

# LETTER TO SHAREHOLDERS

FROM THE CHAIR AND CEO



My fellow shareholders,

We maintained our focus and achieved great things at PNM Resources in 2022. Strong financial performance capped off a year in which we navigated market-wide challenges as we double down on our commitment to clean energy. We pushed forward with our plans to retire the coal-fired San Juan Generating Station and continued our investment in transmission and distribution infrastructure projects, supporting record levels of customer demand in both New Mexico and Texas. Through it all, our employees have been the backbone of our success.

In September, the last remaining unit of the San Juan Generation Station was permanently removed from operation. Generation capacity at PNM has now reached 55% carbon-free with plans for additional renewables to be placed in-service in 2023. We continue to plan for an exit from our minority stake in the Four Corners Coal Plant, the last remaining coal generation in our portfolio.

Growing demands on our system continue to drive transmission and distribution infrastructure investments, connecting new residential and business customers, supporting expansions and bringing new generation resources to the grid. New system peaks were set in 2022 at each of our utilities, PNM and TNMP, with continued expectations of load growth.

We continued our focus on creating a positive customer experience. We remained agile as we met growing customer demand at TNMP and PNM. We filed a grid modernization plan at PNM that will advance our customers' goals, providing greater control and convenience over electricity usage, and accelerating New Mexico's transition to carbon-free energy.

While these operations are significant, our greatest strength is our people, whose diverse backgrounds and perspectives drive new ideas and positive change in our organization. Our employees rise above the call of duty and continue to exemplify our values of Safety, Caring and Integrity. As part of the closure of the San Juan coal plant in September, we ensured that the local community, PNM and non-PNM coal mine workers, and the tribal nation were treated with respect and provided resources to help transition the local economy.

Employees continue to prioritize our customers and communities as they work to address the challenges and opportunities that come with moving our industry to carbon-free electricity. We contributed more than \$4.2 million to New Mexico and Texas community partners and non-profits. TNMP was recognized by The Edison Electric Institute for the eighth time since 2012 for recovery and assistance efforts by our crews following Hurricane Ian. We established the PNM Pueblo Education Scholarship Endowment to invest in higher education for Native American Indian students and continued efforts to connect homes in the Navajo Nation to the electric grid for the first time as part of the Light Up Navajo Project.

Our culture encourages our employees to be bold and to think ahead as we lead this new energy era. I am proud of how our employees have delivered on our commitments, and I know that their tenacity will continue to push us forward and create solutions for our customers, including our proposed merger with AVANGRID, which offers unprecedented benefits to our employees, communities and customers.

Thank you for your investment and support of our vision to create a clean and bright energy future.

With appreciation,

A handwritten signature in blue ink that reads "Pat Vincent-Collawn".

Pat Vincent-Collawn  
Chair and CEO



# 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS

Increased our resource capacity portfolio to

**40% renewables and 55% CARBON-FREE** electricity



**Achieved 2025 interim emission reduction goals early**, including a **60% reduction** of carbon emissions from owned generation facilities based on 2005 levels while retiring the San Juan Generating Station

Participated in Western Energy Imbalance Market contributing to **reduced carbon dioxide** and **\$34.6 million in PNM customer savings** all while **maximizing renewable energy** across the region



Joined the **EPRI Climate READi** (REsilience and ADaptation) **Initiative**, a three-year initiative to develop a comprehensive and consistent approach to physical climate risk

## PNM ENERGY EFFICIENCY PROGRAMS



Almost **6.7 billion** kilowatt-hours of electricity saved since programs began in 2007 - enough to power **951,000 homes** for a year



**2 billion** gallons of water saved - enough to fill approximately 47 million bathtubs

Kept an estimated

**3.9 million metric**  tons of carbon dioxide out of the air - equivalent to keeping 1 million cars off of the road each year

## TNMP ENERGY EFFICIENCY PROGRAMS

Since 2002, **264 million kilowatt-hours** of electricity saved - enough to power 36,352 homes for a year



**\$56 million** in customer incentives and kept an estimated **187,583 metric tons** of carbon dioxide out of the air - this is the equivalent of greenhouse gas emissions from 40,418 cars for a year

# 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS



Workplace diversity includes 28% women, 14% identified as disabled, 8% veterans, and **53% minorities**

**\$4.2 million** invested in **New Mexico** and **Texas** communities



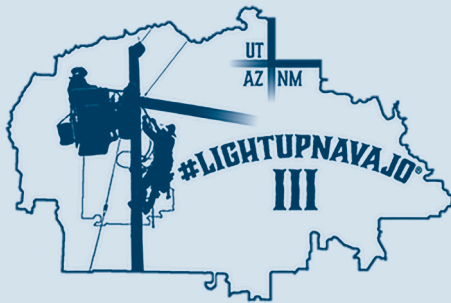
**Employees volunteered**

**9,171 hours** to nonprofit and community organizations throughout New Mexico and Texas



**PNM Good Neighbor Fund** assisted nearly

**3,500 families**



**Connected homes on the Navajo Nation**

to the electric grid for the first time as part of the Light Up Navajo Project, working to **connect over 300 homes** during an 11 week period

