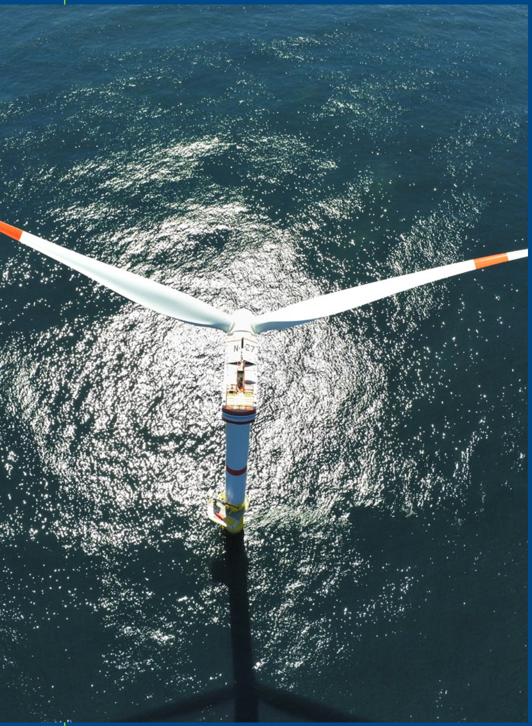
Second Quarter Report

Quarterly Report for the period ended June 30, 2023



Intelligent Energy. Greener Planet.

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

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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 unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023, and 2022, as well as its audited consolidated financial statements for the years ended December 31, 2022, and 2021 (**"2022 Annual Report"**) and Northland's most recent Annual Information Form dated February 23, 2023 (**"2022 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 contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on August 10, 2023; actual results may differ materially. 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 unaudited interim condensed 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 August 10, 2023; 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 the anticipated impact from the recently announced Spain's regulatory framework, respective per share amounts, dividend payments and dividend payout ratios, guidance, the completion of construction, acquisitions, dispositions, investments or financings and the timing thereof, attainment of financial close and commercial operations, the potential for future production from project pipelines, cost and output of development projects, litigation claims, anticipated results from the optimization of the Thorold Co-Generation facility and the timing related thereto, plans for raising capital and future funding requirements, the allocation of the net proceeds from the Green Notes offering, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland, its subsidiaries and joint ventures. There is a risk that delays in closing the financings, failure to obtain the anticipated level of finance commitments and failure to close one or more financings could affect construction schedules and/or Northland's cash or credit position and capital funding needs. 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, 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 the 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 risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, 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, 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, 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, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, terrorism and security, legal contingencies, and the other factors described in this MD&A and the 2022 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 dated 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.*

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, in order to accommodate the transactions that occurred during the period, the Company aligned its non-IFRS measures to more accurately reflect the economic reality of its operations. Management implemented certain 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 to the calculation of the aforementioned non-IFRS measures and are fully detailed in *Section 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'*.

With respect to Adjusted Free Cash 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 EBITDA has been 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 have been 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 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 or 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.

Adjusted Free Cash Flow and Free Cash Flow have been 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 has been made to ensure consistent treatment of interest costs during construction regardless of whether or not 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 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 for 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 4.3: Growth Expenditures*), and available to pay dividends, while preserving the long-term value of the business. 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 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, Adjusted Free Cash Flow reflects Northland's share 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 on-going 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 4.5: Adjusted EBITDA* for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and *Section 4.6: 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 ones before definition change refer to *Section 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.*

SECTION 2: NORTHLAND'S BUSINESS

As of June 30, 2023, Northland owns or has a net economic interest in 2,746 megawatts (**"MW"**) of power-producing facilities with a total gross operating capacity of approximately 3,156MW 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, Mexico and Colombia. Northland's significant assets under construction and development are located in Canada, Taiwan, Japan, South Korea, Poland, Scotland and the United States of America. Refer to the 2022 AIF for additional information on Northland's key operating facilities as of December 31, 2022, and refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES* for additional information on Northland's key development projects.

Northland's MD&A and unaudited interim condensed 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		
Wind	837	749
Solar (2)	392	377
Efficient Natural Gas	743	726
Utility	n/a	n/a
Total	**3,156**	**2,746**

(1) Presented at Northland's economic interest.

(2) As at June 30, 2023, Northland's economic interest was changed from December 31, 2022 due to La Lucha which achieved COD in June 2023 (refer to Section 3.1: 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 under 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 from time to time as projects move through various stages of their development cycles and projects are added to or removed from the list.

Project	Geographic Region	Technology	Gross Capacity (MW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Ball Hill	United States	Onshore wind	108	100%	Under construction	20-year CfD (4)	2023
Bluestone	United States	Onshore wind	112	100%	Under construction	20-year CfD (4)	2023
Oneida (2)	Canada	Energy Storage	250	74%	Under construction	20-year capacity contract	2025
Total			**470**				
Capitalized Growth Projects							
Hai Long (1)	Taiwan	Offshore wind	1,022	60%	Late-stage	30-year PPA (6)	2026/2027
Baltic Power	Poland	Offshore wind	1,140	49%	Late-stage	25-year CfD	2026
Total			**2,162**				
Identified Growth Projects							
Jurassic	Canada	Solar	220	100%	Late-stage	as early as 2025	
Alberta Solar	Canada	Solar	1,400	100%	Mid-stage		
Chiba	Japan	Offshore wind	600	50%	Early/mid-stage		
Dado	South Korea	Offshore wind	1,270	100%	Early/mid-stage		
ScotWind	Scotland	Offshore wind	2,340	76%	Early-stage	2027 - 2030+	
Round 3 (5)	Taiwan	Offshore wind	500	100%	Early-stage		
Bobae	South Korea	Offshore wind	616	100%	Early-stage		
Wando	South Korea	Offshore wind	1,800	100%	Early-stage		
Total			**8,746**				
Additional Pipeline							
Various (3)		Various	**4,156**		Early-stage	TBD	
Total Pipeline			**15,534**				

(1) Subject to a reduction to a 30.6% stake as Northland has agreed to sell a 29.4% indirect equity interest in Hai Long pending transaction close.

(2) On May 15, 2023, the Oneida energy storage project reached financial close and moved to construction stage.

(3) Various include 4,156MW 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.

(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.

SECTION 3: CONSOLIDATED HIGHLIGHTS

3.1: Significant Events

Significant events during the first half of 2023 and through the date of this MD&A are described below. Refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES of this MD&A* for additional relevant information.

Balance Sheet:

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 (**"Green Notes"**). The Green Notes will carry 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 will benefit from 50% equity treatment by both credit agencies. Northland intends to allocate the net proceeds from the Green Notes offering toward investments in green projects that meet the eligibility criteria of Northland's Green Financing Framework.

Refinancing of EBSA's Credit Facility

As part of its long-term financing strategy for EBSA, Northland extended the maturity date of EBSA's non-recourse credit facility (the **"EBSA Facility"**) from December 15, 2024, to March 30, 2026, at effectively the same interest rate. The EBSA Facility is denominated in Canadian dollars, and Northland has hedged the principal amount 100% 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 will be equally recognized in Northland's Adjusted Free Cash Flow and Free Cash Flow over the four quarters of 2023 and was included within Northland's 2023 financial guidance.

At-The-Market Equity Program

During the second quarter of 2023, there was no activity under the "at-the-market" equity program (**"ATM program"**), resulting in no shares being issued by the program, except for the remaining share settlements post March 31, 2023.

During the six months ended June 30, 2023, Northland issued 1,210,537 Common Shares under the ATM program at an average price of $34.4 per Common Share for gross proceeds of $42 million (net proceeds $41 million). Subsequent to quarter end, there was no activity under the ATM program. Subsequent to quarter end, the 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.

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 rating was reaffirmed at BBB (stable) by Fitch, a global rating agency, in addition to S&P's BBB (stable) rating.

Renewables Growth updates:

To achieve its long-term growth objectives, Northland established growth offices across the globe that have generated a portfolio of projects at various stages of development and construction. 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 being made on Northland's active development portfolio.

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, 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 in the second quarter of 2023. 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 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 both projects. The partnership with ESB demonstrates the 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

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, which are focused on road construction and site preparation before receiving the major equipment. Northland currently owns 74% 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.

Hai Long Offshore Wind Project

The Hai Long project early construction works program and fabrication of key components continue to progress. During the first quarter, the project received its major construction permit as planned and signed an amendment to the Corporate Power Purchase Agreement (the **"CPPA"**) that resulted in the extension of CPPA tenor by two years from 20 to 22 years. Subsequent to quarter end, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years and signed amendments to extend the long stop dates of certain key supplier contracts.

The project financing is progressing towards financial close in 2023 and is advancing through its credit approvals, albeit at a slower pace and under more challenging conditions than initially expected due to market specific factors. The final credit approval process was launched in March 2023 to secure the necessary funding commitments from local and international lenders and Export Credit Agencies (**"ECAs"**) to achieve financial close and remains ongoing.

On December 14, 2022, Northland signed an agreement with Gentari International Renewables Pte. Ltd. (**"Gentari"**) to sell 49% of its current stake in Hai Long. Upon closing, the transaction will result in Gentari holding a 29.4% indirect equity interest in Hai Long. Northland will hold a 30.6% interest in the project upon the achievement of transaction close and will continue to take the lead role in its construction and operation.

Baltic Power Offshore Wind Project

Baltic Power continued to make progress during the quarter having signed all of the supply chain contracts for the project. The financing process continues to advance with a consortium of local and international banks as well as ECAs. The project continues to advance to financial close, expected in 2023. Northland has a 49% working interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%. The project's 25-year Contract for Difference (**"CfD"**) offtake agreement, now denominated in Euros, includes an inflation indexation feature commencing with a base year of 2021, providing offsetting benefits to the higher inflationary price pressures experienced. 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.

New York Onshore Wind Projects

Work towards achieving commercial operations on the 108MW Ball Hill project and 112MW Bluestone project continues, with commercial operations expected to occur in 2023. On February 17, 2023, Northland entered into an agreement to sell a 100% stake in the High Bridge project. The transaction is expected to close by the third quarter of 2023, subject to the satisfaction of certain customary closing conditions.

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 616MW 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 and is expected to contribute $6 million of Adjusted EBITDA towards the 2023 financial results.

Suba Colombian Solar Projects

Northland holds a 50% economic interest in the 130MW Suba projects in Colombia. Its partner, EDF Renewables, holds the remaining 50%. After an in-depth evaluation, Northland and EDF Renewables have jointly elected not to proceed with the development of the Suba projects. As a result of this decision, Adjusted Free Cash Flow and Free Cash Flow was reduced by $7 million in the second quarter of 2023.

