Management's Discussion and Analysis
of Northland Power's Financial Position and Operating Results

Table of Contents

SECTION 1: OVERVIEW

Introduction

The purpose of this Management's Discussion and Analysis (**"MD&A"**) is to explain the financial results of Northland Power Inc. (**"Northland"** or the **"Company"**) and to assist the reader in understanding the nature and importance of changes and trends as well as the risks and uncertainties that may affect the operating results and financial position of the Company. This MD&A should be read in conjunction with Northland's audited consolidated financial statements for the year ended December 31, 2023, and 2022, and Northland's most recent Annual Information Form for the year ended December 31, 2023, dated February 21, 2024 (**"2023 AIF"**). These materials are available on the Company's SEDAR+ profile at www.sedarplus.ca and on Northland's website at www.northlandpower.com.

This MD&A, dated February 21, 2024, compares Northland's financial results and financial position for the year ended December 31, 2023, with those for the year ended December 31, 2022. Certain prior period disclosures have been reclassified for consistency with the current period presentation. Northland's Audit Committee reviewed this MD&A and the associated audited consolidated financial statements and notes, and its Board of Directors approved these documents prior to their release.

All dollar amounts set out herein are in thousands of Canadian dollars, unless otherwise stated.

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on February 21, 2024; actual results may differ materially. Forward-looking statements 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, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and 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, Adjusted Free Cash Flow and Free Cash Flow, including respective per share amounts, dividend payments and dividend payout ratios, the timing for and attainment of the Hai Long and Baltic Power offshore wind and Oneida energy storage projects' anticipated contributions to Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, the expected generating capacity of certain projects, guidance, the completion of construction, acquisitions, dispositions, whether partial or full, investments or financings and the timing thereof, the timing for and attainment of financial close and commercial operations, for each project, the potential for future production from project pipelines, cost and output of development projects, the all-in interest cost for debt financing, the impact of currency and interest rate hedges, litigation claims, anticipated results from the optimization of the Thorold Co-Generation facility and the timing related thereto, future funding requirements, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland, its subsidiaries and joint ventures. 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, the ability to obtain necessary approvals, satisfy any closing conditions, satisfy any project finance lender conditions to closing sell-downs or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, risks associated with further regulatory and policy changes in Spain which could impair current guidance and expected returns, risks associated with merchant pool pricing and revenues, risks associated with sales contracts, the emergence of widespread health emergencies or pandemics, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for over 50% of its Adjusted EBITDA, counterparty and joint venture risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, wind and solar resource risk, unplanned maintenance risk, offshore wind concentration, natural gas and power market risks, commodity price risks, operational risks, recovery of utility operating costs, Northland's ability to resolve issues/delays with the relevant regulatory and/or government authorities, permitting, construction risks, project development risks, integration and acquisition risks, procurement and supply chain risks, financing risks, disposition and *joint-venture risks, competition risks, interest rate and refinancing risks, liquidity risk, inflation risks, commodity availability and cost risk, construction material cost risks, impacts of regional or global conflicts, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, climate change, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, cybersecurity, data protection and reliance on information technology, labour relations, labour shortage risk, management transition risk, geopolitical risk in and around the regions Northland operates in, large project risk, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, terrorism and security, litigation risk and legal contingencies, and the other factors described in this MD&A and the* 2023 *AIF. Northland has attempted to identify important factors that could cause actual results to materially differ from current expectations, however, there may be other factors that cause actual results to differ materially from such expectations. 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, and Northland cautions you not to place undue reliance upon any such forward-looking statements. The forward-looking statements contained in this MD&A are, unless otherwise indicated, stated as of the date hereof and are based on assumptions that were considered reasonable as of the date hereof. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.*

Certain forward-looking information in this MD&A, including, but not limited to the information in Section 10: Outlook and our projected Adjusted EBITDA and Free Cash Flow expected to be generated from Northland's interest in Hai Long, Baltic Power and Oneida may also constitute a "financial outlook" within the meaning of applicable securities laws. Financial outlook involves statements about Northland's prospective financial performance, financial position or cash flows and is based on and subject to the assumptions about future economic conditions and courses of action and the risk factors described above in respect of forward-looking information generally, as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Such assumptions are based on management's assessment of the relevant information currently available and any financial outlook included in this MD&A is provided for the purpose of helping readers understand Northland's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook. The actual results of Northland's operations will likely vary from the amounts set forth in any financial outlook and such variances may be material.

Non-IFRS Financial Measures

This MD&A includes references to the Company's adjusted earnings before interest, income taxes, depreciation and amortization (**"Adjusted EBITDA"**), Adjusted Free Cash Flow, Free Cash Flow and applicable payout ratios and per share amounts, which are measures not prescribed by International Financial Reporting Standards (**"IFRS"**), and therefore do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Non-IFRS financial measures are presented at Northland's share of underlying operations. These measures should not be considered alternatives to net income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that Northland's non-IFRS financial measures and applicable payout ratio and per share amounts are widely accepted and understood financial indicators used by investors and securities analysts to assess the performance of a company, including its ability to generate cash through operations.

In the second quarter of 2023, in order to accommodate the transactions that occurred during the period, the Company aligned its definitions of non-IFRS measures to reflect the economic reality of its operation more accurately. Management implemented specific changes to the compositions of Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow. The revised definitions provide for the inclusion of partial sell-down gains (losses) in Adjusted EBITDA. All other changes had a minor impact on the calculation of the aforementioned non-IFRS measures and are fully detailed in *Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'*.

Adjusted EBITDA was revised to remove the impairment of capitalized growth projects from the measure, as this impairment (related to prior period costs) does not reflect Northland's current or ongoing core business performance. Furthermore, amendments were made to include the gains (losses) from partial sell-downs of development facilities (whether directly owned or through equity accounted investments) in Adjusted EBITDA as this approach better aligns with the ongoing performance of the business. Under the previously reported definition of Adjusted EBITDA, when a value accretive transaction occurred with respect to a partial sell-down of a development project, any associated gain (loss) would have been altogether excluded from Adjusted EBITDA, which management believes is not an appropriate method for measuring the current and ongoing financial performance of the business. For clarity, gains (losses) that arise from full divestitures of development projects continue to be excluded from Adjusted EBITDA as these do not form part of Northland's ongoing business performance.

For Adjusted Free Cash Flow and Free Cash Flow, management believes the adjustments described below are appropriate as they provide for a consistent economic treatment of interest costs during construction, regardless of whether a project is accounted for in the financial statements as a subsidiary (i.e. Oneida) or an equity accounted investee (i.e. Hai Long and Baltic Power).

Adjusted Free Cash Flow and Free Cash Flow were revised to exclude the interest costs incurred on corporate-level debt raised to invest directly in capitalized development projects that are recorded as equity accounted investments. This clarification was made to ensure consistent treatment of interest costs during construction regardless of whether the project is accounted for in the financial statements as a subsidiary or an equity accounted investee. Post-construction, the interest will be expensed as incurred.

Adjusted EBITDA

Adjusted EBITDA represents the core operating performance of the business excluding leverage, income tax and non-core accounting items. Adjusted EBITDA is calculated as Northland's share of net income (loss) adjusted for the provision for (recovery of) income taxes; depreciation of property, plant and equipment; amortization of contracts and other intangible assets; impairment/write-off of capitalized growth projects; net finance costs; interest income from Gemini; fair value (gain) loss on derivative contracts; foreign exchange (gain) loss; (gain) loss on sale of operating or full divestiture of development facilities; exclusion of Northland's share of (profit) loss from equity accounted investees, net of sell-downs; including Northland's share of Adjusted EBITDA from equity accounted investees; including gain (loss) on dilution of controlled development assets; costs attributable to an asset or business acquisition and other adjustments as appropriate, such as management and incentive fees earned by Northland from non-wholly owned assets. For clarity, Northland's Adjusted EBITDA reflects a reduction of its share of general and administrative costs during development and construction that do not qualify for capitalization.

Management believes Adjusted EBITDA is a meaningful measure of Northland's operating performance because it excludes certain items included in the calculation of net income (loss) that may not be appropriate determinants of long-term operating performance.

Adjusted Free Cash Flow

Adjusted Free Cash Flow represents the cash generated from the business, before investment-related decisions (refer to *Section 5.3: Growth Expenditures*), and available to pay dividends. Adjusted Free Cash Flow is calculated as Northland's share of cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansionary capital expenditures; growth expenditures; interest incurred on outstanding debt (except for the interest on corporate-level debt raised to finance the capitalized growth project); scheduled principal repayments and net up financing proceeds; major maintenance and debt reserves; Northland's share of Adjusted Free Cash Flow from equity accounted investees; interest income from Northland's subordinated loan to Gemini (**"Gemini sub-debt"**); repayment of Gemini sub-debt; proceeds from government grants; preferred share dividends; gain (loss) from the sale of operating and development facilities and where net proceeds are received in respect of certain transactions entered in to generate cash flow as part of an active asset management strategy of the overall portfolio; and other adjustments as appropriate. Adjusted Free Cash Flow excludes pre-completion sales required to service debt and related operating costs for projects under construction and excludes costs attributable to an asset or business acquisition.

Where Northland controls the distribution policy of its investments, the Adjusted Free Cash Flow reflects Northland's portion of the investment's underlying Adjusted Free Cash Flow; otherwise, Northland includes the cash distributions received from the investment. Adjusted Free Cash Flow from foreign operations is translated to Canadian dollars at the exchange rate Northland realizes on cash distributions.

Management believes Adjusted Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow after ongoing obligations to reinvest in growth and fund dividend payments.

Free Cash Flow

Free Cash Flow is calculated by deducting growth-related expenditures and adjusting for historically incurred growth expenditures' recovery due to sell-down, from Adjusted Free Cash Flow. Management believes Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow after growth-related costs to fund dividend payments.

For clarity, Northland's Free Cash Flow includes a reduction for expenditures on development activities until an advanced project qualifies for capitalization under IFRS. The Adjusted Free Cash Flow and Free Cash Flow payout ratios, calculated using the respective financial measure, 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.

For reconciliations of these non-IFRS financial measures to their nearest IFRS measure, refer to *Section 5.5: Adjusted EBITDA* for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and *Section 5.6: Adjusted Free Cash Flow and Free Cash Flow* for a reconciliation of cash provided by operating activities under IFRS to reported Adjusted Free Cash Flow and Free Cash Flow. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to *Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.*

SECTION 2: STRATEGY AND KEY FACTORS SUPPORTING SUSTAINABLE PERFORMANCE AND GROWTH

Business Objective

Northland's objective is to provide its shareholders with a total return comprising dividends and share value growth from the successful management of its assets, businesses and investments related to the production, delivery and sale of energy-related products.

Vision

At Northland, we are building a sustainable and carbon-neutral world together: Our work is grounded in our vision to become a global leader in developing sustainable infrastructure assets. We are pushing the energy sector forward by creating innovative solutions that build a net-positive business. This translates to driving socio-economic value in the communities where we operate, bringing local markets closer to a carbon-neutral future, and preserving our natural resources through power generation. As developers, owners and operators of energy facilities across the globe, we are poised to transform how the world is powered to produce long-term impact for our people and our planet.

Business Strategy

Northland's business strategy is centered on establishing a significant global presence in key strategic markets as a sustainable power provider with a primary focus on offshore wind, onshore renewable solar, wind, and battery storage. Northland aims to increase shareholder value by leveraging its expertise and early mover advantage to create and operate high-quality, sustainable projects in key target markets supported by long-term sales contracts that deliver predictable cash flows. Northland utilizes its operational knowledge and the application of appropriate technology to optimize the performance of its operating facilities to ensure delivery of essential power to its offtake counterparties.

To successfully execute on its strategy, Northland has developed a comprehensive set of strategic pillars to guide the organization towards successful delivery of its objectives:

(i) Resiliency

Northland's objectives are to maintain an investment grade credit rating, continue to pay dividends to its shareholders, deliver on its financial guidance and ensure successful construction and development of renewable energy projects to increase shareholder value. As Northland continues to progress its $16 billion construction program for the Hai Long, Baltic Power, and Oneida projects, maintaining financial strength remains its key priority. Northland will continue to maintain sufficient financial buffers to ensure delivery of its strategic priorities while maintaining its strong balance sheet. From time to time, this may include Northland's decision to reduce exposure to or exit certain markets and repurpose capital towards more accretive opportunities within its core markets or use the funds to strengthen its financial position, especially during intensive construction periods where it may be prudent to maintain such financial flexibility.

(ii) Execution

Following successful financial close and securing of funding for the Hai Long, Baltic Power and Oneida projects, Northland has advanced towards the construction phase for each facility. During the next three years, successful execution and delivery of these projects to their full completion between 2025-2027 will be one of Northland's strategic pillars. Northland has a strong track record in successful project construction and has established a Project Management Office and Business Unit structure that will focus on aligning the tools and reporting methods and processes in order to provide timely and accurate reporting. Management will continue to manage and oversee construction of these projects against their targeted milestones to ensure successful delivery and execution.

During the fourth quarter of 2023, the Board of Directors formed a new subcommittee: the Project Delivery Committee. The purpose of the Project Delivery Committee is to assist the Board of Directors with monitoring and overseeing projects in which the Company has an interest during construction.

(iii) Prudent Growth

Northland aims to increase shareholder value by developing high-quality projects that earn recurring income from long-term sales contracts with creditworthy counterparties (i.e. government or corporate offtakers). Northland exercises judgment, discipline and acumen in its development activities to continually assess opportunities against its investment criteria and capital allocation framework. Northland's successful record of project sourcing and execution results from these core strengths and contributes to consistent investor returns. Northland's pace of new development will be moderated in the near term to allow management to prioritize pillar two - Execution. This may result in full or partial exits from certain existing or prospective opportunities or assets and directing the focus, resources and capital towards more strategic markets within Canada, the United States of America, Europe and Asia. Northland is focused on pursuing renewable growth opportunities in jurisdictions that meet its risk management criteria such as Canada, the United States of America, Europe and Asia. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks and ensuring that only those projects that meet its investment criteria are actively pursued.

(iv) Optimization

Northland's management aims to maximize returns through a focus on efficient and effective facility operations; longer-term asset management; and structuring sales supply and maintenance agreements to maximize sales, while carefully managing risk. In addition, Northland applies an active approach to overall portfolio management, which may result in optimizations from asset sales and financing/re-financing opportunities as part of its return objectives and funding strategy.

With a commitment to continuous improvement, Northland's operations group shares its experiences with the development, engineering and construction groups on an ongoing basis, to ensure all knowledge gained is factored into the development and construction of any new project Northland undertakes.

Effective January 2023, Northland formally commenced operating under a business unit (**"BU"**) structure focused by technology. The BUs encompass Offshore Wind, Onshore Renewables, and Efficient Natural Gas and Utilities. The Offshore Wind BU accounts for 1.2GW of operating assets, 2.1GW of assets under construction and 6.5GW of development assets in Europe and Asia. The Onshore Renewables BU accounts for 1.4GW of operating assets, 0.3GW of assets under construction and 3.3GW of development assets in Canada, the United States of America and Europe, while the Efficient Natural Gas and Utility BU accounts for 0.7GW of operating assets.

This operating structure has resulted in a more streamlined business that is better oriented towards the expected growth by technology. Each BU is led by an experienced executive, with dedicated finance, operations, and human resource leads.

As Northland continues to develop and grow its asset base and shareholder value, management will continue to develop plans to further optimize its operations. This may include asset optimization strategies such as gas contract restructuring and, operating and maintenance (**"O&M"**) contract consolidations, opportunities to add incremental growth or investments to existing assets or grow in adjacent markets through synergies, opportunities to re-contract asset bases near the end of power purchase agreement (**"PPA"**) arrangements, and the improvement of internal processes to gain efficiencies.

SECTION 3: NORTHLAND'S BUSINESS

As of December 31, 2023, Northland owns or has a net economic interest in 2,947 megawatts (**"MW"**) of power-producing facilities with a total gross operating capacity of approximately 3,355MW and a regulated utility. Northland's facilities produce electricity from clean energy sources for sale, primarily under long-term PPAs or other revenue arrangements with creditworthy counterparties. Northland's utility is a distributor and retailer of electricity, compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands, Spain, the United States of America, Mexico and Colombia. Northland's significant assets under construction and development are located in Canada, Taiwan, South Korea, Poland, Scotland and the United States of America. Refer to the 2023 AIF for additional information on Northland's key operating facilities as of December 31, 2023, and refer to *SECTION 9: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES* for additional information on Northland's key development projects.

