------|
| Operating Revenues                                       | \$          | 287,188       | \$          | 278,451       | \$ 8,737         | 3.1 %           |
| Production Fuel                                          |             | 31,385        |             | 30,613        | 772              | 2.5             |
| Purchased Power                                          |             | 40,282        |             | 46,367        | (6,085)          | (13.1)          |
| Operating and Maintenance Expenses                       |             | 104,948       |             | 95,685        | 9,263            | 9.7             |
| Depreciation and Amortization                            |             | 47,669        |             | 44,655        | 3,014            | 6.7             |
| Property Taxes                                           |             | 9,583         |             | 8,455         | 1,128            | 13.3            |
| <b>Operating Income</b>                                  |             | <b>53,321</b> |             | <b>52,676</b> | <b>645</b>       | <b>1.2</b>      |
| Interest Expense                                         |             | (23,726)      |             | (21,479)      | (2,247)          | 10.5            |
| Nonservice Cost Components of Postretirement Benefits    |             | 2,057         |             | 2,682         | (625)            | (23.3)          |
| Other Income                                             |             | 4,010         |             | 1,547         | 2,463            | 159.2           |
| <b>Income Before Income Taxes</b>                        |             | <b>35,662</b> |             | <b>35,426</b> | <b>236</b>       | <b>0.7</b>      |
| Income Tax Benefit                                       |             | (18,286)      |             | (8,477)       | (9,809)          | n/m             |
| <b>Net Income</b>                                        | \$          | <b>53,948</b> | \$          | <b>43,903</b> | <b>\$ 10,045</b> | <b>22.9 %</b>   |
|                                                          |             | <b>2026</b>   |             | <b>2025</b>   | <b>change</b>    | <b>% change</b> |
| <b>Electric kilowatt-hour (kwh) Sales (in thousands)</b> |             |               |             |               |                  |                 |
| Retail kwh Sales                                         |             | 3,116,362     |             | 3,010,700     | 105,662          | 3.5 %           |
| Wholesale kwh Sales – Company Generation                 |             | 22,589        |             | 127,652       | (105,063)        | (82.3)          |
| <b>Heating Degree Days</b>                               |             | <b>3,755</b>  |             | <b>3,911</b>  | <b>(156)</b>     | <b>(4.0)</b>    |
| <b>Cooling Degree Days</b>                               |             | <b>164</b>    |             | <b>145</b>    | <b>19</b>        | <b>13.1 %</b>   |

The operating results of our Electric segment are impacted by fluctuations in weather conditions and the resulting demand for electricity for heating and cooling. The following table shows heating and cooling degree days as a percent of normal for the six months ended June 30, 2026 and 2025.

|                     | <b>2026</b>    | <b>2025</b> |
|---------------------|----------------|-------------|
| Heating Degree Days | <b>94.9 %</b>  | 98.9 %      |
| Cooling Degree Days | <b>127.1 %</b> | 114.2 %     |

The following table summarizes the estimated effect on diluted earnings per share of the difference in retail kwh sales under actual weather conditions and expected retail kwh sales under normal weather conditions for the six months ended June 30, 2026 and 2025, and between those periods.

|                                      | <b>2026 vs Normal</b> | <b>2026 vs 2025</b> | <b>2025 vs Normal</b> |
|--------------------------------------|-----------------------|---------------------|-----------------------|
| Effect on Diluted Earnings Per Share | \$ (0.03)             | \$ (0.03)           | \$ —                  |

**Operating Revenues** increased \$8.7 million primarily due to:

- A \$14.2 million increase from higher rates, reflecting interim and final base rate increases in Minnesota and South Dakota. Interim rates in Minnesota and South Dakota became effective in January 2026 and December 2025, respectively, and final base rates in South Dakota went into effect in April 2026.
- A \$6.4 million increase from the recovery of our additional rate base investments.
- A \$5.4 million increase from higher commercial and industrial sales volumes.

These increases were partially offset by:

- A \$9.6 million increase in PTCs, the benefit of which is passed on to customers, as described below.
- A decrease in wholesale revenue due to lower excess generation available to sell into the wholesale market driven by a planned outage at one of our coal-fired facilities, as well as lower fuel recovery revenues as a result of the outage, and the impact of unfavorable weather.