Facility Optimizations:

Thorold upgrade

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 continues to carry out its plans for an 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, an expected improvement in the facility's heat rate, which could 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. The upgrade is expected to be in service by the end of 2024. On April 24, 2023, as part of our optimization of the facility, Northland was awarded a 5-year extension of the PPA for Thorold by IESO from 2030 to 2035. 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 LC requirements. Thorold will continue to operate under a dispatch model.

3.2: Operating Highlights

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

Summary of Consolidated Results

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
FINANCIALS				
Sales	**$ 471,547**	$ 556,792	**$ 1,093,268**	$ 1,251,846
Gross profit	**427,468**	484,951	**996,371**	1,120,715
Operating income	**102,625**	215,780	**375,167**	579,176
Net income (loss)	**21,662**	267,866	**128,799**	555,446
Net income (loss) attributable to common shareholders	**4,341**	238,032	**74,235**	467,174
Adjusted EBITDA (a non-IFRS measure) (2)	**232,255**	335,192	**583,954**	755,341
Cash provided by operating activities	**204,278**	312,337	**501,340**	758,956
Adjusted Free Cash Flow (a non-IFRS measure) (2)	**62,703**	162,010	**242,773**	353,995
Free Cash Flow (a non-IFRS measure) (2)	**41,289**	145,543	**195,981**	319,918
Cash dividends paid	**51,148**	48,442	**101,195**	95,835
Total dividends declared (1)	**$ 75,749**	$ 69,957	**$ 151,065**	$ 138,454
Per Share				
Weighted average number of shares — basic and diluted (000s)	**252,356**	232,321	**251,579**	230,019
Net income (loss) attributable to common shareholders — basic and diluted	**$ 0.01**	$ 1.01	**$ 0.28**	$ 2.01
Adjusted Free Cash Flow — basic (a non-IFRS measure) (2)	**$ 0.25**	$ 0.70	**$ 0.96**	$ 1.54
Free Cash Flow — basic (a non-IFRS measure) (2)	**$ 0.16**	$ 0.63	**$ 0.78**	$ 1.39
Total dividends declared	**$ 0.30**	$ 0.30	**$ 0.60**	$ 0.60
ENERGY VOLUMES				
Electricity production in gigawatt hours (**GWh**)	**2,024**	2,082	**4,855**	5,003

(1) Represents total dividends paid to common shareholders including dividends in cash or in shares under the DRIP.

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

SECTION 4: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

Three months ended June 30,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Electricity production (GWh)		Sales		Operating costs		Operating income (1)		Adjusted EBITDA (3)		Adjusted Free Cash Flow (2) (3)	
Offshore Wind Facilities	**781**	804	**$ 221,096**	$ 245,805	**$ 52,681**	$ 41,479	**$ 70,052**	$ 107,036	**$ 121,033**	$ 140,732	**$ 15,673**	$ 25,332
Onshore Renewable Facilities												
Canada	**307**	330	**$ 60,035**	$ 60,202	**$ 7,973**	$ 7,158	**$ 30,892**	$ 31,630	**$ 42,108**	$ 41,716	**$ 16,165**	$ 15,346
Spain	**209**	254	**37,541**	70,444	**13,099**	389	**3,384**	45,933	**24,003**	65,478	**(17,290)**	31,922
	516	584	**$ 97,576**	$ 130,646	**$ 21,072**	$ 7,547	**$ 34,276**	$ 77,563	**$ 66,111**	$ 107,194	**$ (1,125)**	$ 47,268
Efficient Natural Gas Facilities												
Canada	**727**	696	**$ 76,008**	$ 103,153	**$ 9,173**	$ 9,937	**$ 36,996**	$ 42,971	**$ 48,835**	$ 88,430	**$ 23,976**	$ 57,691
Utilities												
Colombia	**n/a**	n/a	**$ 73,474**	$ 70,442	**$ 17,894**	$ 18,107	**$ 22,483**	$ 21,531	**$ 29,573**	$ 29,464	**$ 18,602**	$ 19,726

Six months ended June 30,	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Electricity production (GWh)		Sales		Operating costs		Operating income (1)		Adjusted EBITDA (3)		Adjusted Free Cash Flow (2) (3)	
Offshore Wind Facilities	**2,181**	2,205	**$ 567,104**	$ 642,439	**$ 101,321**	$ 78,992	**$ 269,112**	$ 369,473	**$ 346,989**	$ 403,097	**$ 107,889**	$ 129,139
Onshore Renewable Facilities												
Canada	**633**	718	**$ 110,766**	$ 115,429	**$ 15,527**	$ 14,052	**$ 52,853**	$ 58,647	**$ 73,773**	$ 79,067	**$ 27,753**	$ 32,079
Spain	**503**	509	**102,161**	143,432	**24,917**	11,778	**35,387**	86,516	**75,287**	128,179	**(7,739)**	68,061
	1,136	1,227	**$ 212,927**	$ 258,861	**$ 40,444**	$ 25,830	**$ 88,240**	$ 145,163	**$ 149,060**	$ 207,246	**$ 20,014**	$ 100,140
Efficient Natural Gas Facilities												
Canada	**1,538**	1,571	**$ 170,840**	$ 203,823	**$ 18,015**	$ 19,139	**$ 83,168**	$ 87,082	**$ 105,140**	$ 144,467	**$ 57,379**	$ 84,015
Utilities												
Colombia	**n/a**	n/a	**$ 138,575**	$ 135,787	**$ 33,510**	$ 33,364	**$ 40,589**	$ 42,293	**$ 54,877**	$ 56,845	**$ 37,402**	$ 44,297

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

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

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to *4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'*.

4.1: Operating Results

Offshore Wind Facilities

Northland's three offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany. 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, though typically to a lesser extent than variability in wind resource. For the six months ended June 30, 2023, Gemini, Nordsee One and Deutsche Bucht contributed approximately 20%, 16% and 16%, 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 merchant market and receives pool prices for their generation, which are then topped-up through a subsidy mechanism to the target subsidy price, if the merchant 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 (**"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 June 30, 2023, the APX price was €111/MWh.
- The SDE fixes the revenue at €169/MWh for 2,385GWh of generation, but due to the settlements 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 1,908 GWh. 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 monthly during the year, and the final 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 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.

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. However, the respective market prices are lower than the subsidy prices, so no upside is planned for with respect to previously issued guidance on the offshore wind facilities in 2023.

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 June 30,				
	2023 (1)	**2022 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**433**	444	439	493	385
Nordsee One	**188**	190	187	220	150
Deutsche Bucht	**160**	170	159	170	141
Total	**781**	804			

	Six months ended June 30,				
	2023 (1)	**2022 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**1,177**	1,166	1,149	1,232	1,053
Nordsee One	**536**	547	533	572	462
Deutsche Bucht	**468**	492	473	492	444
Total	**2,181**	2,205			

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

(2) Represents the historical power production for the period 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 June 30, 2023, decreased 3% or 22GWh compared to the same quarter of 2022. This was primarily due to lower wind resource across all offshore wind facilities and higher unpaid curtailments related to negative prices in Germany, partially offset by higher turbine availability at Nordsee One following the completion of the rotor shaft assembly (**"RSA"**) replacement campaign in 2022 and fewer uncompensated grid outages at the German facilities. Electricity production for the six months ended June 30, 2023, decreased 1% or 24GWh compared to the same period of 2022, primarily due to lower wind resource and higher unpaid curtailments related to negative prices at Germany facilities, partially offset by higher turbine availability at Nordsee One, fewer uncompensated grid outages at the German facilities and higher wind resource at Gemini facility.

Sales of $221 million for the three months ended June 30, 2023, decreased 10% or $25 million compared to the same quarter of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in the first half of 2022 by $40 million and slightly lower production across all offshore wind facilities by $6 million. These declines were partially offset by higher turbine availability at Nordsee One following the completion of the RSA replacement campaign in 2022 and the effect of foreign exchange fluctuations due to the strengthening of the Euro and other items by $21 million. Sales of $567 million for the six months ended June 30, 2023, decreased 12% or $75 million compared to the same period of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in the first half of 2022 by $69 million, lower production across all offshore wind facilities by $6 million and higher 2022 P&I factor adjustment recorded in 2023 (which reduced Gemini's 2022 revenues, as calculated by the Dutch authority in April 2023) of $24 million, partially offset by the foreign exchange fluctuations due to the strengthening of the Euro by $26 million. Further details are set forth in the table below.

Sales were also adversely affected by factors other than wind resource, as summarized in the following table:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Effect of Gemini APX hedge losses (1)	**$ 2,336**	$ 5,025	**$ 4,629**	$ 10,225
Lower turbine availability at Nordsee One (due to RSA campaign)	**—**	2,600	**—**	5,242
Unpaid curtailment due to negative prices in Germany	**1,649**	332	**4,268**	1,145
Unpaid curtailment due to grid outages in Germany	**5,917**	7,223	**6,383**	7,245
P&I adjustment and other	**$ (953)**	$ —	**$ 18,370**	$ —

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

Operating costs of $53 million for the three months ended June 30, 2023, increased 27% or $11 million, compared to the same quarter of 2022, primarily due to higher maintenance costs at offshore wind facilities. Operating costs of $101 million for the six months ended June 30, 2023, increased 28% or $22 million, compared to the same period of 2022, primarily due to the same factors as above.

Operating income and Adjusted EBITDA of $70 million and $121 million, respectively, for the three months ended June 30, 2023, decreased 35% or $37 million and 14% or $20 million compared to the same quarter of 2022, due to the same factors as noted above. Operating income and Adjusted EBITDA of $269 million and $347 million, respectively, for the six months ended June 30, 2023, decreased 27% or $100 million and14% or $56 million compared to the same period of 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 June 30, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	**781**	433	188	160
Non-curtailed production	GWh	**721**	429	164	127
Revenue per MWh (1)	€/MWh	**190**	191	193	182
From market	€/MWh	**90**	82	106	96
From subsidy	€/MWh	**100**	109	86	86

Six months ended June 30, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	**2,181**	1,177	536	468
Non-curtailed production	GWh	**1,933**	1,159	412	362
Revenue per MWh (1)	€/MWh	**187**	186	193	182
From market	€/MWh	**98**	100	100	90
From subsidy	€/MWh	**89**	86	93	92
Subsidy price — for information	€/MWh		169	194	184

(1) Revenue from non-curtailed production only.