Northland's MD&A and audited consolidated financial statements include the results of its operating facilities, as summarized in the following table:

	Gross Production Capacity (MW)	Net Production Capacity (MW) (1)
Offshore Wind	1,184	894
Onshore Renewable (2)		
Wind	1,057	968
Solar	392	377
Efficient Natural Gas	722	708
Utility	n/a	n/a
Total	**3,355**	**2,947**

(1) Presented at Northland's economic interest.

(2) As at December 31, 2023, Northland's economic interest was changed from December 31, 2022 due to the La Lucha solar project and New York onshore wind projects, which achieved commercial operations in June 2023 and October 2023, respectively (refer to Section 4.1: Significant Events of this MD&A for more information).

In addition to operational assets, summarized below are Northland's most significant projects under construction and development, as well as other identified projects. Management continuously assesses the development projects pipeline to determine their feasibility, alignment with the Company's investment criteria, and development stage. For this reason, the development pipeline below and the respective gross production capacities will change as projects move through various stages of their development cycles and are added or removed from the list.

Project	Geographic Region	Technology	Gross Capacity (MW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Hai Long [(1) (7)]	Taiwan	Offshore wind	1,022	31%	Under construction	30-year PPA [(6)]	2026/2027
Baltic Power [(7)]	Poland	Offshore wind	1,140	49%	Under construction	25-year CfD [(4)]	2026
Oneida [(2)]	Canada	Energy Storage	250	72%	Under construction	20-year capacity contract	2025
Total			**2,412**				
Identified Growth Projects							
Alberta Renewables	Canada	Solar	1,150	100%	Mid-stage	2026 - 2030+	
ScotWind	Scotland	Offshore wind	2,340	76%	Early-stage		
Round 3 [(5)]	Taiwan	Offshore wind	500	51%	Early-stage		
South Korea Renewables	South Korea	Offshore wind	3,450	100%	Early-stage		
Total			**7,440**				
Additional Pipeline							
Various [(3)]		Various	**2,177**		Early-stage	TBD	
Total Pipeline			**12,029**				

(1) On December 28, 2023, Northland's indirect equity interest in Hai Long offshore wind project reduced to 30.6% after the sell-down transaction close.

(2) In May 2023, the Oneida energy storage project reached financial close and moved to construction stage.

(3) Various include 2,177MW of other early-stage pipeline projects.

(4) CfD means Contract for Difference, a subsidy mechanism in which the difference between a fixed reference price and the market revenue is paid to the project.

(5) Gross capacity represents a portion of Round 3 development pipeline. In July 2023 and September 2023, Northland completed its investment partnership agreements with Gentari (as defined herein) through a sell-down of 49% stakes in each of NorthWind and CanWind offshore wind projects, respectively.

(6) Hai Long 2A (294MW) has a FIT for 20 years. Hai Long 2B (224MW) and Hai Long 3 (504MW) have CPPA for 30 years.

(7) In September 2023, Hai Long and Baltic Power offshore wind projects reached financial close and moved to construction stage.

SECTION 4: CONSOLIDATED HIGHLIGHTS

4.1: Significant Events

Significant events during 2023 and through the date of this MD&A are described below. Refer to *SECTION 9: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES of this MD&A* for additional relevant information.

Balance Sheet:

Optimization of Spanish Portfolio's Debt Facility

On December 21, 2023, Northland amended its Spanish portfolio's debt agreement to optimize debt repayments and address recent regulatory changes and market pool price volatility. As a result of this optimization, the debt repayment of €21 million ($33 million) scheduled in the fourth quarter of 2023 was deferred to future periods.

Green Subordinated Notes

On June 21, 2023, Northland closed its inaugural offering of $500 million of Fixed-to-Fixed Rate Green Subordinated Notes, Series 2023-A, due June 30, 2083 (the **"Green Notes"**). The Green Notes have a fixed coupon of 9.25% per annum until the first reset date on June 30, 2028, and have an estimated after-tax cash cost in Euros to the Company of approximately 6.2%, taking into consideration the benefit of a Canadian dollar to Euro hedge and applicable corporate tax deductions. The Green Notes are rated BB+ by both S&P Global Ratings (**"S&P"**) and Fitch Ratings Inc. (**"Fitch"**) and benefit from 50% equity treatment by both credit agencies.

Refinancing of EBSA's Credit Facility

On March 30, 2023, as part of its long-term financing strategy for EBSA, Northland extended the maturity date of the EBSA related non-recourse credit facility (the **"EBSA Facility"**) from December 15, 2024, to March 30, 2026. The EBSA Facility is denominated in Canadian dollars, and Northland has hedged 100% of the principal amount against changes in the Colombian peso. As part of the extension, the Company realized a hedge settlement gain of $22 million associated with the financing, which offset a weaker Colombian peso since the loan was originally restructured in December 2021. The gain was equally recognized in Northland's Adjusted Free Cash Flow and Free Cash Flow over the four quarters of 2023.

On December 18, 2023, the EBSA facility was upfinanced by $190 million, to an aggregate amount of $711 million and the maturity date was extended to December 18, 2026. The all-in average annual cost increased from 6.3% to 8.6%, due to a combination of a higher estimated cost for Northland to maintain currency hedges to protect 100% of the Canadian dollar-denominated debt balance against changes in Colombian peso, increased underlying interest rates, and slightly higher loan margin. The increase in costs is expected to be more than offset by higher cash flows due to growth in and indexation of EBSA's regulatory asset base. EBSA's operational currency (Colombian peso) is different than the currency denomination of EBSA's credit facility (Canadian Dollar), resulting in EBSA's debt capacity being impacted by both the foreign exchange rate and the growth in EBSA's Colombian-peso denominated EBITDA. It creates an exposure to the foreign exchange rate which Northland stabilizes through these maturity hedges. The Colombian peso has strengthened in 2023, leading to an increase in EBSA's upfinancing capability that was offset by a hedge settlement outflow of $144 million while a $44 million excess was distributed to Northland. There was no impact on Adjusted Free Cash Flow or Free Cash Flow as the upfinancing proceeds are offset by expansionary capital investments scheduled at EBSA.

At-The-Market Equity Program

The Company's "at-the-market" equity program (**"ATM program"**) was terminated in accordance with its terms upon the expiry of the Company's short form base shelf prospectus on July 16, 2023.

Prior to its termination, Northland issued 1,210,537 common shares under the ATM program in 2023 at an average price of $34.43 per common share for gross proceeds of $42 million (net proceeds of $41 million).

Redemption of Series 3 Preferred Shares

On January 3, 2023, Northland completed the previously announced redemption of all 4,800,000 of its issued and outstanding Cumulative Rate Reset Preferred Shares, Series 3 (the **"Series 3 Preferred Shares"**) at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Series 3 Preferred Share for an aggregate total of $122 million.

Corporate Credit Rating Re-affirmed

In May 2023, Northland's corporate credit ratings were reaffirmed at BBB (stable) by Fitch and BBB (stable) by S&P.

Renewables Growth updates:

Northland remains disciplined in prioritizing projects within its development pipeline that are strategically and financially consistent with its investment approach. The successful achievement of commercial operations of selected projects within the Company's pipeline is expected to deliver long-term, sustainable growth in the Company's Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow. The following provides updates on the progress of Northland's active development portfolio.

Hai Long Offshore Wind Project

On December 28, 2023, Northland closed its previously announced transaction with Gentari International Renewables Pte. Ltd., a subsidiary of clean energy solutions company Gentari Sdn Bhd (**"Gentari"**), pursuant to which Gentari acquired 49% of Northland's 60% ownership in the Hai Long offshore wind project. Northland now holds a 30.6% ownership interest in the overall project and will continue to take the lead role in Hai Long's construction and operation. This transaction resulted in Gentari contributing a final equity consideration of approximately NTD23 billion (equivalent to $1.0 billion) and assuming its pro rata share of credit support for the project.

The accounting gain from the sell-down of Hai Long was recorded at $192 million, which includes $118 million of fair value gain in respect of Northland's retained interest in Hai Long in accordance with IFRS. Adjusted EBITDA and Free Cash Flow sell-down gain of $74 million excludes this fair value gain in accordance with Northland's non-IFRS financial measures policy.

Hai Long's total cost is projected to be approximately $9 billion, out of which NTD117 billion (equivalent to $5 billion) is covered by non-recourse green financing provided by both international and local lenders with support from multiple Export Credit Agencies (**"ECAs"**). The project is expected to generate approximately $1 billion in pre-completion revenues during the construction phase and the balance of the equity investment has come from the project's partners. Northland has fully secured its equity investment through funds raised under its ATM program in 2022 and through the successful completion of its 2023 sell-down transaction with Gentari.

Northland's interest in Hai Long is expected to generate a five-year average of approximately $230 to $250 million of Adjusted EBITDA and $75 to $85 million of Free Cash Flow per year once operational, delivering significant long-term value for Northland's shareholders. The weighted average all-in interest cost for the term of the financing is approximately 5% per annum.

The Hai Long project continues to advance its construction activities with progress being made on the fabrication of foundations, cables and onshore and offshore substations and preparatory works for further in-water construction during the spring of 2024. Completion of construction activities and full commercial operations are expected in 2026/2027.

During the first quarter of 2023, the project signed an amendment to the Corporate Power Purchase Agreement (the **"CPPA"**) that resulted in the extension of the CPPA tenor by two years from 20 to 22 years. During the third quarter of 2023, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years.

Baltic Power Offshore Wind Project

During the third quarter, Northland closed an equivalent of $5.2 billion, 20-year non-recourse green financing, supported by a consortium of international and local commercial banks, multiple ECAs and multi-lateral agencies. The Baltic Power project's total cost is projected to be approximately $6.5 billion, with funding from its $5.2 billion non-recourse debt by the project lenders and the remaining capital to be contributed by the project partners. Northland's share of equity for the project was fully funded through the Green Notes issuance in June 2023 and existing corporate liquidity. Northland's interest in Baltic Power is expected to generate a high-quality, inflation-protected five-year average Adjusted EBITDA of approximately $300 to $320 million and $95 to $105 million of Free Cash Flow per year once operational, delivering significant long-term cash flow for Northland's shareholders.

The weighted average all-in interest cost for the term of the financing is approximately 5% per annum. In addition, Northland has entered into currency hedges to stabilize the Canadian dollar equivalent for most of its projected distributions through 2038 and will enter into additional hedges on an ongoing basis, in line with Northland's risk management policies.

Northland holds a 49% ownership interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%. Early construction activities have commenced, with the fabrication of certain key components (onshore substation, foundations and export cables) underway. Full commercial operations are expected in the latter half of 2026. The project's 25-year

Contract for Difference (**"CfD"**) offtake agreement, is denominated in Euros and includes an inflation indexation feature commencing with the base year 2021.

NorthWind and CanWind Offshore Wind Projects

During the third quarter of 2023, Northland executed an investment partnership agreement with Gentari, completing a 49% stake sell-down in early-stage offshore wind development projects in Taiwan: NorthWind and CanWind. The partnership with Gentari is an extension of the agreement formed in December 2022, as related to Hai Long. The transaction resulted in Gentari holding a 49% indirect equity interest in these projects, and Northland holding a 51% interest.

Nordsee Cluster Offshore Wind Project

On May 25, 2023, Northland announced the sale of its 49% ownership stake in the Nordsee Cluster offshore wind portfolio (**"NSC"**) to its partner on the portfolio, RWE Offshore Wind GmbH (**"RWE"**). The sale provided RWE with 100% ownership of the projects for a cash consideration of approximately €35 million (equivalent to $50 million), which included a premium to Northland's costs incurred to date. The transaction transferred all assets, liabilities and committed contractual obligations relating to NSC, to RWE. The sale of NSC is consistent with Northland's strategy to prioritize projects within its development pipeline that are strategically and financially consistent with its disciplined investment approach.

ScotWind Partnership

On May 9, 2023, Northland signed a partnership agreement with ESB, a leading Irish energy company, for a 24.5% interest in Northland's two offshore wind leases in Scotland with a total combined capacity of 2,340MW. The partnership with ESB demonstrates a strong interest in ScotWind and in developing offshore wind in Scotland and provides an opportunity to bring in a strong, long-term partner to share in the costs and help advance the development process.

Oneida Energy Storage Project

On December 21, 2022, the project successfully executed a 20-year Energy Storage Facility Agreement (**"ESFA"**) with the Independent Electricity System Operator (**"IESO"**) that offers monthly capacity payments. The remainder of the revenue will come from operating on the wholesale market. The project also finalized a battery supply agreement, and a long-term service agreement with Tesla Inc., to supply key components and services, and an EPC agreement with Aecon Group Inc. for designing, engineering and constructing the facility. On March 30, 2023, Northland and its partners signed a credit agreement with an external lender, that will allow the project to access approximately $700 million in senior and subordinated debt financing. On May 15, 2023, the Oneida energy storage project reached financial close, as the project successfully completed all necessary financing conditions. Construction activities have commenced, including fabrication of battery packs and transformers and pouring of foundation pads, and are progressing as per the construction plan. Northland currently owns 72% of the project, which is being developed in partnership with NRStor Inc., Six Nations of the Grand River Development Corporation and Aecon Group Inc. Full commercial operations for the project are expected to commence in 2025. Northland's interest in the project is expected to contribute a five-year average Adjusted EBITDA of approximately $40 to $45 million and $15 to $20 million of Free Cash Flow per year once operational, towards Northland's financial results.

New York Onshore Wind Projects

In October 2023, the 112MW Bluestone and 108MW Ball Hill onshore wind projects commenced commercial operations under the 20-year PPA with the New York State Energy Research and Development Authority (**"NYSERDA"**).

On December 19, 2023, Northland successfully secured final tax equity funding of US$219 million ($298 million) with a conversion of term loan on both the Bluestone and Ball Hill projects. Upon achieving the commercial operations of these projects, Northland is deemed to have earned the investment tax credits of US$178 million ($242 million), 99% of which were allocated to the tax equity partner, reducing the tax equity loan in the same amount as at December 31, 2023. Following the conclusion of this tax equity investment, the financing structure of the projects comprises tax equity, back-levered non-recourse debt and equity to fund the capital costs.

South Korean Offshore Wind Projects

Electricity Business Licenses (**"EBLs"**) for up to 1,270MW capacity at Dado have been secured, providing exclusivity over the development areas. In addition, Northland's second project, the 690MW Bobae project, has also been awarded the requisite EBLs. Other development activities for the projects are continuing to advance.

La Lucha Mexican Solar Project

Northland has completed all connection and energization activities relating to its 130MW La Lucha solar power project in Mexico, with the project having achieved full commercial operations in June 2023. The project has been generating revenues since being connected to the Mexican energy grid.

Other:

Update on the Hydrogen Business Unit

In the third quarter of 2023, Northland wound down its nascent Hydrogen BU to concentrate its resources and capital to its core BUs (Onshore Renewables, Offshore Wind, and Efficient Natural Gas & Utilities). Northland will continue to evaluate hydrogen and renewable fuels opportunities in the future that have the potential to optimize the Company's existing operating facilities and development projects, and as such will no longer show standalone hydrogen related opportunities in its development projects pipeline.

Board of Directors

On November 29, 2023, Northland announced the expansion of its Board of Directors from nine to ten members and the immediate appointment of Ellen Smith as a Director. Ms. Smith brings over 35 years of leadership experience within the power and utilities sector.

Project Delivery Committee

During the fourth quarter of 2023, the Board of Directors formed a new subcommittee: the Project Delivery Committee. The purpose of the Project Delivery Committee is to assist the Board of Directors with monitoring and overseeing projects in which the Company has an interest during construction.

Executive Changes

On January 15, 2024, Northland announced several changes to its executive team. Pauline Alimchandani, CFO will be departing the Company effective February 22, 2024, to pursue another opportunity. Until a new CFO is appointed, Adam Beaumont, Vice President Finance & Head of Capital Markets, will oversee the finance function on an interim basis. David Povall, Executive Vice President of Offshore Wind departed the company as well. Toby Edmonds will join Northland as Executive Vice President of Offshore Wind, bringing essential offshore project execution and operational experience. In addition, Yonni Fushman, who joined Northland in January 2023 as Chief Legal Officer and Executive Vice President of Sustainability, has been promoted to Chief Administrative and Legal Officer and will continue to serve as Corporate Secretary.