**Purchased Power** costs decreased \$6.1 million primarily due to an 11% decrease in the price of purchased power due to decreased market energy costs.

**Operating and Maintenance** expenses increased \$9.3 million, primarily due to higher labor costs, driven by a lower level of labor capitalization resulting from the timing of construction project activity, as well as higher insurance and vegetation management costs.

**Depreciation and Amortization** increased \$3.0 million due to additional assets, including certain wind, transmission and distribution assets, being placed in service.

**Interest Expense** increased \$2.2 million primarily due to the issuance of additional long-term debt in the current year, totaling \$170.0 million, the proceeds of which were primarily used to fund our capital investments.

**Income Tax Benefit** increased \$9.8 million primarily due to an increase in PTCs driven by increased wind generation that qualified for PTCs compared to the same period last year. Our wind repowering projects were completed in the first quarter of 2026. The completion of these facility repowering projects resulted in the commencement of PTCs earned from the generation from these facilities as they were placed back into service. PTCs are credited to customers, resulting in a reduction of both operating revenue and income taxes.

## MANUFACTURING SEGMENT RESULTS

The following table summarizes Manufacturing segment operating results for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                          | <b>2026</b> |               | <b>2025</b> |              | <b>\$ change</b> | <b>% change</b> |
|------------------------------------------------|-------------|---------------|-------------|--------------|------------------|-----------------|
| Operating Revenues                             | \$          | 178,021       | \$          | 160,412      | \$ 17,609        | 11.0 %          |
| Cost of Products Sold (excluding depreciation) |             | 133,269       |             | 123,337      | 9,932            | 8.1             |
| Selling, General, and Administrative Expenses  |             | 22,575        |             | 18,637       | 3,938            | 21.1            |
| Depreciation and Amortization                  |             | 9,549         |             | 10,946       | (1,397)          | (12.8)          |
| <b>Operating Income</b>                        |             | <b>12,628</b> |             | <b>7,492</b> | <b>5,136</b>     | <b>68.6</b>     |
| Interest Expense                               |             | (1,190)       |             | (1,249)      | 59               | (4.7)           |
| Other Income                                   |             | 1             |             | —            | 1                | n/m             |
| <b>Income Before Income Taxes</b>              |             | <b>11,439</b> |             | <b>6,243</b> | <b>5,196</b>     | <b>83.2</b>     |
| Income Tax Expense                             |             | 2,585         |             | 1,230        | 1,355            | 110.2           |
| <b>Net Income</b>                              | \$          | <b>8,854</b>  | \$          | <b>5,013</b> | \$ 3,841         | 76.6 %          |

**Operating Revenues** increased \$17.6 million primarily due to steel cost increases which drove a 7% revenue increase, as steel costs are passed on to customers, as well as a 4% increase in sales volumes. Demand improved in certain markets we serve, including the construction, recreational vehicle and horticulture markets, compared to softer demand and tighter inventory management efforts during the same period last year.

**Cost of Products Sold** increased \$9.9 million primarily due to higher steel costs and sales volumes, partially offset by improved absorption of fixed manufacturing costs attributable to the higher production volumes.

**Income Tax Expense** increased \$1.4 million primarily due to the increase in income before income taxes.

## PLASTICS SEGMENT RESULTS

The following table summarizes Plastics segment operating results for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                          | <b>2026</b> |              | <b>2025</b> |                | <b>\$ change</b> | <b>% change</b> |
|------------------------------------------------|-------------|--------------|-------------|----------------|------------------|-----------------|
| Operating Revenues                             | \$          | 216,200      | \$          | 231,533        | \$ (15,333)      | (6.6)%          |
| Cost of Products Sold (excluding depreciation) |             | 92,678       |             | 87,016         | 5,662            | 6.5             |
| Selling, General, and Administrative Expenses  |             | 11,330       |             | 10,473         | 857              | 8.2             |
| Depreciation and Amortization                  |             | 3,422        |             | 3,135          | 287              | 9.2             |
| Legal Settlement Expenses                      |             | 103,500      |             | —              | 103,500          | n/m             |
| <b>Operating Income</b>                        |             | <b>5,270</b> |             | <b>130,909</b> | <b>(125,639)</b> | <b>(96.0)</b>   |
| Interest Expense                               |             | (472)        |             | (392)          | (80)             | 20.4            |
| Other Income                                   |             | 2            |             | 3              | (1)              | (33.3)          |
| <b>Income Before Income Taxes</b>              |             | <b>4,800</b> |             | <b>130,520</b> | <b>(125,720)</b> | <b>(96.3)</b>   |
| Income Tax Expense                             |             | 1,941        |             | 33,977         | (32,036)         | (94.3)          |
| <b>Net Income</b>                              | \$          | <b>2,859</b> | \$          | <b>96,543</b>  | \$ (93,684)      | (97.0)%         |