Established the

**PNM Pueblo Education Scholarship Endowment**

to invest in **higher education** for

**Native American Indian students**



Recognized by EEI for

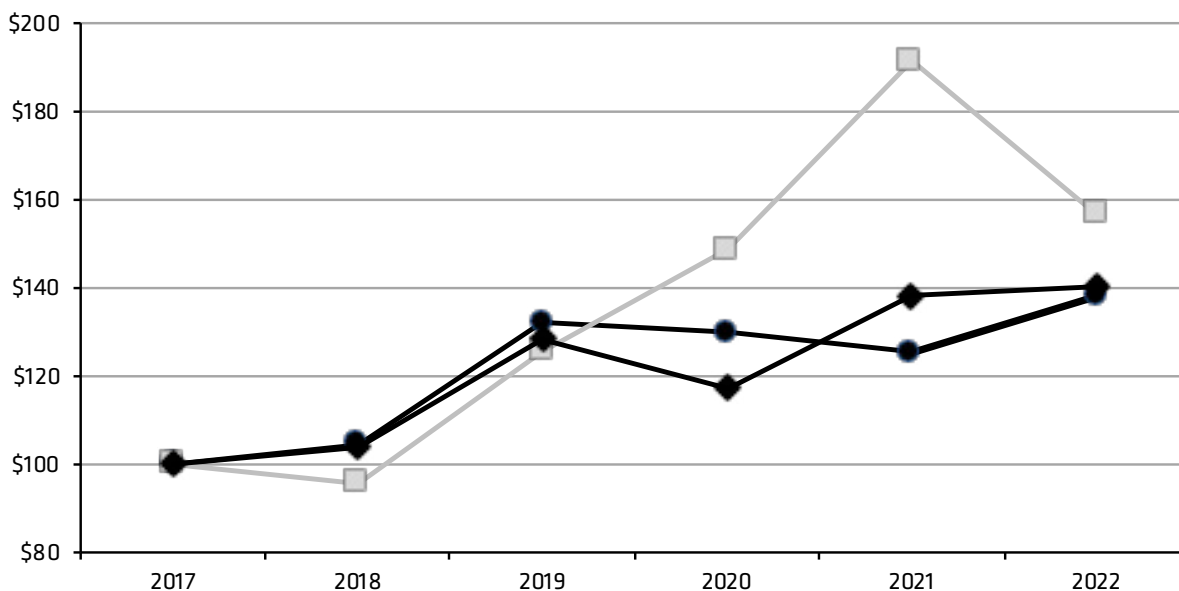
**TNMP's recovery and assistance**

efforts following **Hurricane Ian**, marking **the eighth time** since 2012 TNMP has received recognition for **assisting other utilities**

# PNM RESOURCES, INC. AND SUBSIDIARIES

PNM Resources is an investor-owned holding company of two electric utilities, PNM and TNMP. PNM is a regulated utility in New Mexico with operations primarily engaged in the generation, transmission and distribution of electricity. TNMP is a regulated utility operating in Texas, providing transmission and distribution services. The graph below assumes that \$100 was invested on December 31, 2017, in PNM Resources common stock, the S&P 500 Index and the EEI Peer Index, and all dividends were reinvested through December 31, 2022. The comparisons in the performance graph do not reflect current market conditions and are not intended to forecast or be indicative of possible future performance of our common stock.

## COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN



	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
● PNM Resources	\$100.00	\$104.43	\$132.08	\$129.80	\$125.28	\$138.06
□ S&P 500 Index	\$100.00	\$95.61	\$125.70	\$148.81	\$191.48	\$156.77
◆ EEI Peer Index	\$100.00	\$103.89	\$128.50	\$117.40	\$138.20	\$140.26

Data Source: Bloomberg.

Historical performance does not necessarily predict future results. PNM Resources' common stock is traded on the NYSE.

## SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Statements made in this letter for PNM Resources, Inc. ("PNMR"), Public Service Company of New Mexico ("PNM"), or Texas-New Mexico Power Company ("TNMP") (collectively, the "Company") that relate to future events or expectations, projections, estimates, intentions, goals, targets, and strategies, including the preliminary unaudited financial results and earnings guidance, are made pursuant to the Private Securities Litigation Reform Act of 1995. Readers are cautioned that all forward-looking statements are based upon current expectations and estimates and apply only as of the date of this report. PNMR, PNM, and TNMP assume no obligation to update this information. Because actual results may differ materially from those expressed or implied by these forward-looking statements, PNMR, PNM, and TNMP caution readers not to place undue reliance on these statements. PNMR's, PNM's, and TNMP's business, financial condition, cash flow, and operating results are influenced by many factors, which are often beyond their control, that can cause actual results to differ from those expressed or implied by the forward-looking statements. Additionally, there are risks and uncertainties in connection with the proposed acquisition of us by AVANGRID which may adversely affect our business, future opportunities, employees and common stock, including without limitation, (i) the expected timing and likelihood of completion of the pending Merger, including the timing, receipt and terms and conditions of any remaining required governmental and regulatory approvals of the pending Merger that could reduce anticipated benefits or cause the parties to abandon the transaction, (ii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement, (iii) the risk that the parties may not be able to satisfy the conditions to the proposed Merger in a timely manner or at all, and (iv) the risk that the proposed transaction could have an adverse effect on the ability of PNMR to retain and hire key personnel and maintain relationships with its customers and suppliers, and on its operating results and businesses generally. For a discussion of risk factors and other important factors affecting forward-looking statements, please see the Company's Form 10-K, Form 10-Q filings and the information included in the Company's Forms 8-K with the Securities and Exchange Commission, which factors are specifically incorporated by reference herein.