(2) Revenue from curtailed production amounted to $12 million and $46 million for the three and six months ended June 30, 2023, respectively, which factors in the effect of unpaid curtailment due to negative prices and grid outages in Germany.

For the quarter, 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 is expected to average approximately €169/MWh annually. However, as described above, due to the timing of the subsidy payment, the revenue was higher in the first and second quarter of this year.

Onshore Renewable Facilities

Northland's onshore renewables comprise 1,126MW (at Northland's share) of onshore wind and solar facilities located in Canada, Mexico, Colombia 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 six months ended June 30, 2023, Northland's onshore renewable facilities in Canada and Spain contributed approximately 11% and 11%, respectively, to Northland's reported Adjusted EBITDA from facilities.

Spain revenue structure and regulatory changes

The 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 merchant 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 merchant revenues. To note, no Ro is being received in the current environment;
- The merchant revenue, at pool prices; and
- The **"band adjustments"**, which are an ex-post positive or negative settlement to compensate for the difference between the actual merchant revenue and the revenue at the regulatory posted price.

For a given year, both merchant 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 merchant pool prices and the Ri components of revenue.

On June 29, 2023, a new Royal Decree-Law (**"RDL"**) was published with a number of measures, which will have an impact on our Spanish portfolio. Refer to the table below for the comparison between our expectations pre and post the regulatory framework changes for 2023:

	Prior to June 29,2023		Post June 29,2023		Change	
	Euro	Dollars	Euro	Dollars	Euro	Dollars
Regulatory posted price (per MWh)						
2023	€ 208	$ 304	€ 109	$ 159	€ (99)	$ (145)
2024	130	190	109	159	(21)	(31)
2025 and beyond	78	114	89	130	11	16
2023 Revenue impacts (in millions)						
Ri revenue	€ 39	$ 57	€ 41	$ 60	€ 2	$ 3
Band adjustment revenue, net of other items	75	111	12	18	(63)	(93)
Merchant revenue (average 2023)	90	131	90	131	—	—
2023 Total Revenue	**€ 204**	**$ 299**	**€ 143**	**$ 209**	**€ (61)**	**$ (90)**
2023 Adjusted EBITDA (in millions)	**€ 170**	**$ 250**	**€ 110**	**$ 160**	**€ (60)**	**$ (90)**

(1) Table above assumes EUR/CAD exchange rate of $1.46. 2023 production from the Spanish portfolio assumed at 1,030GWh with full year captured merchant price assumed at €85/MWh.

While the band adjustment revenue is lower in 2023, it is only a matter of deferring the timing of revenue recognition to 2025 and beyond, under the regulatory framework and therefore not expected to impact the overall return of Spanish portfolio. Irrespective of the regulatory change, Northland expects to achieve its designated regulatory return over the remaining regulated asset lives and there is no change in view on the portfolio or its value contribution to Northland.

Upon acquisition of the portfolio in August 2021 (**"acquisition date"**), the 5-year average annual EBITDA (2021-2025) was expected to be €90 million ($135 million). With the impact of the new regulatory changes and the actual amounts earned since 2021, on a comparable basis over the same timeframe, this is expected to be slightly higher, at €105 million ($155 million).

From the acquisition date to 2030, we expect average annual Adjusted EBITDA to be approximately €95 million ($140 million).

With the impact of the new regulatory changes as described above, the Spanish portfolio is expected to achieve estimated Adjusted EBITDA in the range of $160 million in 2023 as compared to $220 million in 2022.

The table below outlines revenue components from Spanish asset portfolio included in the consolidated results. Only Ri/Ro and merchant revenue are received in cash during the year.

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Ri revenue	**€ 10,245**	€ 11,819	**€ 20,490**	€ 34,354
Merchant revenue	**13,365**	47,926	**36,076**	95,150
Band adjustment	**2,281**	(7,895)	**13,862**	(26,274)
Total revenue	**€ 25,891**	€ 51,850	**€ 70,428**	€ 103,230

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Ri revenue	**$ 14,977**	$ 16,060	**$ 29,842**	$ 47,732
Merchant revenue	**19,539**	65,121	**52,541**	132,202
Band adjustment	**3,334**	(10,727)	**20,189**	(36,505)
Total revenue	**$ 37,850**	$ 70,454	**$ 102,571**	$ 143,428

Northland entered into long-term Euro denominated foreign exchange hedges, at an average rate of $1.51/€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 June 30, 2023, was 11% or 66GWh lower than the same quarter of 2022, due to lower wind resource across the Canadian and Spanish onshore wind facilities, partially offset by higher solar resource at the Canadian solar facilities. Electricity production at the onshore renewable facilities for the six months ended June 30, 2023, was 7% or 91GWh lower than the same period of 2022, due to lower wind resource across the Canadian and Spanish onshore facilities, partially offset by higher solar resource at these facilities.

Sales of $98 million for the three months ended June 30, 2023, decreased 25% or $33 million compared to the same quarter of 2022, primarily due to lower merchant revenue by $46 million from Spanish portfolio, partially offset by the increase in band adjustments by $14 million. Sales of $213 million for the six months ended June 30, 2023, decreased 18% or $46 million compared to the same period of 2022, primarily due to lower merchant revenue and Ri by $80 million and $18 million, respectively, from Spanish portfolio, partially offset by increase in band adjustments by $57 million.

Operating income and Adjusted EBITDA of $34 million and $66 million, respectively, for the three months ended June 30, 2023, decreased 56% or $43 million and 38% or $41 million, respectively, compared to the same quarter of 2022 due to the same factors as above. Operating income and Adjusted EBITDA of $88 million and $149 million, respectively, for the six months ended June 30, 2023, decreased 39% or $57 million and 28% or $58 million, respectively, compared to the same period of 2022 due to the same factors as above.

Adjusted EBITDA from the Spanish portfolio of $24 million for the three months ended June 30, 2023, decreased 63% or $41 million compared to the same quarter of 2022, primarily due to lower merchant revenue by $46 million from Spanish portfolio, partially offset by increase in band adjustments by $14 million. Adjusted EBITDA from the Spanish portfolio of $75 million for the six months ended June 30, 2023, decreased 41% or $53 million compared to the same period of 2022, primarily due to lower merchant revenue and Ri by $80 million and $18 million, respectively, from Spanish portfolio, partially offset by increase in band adjustments by $57 million. *Free Cash Flow* from the Spanish portfolio of negative $17 million for the three months ended June 30, 2023, decreased by $49 million compared to the same quarter of 2022, due to the same factors discussed above. Free Cash Flow from the Spanish portfolio of negative $8 million for the six months ended June 30, 2023, decreased by $76 million compared to the same period of 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 six months ended June 30, 2023, Northland's efficient natural gas facilities contributed approximately 16% of reported Adjusted EBITDA from facilities, with the two largest facilities, North Battleford and Thorold accounting for approximately 14%.

Electricity production for the three months ended June 30, 2023, increased 4% or 31GWh, compared to the same quarter of 2022, mainly due to higher market demand for dispatchable power and lower unplanned outages. Electricity production for the six months ended June 30, 2023, decreased 2% or 33GWh, compared to the same period of 2022, primarily due to lower market demand for dispatchable power during the comparatively mild Ontario winter.

Sales of $76 million three months ended June 30, 2023, decreased 26% or $27 million compared to the same quarter of 2022, primarily due to lower energy rates triggered by lower natural gas prices, which is a pass-through cost. Sales of $171 million six months ended June 30, 2023, decreased 16% or $33 million compared to the same period of 2022, due to the same factors as above.

Adjusted EBITDA of $49 million for the three months ended June 30, 2023, decreased 45% or $40 million, compared to the same quarter of 2022, primarily due to Kirkland Lake's one-time management fee received in 2022. Adjusted EBITDA of $105 million for the six months ended June 30, 2023, decreased 27% or $39 million compared to the same period of 2022, due 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 six months ended June 30, 2023, EBSA contributed approximately 8% 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 Comisión de Regulación de Energía y Gas (**"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 (**"WACC"**) 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 and *gross profit* of $73 million and $50 million, respectively, for the three months ended June 30, 2023, increased 4% or $3 million and 2% or $1 million, compared to the same quarter of 2022, primarily due to higher market demand and rate escalations, partially offset by the foreign exchange fluctuations due to the weakening of the Colombian Peso. Sales of $139 million for the six months ended June 30, 2023, increased 2% or $3 million compared to the same period of 2022, primarily due to the same factors as above. Gross profit of $93 million for the six months ended June 30, 2023, remained in line with the same period of 2022.

Operating income and Adjusted EBITDA of $22 million and $30 million, respectively, for the three months ended June 30, 2023, remained in line with the same quarter of 2022. Operating income and Adjusted EBITDA of $41 million and $55 million, respectively, for the six months ended June 30, 2023, decreased 4% or $2 million and 3% or $2 million, compared to the same period of 2022, primarily due to the higher operating costs and the foreign exchange fluctuations due to the weakening of the Colombian Peso, partially offset by higher market demand and rate escalations.

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.

4.2: General and Administrative Costs

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

		Three months ended June 30,				Six months ended June 30,		
		2023		2022		**2023**		2022
Corporate G&A	**$**	**21,320**	$	12,651	**$**	**36,121**	$	26,026
Operations G&A (1)		**10,037**		7,275		**18,262**		13,628
Total G&A costs	**$**	**31,357**	$	19,926	**$**	**54,383**	$	39,654

(1) Operations G&A is included in the respective segment's Adjusted EBITDA and Adjusted Free Cash Flow presented in *Section 4.1: Operating Results.*

Corporate G&A costs of $21 million and $36 million for the three and six months ended June 30, 2023, were 69% or $9 million and 39% or $10 million higher than the same periods of 2022, primarily due to increased personnel costs and other costs supporting Northland's projects and investments in the global platform which also included non-recurring expenditures of $2 million.

Operations G&A costs of $10 million and $18 million for the three and six months ended June 30, 2023, were 38% or $3 million and 34% or $5 million higher than the same period of 2022, primarily due to higher administrative costs to support the sustainable operations.