**Operating Revenues** decreased \$15.3 million compared to the same period last year, primarily reflecting a 16% decrease in average sales prices. The impact of lower pricing was partially offset by an 11% increase in sales volumes. Higher sales volumes were primarily driven by customer purchasing activity ahead of announced PVC resin cost increases and leveraging the additional capacity recently added at our Phoenix facility.

**Cost of Products Sold** increased \$5.7 million primarily due to an increase in sales volumes, as described above. The cost of input materials, including PVC resin, decreased 7% compared to the prior year, driven by global supply and demand dynamics which resulted in elevated resin supply, partially offsetting the impact of increased sales volumes.

**Legal Settlement Expenses** reflect an estimated loss contingency recognized in the period. In the second quarter of 2026, we entered into settlement agreements with each of the three putative classes in the ongoing U.S. PVC pipe antitrust class action lawsuit. In connection with these matters, we recognized an estimated pre-tax loss in the amount of \$103.5 million during the period. See [Note 10](#) to the consolidated financial statements for additional information regarding the lawsuit and related settlements.

**Income Tax Expense** decreased \$32.0 million compared to the same period last year. Income tax expense for the six months ended June 30, 2026, included discrete tax benefits of \$26.3 million recognized in connection with the settlement agreements executed in the period.

## CORPORATE COSTS

The following table summarizes Corporate operating results for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                                 | <b>2026</b> |                 | <b>2025</b> |                | <b>\$ change</b>  | <b>% change</b> |
|-------------------------------------------------------|-------------|-----------------|-------------|----------------|-------------------|-----------------|
| General and Administrative Expenses                   | \$          | 10,035          | \$          | 9,534          | \$ 501            | 5.3 %           |
| Depreciation and Amortization                         |             | 149             |             | 86             | 63                | 73.3 %          |
| <b>Operating Loss</b>                                 |             | <b>(10,184)</b> |             | <b>(9,620)</b> | <b>(564)</b>      | <b>5.9 %</b>    |
| Interest Expense                                      |             | <b>(138)</b>    |             | <b>(153)</b>   | <b>15</b>         | <b>(9.8)%</b>   |
| Nonservice Cost Components of Postretirement Benefits |             | <b>(563)</b>    |             | <b>(546)</b>   | <b>(17)</b>       | <b>3.1 %</b>    |
| Other Income                                          |             | <b>7,707</b>    |             | <b>7,694</b>   | <b>13</b>         | <b>0.2 %</b>    |
| <b>Net Loss Before Income Taxes</b>                   |             | <b>(3,178)</b>  |             | <b>(2,625)</b> | <b>(553)</b>      | <b>21.1 %</b>   |
| Income Tax Benefit                                    |             | <b>(2,520)</b>  |             | <b>(2,993)</b> | <b>473</b>        | <b>(15.8)%</b>  |
| <b>Net Income (Loss)</b>                              | \$          | <b>(658)</b>    | \$          | <b>368</b>     | \$ <b>(1,026)</b> | <b>n/m</b>      |

## REGULATORY MATTERS

The following provides a summary of general rates, rate rider and other regulatory filings that have or are expected to have a material impact on our operating results, financial position or cash flows.

### GENERAL RATES

#### South Dakota Rate Case

On June 4, 2025, OTP filed a request with the SDPUC for an increase in revenue recoverable under general rates in South Dakota. In its filing, OTP requested a net increase in annual revenue of \$5.7 million, or 12.50%, based on an allowed rate of return on rate base of 8.29%. Interim rates went into effect on December 1, 2025, and were subject to potential refund until the finalization of the rate case.

