Investor Presentation

August 2023

Corporate Overview

Northland Overview

- Northland is a **leading global power producer** at the forefront of the **global energy transition**
- **Over 36 years of success** developing, constructing and operating power projects across a range of technologies
- Well-diversified portfolio of high-quality power infrastructure assets: **over 3 GW of operating capacity**
- **Majority of revenues** under long-term contracts with highly creditworthy government or corporate counterparties
- Weighted average contract (PPA) life for net capacity including operating, construction, and capitalized growth projects of **more than 14 years**[1].
- **Significant development opportunities** across multiple markets and technologies: **~16 GW** development pipeline to support growth
- **Significant depth of management experience** across a number of disciplines including renewable power project development, project finance, construction and operations.
- **Strong environmental and health & safety record**

A top global player in offshore wind, fastest growing renewables power technology

1. The weighted average contract life for operating projects is ~8 years.

Northland Growth Drivers – Market Selection

Multiple Tailwinds Support Our Business

- Increased government support
- **US** – Inflation Reduction Act
- **Canada** – Proposed investment tax credits for renewables
- **EU** – European Green Deal, REPower EU and Green Deal Industrial Plan
- **EU** – Carbon Border Adjustment Mechanism (CBAM)
- **Energy security** in Europe and northeast Asia
- **Corporate Net Zero targets** and rise of corporate renewables power procurements
- Higher power prices
- **Hydrogen** and **Storage** policies

Top Offshore Wind Markets

Mature

- **Netherlands**
- **Germany**
- **UK (Scotland)**

Emerging

- **Poland**
- **Taiwan**
- **South Korea**

High Growth Onshore Renewables Markets

Previously

- **Ontario**
- **Quebec**

Current

- **New York**
- **Alberta**
- **Spain**

Emerging

- **Colombia**
- **Poland**

Battery Storage

Current Markets

- **Ontario**
- **New York**

Hydrogen Export

Canada & Europe feasibility assessments

Realigning our business operations

- Northland has evolved to a technology-focused business unit (BU) operating model to support scalability globally.
- BUs are organized by our generating technologies vital to our business from an operating cash flow and growth perspective:
  - Offshore Wind
  - Onshore Renewables (includes onshore wind, ground mount and rooftop solar, and storage)
  - Natural Gas & Utilities
  - Hydrogen/Renewable Fuels
- Northland is driving business continuity for the organization by implementing our BU operating model in phases.

Offshore Wind

- **TOP 10** Incumbent in Global Offshore Wind
- **Fastest Growing** Renewables Technology
- Significant driver of value and growth over next decade
- **1.2 GW** in operations and **2.2 GW**[1] of projects which will achieve financial close in 2023

Onshore Renewables

- **Growth in near-term cash flow**
- **M&A** will continue to play a role to grow presence in select markets
- **Focus** will be **on key markets** including the US Northeast, Canada, Southern and Eastern Europe
- **1.2 GW** in operations and over **2 GW**[2] of projects across construction and identified growth pipeline

Natural Gas & Utilities

- **Legacy assets** provide stable free cash flow to support growth initiatives
- Explore **optimization** and **expansion** opportunities to enhance value
- Grow **EBSA's distribution** business to provide additional growth

Hydrogen

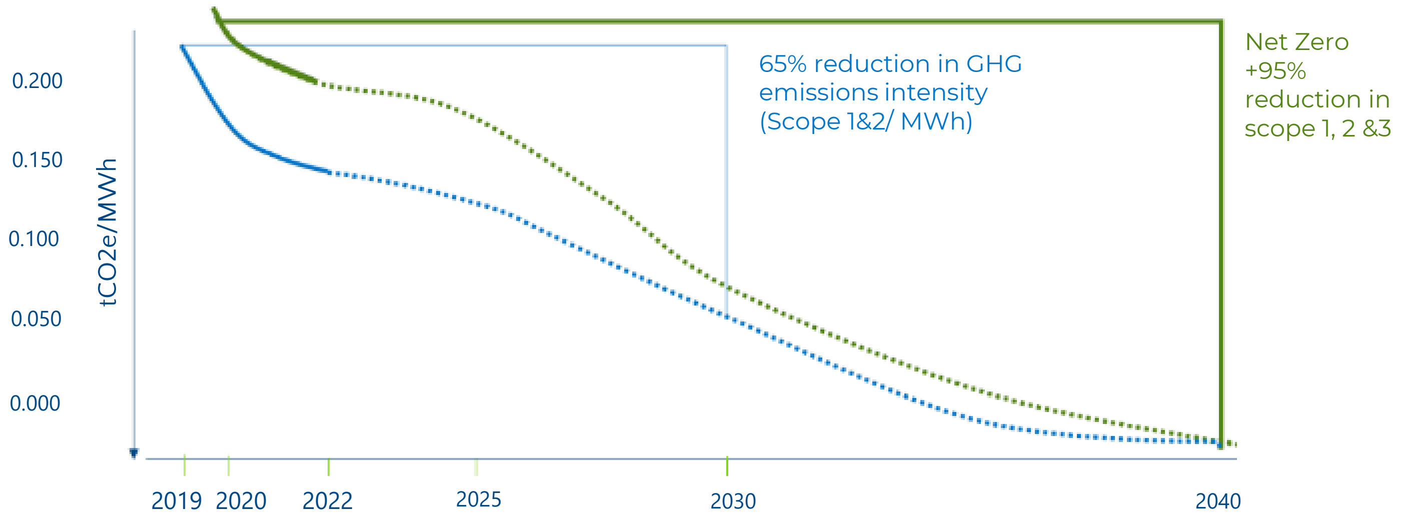
- **New growth** area focus for Northland
- Exploring opportunities in **energy storage and green hydrogen**
- Maiden **energy battery storage** project in Ontario, largest in Canada and one of the largest on the continent

1. Includes Hai Long and Baltic Power
2. Includes Ball Hill, Bluestone, Jurassic and Alberta portfolio

Pathway to Net Zero

Committed to **reducing our GHG emissions intensity from Scope 1 & 2 by 65%** (from a 2019 baseline) by 2030 and **reaching a science-aligned net zero over all emissions scopes (Scope 1,2 &3) by 2040**.