4.3: Growth Expenditures

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

		Three months ended June 30,				Six months ended June 30,		
		2023		2022		**2023**		2022
Business development	**$**	**10,965**	$	3,967	**$**	**20,704**	$	8,609
Project development		**4,461**		3,631		**7,729**		6,279
Development overhead		**12,651**		7,111		**23,918**		17,108
Acquisition costs (1)		**137**		137		**272**		618
Development costs	**$**	**28,214**	$	14,846	**$**	**52,623**	$	32,614
Joint venture project development costs (2)		**782**		1,758		**1,886**		2,081
Growth expenditures (3)	**$**	**28,859**	$	16,467	**$**	**54,237**	$	34,077
Growth expenditures on a per share basis					**$**	**0.22**	$	0.15

(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.

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 should 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 three and six months ended June 30, 2023, were higher compared to the same periods of 2022 due to the timing of development activities pursuing opportunities.

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 three and six months ended June 30, 2023, project development costs were largely in line with 2022. Refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION 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 three and six months ended June 30, 2023, were higher than 2022 primarily due to higher personnel and other costs in support of Northland's global growth.

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

4.4: Consolidated Results

The following discussion of the significant factors contributing to the consolidated financial results should be read in conjunction with Northland's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2023.

Second Quarter

Sales of $472 million decreased 15% or $85 million compared to the same quarter of 2022, primarily due to lower revenue generated from the Spanish portfolio, the non-recurrence of the unprecedented spike in market prices realized in the second quarter of 2022 at Gemini and slightly lower production across offshore and onshore wind facilities.

Gross profit of $427 million decreased 12% or $57 million compared to the same quarter of 2022, due to the same reasons impacting sales.

Operating costs of $108 million increased 40% or $31 million compared to the same quarter of 2022, primarily due to higher maintenance costs at offshore wind facilities and the Spanish portfolio.

Corporate and Operational G&A costs of $31 million increased 57% or $11 million primarily due to increased costs and resources to support Northland's projects and global platform and higher administrative costs to support the sustainable operations.

Development costs of $28 million increased 90% or $13 million compared to the same quarter of 2022, primarily due to timing of spending to advance early to mid-stage development projects.

Finance costs, net (primarily interest expense) of $71 million decreased 8% or $6 million compared to the same quarter of 2022 primarily due to scheduled repayments on facility-level loans and higher loan repayments related to loan restructurings that occurred in 2022.

Fair value gain on derivative contracts was $16 million compared to a $235 million gain in the same quarter of 2022 primarily due to net movement in the fair value of derivatives related to commodity, interest rate and foreign exchange contracts.

Foreign exchange loss of $5 million was primarily due to unrealized loss from fluctuations in the closing foreign exchange rates.

Other income of $32 million increased 93% or $15 million compared to the same quarter of 2022, primarily due to the gains associated with two offshore wind assets in Europe in 2023.

Net income of $22 million in the second quarter of 2023 compared to $268 million in the same quarter of 2022 primarily as a result of the factors described above.

Year to date

Sales of $1,093 million decreased 13% or $159 million compared to the same period of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in the first half of 2022 at Gemini, lower revenue generated from the Spanish portfolio, higher 2022 P&I factor adjustment in 2023, and lower production across offshore and onshore wind facilities.

Gross profit of $996 million decreased 11% or $124 million compared to the same period of 2022, due to the same reasons impacting sales.

Operating costs of $201 million increased 28% or $43 million compared to the same period of 2022, primarily due to higher maintenance costs at offshore wind facilities and the Spanish portfolio.

Corporate and Operational G&A costs of $54 million increased 37% or $15 million primarily due to increased costs and resources to support Northland's projects and global platform and higher administrative costs to support the sustainable operations.

Development costs of $53 million increased 61% or $20 million compared to the same period of 2022, primarily due to timing of spending to advance early to mid-stage development projects.

Finance costs, net (primarily interest expense) of $138 million decreased 13% or $20 million compared to the same period of 2022, primarily due to 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 $68 million compared to a $363 million gain in the same period of 2022, primarily due to net movement in the fair value of derivatives related to commodity, interest rate and foreign exchange contracts.

Foreign exchange gain of $25 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

Other income of $27 million decreased 13% or $4 million, compared to the same period of 2022, primarily due to the gains associated with two offshore wind assets in Europe in 2023.

Net income of $129 million in the six months ended June 30, 2023 compared to $555 million in the same period of 2022 primarily as a result of the factors described above.

4.5: Adjusted EBITDA

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	**$ 21,662**	$ 267,866	**$ 128,799**	$ 555,446
Adjustments:				
Finance costs, net	**71,064**	77,736	**138,278**	159,240
Gemini interest income	**4,163**	3,749	**6,262**	7,456
Provision for (recovery of) income taxes	**37,169**	85,708	**76,024**	186,262
Depreciation of property, plant and equipment	**145,882**	144,614	**291,057**	292,029
Amortization of contracts and intangible assets	**14,342**	15,545	**28,042**	25,603
Fair value (gain) loss on derivative contracts	**(17,936)**	(239,730)	**63,003**	(373,175)
Foreign exchange (gain) loss	**4,526**	34,575	**(24,648)**	66,949
Elimination of non-controlling interests	**(54,042)**	(40,964)	**(133,009)**	(141,818)
Finance lease (lessor)	**(1,511)**	(1,614)	**(2,969)**	(3,278)
Others (1)	**6,936**	(12,293)	**13,115**	(19,373)
Adjusted EBITDA (2)	**$ 232,255**	$ 335,192	**$ 583,954**	$ 755,341

(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-down, 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 and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Gemini interest income reflects 5% interest earned on Northland's €114 million subordinated debt to Gemini. Under the terms of the Gemini debt amendment completed in the fourth quarter of 2022, quarterly 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.

Second Quarter

Adjusted EBITDA of $232 million for the three months ended June 30, 2023, decreased 31% or $103 million compared to the same quarter of 2022. The significant factors decreasing Adjusted EBITDA include:

- $41 million decrease in the contribution from the Spanish renewables portfolio, primarily due to lower merchant revenue by $46 million, partially offset by increase in band adjustments by $14 million, as described in *Section 4.1: Operating Results*, and lower wind resource;
- $37 million decrease in the contribution primarily from a one-time management fee from Kirkland Lake received in 2022;
- $20 million decrease in operating results at the offshore wind facilities primarily due to the non-recurrence of the unprecedented spike in market prices realized in the first half of 2022 and slightly lower production across all offshore wind facilities. These declines were partially offset by higher turbine availability at Nordsee One following the completion of the RSA replacement campaign in 2022 and the effect of foreign exchange fluctuations due to the strengthening of the Euro and other items; and
- $24 million increase in G&A costs and development expenditures, with the latter driven by timing of spend.

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

- $23 million in gains from partial asset sell-down.

Year to date

Adjusted EBITDA of $584 million for the six months ended June 30, 2023, decreased 23% or $171 million compared to the same period of 2022. The significant factors decreasing Adjusted EBITDA include:

- $56 million decrease in operating results at the offshore wind facilities compared to the same period of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in the first half of 2022, lower production across all offshore wind facilities and higher 2022 P&I factor adjustment recorded in 2023 (which reduced Gemini's 2022 revenues, as calculated by the Dutch authority in April 2023), partially offset by the foreign exchange fluctuations due to the strengthening of the Euro and other items;
- $53 million decrease in the contribution from the Spanish renewables portfolio, primarily due to lower merchant revenue and Ri by $84 million and $19 million, respectively, partially offset by increase in band adjustments by $58 million, as described in *Section 4.1: Operating Results*, and lower wind resource;
- $40 million decrease in contribution primarily from a one-time management fee from Kirkland Lake received in 2022; and
- $35 million increase in G&A costs and development expenditures, with the latter driven by timing of spend.

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

- $23 million in gains from partial asset sell-down.

4.6: 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 June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Cash provided by operating activities	**$ 204,278**	$ 312,337	**$ 501,340**	$ 758,956
Adjustments:				
Net change in non-cash working capital balances related to operations	**55,170**	25,883	**135,025**	40,992
Non-expansionary capital expenditures	**(414)**	(18,480)	**(899)**	(31,310)
Restricted funding for major maintenance, debt and decommissioning reserves	**(6,811)**	(6,004)	**(2,653)**	(11,098)
Interest	**(97,345)**	(75,521)	**(139,610)**	(148,033)
Scheduled principal repayments on facility debt	**(274,157)**	(307,944)	**(325,642)**	(348,385)
Funds set aside (utilized) for scheduled principal repayments	**104,016**	125,152	**(8,166)**	(16,926)
Preferred share dividends	**(1,521)**	(2,741)	**(3,003)**	(5,441)
Consolidation of non-controlling interests	**(16,670)**	4,644	**(61,653)**	(41,804)
Investment income (1)	**9,755**	4,222	**17,270**	8,398
Proceeds under NER300 and warranty settlement at Nordsee One	**—**	21,164	**—**	38,876
Others (2)	**64,988**	62,831	**83,972**	75,693
Free Cash Flow (3)	**$ 41,289**	$ 145,543	**$ 195,981**	$ 319,918
Add Back: Growth expenditures	**28,859**	16,467	**54,237**	34,077
Less: Historical growth expenditures' recovery due to sell-down	**(7,445)**	—	**(7,445)**	—
Adjusted Free Cash Flow (3)	**$ 62,703**	$ 162,010	**$ 242,773**	$ 353,995

(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 from sales of development assets, interest on corporate-level debt raised to finance capitalized growth project 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 and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to 4.7: 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 from Free Cash Flow. Management believes this measure provides a relevant presentation of cash flow generated from the business before investment-related decisions (refer to *Section 4.3: Growth Expenditures* for additional information). Management believes Adjusted Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to reinvest in growth and fund dividend payments. 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)		2023		2022
Gemini	€	**88,497**	€	127,103
Nordsee One		**86,767**		88,411
Deutsche Bucht		**78,071**		76,507
Spanish portfolio [1]		**85,334**		124,603
Total	€	**338,669**	€	416,624

(1) Northland is currently evaluating debt re-sculpting options to adjust the scheduled principal repayments to match with the revised cash flow profile from the Spanish portfolio.

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

Others mainly include foreign exchange hedge settlement of $21 million, interest rate hedge settlement of $11 million and interest income of $16 million, partially offset by the foreign exchange rates and hedges of $7 million.

In 2014, Nordsee One was awarded a grant under the European Commission's NER 300 program. The total grant value of €70 million was recorded as a reduction in property, plant and equipment upon completion of the project. Cash proceeds from the grant are based on production volumes, and final cash payments are expected in 2023 for the production ceiling under the program met in 2022.