On March 10, 2026, the SDPUC approved a settlement agreement between OTP and the commission staff in the general rate case. The key provisions of the order included a net increase in annual revenue of \$3.3 million, or 7.7%, based on a return on rate base of 7.09%. Through the settlement of the case, the parties also agreed to a moratorium on increases to base rates until December 1, 2029, with certain exceptions. New base rates in South Dakota went into effect on April 1, 2026, and interim rate refunds totaling \$0.8 million were refunded to customers during the three months ended June 30, 2026.

#### Minnesota Rate Case

On October 31, 2025, OTP filed a request with the MPUC for an increase in revenue recoverable under general rates in Minnesota. In its filing, OTP requested a net increase in annual revenue of \$44.8 million, or 17.7%, based on an allowed rate of return on rate base of 7.92% and an allowed ROE of 10.65% on an equity ratio of 53.5% of total capital. The request includes, among other items, accelerated recovery of the remaining investment of the jurisdictionally allocated share of Coyote Station, which has a \$4.3 million annual impact. The request for accelerated recovery is driven by the MPUC's order in OTP's most recent IRP to discontinue serving Minnesota customers with capacity and energy from Coyote Station by December 2031. If this part of the request is granted, we

anticipate the amounts collected would be deferred and recognized over the remaining estimated useful life of the plant, which extends until 2041. The filing also included an interim rate request for a net increase in annual revenue of \$31.8 million, or 12.6%.

On December 23, 2025, the MPUC approved the interim rate request with a modification to exclude the impact of the accelerated recovery of the remaining investment of the jurisdictionally allocated share of Coyote Station from interim rates. The resulting interim net increase in annual revenue is \$28.6 million, or 11.3%. Interim rates went into effect on January 1, 2026, and are subject to potential refund until the finalization of the rate case.

In a filing submitted to the MPUC on July 30, 2026, OTP revised its requested net annual revenue increase to \$42.3 million to reflect updates and adjustments made since the initial filing.

We currently anticipate the case will be finalized in April 2027, and that final rates will go into effect in the second half of 2027.

## RATE RIDERS

The following table includes a summary of pending and recently concluded rate rider proceedings with a significant revenue impact:

| Recovery Mechanism | Jurisdiction | Status    | Filing Date | Amount (in millions) | Effective Date | Notes                                                                                                                                                                                                         |
|--------------------|--------------|-----------|-------------|----------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RRR - 2026         | MN           | Requested | 02/25/26    | 42.7                 | 10/01/26       | Recovery of Solway Solar costs, Abercrombie Solar costs, Hoot Lake Solar costs, Ashtabula III costs, wind upgrade project costs at our four owned wind facilities, and true up of PTCs related to Merricourt. |
| ECO - 2026         | MN           | Requested | 04/01/26    | 10.6                 | 12/01/26       | Recovery of energy conservation improvement costs as well as a demand-side management financial incentive.                                                                                                    |
| ECO - 2025         | MN           | Approved  | 04/01/25    | 9.5                  | 12/01/25       | Recovery of energy conservation improvement costs as well as a demand-side management financial incentive.                                                                                                    |
| TCR - 2026         | MN           | Requested | 03/23/26    | 7.4                  | 01/01/27       | Recovery of transmission project costs.                                                                                                                                                                       |
| EUIC - 2025        | MN           | Approved  | 05/03/24    | 4.1                  | 02/01/25       | Recovery of advanced metering infrastructure, outage management system, geographic information system, and demand-response projects.                                                                          |
| TCR - 2026         | ND           | Approved  | 09/15/25    | 5.1                  | 02/01/26       | Recovery of transmission project costs.                                                                                                                                                                       |
| MDT - 2026         | ND           | Approved  | 08/01/25    | 3.7                  | 01/01/26       | Recovery of advanced metering infrastructure and demand-response projects.                                                                                                                                    |
| TCR - 2025         | ND           | Approved  | 09/16/24    | 3.1                  | 01/01/25       | Recovery of transmission project costs.                                                                                                                                                                       |
| PIR - 2025         | SD           | Approved  | 12/20/24    | 3.2                  | 09/01/25       | Recovery of Ashtabula III, Merricourt, Astoria Station, wind upgrade projects, advanced grid infrastructure project costs, addition of Solway Solar and Abercrombie Solar, and impact of load growth credits. |

## INTEGRATED RESOURCE PLAN

On May 15, 2026, OTP filed its 2026 Integrated Resource Plan (2026 IRP) with the MPUC. The 2026 IRP includes OTP's preferred plan for meeting customers' anticipated capacity and energy needs over the next 15 years.