Short-Term	Medium-Term	Long-Term
Optimization and efficiency and increase in onshore renewable capacity decrease in baseload production from efficient natural gas	*Offshore wind execution and reduction in direct fossil fuel exposure through operations*	*Natural gas exposure reduction, reduction in scope 3 fossil fuel exposure*



ESG

33% Board of Directors

50% Executive Office

Making a commitment to **diversity beyond gender on the Board of Directors by 2024**

Joining **UN Global compact** in line with our commitment to human and labour rights across our value chain

72/100

Overall engagement score in Engagement survey

Pledging support to #Equaby30

30%

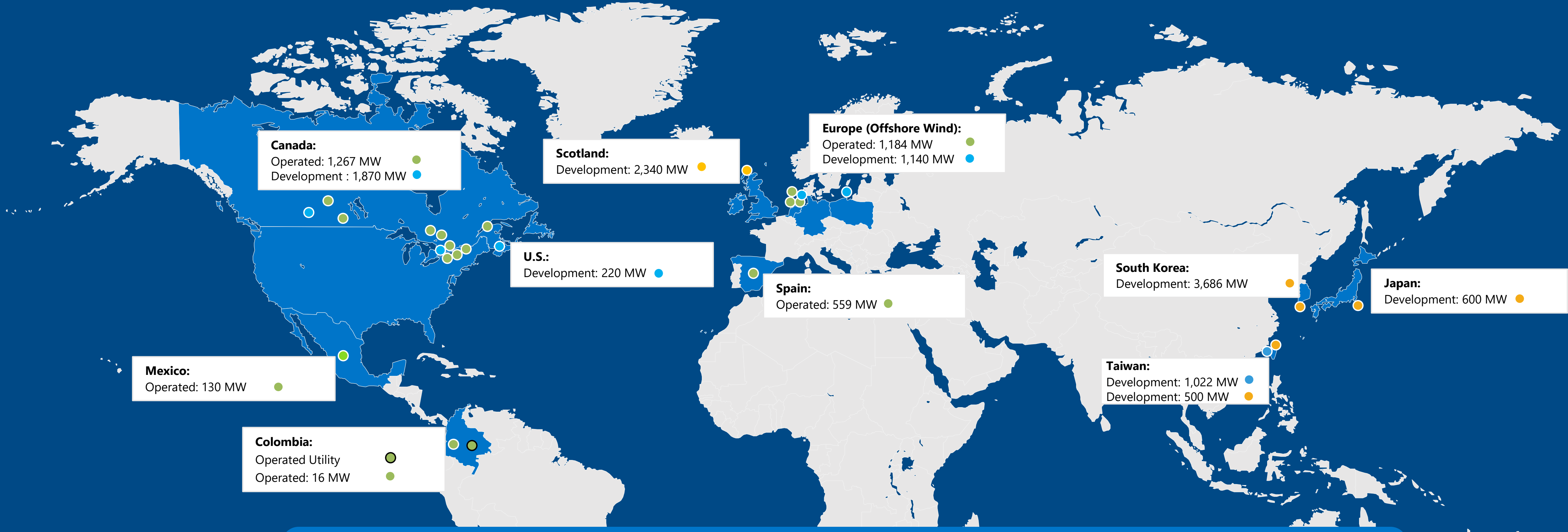
CO_2/MWh since 2019

+2.4M

tones of avoided emissions[1]

Portfolio Overview

Diversified Asset Portfolio



Operating Pipeline By Generating Technology

1.2 GW Offshore Wind

1.2 GW Onshore Wind/Solar

0.7 GW Natural Gas

- Operating
- Early – Stage Development
- Mid/late Stage Development/Construction

Sustainable Growth

Strong Growth Portfolio Across Multiple Technologies

Continue to target **Europe and Asia** as key markets for **offshore wind** development

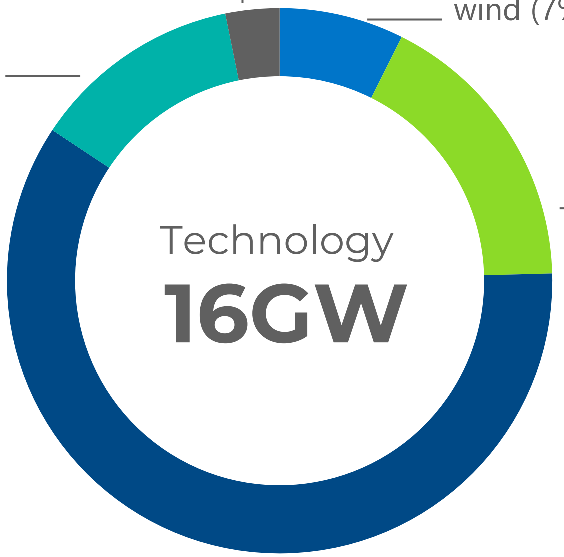
Expand onshore footprint in North America as well as Europe, targeting Eastern Europe and Spain

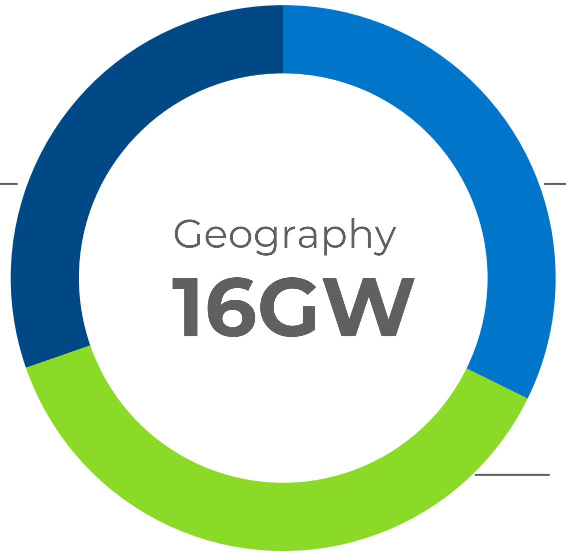
Focus on establishing global position in renewable **hydrogen and storage**

Northland Presence

Toronto
Calgary
Houston
Glasgow
Hamburg
Taipei
Amsterdam
Warsaw
Madrid
Tokyo
Seoul

Total Pipeline





Offshore Wind

Catalyst for Long-Term Growth

- Countries expected to boost wind development to reduce soaring power prices and ensure national security and decarbonization
- Offshore wind deployment targets have increased
- Governments are also taking steps to speed up development timelines and reduce barriers for wind projects
- New national REPower EU Plans to support investment and reforms worth €300 billion

Energy Transition Targets

Germany

- Offshore wind: 30 GW by 2030, 40 by 2035, 70 by 2045
- Electrolyzers: 10 GW

Poland

- 11 GW of installed capacity in offshore wind by 2040
- Poland supporting offshore strongly by improving existing CfD indexation and the introduction of a EUR/PLN mechanism

Taiwan

- 13 GW by 2030 and 21 GW by 2035

Japan

- 10 GW by 2030 and 40 GW by 2040

Korea

- 6 GW by 2030 and 12 GW by 2035, including both fixed and floating bottom foundations