Facility Optimizations:

Thorold upgrade

In the second quarter of 2023, as part of the Ontario government's energy transition and security policies, and consistent with Northland's strategy to optimize existing operating facilities to enhance value and performance, Northland continued to advance the upgrade of its 265MW Thorold Co-Generation facility in Ontario, Canada. The optimization will result in an increase to the electricity generating capacity of the facility by 23MW and an expected improvement in the facility's heat rate, which is expected to decrease overall emissions intensity at the facility without impacting Northland's 2040 net zero targets and will provide an additional fixed contract revenue stream for Northland from 2030 to 2035. The upgrade is expected to be in service by the end of 2024. Concurrently, Northland completed the restructuring of Thorold's project debt, with (i) additional debt of $26 million to finance the upgrade; (ii) a decrease in all-in interest rate to 6.4% (previously 6.7%); and (iii) reduction of certain letter of credit requirements. Thorold will continue to operate under a dispatch model.

4.2: Operating Highlights

The following table presents key IFRS and non-IFRS financial measures and operational results:

Summary of Consolidated Results

Year ended December 31,	2023	2022	2021
FINANCIALS			
Sales	**$ 2,232,779**	$ 2,448,815	$ 2,093,255
Gross profit	**2,021,041**	2,178,389	1,879,762
Operating income	**741,157**	1,050,784	782,148
Net income (loss)	**(96,132)**	955,457	269,879
Net income (loss) attributable to common shareholders	**(175,194)**	827,733	189,559
Adjusted EBITDA (a non-IFRS measure) (2)	**1,239,871**	1,398,176	1,137,004
Cash provided by operating activities	**785,214**	1,832,983	1,609,295
Adjusted Free Cash Flow (a non-IFRS measure) (2)	**497,978**	460,892	386,366
Free Cash Flow (a non-IFRS measure) (2)	**423,744**	380,472	307,401
Cash dividends paid	**205,072**	196,845	172,755
Total dividends declared (1)	**$ 303,469**	$ 284,582	$ 264,200
Total assets (3)	**13,626,298**	14,222,609	12,871,816
Total non-current liabilities (3)	**$ 7,867,559**	$ 7,589,484	$ 8,501,560
Per Share			
Weighted average number of shares — basic and diluted (000s)	**252,710**	236,157	218,861
Net income (loss) attributable to common shareholders — basic and diluted	**$ (0.72)**	$ 3.46	$ 0.82
Adjusted Free Cash Flow — basic (a non-IFRS measure) (2)	**$ 1.97**	$ 1.95	$ 1.77
Free Cash Flow — basic (a non-IFRS measure) (2)	**$ 1.68**	$ 1.61	$ 1.40
Total dividends declared	**$ 1.20**	$ 1.20	$ 1.20
ENERGY VOLUMES			
Electricity production in gigawatt hours (**GWh**)	**10,380**	10,139	8,757

(1) Represents total dividends paid to common shareholders, including dividends in cash or in shares under Northland's dividend reinvestment plan.

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

(3) As at December 31.

SECTION 5: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

Three months ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Electricity production (GWh)		Sales		Operating costs		Operating income		Adjusted EBITDA (2)		Adjusted Free Cash Flow (1) (2)	
Offshore Wind Facilities	**1,444**	1,482	**$ 341,104**	$ 339,248	**$ 47,111**	$ 45,079	**$ 190,723**	$ 193,116	**$ 218,203**	$ 220,960	**$ 64,599**	$ 71,436
Onshore Renewable Facilities												
North America (3)	**451**	375	**$ 55,275**	$ 49,043	**$ 9,867**	$ 8,649	**$ 15,891**	$ 19,666	**$ 34,891**	$ 29,743	**$ 12,750**	$ 11,308
Spain	**287**	258	**48,810**	83,208	**14,481**	13,161	**11,184**	48,276	**33,858**	66,963	**30,934**	(66,645)
	738	633	**$ 104,085**	$ 132,251	**$ 24,348**	$ 21,810	**$ 27,075**	$ 67,942	**$ 68,749**	$ 96,706	**$ 43,684**	$ (55,337)
Efficient Natural Gas Facilities												
Canada	**961**	895	**$ 88,455**	$ 110,645	**$ 20,646**	$ 14,212	**$ 30,405**	$ 40,689	**$ 44,265**	$ 48,742	**$ 22,152**	$ 11,585
Utilities												
Colombia	**n/a**	n/a	**$ 85,352**	$ 64,018	**$ 19,533**	$ 14,628	**$ 25,157**	$ 19,683	**$ 32,451**	$ 27,272	**$ 20,243**	$ 31,716

Year ended December 31,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Electricity production (GWh)		Sales		Operating costs		Operating income		Adjusted EBITDA (2)		Adjusted Free Cash Flow (1) (2)	
Offshore Wind Facilities	**4,438**	4,486	**$1,140,015**	$1,259,247	**$ 201,187**	$ 169,756	**$ 540,737**	$ 703,479	**$ 691,675**	$ 800,404	**$ 168,109**	$ 228,813
Onshore Renewable Facilities												
North America (3)	**1,311**	1,364	**$ 217,938**	$ 216,495	**$ 33,331**	$ 31,013	**$ 91,550**	$ 100,742	**$ 143,525**	$ 145,235	**$ 50,467**	$ 53,933
Spain	**991**	981	**216,963**	269,251	**50,830**	42,832	**79,761**	143,708	**162,777**	219,930	**38,982**	(4,825)
	2,302	2,345	**$ 434,901**	$ 485,746	**$ 84,161**	$ 73,845	**$ 171,311**	$ 244,450	**$ 306,302**	$ 365,165	**$ 89,449**	$ 49,108
Efficient Natural Gas Facilities												
Canada	**3,430**	3,308	**$ 339,848**	$ 425,572	**$ 49,943**	$ 43,215	**$ 148,474**	$ 169,279	**$ 195,764**	$ 245,652	**$ 100,813**	$ 118,923
Utilities												
Colombia	**n/a**	n/a	**$ 302,241**	$ 269,692	**$ 70,013**	$ 64,785	**$ 88,007**	$ 85,153	**$ 117,196**	$ 114,006	**$ 75,441**	$ 100,018

(1) Adjusted Free Cash Flow and Free Cash Flow are the same for operating facilities.

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

(3) Onshore Renewables Facilities – North American geographical segment excludes Mexican La Lucha solar project because Northland monitors the financial performance of La Lucha separately for its financial and operational decision-making.

5.1: Operating Results

Offshore Wind Facilities

Northland's three operating offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany, respectively. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities are subject to seasonality, and accordingly, tend to produce more electricity during the first and fourth quarters due to denser air and higher winds compared to the second and third quarters, the effect of which is reflected in the respective fiscal quarter's results. In addition, variability in offshore wind facilities results in similar fluctuations in quarter-to-quarter financial results. Factors such as exposure to market prices, and turbine or grid availability can also have a significant effect on financial results. For the year ended December 31, 2023, Gemini, Nordsee One and Deutsche Bucht contributed approximately 20%, 17% and 15%, respectively, to Northland's reported Adjusted EBITDA from facilities.

Results for Northland's offshore wind facilities are also affected by foreign exchange rate fluctuations between the Euro and Canadian dollar, which primarily affect sales, net income and Adjusted EBITDA. Northland has entered into long-term foreign exchange rate hedges, at an average rate of $1.61/€ for 2023 compared to $1.59/€ for 2022 for a substantial portion of anticipated Euro-denominated Adjusted Free Cash Flow, mitigating the effects of foreign exchange rate fluctuations with respect to this metric.

Variability within Operating Results

Each of the offshore wind facilities participates in the power market and receives pool prices for their generation, which are then topped-up through a subsidy mechanism to the target subsidy price, if the market revenue is below the subsidy target price:

- Gemini has revenue agreements with the Government of the Netherlands which expire in 2031. Under these agreements, the subsidy mechanism (**"SDE"**) effectively tops up the revenue to €169/MWh for 2,385GWh of generation.
- Nordsee One and Deutsche Bucht have revenue contracts with the German government under the German Renewable Energy Sources Act (the **"EEG"**), whereby the top-up mechanism ensures a minimum fixed unit price of €194 and €184, respectively, per MWh generated.

The subsidy mechanisms comprise other provisions that can impact the facilities' results:

- The SDE is subject to an annual contractual floor price (the **"SDE floor"**), thereby exposing Gemini to market price risk if the Dutch wholesale market price (**"APX"**) falls below the effective annual SDE floor of €51/MWh. As of December 31, 2023, the APX price for the year was €96/MWh.
- The SDE fixes the revenue at €169/MWh for 2,385GWh of generation, but due to the settlement's formula, it is paid on the first 1,908GWh. As a result, typically the revenue per MWh reported is higher in the first three quarters and lower in the last quarter of the year. However, it is only a matter of timing and the revenue averages to €169/MWh on an annual basis.
    - If the facility produces more than 2,385GWh in the year, the additional volume produced earns the yearly average captured price (**"CP"**).
    - If the facility produces less than 2,385GWh in the year, the asset effectively receives the subsidy for a volume higher than the actual volume produced.

  The subsidy received on 1,908GWh is equal to [(€169 * 1.25) — (CP * 1.25)]. This calculation is applicable for every MWh up to 1,908GWh. The yearly average CP is effectively calculated by reducing the APX with the Profile and Imbalance (**"P&I"**) factor, that accounts for the profile of the generation and the costs associated with grid balancing. The annual P&I factor is adjusted quarterly based on Gemini's own data. The final P&I factor number is officially published by the Netherlands Enterprise Agency in the subsequent year.
- Under the EEG mechanism, the tariff compensates for most of the production curtailments the system operator requires. However, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours (**"negative prices"**).
- Under the EEG, the facilities are also subject to unpaid curtailments by the German system operator for scheduled and unscheduled grid repairs (**"grid outages"**) of up to 28 days annually at each facility, which can significantly

affect earnings depending on the season in which the outages occur. In the fourth quarter of 2023, a TenneT grid outage at Deutsche Bucht for 21 days resulted in a net loss of revenue of €10 million ($15 million).

Regulatory Market Price Cap Changes Effective from December 1, 2022, to June 30, 2023

In response to the unprecedented surge in energy prices across Europe for most of 2022, in September 2022, the EU Council established a cap on market revenues on renewable energy producers effective from December 1, 2022, to June 30, 2023 (the **"EU price cap"**). Following the implementation of the EU price cap, any revenue above the contracted power purchase price for each facility is capped. The EU price cap has not been extended by the Netherlands or Germany and the revenues for 2023 were not impacted by this cap.

Operating Performance

An important indicator for performance of offshore wind facilities is the current and historical average power production of the facility. The following tables summarize actual electricity production and the historical average, high and low, for the applicable operating periods of each offshore facility:

	Three months ended December 31,				
	2023 (1)	**2022 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**832**	794	783	832	739
Nordsee One	**379**	362	340	379	298
Deutsche Bucht	**233**	326	300	326	233
Total	**1,444**	1,482			

	Year ended December 31,				
	2023 (1)	**2022 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**2,476**	2,396	2,381	2,496	2,193
Nordsee One	**1,090**	1,087	1,063	1,090	968
Deutsche Bucht	**872**	1,003	945	1,003	872
Total	**4,438**	4,486			

(1) Includes GWh produced and attributed to paid curtailments.

(2) Represents the historical power production since the commencement of commercial operation of the respective facility (2017 for Gemini and Nordsee One and 2020 for Deutsche Bucht) and excludes unpaid curtailments.

Electricity production for the three months ended December 31, 2023, decreased 3% or 39GWh compared to the same quarter of 2022, primarily due to an expected 21-day grid outage required by the TenneT for maintenance at Deutsche Bucht, as well as higher unpaid curtailments due to negative prices and grid outages at German offshore wind facilities. These declines were partially offset by higher production from Nordsee One and Gemini. Electricity production for the year ended December 31, 2023, was largely in line with 2022.

Sales of $341 million for the three months ended December 31, 2023, increased 1% or $2 million, compared to the same quarter of 2022, primarily due to foreign exchange gains due to the strengthening of the Euro, partially offset by the non-recurrence of the unprecedented spike in market prices realized in 2022 and an expected 21-day grid outage required by the TenneT for maintenance at Deutsche Bucht. Sales of $1,140 million for the year ended December 31, 2023, decreased 9% or $119 million compared to 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 by $165 million, P&I factor adjustment of $24 million and an expected 21-day grid outage required by the TenneT for maintenance at Deutsche Bucht by $15 million. This decline was partially offset by the higher turbine availability at Nordsee One following the completion of the rotor shaft assembly (**"RSA"**) replacement campaign in 2022, foreign exchange gains due to the strengthening of the Euro and other items by $85 million. Further details are set forth in the table below.

The following table summarizes certain factors other than wind resource that affected sales:

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Effect of Gemini APX hedge losses [1]	**$ 2,367**	$ 6,513	**$ 9,354**	$ 21,647
Lower turbine availability at Nordsee One (due to RSA campaign)	**—**	630	**—**	8,112
Unpaid curtailment due to negative prices in Germany	**10,177**	3,125	**23,986**	4,270
Unpaid curtailment due to grid outages in Germany	**27,889**	1,966	**34,273**	9,258
P&I adjustment and other	**$ —**	$ —	**$ 18,370**	$ —

(1) Realized APX hedge losses are not reported in Sales but do reduce Adjusted EBITDA and Adjusted Free Cash Flow.

(2) Above amounts represent Northland's share only.

Operating costs of $47 million for the three months ended December 31, 2023, increased 5% or $2 million, compared to the same quarter of 2022, primarily due to higher maintenance costs at offshore wind facilities. Operating costs of $201 million for the year ended December 31, 2023, increased 19% or $31 million, compared to 2022, primarily due to the same factor as above.

Operating income and Adjusted EBITDA of $191 million and $218 million, respectively, for the three months ended December 31, 2023, decreased 1% or $2 million and 1% or $3 million compared to the same quarter of 2022, due to the same factors as noted above. Operating income and Adjusted EBITDA of $541 million and $692 million, respectively, for the year ended December 31, 2023, decreased 23% or $163 million and 14% or $109 million compared to 2022, due to the same factors as noted above.

Operating results of each facility

The following table summarizes operating results by facility:

Three months ended December 31, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	**1,444**	832	379	233
Non-curtailed production	GWh	**1,368**	829	331	208
Revenue per MWh [(1) (2)]	€/MWh	**146**	120	193	182
From market	€/MWh	**86**	69	118	108
From subsidy	€/MWh	**60**	51	75	74

Year ended December 31, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	**4,438**	2,476	1,090	872
Non-curtailed production	GWh	**4,062**	2,450	891	721
Revenue per MWh [(1) (2)]	€/MWh	**175**	165	193	182
From market	€/MWh	**91**	80	111	101
From subsidy	€/MWh	**84**	85	82	81
Subsidy price	€/MWh		169	194	184

(1) Revenue from non-curtailed production only.

(2) Revenue from curtailed production amounted to €20 million ($29 million) and €74 million ($109 million) for the three months and the year ended December 31, 2023, respectively, which factors in the effect of unpaid curtailment due to negative prices and grid outages in Germany.

For the three months and the year ended December 31, 2023, the revenue from the offshore wind facilities was in line with the expectations:

- The revenue per MWh on Nordsee One and Deutsche Bucht was stable for the non-curtailed production.
- The revenue for Gemini averaged to approximately €169/MWh annually, outside of marketing fees. However, as described above, the revenue was lower in the fourth quarter due to the fact that the subsidy is paid on the first 1,908GWh, which were mostly produced during the first ten months of the year.

Onshore Renewable Facilities

Northland's onshore renewables comprise 1,345MW (at Northland's share) of onshore wind and solar facilities located in Canada, the United States of America, Mexico and Spain. Onshore wind facilities are similar in nature operationally to offshore wind; however, with lower operating costs and generally lower wind resource. Solar power facilities have lower fixed operating costs per unit of capacity than other renewable power technologies. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the second and third quarters than in the first and fourth quarters. For the year ended December 31, 2023, Northland's onshore renewable facilities in Canada and Spain contributed approximately 11% and 12%, respectively, to Northland's reported Adjusted EBITDA from facilities.