The major requests in the plan include:

- The addition of a 50 megawatt natural gas plant, expected to be placed into service in 2031 or 2032;
- The addition of a 50 megawatt wind generation facility, expected to be placed in service in 2035; and
- The addition of a 50 megawatt wind generation facility, expected to be placed in service in 2040.

We currently anticipate the MPUC will hold deliberations and render a decision on the IRP in 2027.

## LIQUIDITY

### LIQUIDITY OVERVIEW

We believe our financial condition is strong and our cash and cash equivalents, other liquid assets, operating cash flows, existing lines of credit, access to capital markets and borrowing ability because of investment-grade credit ratings, when taken together, provide us ample liquidity to conduct our business operations, fund our capital expenditure program and satisfy our obligations as they become due. Our liquidity, including our operating cash flows and access to capital markets, could be impacted by macroeconomic factors outside of our control, including higher interest rates and debt capital costs, and diminished credit

availability. In addition, our liquidity could be impacted by non-compliance with certain financial covenants under our various debt instruments.

During the second quarter of 2026, the Company entered into settlement agreements with each of the three putative classes in the ongoing U.S. PVC pipe antitrust class action lawsuit. Subject to the satisfaction of certain conditions and final court approval, the Company agreed to pay an aggregate of \$103.5 million to resolve all claims against it in the litigation.

In June 2026, the Company deposited \$73.5 million into settlement fund escrow accounts, which was classified as restricted cash on the consolidated balance sheets as of June 30, 2026. In July 2026, the Company deposited the remaining \$30.0 million into a settlement fund escrow account. The deposits were funded with available cash and will remain restricted pending finalization of the settlement agreements.

Despite the aggregate settlement payments made during the period, we believe our liquidity position remains strong due to available cash balances and borrowing capacity under our credit facilities. The related settlement expenses also did not materially affect debt covenant calculations under the Company's financing agreements. As of June 30, 2026, we were in compliance with all financial covenants (see the Financial Covenants section under Capital Resources below).

The following table presents the status of our lines of credit as of June 30, 2026:

| <i>(in thousands)</i> | <i>Borrowing Limit</i> | <i>2026</i>               |                          |                         |
|-----------------------|------------------------|---------------------------|--------------------------|-------------------------|
|                       |                        | <i>Amount Outstanding</i> | <i>Letters of Credit</i> | <i>Amount Available</i> |
| OTC Credit Agreement  | \$ 170,000             | \$ —                      | \$ —                     | \$ 170,000              |
| OTP Credit Agreement  | 220,000                | 53,847                    | 13,126                   | 153,027                 |
| Total                 | \$ 390,000             | \$ 53,847                 | \$ 13,126                | \$ 323,027              |

OTC and OTP are each party to separate credit agreements (the OTC Credit Agreement and OTP Credit Agreement, respectively) which provide for unsecured revolving lines of credit. Should additional liquidity be needed, the OTC Credit Agreement includes an accordion feature allowing us to increase the amount available to \$290.0 million, subject to certain terms and conditions. The OTP Credit Agreement also includes an accordion feature allowing OTP to increase that facility to \$300.0 million, subject to certain terms and conditions.

As of June 30, 2026, we had \$323.0 million of available liquidity under our credit facilities and \$278.4 million of available cash and cash equivalents, resulting in total available liquidity of \$601.4 million.