Europe Offshore Wind

Established offshore wind platform in North Sea with nearly 1.2GW[1] of operating capacity

Netherlands | 600MW

Gemini	
COD:	2017
Capacity:	600 MW
Ownership:	60%
PPA Expiry:	2031

Germany | 584MW

Nordsee One	
COD:	2017
Capacity:	332 MW
Ownership:	85%
PPA Expiry:	2027

Deutsche Bucht	
COD:	2020
Capacity:	252 MW
Ownership:	100%
PPA Expiry:	2032

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1. *Represents total gross operating capacity .*

Europe Offshore Wind Development

Poland | Baltic Power 1.1 GW

- Signed supplier agreements with Vestas 15MW wind turbines, export cables and onshore and offshore substations
- Agreements for the transport and installation of the turbines and for the foundations of all substation elements and offshore substations have also been signed
- Project benefits from 25-year Contract for Differences (CfD) revenue contract that has indexation based on the Polish CPI commencing in 2022
    - Currency: In 2022, CFD changed from Polish Zloty to Euro denominated
    - Indexation: Indexation base year moved up one year to 2022 using 2021 CPI
    - Inflation Protection: Inflation in Poland in 2022 was 14.7%
- Over 20 financial institutions involved in the financing process and progressing towards financial close in 2023

2021	2022	2023	2024	2026
Acquired interest/ Secured CfD	Project design and optimization	Achieve Financial Close	Expect to start Construction	Expected Commercial Operations

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Europe Offshore Wind Development

Scotland | Scotwind 2.3 GW

- Successfully awarded two leases in 2022 Crown Estate Scotland offshore wind process
    - Lease N4 – 840 MW fixed bottom foundation
    - Lease N2 – 1,500 MW floating foundation
- Continuation of Northland's offshore strategy of being early mover in key markets. Extends Company's development runway into next decade
- Example of establishing local partnerships leading to success
- Next steps include moving development plans forward and finalizing local content requirements in plan
- Northland owns 75.5% interest in both projects, in May 2023 Northland sold 24.5% interest to ESB, a leading Irish energy company

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Asia Offshore Wind Development

Taiwan | Hai Long 1.0 GW

- Executed majority of the key contracts for the project
- Signed 15-year Turbine O&M with OEM (Siemens Gamesa)
- Will deploy Siemens 14 MW Turbine (recently certified)
- Major construction programs running as planned
    - Commenced early construction work/fabrication of key components
    - Kicked off in-water construction and made substantial progress on fabrication of materials and advancing on lead order items (offshore & onshore substations and jackets).
- Signed strategic sell-down partnership with Gentari for 49% interest of Northland's 60% interest in the project

Project Name	Capacity	PPA[1] Rate (NTD[1]/kWh)
Hai Long 2A	294MW	• Yrs 1-10: 6.2795 • Yrs 11-20: 4.1422
Hai Long 2B	224MW	• 30-year Corporate PPA
Hai Long 3	504MW	

1. *NTD represents New Taiwan Dollar.*

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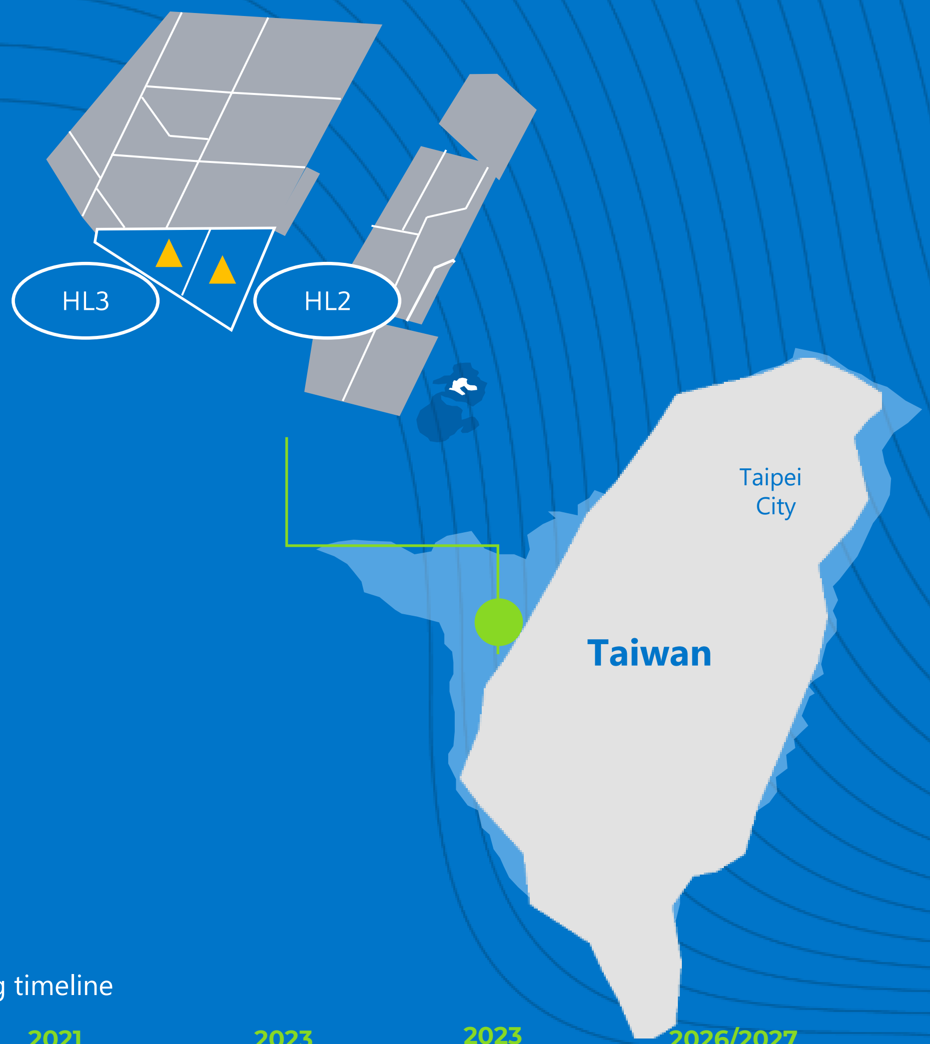

Hai Long timeline

2021	2023	2023	2026/2027
Project design and optimization	Achieve Financial Close	Expect to start Construction	Expected Commercial Operations

South Korea Offshore Wind Development

Dado, 1.3 GW

- 2022 key milestones achieved:
    - Secured electricity business licenses (EBLs) for 1,270 MW, which grant priority development rights to Northland
    - First major permit on route to financial close. Gives Northland development exclusivity over the site area
- Project development is progressing