Spain revenue structure and regulatory changes

Northland's Spanish portfolio is comprised of onshore wind (435MW), solar photovoltaic (66MW), and concentrated solar (50MW) assets located throughout Spain. The Spanish portfolio operates under a regulated asset base framework that guarantees a specified pre-tax rate of return of 7.4% for 20 sites and 7.1% for 13 sites, over the full regulatory life of the facilities, regardless of settled wholesale power price (**"pool price"**).

The revenue for each facility has four components:

- The return on investment (**"Ri"**), sized to complete the target return based on the market revenue assumed ex-ante (the **"posted price"**);
- The return on operations (**"Ro"**), sized to compensate a facility when its operating costs are higher than its market revenues. To note, Ro is not being received in the current environment;
- The market revenue, at pool prices; and
- The **"band adjustments"**, which are an ex-post positive or negative settlement to compensate for the difference between the market revenue, at pool prices and the revenue at the regulatory posted price. If the pool price is lower than the regulatory posted price, the band adjustment mechanism adds the additional revenue to achieve a reasonable return. Conversely, if the pool price is higher than the posted pool price, the band adjustment mechanism reduces revenues in the period.

For a given year, both market revenue and the corresponding band adjustment are recognized in Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow. However, the band adjustments are paid in the following years. Accordingly, the current year's cash distributions therefore depend only on the pool prices, capture rate, Ri and Ro components of revenue.

The table below outlines revenue components from the Spanish asset portfolio included in the consolidated results.

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Ri revenue	**€ 9,920**	€ 16,399	**€ 40,655**	€ 65,596
Market revenue	**16,431**	25,725	**68,649**	155,062
Band adjustment	**6,967**	17,885	**39,382**	(24,082)
Total revenue	**€ 33,318**	€ 60,009	**€ 148,686**	€ 196,576
Regulated Posted price per MWh	**€ 109**	€ 122	**€ 109**	€ 122
Market Revenue per MWh	**€ 57**	€ 100	**€ 69**	€ 158
Production (GWh)	**287**	258	**991**	981

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Ri revenue	**$ 14,532**	$ 22,739	**$ 59,324**	$ 89,847
Market revenue	**24,070**	35,670	**100,172**	212,389
Band adjustment	**10,208**	24,799	**57,467**	(32,985)
Total revenue	**$ 48,810**	$ 83,208	**$ 216,963**	$ 269,251

Northland entered into long-term Euro denominated foreign exchange hedges, at an average rate of $1.58/€1 for 2023 compared to $1.42/€1 for 2022, which hedges the majority of projected distributions from the Spanish portfolio to mitigate foreign exchange rate volatility, consistent with its corporate risk mitigation strategy.

Electricity production at the onshore renewable facilities for the three months ended December 31, 2023, was 17% or 107GWh higher than the same quarter of 2022, primarily due to the contribution from the recently completed New York onshore wind projects which achieved commercial operation in October 2023 and higher wind resource across Spanish onshore wind facilities, partially offset by lower wind resource at Canadian onshore renewable facilities. Electricity production at the onshore renewable facilities for the year ended December 31, 2023, was 2% or 43GWh lower than 2022, primarily due to lower wind resource at Canadian facilities, partially offset by the contribution from New York onshore wind projects.

Sales of $104 million for the three months ended December 31, 2023, decreased 21% or $28 million compared to the same quarter of 2022, primarily due to the lower pool prices and lower Ri revenue from the Spanish portfolio, partially offset by the contribution from the recently completed New York onshore wind projects. Sales of $435 million for the year ended December 31, 2023, decreased 10% or $51 million compared to 2022, primarily due to lower pool prices decreasing market revenue and Ri by $112 million and $31 million, respectively, partially offset by the increase in band adjustments by $90 million from the Spanish portfolio, as well as the contribution of $9 million from New York onshore wind projects.

Operating income and Adjusted EBITDA of $27 million and $69 million, respectively, for the three months ended December 31, 2023, decreased 60% or $41 million and 29% or $28 million, respectively, compared to the same quarter of 2022, primarily due to the same factors as above. Operating income and Adjusted EBITDA of $171 million and $306 million, respectively, for the year ended December 31, 2023, decreased 30% or $73 million and 16% or $59 million, respectively, compared to 2022 primarily due to the same factors as above.

Adjusted EBITDA from the Spanish portfolio of $34 million for the three months ended December 31, 2023, decreased 49% or $33 million compared to the same quarter of 2022, primarily due to lower pool prices decreasing market revenue and Ri, and lower band adjustments by $12 million, $8 million and $15 million respectively. Adjusted EBITDA from the Spanish portfolio of $163 million for the year ended December 31, 2023, decreased 26% or $57 million compared to 2022, primarily due to lower pool prices decreasing market revenue and Ri by $112 million and $31 million, respectively, partially offset by the increase in band adjustments by $90 million. *Free Cash Flow* from the Spanish portfolio of $31 million for the three months ended December 31, 2023, increased by $98 million compared to the same quarter of 2022, primarily due to higher debt repayments in the fourth quarter of 2022, as well as the impact from a debt optimization completed in the fourth quarter of 2023. Free Cash Flow from the Spanish portfolio of $39 million for the year ended December 31, 2023, increased by $44 million compared to 2022, due to the same factors as above.

Efficient Natural Gas Facilities

The contractual structures of Northland's efficient natural gas facilities ensure each facility's gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under certain revenue agreements, the facility is reimbursed for certain costs of sales by the counterparty. For the year ended December 31, 2023, Northland's efficient natural gas facilities contributed approximately 15% of reported Adjusted EBITDA from facilities, with the two largest facilities, North Battleford and Thorold accounting for approximately 13%.

Electricity production for the three months ended December 31, 2023, increased 7% or 66GWh, compared to the same quarter of 2022, mainly due to higher market demand for dispatchable power. Electricity production for the year ended December 31, 2023, increased 4% or 121GWh, compared to 2022, primarily due to the same factor as above.

Sales of $88 million for the three months ended December 31, 2023, decreased 20% or $22 million compared to the same quarter of 2022, primarily due to lower natural gas prices resulting in lower energy rates. Sales of $340 million for the year ended December 31, 2023, decreased 20% or $86 million compared to 2022, primarily due to lower margins triggered by planned outages, in addition to the same factor as above.

Adjusted EBITDA of $44 million for the three months ended December 31, 2023, decreased 9% or $4 million, compared to the same quarter of 2022, due to the same factors as above. Adjusted EBITDA of $196 million for the year ended December 31, 2023, decreased 20% or $50 million compared to 2022, primarily due to Kirkland Lake's one-time management fee received in 2022, in addition to the same factors as above.

Utility

Empresa de Energía de Boyacá S.A E.S.P (**"EBSA"**) holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates an extensive distribution network, serving about half a million customers. EBSA's net sales are almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business. EBSA's results are affected by exchange rate fluctuations between the Canadian dollar and the Colombian peso. For 2023, Northland has hedged the foreign exchange rate at COP$3,347:CAD$1 (2022: COP$3,097:CAD$1) for nearly all of the anticipated Colombian peso-denominated cash flow, mitigating the effects of fluctuations in the foreign exchange rate on Adjusted Free Cash Flow. For the year ended December 31, 2023, EBSA contributed approximately 9% of reported Adjusted EBITDA from facilities.

EBSA earns revenue by charging customers a rate approved under the regulatory framework administered by the local regulator, the CREG. The rate charged is set for an expected five-year period and includes amounts retained by EBSA, as retailer and distributor, and amounts passed through to other electricity system participants, such as the transmission operator. EBSA's portion of the rate is determined based on its asset base (i.e. the "rate base"), inflation indexation per the established Colombian producer price index and a regulated weighted average cost of capital of approximately 12.09% for an expected five-year period. The rate base takes into account the depreciated cost of existing equipment and anticipated future investments for maintenance and growth. EBSA's portion of the rate also includes standardized allowances set by the regulator intended to cover fixed and variable operating costs. The rate is designed to ensure EBSA earns a predictable and stable return.

Sales of $85 million for the three months ended December 31, 2023, increased 33% or $21 million compared to the same quarter of 2022, primarily due to the higher market demand, rate escalations and foreign exchange gains as a result of the strengthening of the Colombian peso. Gross profit of $54 million for the three months ended December 31, 2023, increased 25% or $11 million compared to the same quarter of 2022, primarily due to the same factors as above. Sales of $302 million for the year ended December 31, 2023, increased 12% or $33 million compared to 2022, primarily due to the same factors as above. Gross profit of $196 million for the year ended December 31, 2023, increased 5% or $10 million compared to 2022, primarily due to the same factors as above.

Operating income and Adjusted EBITDA of $25 million and $32 million, increased 28% or $5 million and 19% or $5 million respectively, compared to the same quarter of 2022, primarily due to the same factors as above. Operating income and Adjusted EBITDA of $88 million and $117 million, respectively, for the year ended December 31, 2023, increased 3% or $3 million and 3% or $3 million, respectively, compared to 2022, primarily due to the same factors as above.

For EBSA, non-expansionary capital expenditures are required to maintain its regulated asset base under the requirements of the local regulator. Such expenditures are largely driven by the requirements of the regulatory framework, though the timing of the capital expenditures can vary from year to year and can be seasonal, therefore, affecting Adjusted Free Cash Flow as reported.

5.2: General and Administrative Costs

The following table summarizes Northland's general and administrative (**"G&A"**) costs:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Corporate G&A	**$ 24,178**	$ 16,848	**$ 77,921**	$ 54,820
Operations G&A (1)	**14,257**	8,464	**37,245**	29,143
Total G&A costs	**$ 38,435**	$ 25,312	**$ 115,166**	$ 83,963

(1) Operations G&A is included in the respective segment's Adjusted EBITDA and Adjusted Free Cash Flow presented in *Section 5.1: Operating Results.*

Corporate G&A costs of $24 million and $78 million for the three months and the year ended December 31, 2023, were 44% or $7 million and 42% or $23 million higher than the same periods of 2022, respectively, primarily due to increased personnel costs and other costs supporting Northland's projects and investments in the global platform.

Operations G&A costs of $14 million for the three months ended December 31, 2023, increased 68% or $6 million compared to the same quarter of 2022, primarily due to projects entering commercial operations, including La Lucha solar project and New York onshore wind projects. *Operations G&A* costs of $37 million for the year ended December 31, 2023, increased 28% or $8 million compared to the same period of 2022, primarily due to the same factors as above.

5.3: Growth Expenditures

The following table summarizes development costs (charged to expense under IFRS) and growth expenditures for non-IFRS financial measures:

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Business development	**$ 6,674**	$ 11,365	**$ 35,698**	$ 26,859
Project development	**7,523**	6,789	**28,429**	15,824
Development overhead	**12,680**	6,219	**49,504**	34,639
Acquisition costs (1)	**138**	138	**549**	895
Development costs	**$ 27,015**	$ 24,511	**$ 114,180**	$ 78,217
Joint venture project development costs (2)	**958**	273	**3,355**	3,098
Growth expenditures (3)	**$ 26,635**	$ 24,646	**$ 112,786**	$ 80,420
Growth expenditures on a per share basis			**$ 0.45**	$ 0.34

(1) Relates to successful acquisition costs only. Excluded from growth expenditures.

(2) Includes Northland's share of development costs incurred at Baltic Power, Chiba and other joint venture projects.

(3) Excludes acquisition costs but includes share of project development costs incurred by joint ventures. Excludes non-controlling portion of the development costs for the three months and the year ended December 31, 2023 of $1.2 million and $4.2 million, respectively.

To achieve its long-term growth objectives, Northland deploys early-stage investment capital (growth expenditures) to advance projects in its pipeline.

Growth expenditures are excluded from Adjusted Free Cash Flow. However, these growth expenditures reduce near-term Free Cash Flow until projects achieve capitalization under IFRS but are expected to deliver sustainable growth in Free Cash Flow over the long-run.

Business development costs are incurred to identify and explore prospective business and development opportunities, which are expected to result in identifiable development projects intended to be pursued to completion. These may include costs incurred for projects that ultimately may not be pursued to acquisition or to completion. Business development costs for the year ended December 31, 2023, were higher compared to 2022, due to higher activities in the onshore renewables business related to Alberta solar pipeline and Ontario energy storage. Such opportunities represent the majority of the business development costs to date.

Project development costs are attributable to identified early- to mid-stage development projects that are likely to generate cash flow over the long-run, though do not yet meet capitalization criteria under IFRS. For the year ended December 31, 2023, project development costs were higher than 2022, primarily due to spend towards projects such as ScotWind and South Korea offshore. Refer to *SECTION 9: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES* for additional information on identified development projects.

Development overhead primarily relates to personnel, rent and other office costs not directly attributable to specific development projects. Development overhead reflects Northland's resources and development offices in key target jurisdictions focused on securing long-term growth opportunities in those jurisdictions. Development overhead costs for the year ended December 31, 2023, were higher than 2022, primarily due to higher personnel and other costs in support of Northland's business development and project advancement. These costs also include the expansion of certain enabling functions for the development teams, including the global Project Management Offices and Energy Origination teams as examples.

Acquisition and transaction costs are generally third-party transaction-related costs directly attributable to an executed business acquisition.

Northland's primary focus will be to deliver the successful execution of the three key projects that achieved financial close this year, the Hai Long and Baltic Power offshore wind projects and Oneida energy storage project.

5.4: Consolidated Results

The following discussion of the significant factors contributing to the consolidated financial results should be read in conjunction with Northland's audited consolidated financial statements for the year ended December 31, 2023.

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Electricity production (GWh)	**3,353**	3,009	**10,380**	10,139
Sales	**$ 626,221**	$ 641,115	**$ 2,232,779**	$ 2,448,815
Less: Cost of sales	**59,867**	67,544	**211,738**	270,426
Gross profit	**$ 566,354**	$ 573,571	**$ 2,021,041**	$ 2,178,389
Expenses				
Operating costs	**112,643**	96,123	**408,822**	351,995
General and administrative costs	**38,435**	25,312	**115,166**	83,963
Development costs	**27,015**	24,511	**114,180**	78,217
Depreciation of property, plant and equipment	**156,619**	146,645	**595,600**	571,090
Amortization of contracts and intangible assets	**14,510**	13,966	**57,015**	53,611
	$ 349,222	$ 306,557	**$ 1,290,783**	$ 1,138,876
Finance lease income	**2,670**	2,780	**10,899**	11,271
Operating income	**$ 219,802**	$ 269,794	**$ 741,157**	$ 1,050,784
Finance costs, net	**111,113**	87,177	**321,812**	323,109
Impairment	**163,169**	—	**163,169**	—
Foreign exchange (gain) loss	**(3,570)**	(69,073)	**(39,732)**	(41,792)
Fair value (gain) loss on derivative contracts	**190,198**	(140,901)	**303,898**	(460,704)
Share of (profit) loss from equity accounted investees	**265,599**	(2,703)	**279,849**	2,857
Other expense (income)	**(183,212)**	382	**(230,836)**	(32,805)
Income (loss) before income taxes	**$ (323,495)**	$ 394,912	**$ (57,003)**	$ 1,260,119
Provision for (recovery of) income taxes				
Current	**49,112**	77,785	**143,554**	203,376
Deferred	**(104,689)**	(6,795)	**(104,425)**	101,286
Provision for (recovery of) income taxes	**$ (55,577)**	$ 70,990	**$ 39,129**	$ 304,662
Net income (loss)	**$ (267,918)**	$ 323,922	**$ (96,132)**	$ 955,457
Net income (loss) attributable to common shareholders per share - basic and diluted	**$ (1.13)**	$ 1.12	**$ (0.72)**	$ 3.46

Fourth Quarter

Sales of $626 million decreased 2% or $15 million compared to the same quarter of 2022, primarily due to lower revenue from Spanish portfolio and efficient natural gas facilities, partially offset by the contribution from the recently completed New York onshore wind projects and higher revenue from EBSA due to higher market demand and rate escalations.

Gross profit of $566 million decreased 1% or $7 million compared to the same quarter of 2022, due to the same factors impacting sales.

Operating costs of $113 million increased 17% or $17 million compared to the same quarter of 2022, primarily due to higher maintenance cost across offshore and onshore operating facilities.

Corporate and Operational G&A costs of $38 million increased 52% or $13 million primarily due to increased costs and resources to support Northland's projects and global platform and additional projects entering operation during the period, including La Lucha solar project and New York onshore wind projects.