## CASH FLOWS

The following is a discussion of our cash flows for the six months ended June 30, 2026 and 2025:

| <i>(in thousands)</i>                     | <i>2026</i> | <i>2025</i> |
|-------------------------------------------|-------------|-------------|
| Net Cash Provided by Operating Activities | \$ 182,711  | \$ 159,379  |

**Net Cash Provided by Operating Activities** increased \$23.3 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily due to a decrease in working capital requirements, largely driven by the timing of vendor payments and the recovery of fuel cost and rider revenues from our utility customers. Net cash provided by operating activities in our Electric segment is regularly affected by the timing of payments made for operating costs and the various mechanisms used to recover costs from or return amounts to our utility customers. The timing of recoveries and refunds can vary by the recovery or refund mechanism. Due to the numerous factors that impact the timing of our cash receipts and cash payments, our cash provided by operating activities can vary significantly from our net income for the period.

| <i>(in thousands)</i>                 | <i>2026</i> | <i>2025</i> |
|---------------------------------------|-------------|-------------|
| Net Cash Used in Investing Activities | \$ 326,605  | \$ 127,026  |

**Net Cash Used in Investing Activities** increased \$199.6 million for the six months ended June 30, 2026 compared to the six months ended June 30, 2025, primarily reflecting higher capital expenditures. Capital expenditures increased \$200.5 million, including a \$196.6 million increase in our Electric segment primarily related to investments in our Abercrombie and Solway solar projects, as well as investments in various transmission and other infrastructure projects.

| <i>(in thousands)</i>                               |    | 2026    | 2025        |
|-----------------------------------------------------|----|---------|-------------|
| Net Cash Provided by (Used in) Financing Activities | \$ | 109,584 | \$ (19,763) |

**Net Cash Provided by Financing Activities** for the six months ended June 30, 2026 included the issuance of \$170.0 million of long-term debt at OTP, the proceeds of which were used to repay short-term borrowings under the OTP credit agreement, fund Electric segment construction expenditures and support operating activities. We manage the capital structure of OTP independent from our consolidated financial position to ensure compliance with the capital structure approved through regulation; therefore, our decision to issue long-term debt at OTP is not impacted by our consolidated cash and cash equivalent position.

Financing activities for the six months ended June 30, 2026 also included dividend payments of \$48.5 million. Financing activities for the six months ended June 30, 2025 included the issuance of \$100.0 million of long-term debt at OTP, net repayments of short-term debt of \$69.6 million and dividend payments of \$44.0 million.

## CAPITAL REQUIREMENTS

### CONTRACTUAL OBLIGATIONS

Our contractual obligations primarily include principal and interest payments due under our outstanding debt obligations, commitments to acquire coal, energy and capacity commitments, payments to meet our postretirement benefit obligations, and payment obligations under land easements and leasing arrangements.

In connection with our Abercrombie Solar project, which is currently under development in southeastern North Dakota, we have entered into multiple land lease agreements for the property on which the facility will be constructed. The leases commenced on May 1, 2026, and have an initial term of 35 years, with options to extend the lease term for up to an additional 10 years. Annual lease payments vary based on the acreage subject to each lease, and total contractual lease payments over the initial 35-year term of the leases are \$53.9 million.

During the second quarter of 2026, the Company entered into agreements with each of the three putative classes in the ongoing U.S. PVC pipe antitrust class action lawsuit. Under the terms of the agreements, the Company agreed to pay an aggregate of \$103.5 million to resolve all claims asserted against it in the litigation. The Company deposited \$73.5 million into settlement fund escrow accounts in June 2026, and the remaining \$30.0 million in July 2026. The deposited funds remain restricted in escrow pending final court approval and completion of the settlement process.

Our contractual obligations as of December 31, 2025 are included in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on [Form 10-K](#) for the year ended December 31, 2025. There were no material changes in our contractual obligations outside of the ordinary course of business during the six months ended June 30, 2026, except for the land leases and settlement payments described above.

### COMMON STOCK DIVIDENDS

We paid dividends to our shareholders totaling \$48.5 million, or \$1.155 per share, in the first six months of 2026. The determination of the amount of future cash dividends to be paid will depend on, among other things, our financial condition, our actual or expected level of earnings and cash flows from operations, the level of our capital expenditures and our future business prospects. As a result of certain statutory limitations or regulatory or financing agreements, the amount of dividends we are allowed to pay could be restricted. See [Note 11](#) to our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information. The decision to declare dividends is reviewed quarterly by our Board of Directors.

## CAPITAL RESOURCES

Financial flexibility is provided by operating cash flows, unused lines of credit and access to capital markets, and is aided by strong financial coverages and investment-grade credit ratings. Debt financing will be required in the next five years to refinance maturing debt and to finance our capital investments. Our financing plans are subject to change and are impacted by our planned level of capital investments and decisions to reduce borrowings under our lines of credit, to refund or retire early any of our outstanding debt, to complete acquisitions or to use capital for other corporate purposes.