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

	Three months ended June 30,				Six months ended June 30,			
		2023		**2022**		**2023**		**2022**
Adjusted EBITDA [2]	**$**	**232,255**	$	335,192	**$**	**583,954**	$	755,341
Adjustments:								
Scheduled debt repayments		**(144,207)**		(147,853)		**(283,543)**		(295,554)
Interest expense		**(54,744)**		(60,023)		**(99,160)**		(121,304)
Current taxes		**(17,694)**		(32,725)		**(64,690)**		(89,109)
Non-expansionary capital expenditure		**(413)**		(15,749)		**(720)**		(26,668)
Utilization (funding) of maintenance and decommissioning reserves		**(6,347)**		(5,574)		**(2,645)**		(10,230)
Lease payments, including principal and interest		**(1,464)**		(116)		**(4,529)**		(3,123)
Preferred dividends		**(1,521)**		(2,741)		**(3,003)**		(5,441)
Foreign exchange hedge gain (loss)		**6,830**		32,929		**30,288**		48,091
Proceeds under NER300 and warranty settlement at Nordsee One		**—**		17,989		**—**		33,044
EBSA Refinancing proceeds, net of growth capital expenditures		**—**		3,953		**—**		16,777
Others [1]		**28,594**		20,261		**40,029**		18,094
Free Cash Flow [2]	**$**	**41,289**	$	145,543	**$**	**195,981**	$	319,918
Add back: Growth expenditures		**28,859**		16,467		**54,237**		34,077
Less: Historical growth expenditures' recovery due to sell-down		**(7,445)**		—		**(7,445)**		—
Adjusted Free Cash Flow [2]	**$**	**62,703**	$	162,010	**$**	**242,773**	$	353,995

(1) Others mainly include Gemini interest income, repayment of Gemini subordinated debt, interest rate hedge settlement, gains from sales 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 and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Second Quarter

Adjusted Free Cash Flow of $63 million for the three months ended June 30, 2023, was 61% or $99 million lower than the same quarter of 2022.

The significant factors decreasing Adjusted Free Cash Flow were:

- $103 million decrease in contribution from the operating facilities leading to lower Adjusted EBITDA primarily due to the factors described above; and

- $30 million net proceeds from the sale of two efficient natural gas facilities in April 2022.

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

- $15 million decrease in current taxes primarily at offshore wind facilities and the Spanish portfolio as a result of lower operating results; and
- $12 million gains from sales of offshore wind development assets in Europe and foreign exchange hedge settlements.

Free Cash Flow, which is reduced by growth expenditures, totaled $41 million for the three months ended June 30, 2023, and was 72% or $104 million lower than the same quarter of 2022, due to the same factors as Adjusted Free Cash Flow.

Year to date

Adjusted Free Cash Flow of $243 million for the six months ended June 30, 2023, was 31% or $111 million lower than the same period of 2022.

The significant factors decreasing Adjusted Free Cash Flow were:

- $171 million decrease in contribution from operating facilities leading to lower Adjusted EBITDA primarily due to the factors described above; and
- $30 million net proceeds from the sale of two efficient natural gas facilities in April 2022.

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

- $26 million gains from sales of offshore wind development assets in Europe and foreign exchange hedge settlements;
- $24 million decrease in current taxes primarily at offshore wind facilities and the Spanish portfolio as a result of lower operating results;
- $22 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;
- $12 million decrease due to scheduled debt repayments on facility-level loans; and
- $11 million contribution primarily from EBSA maturity hedge settlements.

Free Cash Flow, which is reduced by growth expenditures, totaled $196 million for the six months ended June 30, 2023, and was 39% or $124 million lower 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 June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Cash dividends paid to shareholders	**$ 51,148**	$ 48,442	**$ 101,195**	$ 95,835
Adjusted Free Cash Flow payout ratio — cash dividends (1) (3)			**58 %**	32 %
Free Cash Flow payout ratio — cash dividends (1) (3)			**79 %**	38 %
Total dividends paid to shareholders (2)	**$ 75,667**	$ 69,472	**$ 150,788**	$ 137,593
Adjusted Free Cash Flow payout ratio — total dividends (1) (2) (3)			**84 %**	48 %
Free Cash Flow payout ratio — total dividends (1) (2) (3)			**115 %**	56 %
Weighted avg. number of shares — basic and diluted (000s)	**252,356**	232,321	**251,579**	230,019
Per share ($/share)				
Dividends paid	**$ 0.30**	$ 0.30	**$ 0.60**	$ 0.60
Adjusted Free Cash Flow — basic and diluted (3)	**$ 0.25**	$ 0.70	**$ 0.96**	$ 1.54
Free Cash Flow — basic and diluted (3)	**$ 0.16**	$ 0.63	**$ 0.78**	$ 1.39

(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 and six months ended June 30, 2023, include the effect of changes in the definition of non-IFRS measures. For a reconciliation of these non-IFRS financial measures to the ones before definition change refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

At June 30, 2023, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio was 58% and 79%, respectively, calculated on the basis of cash dividends paid, compared to 32% and 38% for the same period ending June 30, 2022. The Free Cash Flow net payout ratio was similarly higher compared to the same period ending June 30, 2022, primarily due to non-recurrence of the unprecedented spike in market prices realized in first half of 2022, net of higher loan repayments related to loan restructurings in 2022.

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

The following table reconciles the revised non-IFRS financial measures to the ones before definition change:

	Three months ended June 30, 2023			Six months ended June 30, 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	**$ 201,077**	**$ 53,556**	**$ 32,142**	**$ 552,776**	**$ 233,626**	**$ 186,834**
Effect of changes in non-IFRS measures:						
Impairment of capitalized growth projects	8,211	8,211	8,211	8,211	8,211	8,211
Gains from partial asset sell-down	22,967	—	—	22,967	—	—
Interest on corporate-level debt raised to finance capitalized growth project	—	936	936	—	936	936
Revised non-IFRS measures	**$ 232,255**	**$ 62,703**	**$ 41,289**	**$ 583,954**	**$ 242,773**	**$ 195,981**

SECTION 5: CHANGES IN FINANCIAL POSITION

The following table provides a summary of account balances derived from the unaudited interim condensed consolidated statements of financial position as at June 30, 2023 and December 31, 2022.

As at	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**$ 1,004,116**	$ 1,299,833
Restricted cash	**192,286**	160,142
Trade and other receivables	**292,119**	397,771
Other current assets	**108,669**	242,381
Property, plant and equipment, net	**9,360,873**	9,377,584
Contracts and other intangible assets, net	**478,437**	515,775
Derivative assets	**623,483**	751,975
Deferred tax asset	**32,875**	27,240
Investment in joint ventures	**1,020,837**	441,565
Other assets (1)	**1,072,773**	1,008,343
	$ 14,186,468	$ 14,222,609
Liabilities		
Trade and other payables	**$ 568,464**	$ 959,213
Loans and borrowings	**7,220,572**	6,971,722
Derivative liabilities	**168,163**	105,975
Deferred tax liability	**699,746**	697,577
Other liabilities (2)	**764,155**	763,849
	$ 9,421,100	$ 9,498,336
Total Equity	**4,765,368**	4,724,273
	$ 14,186,468	$ 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 unaudited interim condensed consolidated statements of financial position were as follows:

- *Cash and Cash Equivalents* decreased by $296 million primarily due to investments in Hai Long and Baltic offshore wind projects, and the Oneida energy storage project, partially offset by proceeds from the Green Notes.
- *Other current assets* decreased by $134 million primarily due to deposit settlement for the redemption of Series 3 Preferred Shares.
- *Investment in joint ventures* increased by $579 million primarily due to the investment in Hai Long and Baltic offshore wind projects.
- *Property, plant and equipment* decreased by $17 million primarily due to depreciation expense and construction-related activities, partially offset by foreign exchange fluctuations.
- *Net derivative assets* decreased $191 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.
- *Loans and borrowings* increased by $249 million mainly due to issuance of the Green Notes, construction related drawdown and foreign exchange fluctuation, partially offset by the scheduled principal repayments on facility-level debt.

SECTION 6: 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	June 30, 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	**—**	14,974
Shares issued under the DRIP	**1,563,901**	2,224,650
Total common shares outstanding, end of period	**252,791,795**	250,017,357

Preferred shares outstanding as at June 30, 2023, and December 31, 2022 were as follows:

As at	June 30, 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 rating was reaffirmed at BBB (stable) by Fitch, a global rating agency, in addition to S&P's BBB (stable) rating.

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 June 30, 2023, Northland had 252,791,795 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 August 10, 2023, Northland has 253,104,982 common shares outstanding with no change in preferred shares Series 1 and Series 2 outstanding from June 30, 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Cash and cash equivalents, beginning of period	**$ 978,071**	$ 1,203,634	**$ 1,299,833**	$ 673,692
Cash provided by operating activities	**204,278**	312,337	**501,340**	758,956
Cash (used in) investing activities	**(281,536)**	(71,550)	**(766,413)**	(151,030)
Cash (used in) provided by financing activities	**152,478**	(480,319)	**17,462**	(288,944)
Effect of exchange rate differences	**(49,175)**	(21,335)	**(48,106)**	(49,907)
Cash and cash equivalents, end of period	**$ 1,004,116**	$ 942,767	**$ 1,004,116**	$ 942,767

Year to date

Cash and cash equivalents for the six months ended June 30, 2023, decreased $296 million due to $766 million of cash used in investing activities and $48 million effect of foreign exchange translation, partially offset by cash provided by operations of $501 million and $17 million by financing activities.

Cash provided by operating activities for the six months ended June 30, 2023, was $501 million comprising:

- $129 million of net income; and
- $508 million in non-cash and non-operating items such as depreciation and amortization, finance costs, changes in fair value of derivative contracts and deferred taxes.

Factor partially offsetting cash provided by operating activities include:

- $135 million in changes in working capital due to the timing of payables, receivables and deposits.

Cash used in investing activities for the six months ended June 30, 2023, was $766 million, primarily comprising:

- $214 million used for the purchase of property, plant and equipment, mainly for ongoing construction at New York onshore wind projects, Oneida energy storage project and other projects; and
- $620 million used mainly for the investment in the Hai Long and Baltic Power offshore wind projects.

Cash provided by financing activities for the six months ended June 30, 2023, was $17 million, primarily comprising:

- $490 million received from the issuance of Green Notes;
- $80 million of draws on project level debt primarily for construction of the projects;
- $41 million received from common shares issued under the ATM program in the first quarter; and
- $47 million proceeds from issuance of shares in subsidiaries that do not involve loss of control.