Bobae, Jindo County 0.6 GW

- Completed 12-months of onshore wind measurement for use in the initial EBL applications
- Secured EBLs for complete 616 MW
- Project development is progressing

Wando, up to 1.8 GW

- Wando project is early-stage offshore wind farm development project with expected capacity up to 1.8 GW situated in Wando County, Korea

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Onshore Renewables

- The industry is expected to grow at upwards of 10% per annum over the next decade
- Favourable government policies
- We continue to build local capabilities in development to ensure that sufficient resources are available in supporting functions
- **Growth in near-term cash flow**
- M&A will continue to play a role to grow presence in select markets
- Focus will be on key markets including the U.S. Northeast, Alberta/Ontario, Spain and Poland

Europe

- Aggressive decarbonization / renewables public policy
- Largely Euro denominated cash flows
- Liquid sovereign, utility and corporate offtake markets
- Spain targeting 85 GW by 2030
- Poland to add 11-13 GW by 2030

North America

- Favourable renewables policy (US: IRA)
- CAD or USD denominated cashflows
- Liquid sovereign, utility and corporate offtake markets
- Canada 10 GW by 2030
- NY State 30 GW by 2030

Colombia

- One of last LATAM markets to begin deploying wind and solar
- Favourable renewables policy
- 6 GW by 2030

Europe Onshore Renewables

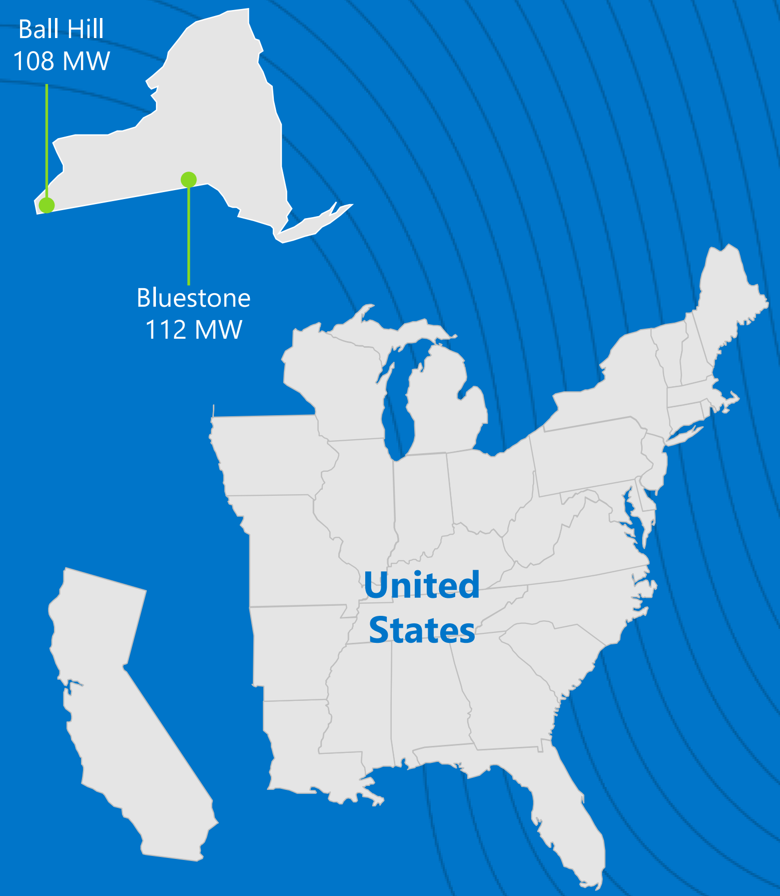
Spain | Wind/Solar 560MW

- Diversified portfolio of 551 MW (net) of onshore renewables with a regulated tariff
- Delivers **near-term cash flow** to help fund the development of Northland's large offshore wind projects
- Creation of a **European onshore renewables asset management platform**
- Assets are supported with a regulated tariff with more than 13 years remaining of regulatory life

North America Onshore Renewables Development

United States | New York State 220MW

- Achieved financial close on 220 MW Ball Hill and Bluestone projects in Q2 2021
- Secured 20-year indexed REC contract (CfD all-in PPA) with the New York State Energy Research and Development Authority
- Finalizing construction of first onshore wind projects
- Projects expand Northland's North American portfolio by providing investment opportunities into the US renewables market
- Well positioned from a competitive standpoint relative to the state's wind development pipeline
- USD cash flows from stable and high demand market
- Development of solar pipeline in state (700 MW+) with plans to bid in annual auctions



2020 Acquired interest

2021 Secured 20-year IRec offtake contract

2021 Achieved Financial Close

2023 Expected Commercial Operations

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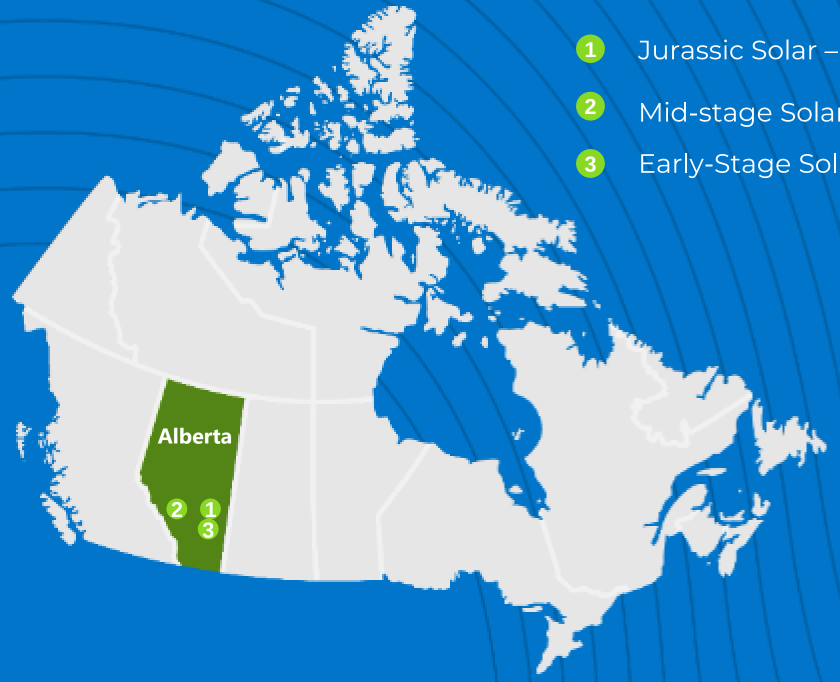
North America Onshore Renewables Development