### REGISTRATION STATEMENTS

On May 3, 2024, we filed two registration statements with the SEC, replacing two previously filed registration statements upon their expiration. The first statement, a shelf registration, allows us to offer for sale, from time to time, either separately or together in any combination, equity, debt or other securities described in the registration statement. No new debt or equity has been issued pursuant to the registration statement. The second registration statement allows for the issuance of up to 1,500,000 common shares

under our Automatic Dividend Reinvestment and Share Purchase Plan, which provides our common shareholders, retail customers of OTP and other interested investors a method of purchasing our common shares by reinvesting their dividends and/or making optional cash investments. Shares purchased under the plan may be newly issued common shares or common shares purchased on the open market. As of June 30, 2026, there were 1,282,756 shares available for purchase or issuance under the plan. Both registration statements expire in May 2027.

### SHORT-TERM DEBT

OTC and OTP are each party to a credit agreement (the OTC Credit Agreement and the OTP Credit Agreement, respectively) which each provides for unsecured revolving lines of credit. The following is a summary of key provisions and borrowing information as of and for the six months ended June 30, 2026:

| <i>(in thousands, except interest rates)</i>                               | <i>OTC Credit Agreement</i> |                   | <i>OTP Credit Agreement</i> |                   |
|----------------------------------------------------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| Borrowing Limit                                                            | \$                          | 170,000           | \$                          | 220,000           |
| Borrowing Limit if Accordion Exercised <sup>1</sup>                        |                             | 290,000           |                             | 300,000           |
| Amount Restricted Due to Outstanding Letters of Credit as of June 30, 2026 |                             | —                 |                             | 13,126            |
| Amount Outstanding as of June 30, 2026                                     |                             | —                 |                             | 53,847            |
| Average Amount Outstanding During the Six Months Ended June 30, 2026       |                             | —                 |                             | 59,947            |
| Maximum Amount Outstanding During the Six Months Ended June 30, 2026       | \$                          | —                 | \$                          | 127,338           |
| Interest Rate as of June 30, 2026                                          |                             | 5.15 %            |                             | 4.95 %            |
| Maturity Date                                                              |                             | December 11, 2030 |                             | December 11, 2030 |

<sup>1</sup>Each facility includes an accordion featuring allowing the borrower to increase the borrowing limit if certain terms and conditions are met.

### LONG-TERM DEBT

On March 19, 2026, OTP entered into a Note Purchase Agreement pursuant to which OTP issued, in a private placement transaction, \$170.0 million of senior unsecured notes consisting of (a) \$100.0 million of 5.33% Series 2026A Senior Unsecured Notes due March 19, 2036, and (b) \$70.0 million of 6.04% Series 2026B Senior Unsecured Notes due June 4, 2056. The Series 2026A Notes were issued on March 19, 2026, upon entering into the agreement. The Series 2026B Notes were issued on June 4, 2026.

As of June 30, 2026, we had \$1.2 billion of principal outstanding under long-term debt arrangements. These instruments generally provide for unsecured borrowings at fixed rates of interest with maturities ranging from 2026 to 2056. [Note 7](#) to our consolidated financial statements included in this Quarterly Report on Form 10-Q includes additional information regarding these long-term debt instruments.

### Financial Covenants

Certain of our short- and long-term debt agreements require OTC and OTP to maintain certain financial covenants. As of June 30, 2026, we were in compliance with these financial covenants as further described below:

**OTC**, under its financial covenants, may not permit its ratio of interest-bearing debt to total capitalization to exceed 0.60 to 1.00 or 0.65 to 1.00, depending on the debt agreement, may not permit its interest and dividend coverage ratio to be less than 1.50 to 1.00 and may not permit its priority indebtedness to exceed 10 percent of its total capitalization. As of June 30, 2026, OTC's interest-bearing debt to total capitalization was 0.41 to 1.00, OTC's interest and dividend coverage ratio was 5.17 to 1.00 and OTC had no priority indebtedness outstanding.