Development costs of $27 million increased 10% or $3 million compared to the same quarter of 2022, primarily due to timing of spending to advance development projects.

Finance costs, net (primarily interest expense) of $111 million increased 27% or $24 million compared to the same quarter of 2022, primarily due to the issuance of the Green Notes, partially offset by scheduled repayments on facility-level loans and higher loan repayments related to loan restructurings that occurred in 2022.

Fair value loss on derivative contracts was $190 million compared to a $141 million gain in the same quarter of 2022, primarily due to net movement in the fair value of derivatives related to interest rate and foreign exchange contracts.

Foreign exchange gain of $4 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

Other income of $183 million increased by $184 million compared to the same quarter of 2022, was primarily due to the accounting gains recorded as a result of the sell-down of Hai Long offshore wind projects to Gentari in the fourth quarter of 2023. The sell-down transaction was treated as a disposition of a business interest under IFRS. Please refer to *Section 4.1: Significant Events* for further information.

Impairment expense of $163 million represents goodwill write-off related to the Spanish portfolio. As communicated previously, the recent regulatory framework changes are not expected to impact the overall regulatory return over the life of the Spanish portfolio. However, because of the fixed return construct of the regulatory regime in Spain, the benefits of much higher-than-expected pool prices and cash flows received by Northland since its acquisition are being offset by lower regulated cash flows over the remaining contractual life of the portfolio. The goodwill write-off reflects the diminished value of lower future cash flows resulting from the fixed return regulatory framework.

Net loss of $268 million in the fourth quarter of 2023 compared to net income of $324 million in the same quarter of 2022, was primarily as a result of the factors described above.

2023

Sales of $2,233 million decreased 9% or $216 million compared to 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 at Gemini, higher 2022 P&I factor adjustment in 2023, an expected 21-day grid outage required by the TenneT for maintenance at Deutsche Bucht and lower revenue generated from the Spanish portfolio, partially offset by the contribution from the recently completed New York onshore wind projects.

Gross profit of $2,021 million decreased 7% or $157 million compared to 2022, due to the same factors impacting sales.

Operating costs of $409 million increased 16% or $57 million compared to 2022, primarily due to higher maintenance cost across offshore and onshore operating facilities.

Corporate and Operational G&A costs of $115 million increased 37% or $31 million primarily due to increased costs and resources to support Northland’s projects and global platform and additional projects entering operation during the period, including La Lucha solar project and New York onshore wind projects.

Development costs of $114 million increased 46% or $36 million compared to 2022, primarily due to timing of spending to advance development projects.

Finance costs, net (primarily interest expense) of $322 million is largely in line with 2022.

Fair value loss on derivative contracts was $304 million compared to a $461 million gain in 2022, primarily due to net movement in the fair value of derivatives related to interest rate and foreign exchange contracts.

Foreign exchange gain of $40 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

Other income of $231 million increased 604% or $198 million, compared to 2022, primarily due to the gains associated with offshore wind assets in Europe and Asia in 2023, partially offset by the gain on the sale of two efficient natural gas facilities in 2022.

Impairment expense of $163 million represents goodwill write-off related to the Spanish portfolio. As communicated previously, the recent regulatory framework changes are not expected to impact the overall regulatory return over the life of the Spanish portfolio. However, because of the fixed return construct of the regulatory regime in Spain, the benefits of much higher-than-expected pool prices and cash flows received by Northland since its acquisition are being offset by lower regulated cash flows over the remaining contractual life of the portfolio. The goodwill write-off reflects the diminished value of lower future cash flows resulting from the fixed return regulatory framework.

Net loss of $96 million in the year ended December 31, 2023 compared to net income of $955 million in 2022, was primarily as a result of the factors described above.

5.5: Adjusted EBITDA

The following table reconciles net income (loss) to Adjusted EBITDA:

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	**$ (267,918)**	$ 323,922	**$ (96,132)**	$ 955,457
Adjustments:				
Finance costs, net	**111,113**	86,578	**321,812**	323,632
Gemini interest income	**1,991**	2,265	**8,103**	13,065
Provision for (recovery of) income taxes	**(55,577)**	70,990	**39,129**	304,662
Depreciation of property, plant and equipment	**156,619**	146,645	**595,600**	571,090
Amortization of contracts and intangible assets	**14,510**	13,966	**57,015**	53,611
Fair value (gain) loss on derivative contracts	**187,830**	(147,414)	**294,544**	(482,351)
Foreign exchange (gain) loss	**(3,570)**	(69,073)	**(39,732)**	(41,792)
Impairment loss	**163,169**	—	**163,169**	—
Elimination of non-controlling interests	**(71,813)**	(73,692)	**(258,202)**	(272,407)
Finance lease (lessor)	**(1,291)**	(1,511)	**(5,609)**	(6,352)
Others (1)	**153,595**	394	**160,174**	(20,439)
Adjusted EBITDA (2)	**$ 388,658**	$ 353,070	**$ 1,239,871**	$ 1,398,176

(1) Others primarily include Northland's share of profit (loss) from equity accounted investees, Northland's share of Adjusted EBITDA from equity accounted investees, gains from partial asset sell-downs, acquisition costs and other expenses (income).

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Gemini interest income reflects 5% interest earned on Northland's €108 million subordinated debt to Gemini. Under the terms of the Gemini debt amendment completed in the fourth quarter of 2022, semi-annual principal payments to Northland commenced in December 2022 until maturity in 2031. Northland consolidates the financial results of Gemini and, as a result, Northland's loan balances, investment income, and interest expense are eliminated upon consolidation. Gemini interest income is included in Northland's consolidated Adjusted EBITDA because it reflects returns generated from an investment in core assets.

Fourth Quarter

Adjusted EBITDA of $389 million for the three months ended December 31, 2023, increased 10% or $36 million compared to the same quarter of 2022. The significant factors increasing Adjusted EBITDA include:

- $74 million in gains (calculated for non-IFRS financial measures) from the partial sell-down of Hai Long offshore wind project to Gentari, including the historically incurred growth expenditures' recovery due to sell-down; and
- $7 million increase due to the contribution of New York Wind onshore wind facilities, which achieved commercial operations in the fourth quarter of 2023.

The factors partially offsetting the increase in the Adjusted EBITDA were:

- $33 million decrease in the contribution from the Spanish renewables portfolio, primarily due to the lower revenue, as described in *Section 5.1: Operating Results*; and
- $15 million increase in G&A costs and development expenditures, as described above in *Sections 5.2: General and Administrative Costs,* and *5.3: Growth Expenditures.*

Full Year

Adjusted EBITDA of $1,240 million for the year ended December 31, 2023, decreased 11% or $158 million compared to the same period of 2022. The significant factors decreasing Adjusted EBITDA include:

- $109 million decrease in operating results at the offshore wind facilities compared to 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022, P&I factor adjustment and an expected 21-day grid outage required by the TenneT for maintenance at Deutsche Bucht, partially offset by foreign exchange fluctuations due to the strengthening of the Euro and other items;

- $64 million increase in G&A costs and development expenditures, as described above in *Sections 5.2: General and Administrative Costs,* and *5.3: Growth Expenditures*;
- $57 million decrease in the contribution from the Spanish renewables portfolio, primarily due to lower pool prices decreasing market revenue and Ri by $112 million and $31 million, respectively, partially offset by the increase in band adjustments by $90 million, as described in *Section 5.1: Operating Results,* and lower wind resource; and
- $43 million decrease in contribution from Kirkland Lake primarily due to a one-time management fee received in 2022.

The factor partially offsetting the decrease in the Adjusted EBITDA was:

- $115 million in gains from partial sell-down of development assets.

5.6: Adjusted Free Cash Flow and Free Cash Flow

The following table reconciles cash flow from operations to Adjusted Free Cash Flow and Free Cash Flow:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	**2023**	2022
Cash provided by operating activities	**$ 135,869**	$ 550,689	**$ 785,214**	$ 1,832,983
Adjustments:				
Net change in non-cash working capital balances related to operations	**231,350**	(141,244)	**466,313**	(289,875)
Non-expansionary capital expenditures	**(1,947)**	(10,675)	**(3,215)**	(56,248)
Restricted funding for major maintenance, debt and decommissioning reserves	**(8,200)**	(6,531)	**(11,435)**	(17,857)
Interest	**(142,890)**	(112,927)	**(325,841)**	(336,356)
Scheduled principal repayments on facility debt	**(323,800)**	(439,185)	**(705,119)**	(839,614)
Funds set aside (utilized) for scheduled principal repayments	**158,020**	170,661	**—**	—
Preferred share dividends	**(1,573)**	(2,954)	**(6,103)**	(11,206)
Consolidation of non-controlling interests	**(22,194)**	(31,707)	**(87,380)**	(75,217)
Investment income [(1)]	**7,374**	12,214	**29,685**	24,880
Proceeds under NER300 and warranty settlement at Nordsee One	**—**	14,530	**—**	70,317
Others [(2)]	**159,439**	13,012	**281,625**	78,665
Free Cash Flow [(3)]	**$ 191,448**	$ 15,883	**$ 423,744**	$ 380,472
Add Back: Growth expenditures	**26,635**	24,646	**112,786**	80,420
Less: Historical growth expenditures' recovery due to sell-down	**(26,794)**	—	**(38,552)**	—
Adjusted Free Cash Flow [(3)]	**$ 191,289**	$ 40,529	**$ 497,978**	$ 460,892

(1) Investment income includes Gemini interest income and repayment of Gemini subordinated debt.

(2) Others mainly include the effect of foreign exchange rates and hedges, interest rate hedge, Nordsee One interest on shareholder loans, share of joint venture project development costs, acquisition costs, lease payments, interest income, Northland's share of Adjusted Free Cash Flow from equity accounted investees, gains and losses from sell-downs of development assets, interest on corporate-level debt raised to finance capitalized growth projects and other non-cash expenses adjusted in working capital excluded from Free Cash Flow in the period.

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Adjusted Free Cash Flow, is a supplementary non-IFRS cash flow measure including associated per share amounts and payout ratios. Adjusted Free Cash Flow is calculated by excluding growth-related expenditures and adjusting for historically incurred growth expenditures' recovery due to sell-down, 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 5.3: 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. Reinvesting in growth is a key part of Northland's long-term strategy.

Scheduled principal repayments on facility debt reflect repayments as paid. *Funds set aside (utilized) for scheduled principal repayments* allocate repayments across the quarters in order to more clearly reflect the Company's performance. Gemini's principal repayment schedule is weighted towards the first payment of the year to align with Gemini's expected annual cash flow profile, while Nordsee One, Deutsche Bucht and the Spanish portfolio's principal repayments are equally weighted. Northland's share of scheduled principal repayments for Gemini, Nordsee One, Deutsche Bucht and the Spanish portfolio are presented in the table below.

Select Scheduled Principal Repayments (at Northland's share)		**2024**		**2023**		**2022**
Gemini	€	96,383	€	88,497	€	127,103
Nordsee One		88,119		86,767		88,411
Deutsche Bucht		78,853		78,071		76,507
Spanish portfolio [(1)]		47,524		63,854		124,603
Total	**€**	**310,879**	**€**	**317,189**	**€**	**416,624**

(1) On December 21, 2023, Northland amended its Spanish portfolio's debt agreement to optimize debt repayments and address recent regulatory changes and market pool prices volatility.

Interest expense is reflected each quarter as accrued in net income and working capital or paid.

Others mainly include gains and losses on sell-downs of development assets amounting to $120 million, interest income of $62 million, foreign exchange hedge settlement of $50 million, interest rate hedge settlement of $36 million, and the foreign exchange rates and hedges of $6 million.

The following table reconciles Adjusted EBITDA to Adjusted Free Cash Flow.

	Three months ended December 31,				**Year ended December 31,**			
		2023		**2022**		**2023**		**2022**
Adjusted EBITDA [(2)]	$	**388,658**	$	353,070	$	**1,239,871**	$	1,398,176
Adjustments:								
Scheduled debt repayments		**(129,002)**		(225,131)		**(579,445)**		(684,630)
Interest expense		**(52,309)**		(37,235)		**(195,328)**		(220,347)
Current taxes		**(46,558)**		(70,309)		**(137,460)**		(192,953)
Non-expansionary capital expenditure		**(1,938)**		(9,266)		**(3,016)**		(48,094)
Utilization (funding) of maintenance and decommissioning reserves		**(6,816)**		(6,092)		**(10,044)**		(16,550)
Lease payments, including principal and interest		**(2,365)**		(2,996)		**(8,677)**		(10,353)
Preferred dividends		**(1,574)**		(2,954)		**(6,103)**		(11,206)
Foreign exchange hedge gain (loss)		**5,873**		(18,730)		**36,908**		37,486
Proceeds under NER300 and warranty settlement at Nordsee One		**—**		12,349		**—**		59,769
EBSA Refinancing proceeds, net of growth capital expenditures		**—**		20,078		**—**		46,974
Others [(1)]		**37,479**		3,099		**87,038**		22,200
Free Cash Flow [(2)]	$	**191,448**	$	15,883	$	**423,744**	$	380,472
Add back: Growth expenditures		**26,635**		24,646		**112,786**		80,420
Less: Historical growth expenditures' recovery due to sell-down		**(26,794)**		—		**(38,552)**		—
Adjusted Free Cash Flow [(2)]	$	**191,289**	$	40,529	$	**497,978**	$	460,892

(1) Others mainly include Gemini interest income, repayment of Gemini subordinated debt, interest rate hedge settlement, gains and losses from sell-downs of development assets, and interest received on third-party loans to partners.

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Fourth Quarter

Adjusted Free Cash Flow of $191 million for the three months ended December 31, 2023, was 372% or $151 million higher than the same quarter of 2022.

The significant factors increasing Adjusted Free Cash Flow were:

- $96 million decrease in scheduled debt repayments primarily due to the Spanish portfolio, as discussed above;
- $49 million gain from foreign exchange hedge settlements as a result of unwinding over hedged Euro positions;
- $24 million decrease in current taxes primarily at offshore wind facilities and the Spanish portfolio as a result of lower operating results; and
- $36 million increase in Adjusted EBITDA primarily due to the factors described above.

The factors partially offsetting the increase in Adjusted Free Cash Flow were:

- $20 million decrease primarily as a result of lower net upfinancing proceeds from EBSA due to settlement of realized maturity hedge losses; and
- $15 million increase in net finance cost primarily due to the higher short-term financing activity at Corporate, partially offset by scheduled repayments on facility-level loans and higher loan repayments related to loan restructurings that occurred in 2022.

Free Cash Flow, which is reduced by growth expenditures, totaled $191 million for the three months ended December 31, 2023, and was $176 million higher than the same quarter of 2022, due to the same factors as Adjusted Free Cash Flow.

Full Year

Adjusted Free Cash Flow of $498 million for the year ended December 31, 2023, was 8% or $37 million higher than 2022.

The significant factors increasing Adjusted Free Cash Flow were:

- $105 million decrease due to scheduled debt repayments on facility level loans and higher loan repayments related to loan restructurings in 2022;
- $55 million decrease in current taxes primarily at offshore wind facilities and the Spanish portfolio as a result of lower operating results;
- $49 million gains from sales of offshore wind development assets in Europe and foreign exchange hedge settlements as a result of unwinding over hedged Euro positions;
- $25 million decrease in net finance costs primarily due to scheduled repayments on facility-level loans and higher loan repayments related to loan restructurings in 2022; and
- $22 million decrease primarily as a result of lower net upfinancing proceeds from EBSA due to settlement of realized maturity hedge losses.

The factors partially offsetting the increase in Adjusted Free Cash Flow were:

- $158 million decrease in contribution from operating facilities leading to lower Adjusted EBITDA primarily due to the factors described above;
- $47 million decrease primarily as a result of higher net proceeds from the EBSA refinancing recognized in 2022; and
- $30 million net proceeds from the sale of two efficient natural gas facilities in April 2022.

Free Cash Flow, which is reduced by growth expenditures, totaled $424 million for the year ended December 31, 2023, and was 11% or $43 million higher than the same period of 2022, due to the same factors as Adjusted Free Cash Flow.