Canada | Alberta development portfolio 1.6 GW

- Established presence with scale in highly sought after power market in North America
- Large scale solar portfolio with near-term visible growth
- Additional opportunities in onshore wind also being developed
- Alberta as an attractive market for renewable development and strong commercial & industrial (C&I) demand for offtake
- Canada's only open, energy-only market which provides clear price signals to generators
- Provincial regulation requiring emitters to purchase carbon offsets
- Expectation of increasing power prices due to high dependence on gas and escalating federal carbon price
- Alberta mandate to achieve net zero by 2035 further strengthens the need for renewable energy development



1 Jurassic Solar – Late Stage
2 Mid-stage Solar
3 Early-Stage Solar

Portfolio

- Portfolio provides scale in a highly sought after power market in North America
- Provides near-term visible growth
- Additional opportunities on onshore wind also being developed

	Jurassic	Mid-Stage		Early-Stage
Gross Capacity (MW)	220 MW + 80 MW BESS	930 MW		465 MW
COD	2025 - 2027			
Technology	Solar + Storage	Solar	Solar	Solar
Off-taker (Expected)	C&I	C&I	C&I	C&I

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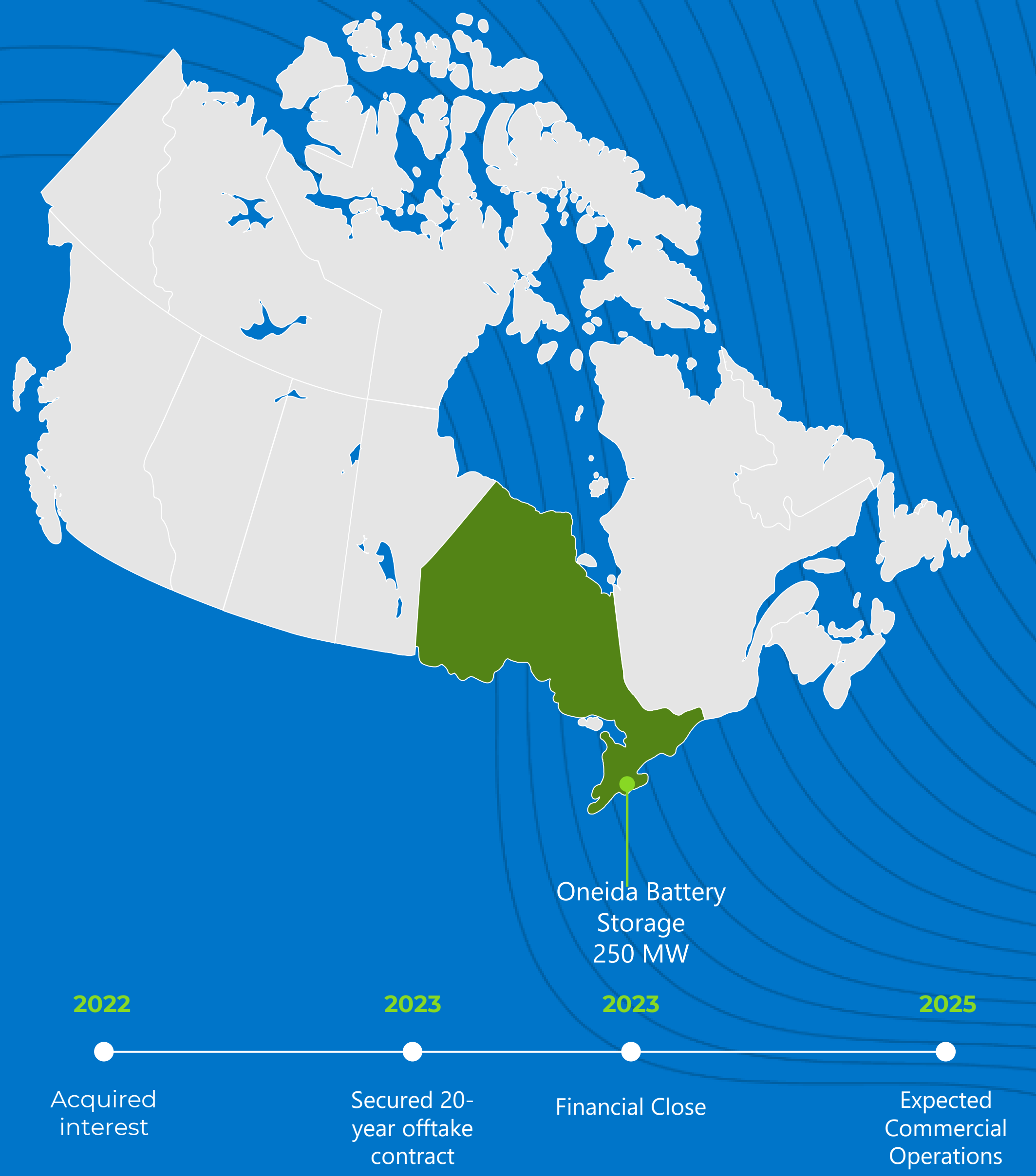
North America Onshore Renewables Development

Canada | Oneida Battery Storage 250 MW

- Largest battery storage project in Canada and one of the largest on the continent
- Development in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation
- 20-year fixed price contract for revenue payments with the IESO in Ontario for the majority of the capacity from the project
- Northland is a majority owner in the Project and will lead its construction, financing, and operation.
- Double energy storage resources on Ontario's clean electricity grid from ~225 MW today to ~475 MW when the project is completed in 2025
- Financial close achieved in May 2023



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Colombia Onshore Renewables

EBSA Utility

- EBSA is a sole distributor to a population of over 1.3 million; proven management team with local expertise
- Operates under regulatory framework with an average approved WACC of ~12.09%
- RAB is expected to grow at a rate in excess of inflation

Key Operating Metrics

105 Substations	**COP 1,670 Bn** RAB (**C$ 622M**)	**1.7 TWh** Energy Distributed
503,000 Regulated Clients	**573** Full Time Employees	**915 MVA** 220kV/115kV

Helios Solar 16 MW

- First development project in Colombia to capitalize on EBSA's grandfathered rights, allowing it to expand into the energy generation market in Colombia
- Secured 12-year Power Purchase Agreement with EBSA

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Growth Strategy

Energy Storage – Energy Storage Industry Overview

Global Market Size[1]: $1.2-1.9 Trillion

Expected Global Investment in Utility-Scale Storage through 2050

Market Trends

- Demand for energy storage driven by capacity needs of a 100% carbon-free electricity grid
- Strong policy support for energy storage in existing markets for Northland, e.g., 7 GW of storage needed in Ontario through 2030
- Energy storage costs cost competitive with gas peakers especially considering longer market potential for batteries over thermal assets