**OTP**, under its financial covenants, may not permit its ratio of interest-bearing debt to total capitalization to exceed 0.60 to 1.00 or 0.65 to 1.00, depending on the debt agreement, may not permit its interest and dividend coverage ratio to be less than 1.50 to 1.00 and may not permit its priority indebtedness to exceed 20 percent of its total capitalization. As of June 30, 2026, OTP's interest-bearing debt to total capitalization was 0.49 to 1.00, OTP's interest and dividend coverage ratio was 2.87 to 1.00 and OTP had no priority indebtedness outstanding.

None of our debt agreements include any provisions that would trigger an acceleration of the related debt as a result of changes in the credit rating levels assigned to the related obligor by rating agencies.

## Credit Ratings

The current credit ratings of OTC and OTP are summarized below:

|                                 | Otter Tail Corporation |        |          | Otter Tail Power Company |        |        |
|---------------------------------|------------------------|--------|----------|--------------------------|--------|--------|
|                                 | Moody's                | Fitch  | S&P      | Moody's                  | Fitch  | S&P    |
| Long-Term Issuer Default Rating | Baa2                   | BBB    | BBB      | Baa1                     | BBB+   | BBB+   |
| Senior Unsecured Debt           | n/a                    | BBB    | n/a      | n/a                      | A-     | n/a    |
| Outlook                         | Stable                 | Stable | Positive | Stable                   | Stable | Stable |

## CRITICAL ACCOUNTING POLICIES INVOLVING SIGNIFICANT ESTIMATES

The discussion and analysis of our results of operations are based on financial statements prepared in accordance with generally accepted accounting principles in the United States of America. Certain of our accounting policies require management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the preparation of our consolidated financial statements. We have disclosed in our Annual Report on [Form 10-K](#) for the year ended December 31, 2025 the critical accounting policies that affect our most significant estimates and assumptions used in preparing our consolidated financial statements. There have been no material changes to our critical accounting policies and estimates from those disclosed in the most recent Annual Report on [Form 10-K](#).

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk from those disclosed in Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, in our Annual Report on [Form 10-K](#) for the year ended December 31, 2025.

## ITEM 4. CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures.** Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) as of June 30, 2026, the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2026.

**Changes in Internal Control over Financial Reporting.** There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) during the quarter ended June 30, 2026 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

Several class action complaints have been filed against Northern Pipe Products, Vinyltech Corporation, Otter Tail Corporation and over twenty other parties. The complaints allege, among other things, that our companies and the other defendants and alleged co-conspirators conspired to fix, raise, maintain and stabilize the price of PVC municipal water, PVC plumbing pipe, PVC pipe fixtures and PVC conduit pipe in violation of United States federal and state antitrust laws, Canadian competition laws, and consumer protection and competition laws. During the second quarter of 2026, the Company entered into preliminary settlement agreements with each of the three putative classes in the U.S. PVC pipe antitrust class action lawsuit. See [Note 10, Commitments and Contingencies](#), to the consolidated financial statements, which are incorporated herein by reference, for further discussion of this matter.

### ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in Item 1A, *Risk Factors*, of our Annual Report on [Form 10-K](#) for the year ended December 31, 2025.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

The following Exhibits are filed as part of, or incorporated by reference into, this report.

| No.     | Description                                                                                                        |
|---------|--------------------------------------------------------------------------------------------------------------------|
| 31.1    | <a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> |
| 31.2    | <a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a> |
| 32.1    | <a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> |
| 32.2    | <a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document                                                                     |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document                                                       |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document                                                             |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document                                                      |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document                                                        |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                           |

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OTTER TAIL CORPORATION

By: /s/ Tyler J. Nelson

Tyler J. Nelson  
Vice President and Chief Financial Officer  
(duly authorized officer and principal financial officer)

Dated: August 5, 2026

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles S. MacFarlane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Otter Tail Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

/s/ Charles S. MacFarlane

Charles S. MacFarlane

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tyler J. Nelson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Otter Tail Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

/s/ Tyler J. Nelson

Tyler J. Nelson

Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Otter Tail Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Charles S. MacFarlane, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles S. MacFarlane

Charles S. MacFarlane

President and Chief Executive Officer

August 5, 2026

**CERTIFICATION PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Otter Tail Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tyler J. Nelson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tyler J. Nelson

Tyler J. Nelson  
Vice President and Chief Financial Officer  
August 5, 2026