Factors partially offsetting cash provided by financing activities include:

- $326 million in scheduled principal repayments on the facility-level debt;
- $128 million in interest payments; and
- $164 million of common and preferred share dividends as well as dividends to non-controlling interest (**"NCI"**).

Movement of foreign currencies, including primarily the Euro, U.S. dollar and Colombian peso, against the Canadian dollar decreased cash and cash equivalents by $48 million for the six months ended June 30, 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 six months ended June 30, 2023:

	Balance as at Jan 1, 2023	Additions	Provisions, disposals and other (1)	Exchange rate differences	Balance as at Jun 30, 2023
Operations:					
Offshore wind	$ 6,752,871	$ 189	$ (26,575)	$ (12,442)	**$ 6,714,043**
Onshore renewable	3,314,585	13,041	(868)	(2,986)	**3,323,772**
Efficient natural gas(2)	1,318,950	2,223	(4,165)	—	**1,317,008**
Utility	507,462	13,924	(1,112)	69,761	**590,035**
Construction:					
Onshore renewable	870,008	167,578	3,399	9,693	**1,050,678**
Corporate	100,247	26,921	(4,658)	(782)	**121,728**
Total	**$ 12,864,123**	**$ 223,876**	**$ (33,979)**	**$ 63,244**	**$ 13,117,264**

(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 six months ended June 30, 2023:

	Balance as at Jan 1, 2023	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Balance as at Jun 30, 2023
Operations:						
Offshore wind	$ 3,483,259	$ —	$ (194,142)	$ 10,482	$ (4,403)	**$ 3,295,196**
Onshore renewable	1,757,472	77	(98,661)	2,306	2,708	**1,663,902**
Efficient natural gas	875,317	11,655	(32,552)	293	—	**854,713**
Utility	518,847	—	(150)	(571)	53	**518,180**
Construction:						
Onshore renewable	336,827	68,219	(137)	638	(6,983)	**398,565**
Green Notes (2)	—	490,016	—	—	—	**490,016**
Corporate (1)	(2,817)	674,833	(656,844)	1,146	(4,160)	**12,158**
Total	**$ 6,968,905**	**$ 1,244,800**	**$ (982,486)**	**$ 14,294**	**$ (12,785)**	**$ 7,232,730**

(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 June 30, 2023, $101 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

During the six months ended June 30, 2023, Northland entered into multiple financing activities. Refer to *Section 3.1: 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 June 30, 2023, Northland and its subsidiaries were in compliance with all financial covenants under the applicable credit agreements.

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 June 30, 2023	**Facility size**	**Amount drawn [(4)]**	**Outstanding letters of credit [(5)]**	**Available capacity**	**Maturity date**
Sustainability linked loan syndicated revolving facility	$ 1,000,000	$ 15,000	$ 296,359	$ 688,641	Sep. 2027
Bilateral letter of credit facility	150,000	—	145,313	4,687	Sep. 2024
Export credit agency backed letter of credit facility [(1)]	200,000	—	69,757	130,243	Mar. 2025
Export credit agency backed letter of credit facility [(2)]	100,000	—	38,856	61,144	n/a
Total — Long term facilities	**$ 1,450,000**	**$ 15,000**	**$ 550,285**	**$ 884,715**	
Short term revolving facility [(3)]	250,000	—	—	250,000	Oct. 2023
Total	**$ 1,700,000**	**$ 15,000**	**$ 550,285**	**$ 1,134,715**	

(1) During the six months ended June 30, 2023, the Export credit agency backed LC facility size was increased by $100 million and the maturity date was extended to March 2025.

(2) This facility does not have a specified maturity date.

(3) During the second quarter, Northland secured a short-term credit facility amounting to $250 million with a maturity date of October 2023. This facility is available for general corporate funding purposes.

(4) Deferred financing cost, as at June 30, 2023, associated with the syndicated revolving facility amounting to $3 million (December 31, 2022 - $3 million) is included within the other assets in the Interim Condensed Consolidated Statements of Financial Position.

(5) As at June 30, 2023, outstanding letters of credit include LCs issued in favor of joint ventures amounting to $291 million.

- Of the $550 million of corporate letters of credit issued as at June 30, 2023, $360 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.

SECTION 7: 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	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Total sales	$ 472	$ 622	$ 641	$ 556	$ 557	$ 695	$ 640	$ 432
Operating income [1]	103	273	270	202	216	363	301	80
Net income (loss)	22	107	324	76	268	288	130	(5)
Adjusted EBITDA	232	352	353	290	335	420	364	211
Cash provided by operating activities	204	297	551	523	312	447	559	280
Adjusted Free Cash Flow	63	180	41	66	162	192	182	35
Free Cash Flow	$ 41	$ 155	$ 16	$ 45	$ 146	$ 174	$ 156	$ 11
Per share statistics								
Net income (loss) attributable to common shareholders — basic [2]	$ 0.01	$ 0.27	$ 1.12	$ 0.33	$ 1.01	$ 0.99	$ 0.45	$ (0.03)
Net income (loss) attributable to common shareholders — diluted [2]	0.01	0.27	1.12	0.33	1.01	0.99	0.45	(0.03)
Adjusted Free Cash Flow — basic	0.25	0.72	0.16	0.28	0.70	0.84	0.80	0.15
Free Cash Flow — basic	0.16	0.62	0.06	0.19	0.63	0.77	0.69	0.05
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.

(2) Net income (Loss), basic and diluted per share are adjusted due to correction of historical net income allocated to common shareholders and NCI in 2021.

SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES

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

Thorold upgrade

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 continues to carry out its plans for an 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, an expected improvement in the facility's heat rate, which could 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. The upgrade is expected to be in service by the end of 2024. On April 24, 2023, as part of our optimization of the facility, Northland was awarded a 5-year extension of the PPA for Thorold by IESO from 2030 to 2035. 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 LC requirements. Thorold will continue to operate under a dispatch model.

South Korean Offshore Wind Projects

The Dado offshore wind project has been awarded EBLs for the full 1,270MW capacity, providing exclusivity over the development areas. Northland's second project, the 616MW Bobae project, has also been awarded the requisite EBLs. 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.

Oneida Energy Storage Project

In December 2022, Northland entered into an agreement to acquire a majority interest in a late-stage, grid-connected energy storage project in southern Ontario, Canada. 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. 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, which are focused on road construction and site preparation before receiving the major equipment. Northland currently owns 74% 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.

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 over 1.6GW and 1.2GWh, respectively, of which 220MW Jurassic Project could reach commercial operations as early as 2025. The projects are expected to be accretive to Free Cash Flow per share as they reach commercial operation. All projects are expected to be funded with non-recourse debt, in accordance with Northland's typical investment-grade financing approach. As part of the transaction, key members of the development team originating the portfolio joined Northland to help execute development of the current portfolio and also accelerate growth in Alberta and across Canada.

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.

On May 9, 2023, Northland signed a partnership agreement with ESB, a leading Irish energy company for a 24.5% interest in both projects. The partnership with ESB demonstrates the 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.

Nordsee Offshore Wind Cluster

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, 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 in the second quarter of 2023. 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 investment approach.

Suba Colombian Solar Projects

Northland holds a 50% of economic interest in the 130MW Suba projects in Colombia. Its partner, EDF Renewables, holds the remaining 50%. After an in-depth evaluation, Northland and EDF Renewables have jointly elected not to proceed with the development of the Suba projects.

New York Onshore Wind Project**s**

Work towards achieving commercial operations on the 108MW Ball Hill project and 112MW Bluestone project continues, with commercial operations expected to occur in 2023. The projects were previously awarded 20-year indexed REC agreements with the New York State Energy Research and Development Authority that will effectively guarantee a fixed price per each MWh produced.

Northland finalized its first ever tax equity commitment with a leading U.S. financial institution for Ball Hill and Bluestone. The commitment will provide tax equity investment of up to US$190 million (approximately $250 million) to assist with funding the projects. Following the conclusion of the tax equity investment at commercial operations, the long-term structure of the projects will be comprised of tax equity, back-levered non-recourse debt and equity to fund the approximate US$0.6 billion of capital costs.

On February 17, 2023, Northland entered into an agreement to sell a 100% stake in the High Bridge project. The transaction is expected to close by the third quarter of 2023, subject to the satisfaction of certain customary closing conditions.

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, now denominated in Euros, includes an inflation indexation feature commencing with a base year of 2021, providing offsetting benefits to the higher inflationary price pressures experienced. 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. Upon successful achievement of all necessary approvals, financial close and construction of Baltic Power is expected to commence in 2023, with commercial operations anticipated in 2026.

Baltic Power continued to make progress during the quarter having signed all of the supply chain contracts for the project. The financing process continues to advance with a consortium of local and international banks as well as ECAs. The project continues to advance to financial close, expected in 2023. Northland has a 49% working interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%.

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 and is expected to contribute $6 million of Adjusted EBITDA towards the 2023 financial results.

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 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 as Northland progresses Hai Long towards financial close. 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, the project received its major construction permit as planned and signed an amendment to the CPPA that resulted in the extension of CPPA tenor by two years from 20 to 22 years. Subsequent to quarter end, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years and signed amendments to extend the long stop dates of certain key supplier contracts.

To date, the project has executed the majority of the key contracts with suppliers for various elements of the project including turbines, foundations, cable arrays and both the offshore and onshore substations. The project signed an agreement for the deployment of the Siemens 14MW turbine along with a 15-year service contract covering offshore wind logistics and operations and maintenance. The project also signed a jacket foundation fabrication and pin pile fabrication contract for the supply of foundations. The early construction works program and fabrication of key components continue to progress. The project started in-water activities in April 2023 following the receipt of its major construction permit, as planned.

Following the signing of the CPPA for Hai Long 2b and 3 in July, efforts have focused on securing non-recourse project level financing, which has garnered lender interest from various global and local financial institutions in lending to the project for the long term. While the project continues to progress, delays in finalizing the CPPA, longer than expected negotiations relating to supply contracts, including certain amendments relating thereto, and certain market conditions pushed back the launch of the project financing and slowed its initial progress. The project financing is progressing towards financial close in 2023 and is advancing through its credit approvals, albeit at a slower pace and under more challenging conditions than initially expected due to market specific factors. The final credit approval process was launched in March 2023 to secure the necessary funding commitments from local and international lenders and ECAs to achieve financial close. The delay in financial close to later in 2023 is currently not expected to impact commercial operations for the project, which remain targeted for 2026-2027.