The following table summarizes dividends paid, payout ratios as well as per share amounts:

	Three months ended December 31,		Year ended December 31,	
	2023	**2022**	**2023**	**2022**
Cash dividends paid to shareholders	**$ 51,740**	$ 51,337	**$ 205,072**	$ 196,845
Adjusted Free Cash Flow payout ratio — cash dividends (1) (3)			**41 %**	43 %
Free Cash Flow payout ratio — cash dividends (1) (3)			**48 %**	52 %
Total dividends paid to shareholders (2)	**$ 76,253**	$ 73,584	**$ 302,976**	$ 282,269
Adjusted Free Cash Flow payout ratio — total dividends (1) (2) (3)			**61 %**	61 %
Free Cash Flow payout ratio — total dividends (1) (2) (3)			**71 %**	74 %
Weighted avg. number of shares — basic and diluted (000s)	**254,368**	246,378	**252,710**	236,157
Per share ($/share)				
Dividends paid	**$ 0.30**	$ 0.30	**$ 1.20**	$ 1.20
Adjusted Free Cash Flow — basic and diluted (3)	**$ 0.75**	$ 0.16	**$ 1.97**	$ 1.95
Free Cash Flow — basic and diluted (3)	**$ 0.75**	$ 0.06	**$ 1.68**	$ 1.61

(1) On a rolling four-quarter basis.

(2) Represents dividends paid in cash and in shares under the DRIP.

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three months and the year ended December 31, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the same measures before the definition changes refer to Section 5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

At December 31, 2023, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio was 41% and 48%, respectively, calculated on the basis of cash dividends paid, compared to 43% and 52% for the same period ending December 31, 2022, was largely in line with 2022. At December 31, 2023, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio was 61% and 71%, respectively, calculated on the basis of total dividends paid, compared to 61% and 74% for the same period ending December 31, 2022, was largely in line with 2022.

5.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'

The following table reconciles the revised non-IFRS financial measures to the same measures before the definition change adopted in the second quarter of 2023:

	Three months ended December 31, 2023			Year ended December 31, 2023		
	Adjusted EBITDA	**Adjusted Free Cash Flow**	**Free Cash Flow**	**Adjusted EBITDA**	**Adjusted Free Cash Flow**	**Free Cash Flow**
Non-IFRS measures before definition change	**$ 314,928**	**$ 176,428**	**$ 176,587**	**$ 1,116,352**	**$ 464,496**	**$ 390,262**
Effect of changes in non-IFRS measures:						
Impairment of capitalized growth projects	—	—	—	8,211	8,211	8,211
Gains from partial assets sell-down	73,730	—	—	115,308	—	—
Interest on corporate-level debt raised to finance capitalized growth project	—	14,861	14,861	—	25,271	25,271
Revised non-IFRS measures	**$ 388,658**	**$ 191,289**	**$ 191,448**	**$ 1,239,871**	**$ 497,978**	**$ 423,744**

SECTION 6: CHANGES IN FINANCIAL POSITION

The following table provides a summary of account balances derived from the audited consolidated statements of financial position as at December 31, 2023 and December 31, 2022.

As at		December 31, 2023		December 31, 2022
Assets				
Cash and cash equivalents	**$**	**642,478**	$	1,299,833
Restricted cash		**171,023**		160,142
Trade and other receivables		**396,014**		549,637
Other current assets		**97,468**		90,515
Property, plant and equipment, net		**9,179,933**		9,377,584
Contracts and other intangible assets, net		**446,870**		515,775
Derivative assets		**388,997**		751,975
Deferred tax asset		**44,726**		27,240
Investment in joint ventures		**899,885**		441,565
Other assets (1)		**1,358,904**		1,008,343
	$	**13,626,298**	$	14,222,609
Liabilities				
Trade and other payables	**$**	**449,461**	$	959,213
Loans and borrowings		**7,065,534**		6,971,722
Derivative liabilities		**127,895**		105,975
Deferred tax liability		**590,259**		697,577
Other liabilities (2)		**910,425**		763,849
	$	**9,143,574**	$	9,498,336
Total Equity		**4,482,724**		4,724,273
	$	**13,626,298**	$	14,222,609

(1) Includes goodwill, finance lease receivable, long-term deposits and other assets.

(2) Includes dividends payable, corporate credit facilities, provisions and other liabilities.

Significant changes in Northland's audited consolidated statements of financial position were as follows:

- *Cash and Cash Equivalents* decreased by $657 million primarily due to investments in Hai Long and Baltic Power offshore wind projects, and the Oneida energy storage project, partially offset by proceeds from the Green Notes offering and Hai Long sell-down.
- *Trade and other receivables* decreased by $154 million primarily due to deposit settlement for the redemption of Series 3 Preferred Shares.
- *Property, plant and equipment* decreased by $198 million primarily due to depreciation expense, partially offset by construction-related activities and foreign exchange fluctuations.
- *Net derivative assets* decreased $385 million from a net derivative asset at December 31, 2022, primarily due to the effects of interest rates in Canada, the US and Europe, and strengthening of the Euro against the Canadian dollar.
- *Investment in joint ventures* increased by $458 million primarily due to the investment in Hai Long and Baltic offshore wind projects, partially offset by Hai Long sell-down to Gentari.
- Other assets increased by $351 million, primarily due to long-term shareholder loans provided to Hai Long and Baltic Power offshore wind projects.
- *Loans and borrowings* increased by $94 million, mainly due to the issuance of the Green Notes, refinancing of EBSA's credit facility, construction related drawdowns and foreign exchange fluctuations, partially offset by the scheduled principal repayments on facility-level loans.

SECTION 7: EQUITY, LIQUIDITY AND CAPITAL RESOURCES

Northland maintains sufficient liquidity to meet short- and medium-term cash needs and ensures that it has access to sufficient resources to capitalize on investment opportunities and to meet growth expenditure commitments, monthly cash dividend requirements and other needs in the normal course of operations. Northland finances these commitments through cash flow from operations, non-recourse project financing, securing partnerships and partner contributions, corporate credit facilities, and debt and equity issuances from time to time.

Dividends

Northland's Board of Directors and management are committed to maintaining the current monthly dividend of $0.10 per share ($1.20 per share on an annual basis) and are confident that Northland has adequate access to funds to meet its dividend commitment, including operating cash flows and corporate funds. The Board of Directors reviews the dividend policy at least annually as part of Northland's overall capital allocation strategy to balance growth requirements and investor preferences.

Dividend Reinvestment Plan ("DRIP")

The DRIP provides shareholders the right to reinvest their dividends in shares at a 3% discount to the market price as defined in the DRIP. Shares issued under the DRIP can be sourced from treasury or purchased on the secondary market at the election of Northland's Board of Directors. Northland's Board of Directors has the discretion to alter the discount or source of shares issued under the DRIP.

Equity

The change in shares during 2023 and 2022 was as follows:

As at	December 31, 2023	December 31, 2022
Common shares		
Shares outstanding, beginning of year	**250,017,357**	226,882,751
Equity offering	**1,210,537**	20,894,982
Shares issued under the LTIP	**10,286**	14,974
Shares issued under the DRIP	**3,701,642**	2,224,650
Total common shares outstanding, end of period	**254,939,822**	250,017,357

Preferred shares outstanding as at December 31, 2023, and December 31, 2022 were as follows:

As at	December 31, 2023	December 31, 2022
Preferred shares outstanding		
Series 1	**4,762,246**	4,762,246
Series 2	**1,237,754**	1,237,754
Series 3	**—**	4,800,000
Total	**6,000,000**	10,800,000

In May 2023, Northland's corporate credit ratings were reaffirmed at BBB (stable) by Fitch and BBB (stable) by S&P.

On January 3, 2023, Northland completed the previously announced redemption of all 4,800,000 issued and outstanding Series 3 Preferred Shares at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Series 3 Preferred Share for an aggregate total of $122 million.

At December 31, 2023, Northland had 254,939,822 common shares outstanding (as at December 31, 2022 - 250,017,357) with no change in preferred shares Series 1 and Series 2 outstanding from December 31, 2022.

As of February 21, 2024, Northland has 255,660,668 common shares outstanding with no change in preferred shares Series 1 and Series 2 outstanding from December 31, 2023.

Liquidity and Capital Resources

The following table reconciles Northland's opening cash and cash equivalents to closing cash and cash equivalents:

	Three months ended December 31,		Year ended December 31,	
	2023	2022	2023	2022
Cash and cash equivalents, beginning of period	**$ 720,907**	$ 1,533,904	**$ 1,299,833**	$ 673,692
Cash provided by operating activities	**135,869**	550,689	**785,214**	1,832,983
Cash provided by (used in) investing activities	**431,260**	(311,826)	**(1,170,053)**	(629,683)
Cash provided by (used in) financing activities	**(684,708)**	(526,310)	**(262,044)**	(604,837)
Effect of exchange rate differences	**39,150**	53,376	**(10,472)**	27,678
Cash and cash equivalents, end of period	**$ 642,478**	$ 1,299,833	**$ 642,478**	$ 1,299,833

Fourth Quarter

Cash and cash equivalents for the fourth quarter of 2023 decreased $78 million from September 30, 2023, due to cash used in financing activities of $685 million, partially offset by cash provided by operating and investing activities of $136 million and $431 million, respectively, in addition to the effect of foreign exchange translation of $39 million.

The decrease in cash and cash equivalents during the quarter was largely due to net repayment of borrowings, partially offset by cash provided by operations, proceeds from sell-downs of development assets and foreign exchange rate differences.

2023

Cash and cash equivalents for the year ended December 31, 2023, decreased $657 million due to $1,170 million of cash used in investing activities, $262 million by financing activities and $10 million effect of foreign exchange translation, partially offset by cash provided by operations of $785 million.

Cash provided by operating activities for the year ended December 31, 2023, was $785 million comprising:

- $1,305 million in non-cash and non-operating items such as depreciation and amortization, finance costs, impairment, changes in fair value of derivative contracts and deferred taxes; and
- $280 million share of loss from equity accounted investees.

Factors partially offsetting cash provided by operating activities include:

- $466 million in changes in working capital due to the timing of payables, receivables and deposits;
- $237 million gain on change of ownership interest in subsidiaries / joint ventures and unrealized foreign exchange (gain) loss; and
- $96 million of net loss.

Cash used in investing activities for the year ended December 31, 2023, was $1,170 million, primarily comprising:

- $1,404 million used mainly for the investment in the Hai Long and Baltic Power offshore wind projects; and
- $441 million used for the purchase of property, plant and equipment, mainly for construction at New York onshore wind projects, Oneida energy storage project and other projects.

Factors partially offsetting cash used in investing activities include:

- $510 million mainly due to the proceeds from sell-downs of development assets; and
- $129 million mainly from interest income and other investing activities.

Cash used in financing activities for the year ended December 31, 2023, was $262 million, primarily comprising:

- $879 million in scheduled principal repayments on the facility-level debt;
- $326 million in interest payments; and
- $331 million of common and preferred share dividends as well as dividends to non-controlling interest.

Factors partially offsetting cash used in financing activities include:

- $116 million of net draws on syndicated revolving facility for investment in Hai Long and Baltic Power offshore wind projects and general corporate funding purposes;
- $490 million received from the issuance of the Green Notes;
- $618 million of draws on project level debt primarily for construction of the projects;
- $41 million received from common shares issued under the ATM program; and
- $62 million proceeds from issuance of shares in subsidiaries that do not involve loss of control.

Movement of foreign currencies, including primarily the Euro, U.S. dollar and Colombian peso, against the Canadian dollar decreased cash and cash equivalents by $10 million for the year ended December 31, 2023. Northland aims to mitigate the effects of exchange rate fluctuations through a variety of mechanisms, including foreign exchange hedges and natural hedges by corporate debt denominated in USD or Euro for operating expenditures.

Property, Plant and Equipment

The following table provides a continuity of the cost of property, plant and equipment for the year ended December 31, 2023:

	Balance as at Jan 1, 2023	Additions	Provisions, disposals, transfers and other (1)	Exchange rate differences	Balance as at Dec 31, 2023
Operations:					
Offshore wind	$ 6,752,871	$ 30,347	$ (27,675)	$ 65,745	**$ 6,821,288**
Onshore renewable	3,314,585	43,596	786,424	15,075	**4,159,680**
Efficient natural gas(2)	1,318,950	12,741	(4,163)	—	**1,327,528**
Utility	507,462	55,654	12,092	117,098	**692,306**
Construction:					
Onshore renewable	870,008	77,761	(816,325)	12,009	**143,453**
Corporate	100,247	270,363	(243,575)	112	**127,147**
Total	**$ 12,864,123**	**$ 490,462**	**$ (293,222)**	**$ 210,039**	**$ 13,271,402**

(1) Includes disposal of assets and amounts accrued under the long-term incentive plan (**"LTIP"**).

(2) Excludes Spy Hill lease receivable accounting treatment.

Long-term Debt

Northland's operating facilities and projects under construction are financed primarily with non-recourse project debt with fixed or hedged interest rates and repayment schedules tied to the terms of the project offtake agreement. Following the commercial operations date, each project is structured as a special-purpose entity so that an adverse event at one facility would not affect Northland's other facilities. By owning and operating high-quality assets and applying its deep, long-term experience, Northland expects to continue to enjoy a competitive cost of capital, which maximizes returns from growth opportunities.

The following table provides a continuity of Northland's debt for the year ended December 31, 2023:

	Balance as at Jan 1, 2023	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Balance as at Dec 31, 2023
Operations:						
Offshore wind	$ 3,483,259	$ —	$ (460,521)	$ 23,468	$ 34,574	**$ 3,080,780**
Onshore renewable	1,757,472	154	(162,078)	29,496	3,192	**1,877,601**
Efficient natural gas	875,317	10,842	(46,013)	1,383	—	**841,529**
Utility	518,847	195,638	(317)	2,226	224	**716,618**
Construction:						
Onshore renewable	336,827	124,692	(210,356)	2,568	4,348	**15,000**
Corporate:						
Green Notes [2]	—	490,016	—	1,033	—	**491,049**
Corporate Credit Facilities [1]	(2,817)	1,106,632	(996,047)	1,918	1,302	**110,988**
Tax Equity	—	287,003	—	2,251	(546)	**42,959**
Total	**$ 6,968,905**	**$ 2,214,977**	**$ (1,875,332)**	**$ 64,343**	**$ 43,094**	**$ 7,176,524**

(1) Deferred financing cost associated with the syndicated revolving facility is included within the other assets in the consolidated statement of financial position.

(2) On June 21, 2023, Northland closed its offering of $500 million ($490 million, net of transaction costs) Green Notes.

Additionally, as at December 31, 2023, $115 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

During the year ended December 31, 2023, Northland entered into multiple financing arrangements. Refer to *Section 4.1: Significant Events* for additional information.

Debt Covenants

Northland generally conducts its business activities indirectly through separate subsidiary legal entities and is dependent on the distribution of cash from those subsidiary entities to fund development expenses, defray its corporate expenses, repay corporate debt and pay cash dividends to its shareholders. Most operating subsidiaries hold non-recourse debt, which typically prohibits distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of EBITDA to scheduled principal and interest payments over a specified time period. As of December 31, 2023, Northland's subsidiaries were in compliance with all financial covenants under the applicable credit agreements. As of December 31, 2023, Northland was in compliance with all financial covenants under the applicable credit agreements at the corporate level.

Corporate Credit Facilities and Letters of Credit

Northland's corporate credit facilities are available for general corporate purposes, to support operational, construction and development opportunities and to provide letters of credit issued on behalf of Northland. The corporate credit facilities are summarized in the following table:

As at December 31, 2023	Facility size	Amount drawn (4)	Outstanding letters of credit (5)	Available capacity	Maturity date
Sustainability linked loan syndicated revolving facility (1)	$ 1,000,000	$ 115,656	$ 361,057	$ 523,287	Sep. 2028
Bilateral letter of credit facility	150,000	—	133,746	16,254	Sep. 2024
Export credit agency backed letter of credit facility (2)	200,000	—	89,291	110,709	Mar. 2025
Export credit agency backed letter of credit facility (3)	200,000	—	42,168	157,832	n/a
Hai Long related LC facility (credit A) (6)	500,000	—	475,936	24,064	Sep. 2027
Total	**$ 2,050,000**	**$ 115,656**	**$ 1,102,198**	**$ 832,146**	

(1) During the year ended December 31, 2023, the maturity date was extended to September 2028.

(2) During the year ended December 31, 2023, the Export credit agency backed letter of credit facility size was increased by $100 million and the maturity date was extended to March 2025.

(3) With effect from December 29, 2023, the facility limit increased by $100 million. This facility does not have a specified maturity date.