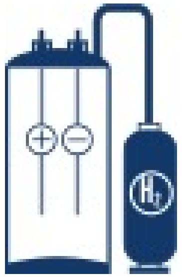
Northland's Storage Opportunities

- **Ontario**
  - Oneida battery storage project development in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation
  - Marmora Pumped Storage in Eastern Ontario
- **Alberta**
  - Solar and battery storage development portfolio
- **New York**
  - Co-location with existing projects

1 *Source: BNEF, IEA.*

Growth Strategy

Green Fuels – Hydrogen and P2X Industry Overview



Global Market Size[1]: $15 Trillion

Expected Global Investment in Hydrogen Infrastructure Through 2050

Market Trends

- Decarbonizing hard-to-abate sectors such as transportation, industry and power generation
- Diversification of supply key priority in Europe
- New policies and higher carbon prices supporting transition to renewable green fuels

Northland's Hydrogen Opportunities

- **Canada**
  - East and west coasts: exploring project feasibility
- **Europe**
  - Partner in Aquaventus, H2Mare and H2Global

[1] *Source: BNEF, IEA.*

Financial Overview

Long-Term Financial Objectives

Long-term financial strategy remains unchanged

Maintaining flexibility, adding corporate funding tools to diversify sources of capital and addressing variability in macro-economic environment

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Cash Flow Resiliency

- Source long-term contracts and hedge variable costs and cash flow streams

Strong Investment Grade Balance Sheet

- Maintain investment grade balance sheet to support the business and growth

Disciplined Capital Allocation

- Importance of robust Capital Allocation Strategy to balance diversity of cash flows between near and long-term opportunities

Prudent Funding Plan

- Pro-actively manage risk especially in inflationary and increasing interest rate environment

Prudent Financial Leverage

Corporate Card Rating

S&P Global Ratings	Fitch Ratings
BBB (Stable) (since 2013)	BBB (Stable) (since Fall 2021)

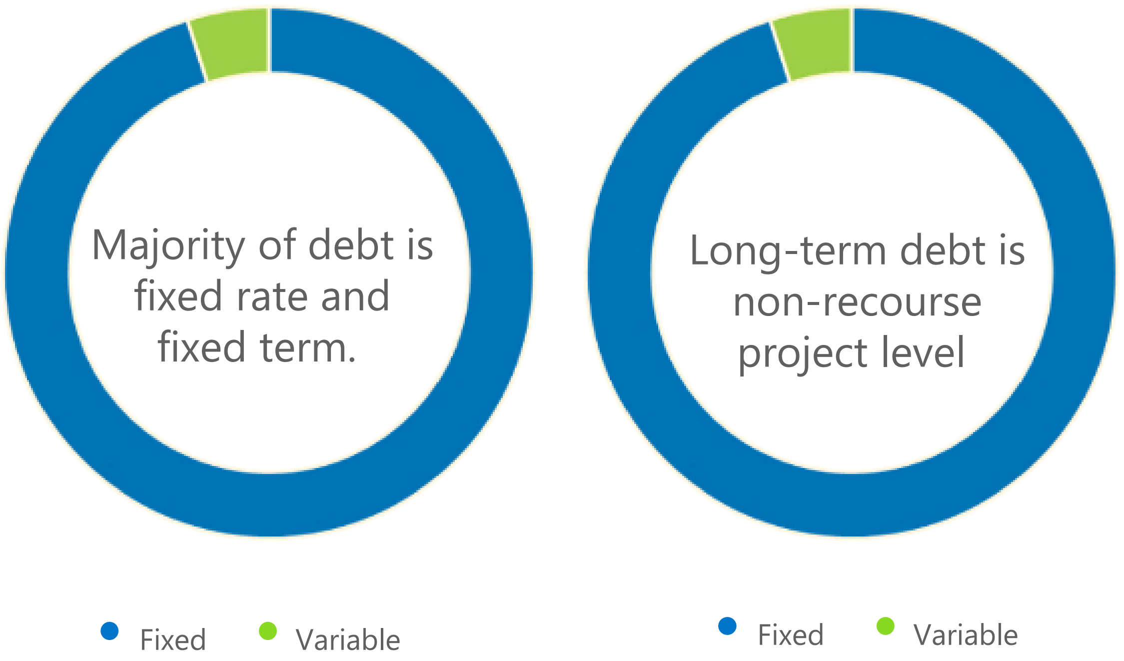
- Permanent growth funding starts with non-recourse project debt to align with contracted revenue term
    - Majority of revenues are contracted through long-term PPAs
- Remaining sources of capital selected and optimized to maintain a strong investment grade credit rating
- Prudent level of financial buffer maintained to provide sufficient downside risk protection
- No corporate leverage at the moment providing significant funding flexibility

Funding Model Reduces Equity Risk

Project finance continues to be pillar of our funding philosophy and risk management.

The majority of Northland's debt is fixed rate debt and the only variable debt is corporate credit facilities and revolving facilities

2023[1]



1. Corporate debt includes issuance of hybrid debt in 2023

Financial Strategy

Disciplined and flexible approach to project funding

- Manages capital strategy with a high degree of selectivity in funding its capitalized growth projects
- Focused on maintaining an investment grade rating
- Credit facilities support short-term funding needs with borrowings repaid from project financings at financial close, corporate and/or project-level financing/re-financing optimizations and/or sell downs at or before financial close
- Free Cash Flow finances growth development expenditures (devex), corporate costs that support growth and new initiatives
- Partial sell-down of ownership interests in certain development assets on or before financial close to complement existing sources of funding
- Additional funding sources help improve Northland's financial flexibility, while supporting the capital and credit requirements for development projects.

Project Funding

- Northland Equity
- Sell-Down Partner Equity
- Sell-Down Premium
- Senior Debt
- Green Corporate Hybrids

Our Sell-down Partnership Strategy

The partnership model is a flexible and proven funding source and will form part of our long-term funding plans to help position the company for long-term growth.