On December 14, 2022, Northland signed an agreement with Gentari International Renewables Pte. Ltd. (**"Gentari"**) to sell 49% of its current stake in Hai Long. Upon closing, the transaction will result in Gentari holding a 29.4% indirect equity interest in Hai Long. Northland will hold a 30.6% interest in the project upon the achievement of transaction close and will continue to take the lead role in its construction and operation.

Hai Long is currently owned 60% by Northland and 40% by Mitsui & Co. Ltd and Enterprize Energy Group. The project was allocated a total of 1,022MW (613MW 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)	Year of Grid Connection	Type of Procurement
Hai Long 2A	294	176	2024	FIT
Hai Long 2B	224	134	2025	Auction
Hai Long 3	504	303	2025	Auction
Total	**1,022**	**613**		

(1) Represents Northland's current 60% economic interest.

SECTION 9: OUTLOOK

As of August 10, 2023, management's 2023 financial outlook remains unchanged from prior guidance, albeit now at the lower end, as a result of the aforementioned regulatory changes in Spain. Adjusted EBITDA in 2023 is expected to be in the range of $1.2 billion to $1.3 billion, Adjusted Free Cash Flow per share in 2023 is expected to be in the range of $1.70 to $1.90 and Free Cash Flow per share in 2023 is expected to be in the range of $1.30 to $1.50. As discussed previously, the regulatory change impact is expected to reduce Adjusted EBITDA by approximately $90 million and Adjusted Free Cash Flow and Free Cash Flow by $75 million in 2023 due to the recent regulatory changes. However, the noted impacts are expected to be mitigated through better than expected performance on other planned activities in 2023, including sell downs, that continue to be part of our ongoing business strategy.

Northland's global activities are exposed to general economic and business conditions, including elevated inflation levels, higher interest rates and capital costs, fluctuations in currency, economic conditions in the countries and regions in which the Company conducts business, and potential interruptions to the global supply chains. The Company's activities are also subject to regulatory risks and changes in regulation or legislation affected by political developments and by national and local laws and regulations. This could include restrictions on production, changes in taxes, and other amounts payable to governments or governmental agencies, price or rate controls that result in changes to market prices for power generated, reduced revenues or cash flows for operating assets, higher cost of operations, and the introduction of legal and administrative hurdles. The Company's ability to execute on large development projects is also dependent on its ability to secure project financing as well as key equipment and construction contracts, which may not always be available or available on terms acceptable to Northland. Similarly, the inability to achieve financial close within the timelines contemplated under key equipment and construction contracts for a project or to secure the necessary extensions of such contracts on terms acceptable to Northland could have a materially adverse effect on the execution of a project. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements.

The Company continues to monitor these and other developments and is taking actions intended to minimize exposure to and impact of these global macroeconomic events. These actions include, but are not limited to, conducting targeted debt refinancing for existing operating facilities to enhance cash flows and corporate liquidity, and implementing hedging strategies on development assets to provide certainty to costs and to preserve economic returns of the projects. In addition, the Company consistently looks for opportunities to optimize its portfolio to create value, enhance financial flexibility and drive enhanced performance in line with its strategic objectives.

Northland continues to implement a selective partnership strategy to sell interests in certain development projects on or before financial close. The Company 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.

With over 3 gigawatts (GW) of gross operating capacity and a robust development pipeline of approximately 16GW, 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 closely monitoring macroeconomic conditions surrounding renewables development globally.

Funding Strategy & Update on Financial Close of Hai Long and Baltic Power

Having successfully achieved financial close of the Oneida energy storage project in 2023, Northland's focus is on achieving financial close on the Baltic Power and Hai Long offshore wind projects. Both projects are progressing towards financial close in 2023, though Hai Long continues to be more challenging than expected due to market specific factors. Each project is presently in active workstreams with resources and efforts focused on securing all necessary milestones and conditions precedent to achieve financial close. Collectively the project finance processes are being supported by a diverse group of Northland's project partners, lenders, including global financial institutions, local lenders, ECAs, government infrastructure lenders and multi-lateral agencies. At this time, Northland intends to utilize non-recourse project-level financing as the primary source of funding, with Northland's equity requirements expected to be supported by available liquidity on hand, proceeds from sell-downs, assets sales and the net proceeds from the recently issued Green Notes. Other than closing on the respective project financings and the 29.4% sell-down to Gentari, there are no further external funding needs for Northland to achieve financial close. At this time and based on current market conditions, management believes the

Company will have access to the necessary capital required to achieve financial close of the two aforementioned offshore wind projects. Taking into account the proceeds from the Green Notes issuance Northland has access to $1,012 million of available liquidity, including $73 million of cash on hand and approximately $939 million of capacity on its corporate revolving credit facilities as at June 30, 2023.

SECTION 10: 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 15 of the unaudited interim condensed consolidated financial statements for additional information including any contingencies arising as a result of completed acquisitions.

SECTION 11: 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 June 30, 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 12: FINANCIAL RISKS AND UNCERTAINTIES

For information on Northland's key risks, uncertainties, financial instruments and contractual commitments refer to Northland's 2022 Annual Report and the 2022 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 2022 Annual Report or the 2022 AIF.

Northland's risk management objective is to mitigate fluctuations in cash flows and ensure stable levels of cash available to pay dividends to shareholders. Northland does not seek to mitigate fair value risk. Northland classifies financial risks into market risk, counterparty risk and liquidity risk. Northland manages financial risks by identifying, evaluating and mitigating financial risks 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. Refer to Note 19 of the 2022 Annual Report for additional information on Northland's risk management approach.

SECTION 13: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Management is 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 Chief Executive Officer (**"CEO"**) and Chief Financial Officer (**"CFO"**), on a timely basis so that appropriate decisions can be made regarding public disclosure.

Northland has filed certifications as required under NI 52-109, signed by its CEO and CFO certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting including the appropriateness of the financial disclosures in its annual filings and the effectiveness of such disclosure controls and procedures as of June 30, 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 audited financial statements for external purposes in accordance with IFRS.

Northland's internal controls over financial reporting are designed to provide reasonable assurance regarding: (i) prevention or timely detection of unauthorized transactions that could have a material effect on Northland's audited consolidated financial statements, and (ii) the reliability of financial reporting and preparation of audited 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. Additionally, management is required to use judgment in evaluating controls and procedures.

Changes In Internal Control over Financial Reporting

There were no changes in the internal controls over financial reporting in the second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, Northland's internal controls over financial reporting.

Interim Condensed Consolidated Financial Statements

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Interim Condensed Consolidated Statements of Financial Position

In thousands of Canadian dollars

(Unaudited)				
As at		**June 30, 2023**		**December 31, 2022**
Assets				
Cash and cash equivalents	**$**	**1,004,116**	$	1,299,833
Restricted cash (Note 10)		**192,286**		160,142
Trade and other receivables		**292,119**		397,771
Other current assets		**108,669**		242,381
Derivative assets (Note 11)		**188,771**		248,829
Total current assets	**$**	**1,785,961**	$	2,348,956
Property, plant and equipment (Note 3)		**9,360,873**		9,377,584
Contracts and other intangible assets		**478,437**		515,775
Goodwill		**763,921**		712,618
Finance lease receivable		**123,154**		125,938
Derivative assets (Note 11)		**434,712**		503,146
Long-term deposits		**122,818**		114,789
Deferred tax asset		**32,875**		27,240
Investment in joint ventures (Note 4)		**1,020,837**		441,565
Other assets		**62,880**		54,998
Total assets	**$**	**14,186,468**	$	14,222,609
Liabilities and equity				
Trade and other payables (Note 7)	**$**	**568,464**	$	959,213
Loans and borrowings (Note 5)		**850,328**		793,881
Dividends payable (Note 9.4)		**25,942**		25,669
Current portion of provision and other liabilities (Note 8)		**21,879**		32,793
Derivative liabilities (Note 11)		**116,596**		97,296
Total current liabilities	**$**	**1,583,209**	$	1,908,852
Loans and borrowings (Note 5)		**6,370,244**		6,177,841
Corporate credit facilities (Note 6)		**15,000**		—
Provisions and other liabilities (Note 8)		**701,334**		705,387
Derivative liabilities (Note 11)		**51,567**		8,679
Deferred tax liability		**699,746**		697,577
Total liabilities	**$**	**9,421,100**	$	9,498,336
Equity				
Common shares (Note 9.1)	**$**	**5,037,872**	$	4,945,983
Preferred shares (Note 9.3)		**144,843**		144,843
Contributed surplus		**6,132**		5,536
Accumulated other comprehensive income (loss)		**(906)**		(4,040)
Deficit		**(753,750)**		(701,140)
Equity attributable to shareholders	**$**	**4,434,191**	$	4,391,182
Non-controlling interests (**“NCI”**) (Note 10)		**331,177**		333,091
Total equity	**$**	**4,765,368**	$	4,724,273
Total liabilities and equity	**$**	**14,186,468**	$	14,222,609

See accompanying notes.