(4) Deferred financing cost, as at December 31, 2023, associated with the syndicated revolving facility amounting to $5 million (December 31, 2022 - $3 million) is included within the other assets in the Consolidated Statements of Financial Position.

(5) As at December 31, 2023, outstanding letters of credit include LCs issued in favor of joint ventures amounting to $833 million.

(6) During the year ended December 31, 2023, Northland secured a $1.0 billion letter of credit facility to support construction-related obligations of the Hai Long offshore wind project. The facility size was reduced to $500 million after close of the Hai Long sell-down to Gentari in December 2023.

Of the $1,102 million of corporate letters of credit issued as at December 31, 2023, $914 million relates to projects under advanced development or construction.

Northland's corporate credit facilities include provisions that allow for renewals at Northland's option, subject to approval by the lenders.

Northland had access to $584 million of available liquidity at December 31, 2023, including $61 million of cash on hand and approximately $523 million of capacity on its corporate revolving credit facilities.

Exposure to LIBOR and EURIBOR

LIBOR and EURIBOR were the two key global benchmark rates used to determine interest rates and value government and corporate bonds, loans, currency and interest rate swaps and many other financial products. Over the past several years, global regulators have worked with industry groups and policymakers to identify and transition to more robust reference rates. In Europe, regulators transitioned to a hybrid calculation methodology for EURIBOR. In the United States of America, the secured overnight financing rate (**"SOFR"**) has replaced USD LIBOR and in Canada, the Canadian Overnight Repo Rate Average (**"CORRA"**) is replacing the Canadian Dollar Offered Rate (**"CDOR"**). Effective June 30, 2023, CORRA was used for new interest rate derivatives, and all loans referencing CDOR will transition to CORRA by June 28, 2024.

During 2023, Northland transitioned its USD-denominated loans and derivatives to SOFR and transitioned its corporate loans and the EBSA-related financing agreement and derivatives to CORRA. Management is completing a CORRA transition plan for its remaining derivatives and project-level financing agreements, which includes a comprehensive review of financial exposures, proactive discussion with lenders and amendments to its financing agreements and derivatives to preserve the intended economics. The transitions have not had and are not expected to have a material financial impact to Northland.

Financial Commitments and Contractual Obligations

In the ordinary course of business, Northland enters into financial and derivative contracts. The contractual maturities of Northland's material financial liabilities as at December 31, 2023, are summarized in the following table:

	2024	2025	2026	2027	2028	>2028
Derivative liabilities (1)						
Euro foreign exchange contracts	$ 480,969	$ 88,706	$ 189,719	$ 263,954	$ 311,570	$1,161,213
Colombian peso foreign exchange contracts	634,290	—	—	—	—	—
US dollar foreign exchange contracts	652,901	56,084	58,317	4,511	4,601	7,111
Taiwan dollar foreign exchange contracts	—	—	—	81,831	133,066	296,689
Facility-level debt at Northland's share						
Gemini	€ 88,583	€ 93,040	€ 101,896	€ 109,242	€ 111,698	€ 238,663
Nordsee One	88,119	84,093	60,463	—	—	—
Deutsche Bucht	78,853	91,091	92,824	93,875	71,174	228,697
Spain	47,429	39,641	41,004	42,728	41,762	318,234
Total in Euro	€ 302,984	€ 307,865	€ 296,187	€ 245,845	€ 224,633	€ 785,594
New York Wind	US$ 5,868	US$176,506	US$ —	US$ —	US$ —	US$ 32,434
Total in Canadian dollar (2)	463,220	695,795	445,257	369,577	337,690	1,223,793
EBSA (3)	—	—	706,323	—	—	—
All other facilities (4)	146,858	131,137	143,222	148,613	158,274	743,362
Total facility-level debt at Northland's share	$ 610,078	$ 826,932	$ 1,294,802	$ 518,190	$ 495,964	$1,967,155
Interest payments including swap derivative contracts	233,448	204,004	162,174	110,390	91,584	239,953
Corporate liabilities						
Corporate credit facilities, including interest	5,583	4,099	3,975	4,096	119,893	—
Green Notes, including interest	—	—	—	—	208,125	500,000
Total	**$2,617,269**	**$1,179,825**	**$ 1,708,987**	**$ 982,972**	**$1,364,803**	**$4,172,121**

(1) Derivative liabilities are reported at 100% ownership.

(2) Using long-term foreign exchange rates.

(3) EBSA Facility is expected to be renewed annually.

(4) Other includes debt service costs of the efficient natural gas and onshore renewable facilities.

Non-Financial Commitments and Contractual Obligations

The following table summarizes all material fixed contractual commitments and obligations as at December 31, 2023, for non-financial contracts. The amounts are based on long term inflation rate, where applicable, of 2.2% to 4.1%, a Canadian dollar/Euro exchange rate of $1.50 and Canadian dollar/US dollar exchange rate of $1.32. The table includes maintenance and services agreements and natural gas transportation demand charges for which Northland is liable whether or not natural gas is shipped. The construction commitment primarily relates to the construction of Oneida energy storage project. The cash obligations related to the leases for land and buildings, dismantlement and management fees to non-controlling interest partners are also included.

	2024	2025	2026	2027	2028	>2028
Maintenance agreements	$ 217,130	$ 199,997	$ 191,520	$ 201,132	$ 673,422	$1,238,169
Construction and others; excluding debt, interest and fees	454,670	52,620	—	—	—	—
Natural gas supply and transportation, fixed portion	26,360	26,475	26,730	27,195	27,669	169,136
Leases	18,562	18,507	17,012	16,964	16,908	193,485
Decommissioning liabilities	32,920	33,181	33,481	31,856	32,053	434,177
Management fees	4,749	4,402	4,502	4,594	4,688	77,227
Total	**$ 754,391**	**$ 335,182**	**$ 273,245**	**$ 281,741**	**$ 754,740**	**$2,112,194**

Except in circumstances where the cancellation of the agreements would result in material penalties, the above table does not include variable contractual obligations of Northland (which typically relate directly to production or meeting performance criteria). Such obligations include natural gas purchase costs, variable natural gas transportation costs and variable payments to maintenance providers. Except for certain onshore renewable and efficient natural gas facilities' PPAs, the electricity supply contracts contain no penalties for failure to supply.

As at December 31, 2023, Northland issued letters of credits and parental guarantees in an amount of $865 million in favor of the joint ventures.

SECTION 8: SUMMARY OF QUARTERLY CONSOLIDATED RESULTS

Northland's consolidated financial results are affected by seasonal factors, contract provisions and extraordinary items, which result in quarterly variations. Northland's quarterly net income (loss) also varies due to any non-cash impairments/ recoveries and foreign exchange adjustments required to translate Euro, US dollar and Colombian peso denominated balances to the appropriate quarter-end Canadian dollar equivalent and due to fair value movements of financial derivative contracts.

Accounting policies and principles have been applied consistently for all periods presented in the following table.

In millions of dollars, except per share information	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Total sales	$ 626	$ 513	$ 472	$ 622	$ 641	$ 556	$ 557	$ 695
Operating income [(1)]	220	146	103	273	270	202	216	363
Net income (loss)	(268)	43	22	107	324	76	268	288
Adjusted EBITDA	389	267	232	352	353	290	335	420
Cash provided by operating activities	136	148	204	297	551	523	312	447
Adjusted Free Cash Flow	191	64	63	180	41	66	162	192
Free Cash Flow	$ 191	$ 36	$ 41	$ 155	$ 16	$ 45	$ 146	$ 174
Per share statistics								
Net income (loss) attributable to common shareholders — basic	$ (1.13)	$ 0.14	$ 0.01	$ 0.27	$ 1.12	$ 0.33	$ 1.01	$ 0.99
Net income (loss) attributable to common shareholders — diluted	(1.13)	0.14	0.01	0.27	1.12	0.33	1.01	0.99
Adjusted Free Cash Flow — basic	0.75	0.25	0.25	0.72	0.16	0.28	0.70	0.84
Free Cash Flow — basic	0.75	0.14	0.16	0.62	0.06	0.19	0.63	0.77
Total dividends declared	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30

(1) Included amortization of contracts and other intangible assets in the operating income.

SECTION 9: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES

In addition to completed acquisitions and investments made this year, summarized below are Northland's most significant projects under construction and under development:

Hai Long Offshore Wind Project

In July 2022, Northland announced the signing of a CPPA that covers 100 percent of the power generated from Hai Long 2B and 3, which have a combined capacity of up to 744MW. The agreement is with an investment grade counterparty (S&P: AA-) and is for a 20-year period at a fixed-price, commencing once Hai Long reaches full commercial operations in late 2026. The contracted price under the CPPA is more favourable than the fixed auction rate originally awarded in 2018 and is a key accomplishment. In addition, the PPAs with Taipower are not affected by the signing of the CPPA and provide a backstop to the CPPA. During the first quarter of 2023, the project signed an amendment to the CPPA that resulted in the extension of the CPPA tenor by two years from 20 to 22 years. During the third quarter of 2023, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years.

Northland's interest in Hai Long is expected to generate a five-year average of approximately $230 to $250 million of Adjusted EBITDA and $75 to $85 million of Free Cash Flow per year once operational, delivering significant long-term value for Northland's shareholders. The weighted average all-in interest cost for the term of the financing is approximately 5% per annum., which is discussed above.

Hai Long is owned 60% by Northland and Gentari International Renewables Pte. Ltd., and 40% by Mitsui & Co. Ltd., and Enterprize Energy Group. The project was allocated a total of 1,022MW (313MW net to Northland) by the Bureau of Energy of Taiwan under a FIT program and an auction process in 2019. Key aspects of the Hai Long project are presented in the following table:

Sub-project	**Gross Capacity (MW)**	**Net Capacity (MW)** [(1)]	**Type of Procurement**	**Estimated COD**
Hai Long 2A	294	90	FIT	2026/2027
Hai Long 2B	224	69	Auction	2026/2027
Hai Long 3	504	154	Auction	2026/2027
Total	**1,022**	**313**		

(1) Represents Northland's current 31% economic interest after the sell-down to Gentari.

Please refer to *Section 4.1: Significant Events* for further information.

Baltic Power Polish Offshore Wind Project

In March 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project in the Polish Baltic Sea with a total capacity of 1,140MW of offshore wind generation.

In June 2021, Baltic Power secured a 25-year CfD from Poland's Energy Regulatory Office under the Polish Offshore Wind Act at a guaranteed price of PLN 319.60 per MWh, which is adjusted to annual indexation by Poland's annual average consumer price index. The project's 25-year Contract for Difference (**"CfD"**) offtake agreement, is denominated in Euros and includes an inflation indexation feature commencing with the base year 2021. Northland's equity funding expectations and returns remain in line with previously disclosed expectations as a result of the inflation indexation, which has offset the impact of previously disclosed cost increases experienced. Please refer to *Section 4.1: Significant Events* for further information.

Oneida Energy Storage Project

The Oneida Energy Storage Project is a 250MW/1GWh energy storage facility. Northland will be the majority owner and take the lead role in its construction, financing and operation. Please refer to *Section 4.1: Significant Events* for further information.

Thorold upgrade

In the second quarter of 2023, as part of the Ontario government's energy transition and security policies, and consistent with Northland's strategy to optimize existing operating facilities to enhance value and performance, Northland continued to advance the upgrade of its 265MW Thorold Co-Generation facility in Ontario, Canada. Please refer to *Section 4.1: Significant Events* for further information.

New York Onshore Wind Projects

Please refer to *Section 4.1: Significant Events* for further information.

La Lucha Mexican Solar Project

Please refer to *Section 4.1: Significant Events* for further information.

South Korean Offshore Wind Projects

The next step for each project is to progress engineering surveys and secure grid capacity as part of progressing to mid-stage development. Other development activities for the projects are continuing to advance. Northland is pursuing additional early-stage development opportunities located in South Korea's Wando County for multiple projects with the potential for up to 1.8GW of operating capacity. Please refer to *Section 4.1: Significant Events* for further information.

ScotWind Offshore Wind Project

In January 2022, Northland announced that it was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340MW. The two leases, one fixed foundation (840MW) and one floating foundation (1,500MW), will extend Northland's development runway into the next decade, with commercial operations expected at the end of 2029/2030 for the fixed and early 2030s for the floating. In April 2022, Northland entered into an Option Lease Agreement with the Scottish government which provides the Company with development exclusivity over the two awarded sites for a period of up to 10 years. Northland secured its right to the offshore region through the payment of £20 million (equivalent to $32 million). Please refer to *Section 4.1: Significant Events* for further information.

Alberta Portfolio

In December 2022, Northland acquired a development platform and a portfolio of solar development projects in Alberta, Canada, continuing its growth and leadership in renewable energy in Canada, which established Northland as a leading developer in the province. Alberta is an attractive market for renewable development, being Canada's only deregulated electricity market, offering clear pricing to generators and strong consumer and industrial demand for offtake. The acquisition adds a solar and energy storage pipeline encompassing approximately 1.2GW and 0.7GW, respectively.

SECTION 10: OUTLOOK

Adjusted EBITDA

For 2024, management expects Adjusted EBITDA to be in the range of $1.20 billion to $1.30 billion, comparable to 2023 Adjusted EBITDA of $1.24 billion. The major factors expected to increase Adjusted EBITDA include (all amounts are approximate):

- Higher contribution from New York Onshore Wind Projects that commenced operations in the fourth quarter of 2023 and contribution from other onshore renewable assets as a result of normalized production ($30 million);
- Higher contribution from offshore wind assets as a result of normalized production or outages ($20 million);
- Lower development expenditures ($50 million) primarily as a result of focus on construction execution in 2024; and
- Higher cash flows from EBSA results expected due to favourable foreign exchange rate ($20 million).

These factors will be offset by the non-recurrence of sell-down gains and development expenditure recovery recognized in 2023 related to offshore wind projects ($110 million).

Adjusted Free Cash Flow and Free Cash Flow

In 2024, management expects Adjusted Free Cash Flow to be in the range of $1.30 to $1.50 per share, down from $1.97 per share in 2023. The major factors contributing to the year-over-year expected decline in Adjusted Free Cash flow include (all amounts are approximate):

- Lower gains from Hai Long sell-down and other transactional and hedging gains ($120 million);
- Lower contribution from EBSA as a result of higher upfinancing proceeds in 2023 ($15 million); and
- Lower interest income earned on temporary cash balances on hand ($15 million).

Factors expected to offset the aforementioned decreases include:

- Higher contribution from New York Onshore Wind Projects that commenced operations in the fourth quarter of 2023 and contribution from other assets as a result of normalized production ($10 million - $15 million).

Management expects Free Cash Flow, which includes growth expenditures, to be in a range of $1.10 to $1.30 per share, down from $1.68 per share in 2023. The reduction is due to the same factors noted above, partially offset by lower growth expenditures. Development expenditures are expected to be approximately $60 million in 2024. This represents a lower level of spend than in prior years as Northland focuses on the successful construction execution of its three key projects, ceases all development activities in Mexico, Colombia and Japan, and focuses development expenditures on secured projects in its pipeline including: ScotWind, the Korean offshore wind projects, the Alberta, New York and Ontario onshore renewable energy opportunities. These development expenditures will reduce near-term free cash flow until the projects achieve commercial operations but are expected to deliver accretive long-term growth in earnings and free cash flow.

Corporate G&A costs are expected to be $3 million lower than 2023, at approximately $75 million in 2024.

In addition, any gains from the future sell-down of ownership interests in development assets would be included in Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow as they relate to capturing development profits at key milestones. Currently, the 2024 guidance for Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow does not incorporate any sell-down proceeds and as such, net proceeds from any sell-down would increase reported Adjusted EBITDA, Adjusted Free Cash Flow, and Free Cash Flow in the event they occur in 2024.

Northland continues to implement a selective partnership strategy to sell interests in certain development projects on or before financial close. In certain situations, Northland may decide to exit certain markets or reduce development activities within certain jurisdictions. Northland will assess each opportunity individually and intends to remain a long-term owner of the renewable power assets it develops.

Over the longer term, Northland remains positioned to achieve substantial growth in Adjusted EBITDA by 2027, upon achieving targeted commercial operations of Oneida, Baltic Power and Hai Long, each with long-term contracted revenues of between 20 to 30 years.