- **Enhance project returns and accelerate value creation** – expected to crystalize at FC
- **Enterprise risk management** – manages down exposure and capital at risk during construction
- **Enhances corporate liquidity** – reduced Northland's project equity requirement
- **Maintain governance and operating control** – Northland to remain long-term owner and construction and operation of facilities
- **Strategic Partnership** – look to pursue further growth together
- **Attract high credit worthy partners** – seek partners with a strong investment grade credit rating

Development Asset Partial Sell-downs

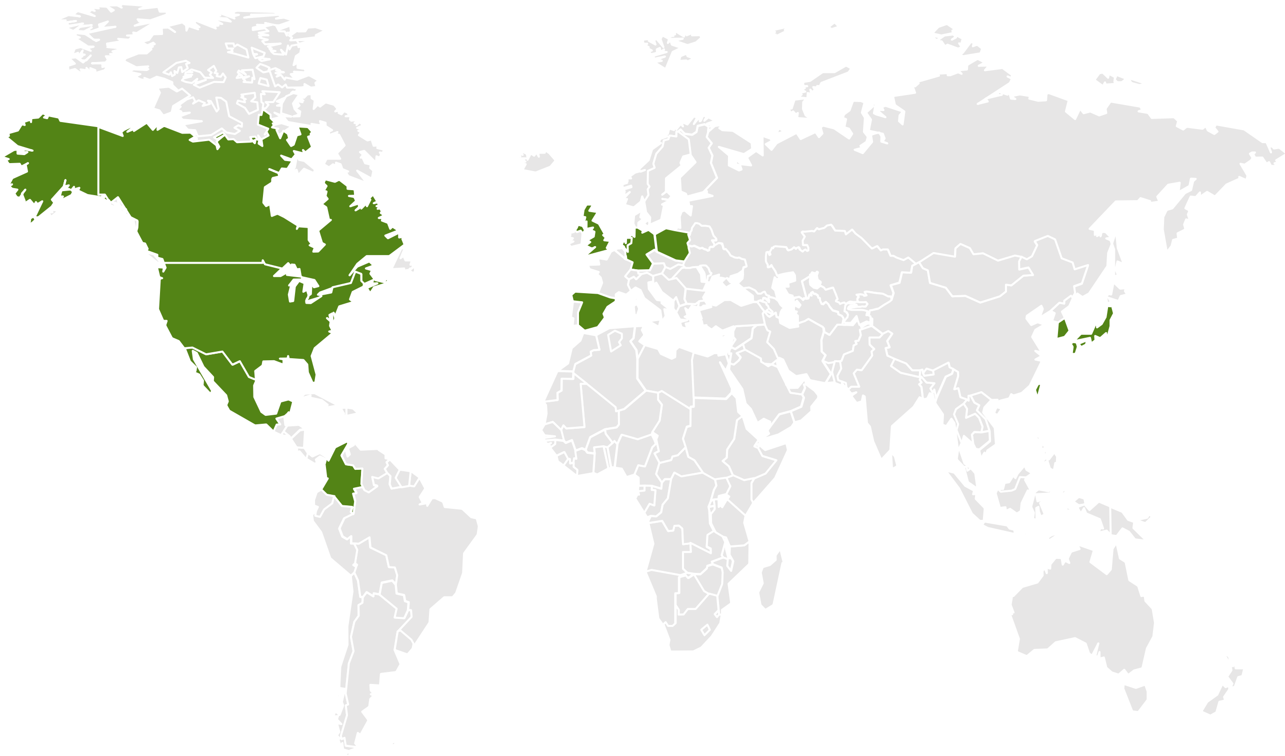
Enhances Funding Flexibility, Diversification and Project Returns

Our partnering strategy

- Align low cost of capital with high quality long-term contracted cash flows
- Allows partners to meet ESG/renewable investment targets
- Attract high credit-worthy players comfortable with investing at financial close/at time of construction
- Enhance local stakeholder relationships
- Targeting sell down of between 25-49% of development projects

Northland is targeting to generate incremental 200 to 400 bps on average of value from later stage sell-downs of development projects

Focus by region & technology



2022-23 Successes

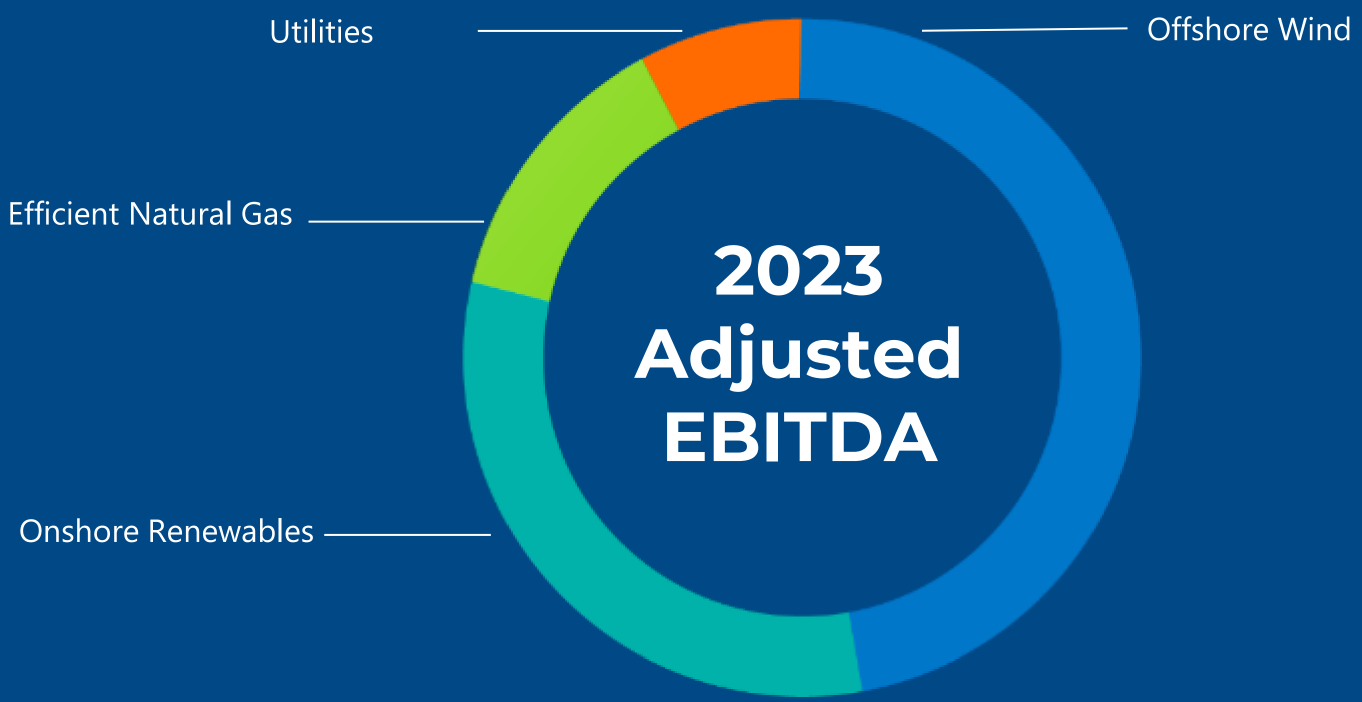
- Signed strategic partnership for Hai Long
- Closed Scotwind Partnership