The expected 2024 payout ratio, which may be closer to or above 100%, largely reflects the level of spending on growth initiatives and the equity capital raised for our projects currently under construction, for which corresponding cash flows will not be received until 2026 and 2027. Northland management expects that the Company will continue to pay dividends annually at the rate of $1.20 per share.

Once the projects under construction, including Hai Long, Baltic Power, and Oneida battery storage, are fully completed, they are collectively expected to deliver, on a five-year annual average basis, approximately $570 million to $615 million of Adjusted EBITDA and $185 million to $210 million of Free Cash Flow by 2027.

With over 3 gigawatts (GW) of current gross operating capacity and a development pipeline of approximately 12GW, including 2.4GW under construction and expected to be operational by 2026/2027, the Company is well positioned for an accelerating global energy transition. Northland intends to be selective and pursue only projects within its pipeline that meet its strategic objectives and targeted returns and closely monitor macroeconomic conditions surrounding renewables development globally.

This Outlook is subject to the Forward-Looking Statements proviso in this document as well as the Risk Factors in the 2023 AIF.

SECTION 11: LITIGATION, CLAIMS AND CONTINGENCIES

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland. Refer to Note 26 of the audited consolidated financial statements for additional information including any contingencies arising as a result of completed acquisitions.

SECTION 12: ESG AND CLIMATE CHANGE

ESG at Northland

The focuses of Northland's ESG framework are on continued decarbonization efforts through increasing our renewable energy portfolio, continuously improving as an equitable employer where a talented, diverse and committed group of people want to build their careers, creating meaningful and collaborative relationships and partnerships with local and Indigenous communities, ensuring human rights are respected in our supply chain and upholding the highest standards of good and responsible governance.

Northland continues to identify climate-related opportunities for access to capital, growth opportunities in new technologies (such as energy storage), markets and human capital growth. Northland is committed to achieving a 65% reduction of its greenhouse gas (**"GHG"**) emissions intensity by 2030 (from 2019 baseline) and to achieve net zero emissions across its scope 1, 2 and 3 by 2040.

Climate-related risks and opportunities

As a growth company with a significant pipeline of development projects, Northland is focused on growing its renewable energy portfolio to support ongoing global de-carbonization efforts. Building on its history of providing clean energy solutions, Northland's strategy reflects the demands and complexities of this transition in the short-, medium- and long-term. Over the next 1 to 5 years Northland will leverage its existing portfolio and expertise to build out its pipeline of offshore and onshore development projects in key markets across North America, Europe and Asia. Refer to the 2023 AIF for a summary of regulatory developments in the markets where Northland operates.

Longer-term, the Company's efforts are centered on expanding its offshore wind presence through continued development of early-stage projects in Europe and Asia. In addition, Northland is also focused on establishing and expanding a position in new emerging technologies such as energy storage. The goal is to create sustainable renewable and green infrastructure assets that meet the energy demands for accessible and reliable energy, while supporting global emissions reduction targets. Northland has also committed to reducing its own carbon intensity through the growth of its renewable energy portfolio and its commitment towards making no further investment in efficient natural gas assets.

Northland recognizes the risks associated with climate (both from the transition to a lower carbon economy and from changes in weather). Climate-related risks are assessed throughout the project lifecycle. Refer to the 2023 AIF for a summary of certain climate-related risks, which include financial risks, ESG reporting risk, market and reputation risk, and physical risks from climate change.

Northland prioritizes risks as part of its decision-making process and incorporates them into its planning assumptions, investment decision process, project development and operational processes. Northland employs a strategy that focuses on identifying opportunities in key markets through project management, operations, market analysis, regulatory assessments, and monitoring.

Northland continues to identify opportunities for access to capital, growth opportunities in new areas (such as energy storage), markets and human capital growth. Northland continues to view climate-related risks as being associated with the variability of results, risks from acute, chronic weather changes on its physical assets and the potential for increasing costs due to more stringent regulatory and policy requirements.

Risk Management

Identification and assessment of climate-related risks are done throughout the project life cycle as well as considered as part of the Enterprise Risk Management process and as part of the ESG Steering Committee. Northland's risk identification, assessment, response planning, reporting and monitoring are integrated into routine business activities, with ownership of key risks delegated to the functional leads throughout the organization. Any identified risks are escalated to the Executive Team and Board of Directors, and are monitored to ensure appropriate responses.

SECTION 13: FINANCIAL RISKS AND UNCERTAINTIES

Northland's activities expose it to a variety of risks. Refer to the 2023 AIF for a summary of factors in addition to those discussed below that could significantly affect the operations and financial results of Northland.

Northland's risk management objective, as it relates to financial risks and uncertainties, is to mitigate fluctuations in cash flows and ensure stable cash levels available to pay dividends to shareholders and fund growth. Northland does not seek to mitigate fair value risk. Northland classifies financial risks into market risk, counterparty risk and liquidity risk, noting that these risks can be impacted by geopolitical or regulatory uncertainties. Northland manages financial risks by identifying, evaluating and mitigating in compliance with internal policies and external requirements under non-recourse project financing arrangements. Northland uses derivative financial instruments to manage certain financial risks but does not engage in speculative activity. Material financial risks are monitored and reported regularly to the Audit Committee of the Board of Directors. The risks associated with Northland's financial instruments and Northland's policies for mitigating these risks are described below. Refer to Note 18 of the 2023 Annual Report for additional information on Northland's risk management approach.

For information on Northland's key risks, uncertainties, financial instruments and contractual commitments refer to Northland's 2023 Annual Report and the 2023 AIF filed electronically at www.sedarplus.ca under Northland's profile. Management does not believe there have been material changes in the business environment or risks faced by Northland during the period that have not been disclosed in the 2023 Annual Report or the 2023 AIF.

Market Risk

Market risk is the risk that the fair value of Northland's future cash flows will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments as well as Northland's preferred shares and the Green Notes. Revenue and supply contracts can also be affected by market risk. Types of market risk to which Northland is exposed are discussed below.

(i) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Northland manages this risk by securing fixed-rate debt or entering into interest rate swap agreements prior to or around the time of financial close that effectively convert floating rate interest exposures to a fixed rate. In certain jurisdictions, such as Taiwan, Northland is unable to secure interest rate swaps for the full tenor of underlying debt; in those cases Northland intends to manage this risk with rolling hedge strategies.

Changes in the fair value of interest rate swap contracts designated for hedge accounting are recorded in Northland's consolidated statements of comprehensive income (loss) to the extent that the hedge arrangements are effective. The fair values for these interest rate swap contracts are based on calculations and valuation models using observable market rates.

(ii) Credit Spread Risk

Credit spread risk as it affects Northland refers to the risk that the loan margin charged by current or future lenders (a borrower-specific margin added to the underlying interest rate) will increase, making the cost of debt capital more expensive. Credit spread risk cannot be hedged. Northland manages this risk by: (i) entering into long-term financings with defined credit spreads over the amortization period whenever possible; (ii) ensuring loans are fully amortized (repaid) by maturity; and (iii) monitoring credit markets and making prudent decisions about the timing and method of original financings, refinancing and repricing opportunities.

(iii) Currency Risk

Currency risk arises because the Canadian dollar equivalent of transactions, assets or liabilities denominated in foreign currencies may vary due to changes in foreign exchange rates. Northland is exposed to changes in the Euro, US dollar, Colombian peso, Taiwan dollar, Polish Zloty, and to a lesser degree, other currencies on construction projects with expenses in currencies different than the funding currency, or development expenses on early-stage projects in other jurisdictions. Primary exposure to Northland arises from the Euro-denominated financial statements and cash distributions at Gemini, Nordsee One, Deutsche Bucht, and the Spanish Portfolio, and Colombian peso-denominated financial statements and cash distributions from EBSA, and development spending at the pipeline projects. Management manages this risk by hedging material net foreign currency cash flows to the extent practical and economical to minimize material cash flow fluctuations.

Northland has entered into long-term foreign exchange contracts to fix foreign exchange conversion rates on the majority of forecasted Euro-denominated cash inflows from Gemini, Nordsee One, Deutsche Bucht, the Spanish Portfolio, and Baltic Power. Northland has entered into a short-term rolling hedge program to fix foreign exchange conversion rates on a portion of distributions from EBSA and Hai Long.

(iv) Commodity Price Risk

Commodity price risk arises where: (i) PPA revenues or components of PPA revenues depend upon certain electricity market indices; (ii) government subsidiary or feed-in-tariff programs define a floor price but electricity market prices may exceed those floors; (iii) a portion of revenue is not contracted and subject to changes in electricity prices; (iv) PPA revenues for efficient natural gas facilities are fixed, not linked to natural gas prices or the cost of natural gas is not substantively passed through to the off-taker; (v) the value of a financial instrument or cash flows associated with the instrument fluctuates due to changes in commodity prices; or (vi) the price of a component in a supply agreement is linked to the price of one or several commodities.

Northland manages this risk by: (i) entering into PPAs that provide a fixed price for all, or substantially all, electricity production, provide a price linked to commodity prices or include pass-through of commodity costs to the offtaker; (ii) entering into financial power and natural gas hedges to stabilize contractual economics or protect against a specific risk, including natural gas costs and electricity prices.

Northland has exposure to Dutch electricity market prices under Gemini's PPA when the market price falls below the contractual floor price. For the year ended December 31, 2023, the average wholesale market price was above the contractual floor price, so the revenue was not impacted by this floor.

Northland has indirect exposure to German electricity market prices under the Nordsee One and Deutsche Bucht PPAs whereby the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours.

Financial Counterparty Risk

Counterparty risk is the risk that a counterparty fails to perform its contractual obligations which could result in losses in financial assets. Northland is exposed to counterparty risk in several areas including: (i) cash and cash equivalents held with banks and financial institutions; (ii) counterparty exposures arising from: (a) contractual obligations, which include but are not limited to sales contracts, equipment supply, delivery, installation and maintenance contracts, fuel supply and fuel transportation agreements, energy marketing contracts and construction contracts, (b) derivative financial instruments, (c) trade receivables due from customers, (d) loan receivables due from partners and other entities, and (e) claims payable by an insurer; and (iii) unfunded loan commitments from financial institutions for the construction of projects. The maximum exposure to counterparty risk, other than for the loan commitments, is equal to the carrying value of the financial assets.

Northland manages counterparty risk by contracting with highly creditworthy counterparties wherever possible, such as government-related entities and large financial institutions. Northland's cash, derivative financial instruments, unfunded loan commitments and insurance policies are contracted with creditworthy financial institutions. Northland's gas, transportation, equipment supply/ installation, maintenance and construction contracts are with highly rated and/or large, well-capitalized counterparties wherever possible. Northland also manages counterparty risk by conducting comprehensive initial credit analyses on potential counterparties to material and/or long-term contracts and monitoring counterparties over time.

The nature of Northland's business and contractual arrangements, and the quality of its counterparties generally serve to minimize counterparty risk.

Liquidity Risk

Liquidity risk is the risk that Northland: (i) may not have sufficient funds to settle a transaction on the due date; (ii) may be forced to sell financial assets or terminate financial liabilities at a value that is not the fair market value; or (iii) may be unable to settle or recover a financial asset at all. Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time.

Northland manages liquidity risk to maintain sufficient cash or readily available funding in order to meet expected liquidity requirements. Northland achieves this by: (i) maintaining prudent cash balances, availability under committed credit facilities and access to capital markets; (ii) implementing financing structures and derivatives or hedging strategies that minimize the risk of material cash flow impacts; and (iii) actively monitoring open positions to assess and proactively adapt to possible market liquidity concerns.

Northland is also subject to internal liquidity risk because it conducts its business activities through separate legal entities (subsidiaries and affiliates) and is dependent on cash distributions from those entities to defray corporate expenses and pay dividends. Most operating subsidiaries hold non-recourse debt. Such non-recourse financing agreements typically prohibit distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of Adjusted EBITDA to scheduled loan principal and interest payments over a specified time period. For the year ended December 31, 2023, Northland and its subsidiaries were in compliance with all debt covenants.

Northland will be required to refinance, renew or extend debt instruments as they become due. The ability to refinance, renew or extend debt instruments is dependent on the capital markets up to the time of maturity and any credit ratings for Northland at the relevant time, which may affect the availability, pricing or terms and conditions of replacement financing.

Refer to Note 26 in the audited consolidated financial statements for the year ended December 31, 2023, for additional information related to Northland's commitments and obligations.

Taxation

Income, withholding and sales tax laws in the jurisdictions in which Northland and its subsidiaries do business could change in a manner that adversely affects Northland and its shareholders. Northland and its subsidiaries are also subject to various uncertainties concerning the interpretation and application of domestic and international tax laws that could affect its profitability and cash flows.

Recent tax developments that could have an adverse effect on Northland and its subsidiaries include, but are not limited to:

- The tabling in Canada's Parliament of legislation to implement interest limitation rules. The revised draft legislation deferred Northland's effective date of the Canadian interest limitation rules to January 1, 2024, at which point Canadian interest deductions will be limited to 30% of tax EBITDA. Disallowed interest can be carried forward indefinitely. This pending legislation was not substantively enacted as of December 31, 2023;
- The tabling in Canada's Parliament of legislation to address hybrid mismatch arrangements that would be effective for Northland January 1, 2023. This pending legislation was not substantively enacted as of December 31, 2023; and
- The European Union member states announcing in December 2022 that they had reached an agreement in principle on the introduction of Pillar Two, a 15% global minimum tax effective January 1, 2024. The Canadian Department of Finance released its own Pillar II draft legislation in 2023, but it was not substantively enacted as of December 31, 2023.

Northland undertakes all transactions for commercial reasons and strives to structure them in a tax-efficient manner. These transactions and financing structures could be challenged by the Canadian and/or local tax authority. Before entering into these transactions and structures, legal and tax experts are engaged to ensure these transactions and structures are in compliance with all tax laws, rules and regulations. A successful challenge by the Canadian or local tax authority to transactions and structures entered into by Northland and its subsidiaries may have an adverse effect on Northland and its Adjusted Free Cash Flow.

SECTION 14: CRITICAL ACCOUNTING ESTIMATES

Preparing the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Northland's operating facilities and investments primarily operate under long-term contracts with creditworthy counterparties. As a result, management believes it is not exposed to critical accounting estimates to the same degree as merchant businesses of comparable size. For Northland, the amounts recorded for depreciation of property, plant and equipment and contracts, fair value of financial assets and financial liabilities, decommissioning liabilities, deferred development costs, leases, LTIP, impairment of non-financial assets, income taxes and accounting for non-wholly owned subsidiaries are based on estimates and management's judgment. By their nature, these estimates are subject to measurement uncertainty, and changes in these estimates may affect the audited consolidated financial statements of future periods. Estimates and accounting judgments are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances.

In making these estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as appropriate. These estimates and judgments have been applied in a manner consistent with that in the past two years and there are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in this annual report.

Additional information on the significant estimates, judgments and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 in the audited consolidated financial statements for the year ended December 31, 2023.

SECTION 15: FUTURE ACCOUNTING POLICIES

Management assesses each new IFRS or amendment to determine whether it may have a material impact on Northland's consolidated financial statements. As at December 31, 2023, there have been no accounting pronouncements by the International Accounting Standards Board expected to materially affect Northland's consolidated financial statements beyond those described in Note 2.18 of the annual audited consolidated financial statements.

SECTION 16: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Management, including the President and Chief Executive Officer (**"CEO"**) and the Chief Financial Officer (**"CFO"**) are responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Administrators (**"NI 52-109"**).

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the effectiveness of the design and operation of Northland's disclosure controls and procedures was conducted as of December 31, 2023, by and under the supervision of management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Northland's disclosure controls and procedures, as defined in NI 52-109, were effective as of December 31, 2023.

Internal Controls over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

Northland's internal controls over financial reporting framework includes policies and procedures that are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on Northland's consolidated financial statements, and provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements for external use purposes in accordance with policies, procedures and IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance, not absolute, and may not prevent or detect all misstatements. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may change. Additionally, management is required to use judgment in evaluating controls and procedures.

An evaluation of the effectiveness of the design and operation of Northland's internal controls over financial reporting was conducted as of December 31, 2023, by and under the supervision of the management, including the CEO and CFO using the framework established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Based on this evaluation, the CEO and CFO have concluded that Northland's internal controls over financial reporting were effective as at the end of the fiscal year ended December 31, 2023.

Changes In Internal Control over Financial Reporting

There were no changes in the internal controls over financial reporting in the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, Northland's internal controls over financial reporting.