2023 Focus

- Evaluate and potentially execute additional partner(s) for Asian, European, Canadian projects and potentially others

2023 Financial Guidance

Adjusted EBITDA and Adjusted Free Cash Flow



Adjusted EBITDA

$1.2 to $1.3 Billion

Adjusted Free Cash Flow (excl. growth expenditures)

$1.70 to $1.90 Per Share

Free Cash Flow (incl. growth expenditures)

$1.30 to $1.50 Per Share

APPENDIX

Market Summary

Key Metrics[1]

Recent Share Price (TSX: NPI)	$25.94
Shares Outstanding (Common)[2]	252 million
Annual Dividend	$1.20
2023 EBITDA Guidance	$1.2 - $1.3 billion
2023 FCF/sh Guidance	$1.30 - $1.50
2023 Adjusted FCF/sh Guidance	$1.70 - $1.90
Total Debt, Net of Cash[2]	$6.2 billion
Preferred Shares (NPI.PR.A, NPI.PR.B)[2]	$144 million
Market Capitalization (Common)	$6.56 billion
Enterprise Value	$12.61 billion
Credit Rating (S&P)[3]	BBB Stable
Fitch Rating[3]	BBB Stable

1. *Market data as at August 23, 2023 unless stated otherwise.*
2. *As at June 30, 2023*
3. *Reaffirmed in May 2023*

Forward looking statement

This written and accompanying oral presentation contains certain forward-looking statements which are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. Forward-looking statements are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "predicts", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may", "will", "should", "would" and "could".

These statements may include, without limitation, statements regarding future adjusted EBITDA, free cash flow, adjusted free cash flow, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost and output of development projects; litigation claims; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

This presentation contains forward-looking statements and information, within the meaning of Canadian securities laws and in any applicable Canadian securities regulations, concerning the business and operations of Northland Power Inc. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this presentation include statements regarding the quality of Northland's assets and the resiliency of the cash flow they will generate, Northland's anticipated financial performance and payout ratio, future commissioning of assets and expected returns from such assets, technology diversification, acquisition opportunities, expected completion of acquisitions, contract, contract counterparties, operating performance, variability of renewable resources and climate change, offshore wind concentration risk, market power prices, fuel supply, transportation and price, operations and maintenance, permitting, construction, development prospects and advanced stage development, financing and refinancing opportunities, certain information regarding the company's expected cash flow profile and liquidity, , liquidity, credit rating, currency fluctuations, variability of cash flows and potential impact on dividends, taxes, natural events, environmental, health and safety, government regulations and policy, international activities, relationship with stakeholders, reliance on information technology, reliance on third parties, labour relations, insurance, co-ownership, bribery and corruption, legal contingencies, future energy prices and demand for electricity, economic recovery, project development and capital expenditure costs, energy policies, economic growth, growth potential of the renewable asset class, the future growth prospects and distribution profile of Northland Power and its access to capital and the other factors described in Northland's 2022 Annual Report and 2022 Annual Information Form, which are both filed electronically at www.sedar.com and Northland's website www.northlandpower.com.

All figures are presented in Canadian dollars unless otherwise indicated. Unless otherwise indicated, the statistical and financial data in this presentation is presented as of August 18, 2023.

Reporting of Non-IFRS Financial Measures

This investor presentation includes references to Northland's adjusted EBITDA and free cash flow, measures not prescribed by International Financial Reporting Standards (**IFRS**). Adjusted EBITDA and free cash flow, as presented, may not be comparable to other similarly-titled measures presented by other publicly-traded companies, as these measures do not have a standardized meaning under IFRS. These measures should not be considered in isolation or as alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. These measures are also not necessarily indicative of operating income or cash flows from operating activities as determined under IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations and are used by management to evaluate the performance of the company for internal assessment purposes. Management believes that adjusted EBITDA and free cash flow are widely-accepted financial indicators used by investors to assess the performance of a company. These measures provide investors with additional information to assist them in understanding these critical components of the company's financial performance, including its ability to generate cash through its current operations. These measures have been applied consistently for all periods presented in this document.

Adjusted EBITDA

Adjusted EBITDA provides investors with an indication of Northland's capacity to generate income from operations and investments before taking into account management's financing decisions and the costs of consuming tangible and intangible capital assets, which vary according to asset type and management's estimate of their useful lives.

Adjusted EBITDA is calculated as income (loss) before income taxes adjusted for depreciation of property, plant and equipment, amortization of contracts and other intangible assets, net finance costs, Gemini subordinated debt earned by Northland, fair value losses (gains) on derivative contracts, unrealized foreign exchange losses (gains), elimination of non-controlling interests and finance lease and equity accounting.

Free cash flow

Free cash flow is calculated as cash flow provided by operating activities adjusted for net change in non-cash working capital balances, capital expenditures, interest paid, scheduled principal repayments on term loans, funds set aside for scheduled principal repayments and for asset purchases, restricted cash (funding) for major maintenance, write-off of deferred development costs, consolidation of managed facilities, income from equity accounted investments, proceeds from sale of assets, and preferred share dividends. This measure, along with cash flow provided by operating activities, is considered to be a key indicator for investors to understand Northland's ability to generate cash flow from its current operations.

Adjusted Free Cash Flow

Commencing with the 2020 Annual Report, Northland introduced Adjusted Free Cash Flow, a supplementary non-IFRS Free Cash Flow measure, and associated per share amounts and payout ratios. Adjusted Free Cash Flow is calculated by excluding growth-related expenditures from Free Cash Flow. Management believes this measure provides a relevant presentation of cash flow generated from the business before investment-related decisions (refer to Section 4.3: Growth Expenditures for additional information). Management believes Adjusted Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to reinvest in growth and fund dividend payments. The Free Cash Flow and adjusted payout ratios, calculated using Free Cash Flow and Adjusted Free Cash Flow, respectively, demonstrate the proportion of the respective measure paid as dividends, whether in cash, or in shares under Northland's dividend reinvestment plan (DRIP). The net payout ratios indicate the proportion of Free Cash Flow paid as cash dividends. The payout ratios generally reflect Northland's ability to fund growth-related expenditures and sustain dividends.

Readers should refer to our MD&As accompanying our financial statements for an explanation of adjusted EBITDA and free cash flow, and for a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) before taxes and a reconciliation of Northland's free cash flow to its cash provided by operating activities. These are filed from time to time on our company's website www.northlandpower.com

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