Interim Condensed Consolidated Statements of Income (Loss)

In thousands of Canadian dollars except per Share and Share information

(Unaudited)	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
Sales				
Electricity and related products	**$ 359,305**	$ 416,473	**$ 852,755**	$ 974,065
Regulated electricity	**110,223**	138,855	**238,354**	275,285
Other	**2,019**	1,464	**2,159**	2,496
Total sales	**$ 471,547**	$ 556,792	**$ 1,093,268**	$ 1,251,846
Cost of sales				
Fuel purchases	**20,762**	50,637	**51,552**	89,559
Regulated electricity purchases	**23,317**	21,204	**45,345**	41,572
Total cost of sales	**$ 44,079**	$ 71,841	**$ 96,897**	$ 131,131
Gross profit	**$ 427,468**	$ 484,951	**$ 996,371**	$ 1,120,715
Expenses				
Operating costs (Note 4.4)	**107,827**	77,070	**200,631**	157,325
General and administrative ("**G&A**") costs	**31,357**	19,926	**54,383**	39,654
Development costs	**28,214**	14,846	**52,623**	32,614
Depreciation of property, plant and equipment (Note 3)	**145,882**	144,614	**291,057**	292,029
Amortization of contracts and other intangible assets	**14,342**	15,545	**28,042**	25,603
Total expenses	**$ 327,622**	$ 272,001	**$ 626,736**	$ 547,225
Finance lease income	**2,779**	2,830	**5,532**	5,686
Operating income	**$ 102,625**	$ 215,780	**$ 375,167**	$ 579,176
Finance costs, net (Note 13)	**71,064**	77,224	**138,278**	158,728
Foreign exchange (gain) loss	**4,526**	34,575	**(24,648)**	66,949
Fair value (gain) loss on derivative contracts (Note 11)	**(15,599)**	(234,705)	**67,632**	(362,949)
Share of (profit) loss from equity accounted investees (Note 4.4)	**15,327**	1,444	**16,469**	6,214
Other (income) expense (Note 4.3)	**(31,524)**	(16,332)	**(27,387)**	(31,474)
Income (loss) before income taxes	**$ 58,831**	$ 353,574	**$ 204,823**	$ 741,708
Provision for (recovery of) income taxes				
Current	**18,037**	26,717	**67,953**	90,296
Deferred	**19,132**	58,991	**8,071**	95,966
Total income taxes	**$ 37,169**	$ 85,708	**$ 76,024**	$ 186,262
Net income (loss)	**$ 21,662**	$ 267,866	**$ 128,799**	$ 555,446
Net income (loss) attributable to:				
Non-controlling interests (**"NCI"**) (Note 10)	**17,321**	29,834	**54,564**	88,272
Shareholders of the Company	**4,341**	238,032	**74,235**	467,174
Net income (loss)	**$ 21,662**	$ 267,866	**$ 128,799**	$ 555,446
Weighted average number of shares outstanding - basic and diluted (000s) (Note 12)	**252,356**	232,321	**251,579**	230,019
Net income (loss) attributable to common shareholders per share - basic and diluted (Note 12)	**$ 0.01**	$ 1.01	**$ 0.28**	$ 2.01

See accompanying notes.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

In thousands of Canadian dollars

(Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	**$ 21,662**	$ 267,866	**$ 128,799**	$ 555,446
Items that may be re-classified into net income (loss):				
Exchange rate differences on transaction of foreign operations	**8,880**	(85,731)	**78,548**	(70,656)
Change in fair value of hedged derivative contracts (Note 11)	**(38,305)**	103,663	**(93,388)**	277,391
Deferred tax recovery (expense)	**5,447**	(15,706)	**10,210**	(53,799)
Items that will not be re-classified into net income (loss):				
Re-measurement of pension obligation	**(1,795)**	1,329	**(3,494)**	1,917
Other comprehensive income (loss)	**$ (25,773)**	$ 3,555	**$ (8,124)**	$ 154,853
Total comprehensive income (loss)	**$ (4,111)**	$ 271,421	**$ 120,675**	$ 710,299
Total comprehensive income (loss) attributable to:				
Non-controlling interests (Note 10)	**14,661**	29,293	**43,306**	115,687
Shareholders of the Company	**(18,772)**	242,128	**77,369**	594,612
Total comprehensive income (loss)	**$ (4,111)**	$ 271,421	**$ 120,675**	$ 710,299

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity

In thousands of Canadian dollars

(Unaudited)	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders	Non-controlling interests	Total equity
December 31, 2022	**$ 4,945,983**	**$ 144,843**	**$ (701,140)**	**$ 5,536**	**$ (4,040)**	**$ 4,391,182**	**$ 333,091**	**$ 4,724,273**
Net income (loss)	**—**	**—**	**74,235**	**—**	**—**	**74,235**	**54,564**	**128,799**
Deferred tax recovery (expense)	**—**	**—**	**—**	**—**	**10,073**	**10,073**	**137**	**10,210**
Exchange rate differences on translation of foreign operations	**—**	**—**	**—**	**—**	**79,039**	**79,039**	**(491)**	**78,548**
Change in fair value of hedged derivative contracts (Note 11)	**—**	**—**	**—**	**—**	**(82,505)**	**(82,505)**	**(10,883)**	**(93,388)**
Re-measurement of pension obligation	**—**	**—**	**—**	**—**	**(3,473)**	**(3,473)**	**(21)**	**(3,494)**
Total comprehensive income (loss)	**$ —**	**$ —**	**$ 74,235**	**$ —**	**$ 3,134**	**$ 77,369**	**$ 43,306**	**$ 120,675**
Long term incentive plan	**—**	**—**	**—**	**596**	**—**	**596**	**—**	**596**
Increase in NCI arising on dilution of interest in subsidiaries (Note 10)	**—**	**—**	**27,223**	**—**	**—**	**27,223**	**14,275**	**41,498**
Common shares issued, net of costs (Note 9.1)	**40,974**	**—**	**—**	**—**	**—**	**40,974**	**—**	**40,974**
Deferred tax on share issuance cost (Note 9.1)	**1,323**	**—**	**—**	**—**	**—**	**1,323**	**—**	**1,323**
Dividends to NCI (Note 10)	**—**	**—**	**—**	**—**	**—**	**—**	**(59,495)**	**(59,495)**
Common share and dividends declared (Note 9.1, 9.4)	**49,592**	**—**	**(151,065)**	**—**	**—**	**(101,473)**	**—**	**(101,473)**
Preferred share dividends (Note 9.3)	**—**	**—**	**(3,003)**	**—**	**—**	**(3,003)**	**—**	**(3,003)**
June 30, 2023	**$ 5,037,872**	**$ 144,843**	**$ (753,750)**	**$ 6,132**	**$ (906)**	**$ 4,434,191**	**$ 331,177**	**$ 4,765,368**

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity - continued

In thousands of Canadian dollars

(Unaudited)	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders	Non-controlling interests	Total equity
December 31, 2021	$ 4,005,462	$ 260,880	$ (1,233,085)	$ 3,586	$ (279,964)	$ 2,756,879	$ 208,832	$ 2,965,711
Net income (loss)	—	—	467,174	—	—	467,174	88,272	555,446
Deferred tax recovery (expense)	—	—	—	—	(52,628)	(52,628)	(1,171)	(53,799)
Exchange rate differences on translation of foreign operations	—	—	—	—	(57,823)	(57,823)	(12,833)	(70,656)
Change in fair value of hedged derivative contracts (Note 11)	—	—	—	—	235,984	235,984	41,407	277,391
Re-measurement of pension obligation	—	—	—	—	1,905	1,905	12	1,917
Total comprehensive income (loss)	$ —	$ —	$ 467,174	$ —	$ 127,438	$ 594,612	$ 115,687	$ 710,299
Long term incentive plan	—	—	—	1,361	—	1,361	—	1,361
Non-controlling interest disposal (Note 10)	—	—	—	—	—	—	3,446	3,446
Additional contribution provided by NCI	—	—	—	—	—	—	289	289
Common shares issued, net of costs	294,683	—	—	—	—	294,683	—	294,683
Deferred tax on share issuance cost	1,118	—	—	—	—	1,118	—	1,118
Dividends to NCI (Note 10)	—	—	—	—	—	—	(57,258)	(57,258)
Common share and dividends declared (Note 9.4)	41,757	—	(138,454)	—	—	(96,697)	—	(96,697)
Preferred share dividends (Note 9.3)	—	—	(5,441)	—	—	(5,441)	—	(5,441)
June 30, 2022	$ 4,343,020	$ 260,880	$ (909,806)	$ 4,947	$ (152,526)	$ 3,546,515	$ 270,996	$ 3,817,511

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

In thousands of Canadian dollars

(Unaudited)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating activities				
Net income (loss)	**$ 21,662**	$ 267,866	**$ 128,799**	$ 555,446
Items not involving cash or operations:				
Depreciation of property, plant and equipment (Note 3)	**145,882**	144,614	**291,057**	292,029
Amortization of contracts and other intangibles	**14,342**	15,545	**28,042**	25,603
Finance costs, net	**71,064**	77,736	**138,278**	159,240
Fair value (gain) loss on derivative contracts (Note 11)	**(15,599)**	(234,705)	**67,632**	(362,949)
Unrealized foreign exchange (gain) loss	**2,368**	34,575	**(9,860)**	66,949
Deferred tax expense (recovery)	**19,132**	58,991	**8,071**	95,966
Other	**597**	(26,402)	**(15,654)**	(32,336)
	$ 259,448	$ 338,220	**$ 636,365**	$ 799,948
Net change in working capital related to operations	**(55,170)**	(25,883)	**(135,025)**	(40,992)
Cash provided by (used in) operating activities	**$ 204,278**	$ 312,337	**$ 501,340**	$ 758,956
Investing activities				
Purchase of property, plant and equipment	**(150,058)**	(107,358)	**(214,152)**	(192,858)
Acquisition of and investments in joint ventures	**(186,409)**	—	**(620,328)**	—
Restricted cash utilization (funding)	**(78)**	2,871	**3,366**	8,778
Other (Note 4.3)	**55,009**	32,937	**64,701**	33,050
Cash provided by (used in) investing activities	**$ (281,536)**	$ (71,550)	**$ (766,413)**	$ (151,030)
Financing activities				
Proceeds from borrowings, net of transaction costs	**1,219,242**	105,487	**1,244,800**	422,992
Repayment of borrowings	**(931,001)**	(600,876)	**(982,486)**	(683,426)
Interest paid	**(85,796)**	(89,417)	**(128,061)**	(161,995)
Restricted cash utilization (funding)	**(17,333)**	12,112	**(35,511)**	(4,692)
Common share dividends	**(51,148)**	(48,442)	**(101,195)**	(95,835)
Dividends to NCI (Note 10)	**(28,456)**	(21,242)	**(59,495)**	(57,258)
Preferred share dividends (Note 9.3)	**(1,521)**	(2,741)	**(3,003)**	(5,441)
Common shares issued, net of costs (Note 9.1)	**20**	165,673	**40,974**	294,683
Proceeds from issuance of shares in subsidiaries that does not involve loss of control	**46,653**	—	**46,653**	—
Other	**1,818**	(873)	**(5,214)**	2,028
Cash provided by (used in) financing activities	**$ 152,478**	$ (480,319)	**$ 17,462**	$ (288,944)
Effect of exchange rate differences on cash and cash equivalents	**(49,175)**	(21,335)	**(48,106)**	(49,907)
Net change in cash and cash equivalents during the period	**$ 26,045**	$ (260,867)	**$ (295,717)**	$ 269,075
Cash and cash equivalents, beginning of period	**978,071**	1,203,634	**1,299,833**	673,692
Cash and cash equivalents, end of period	**$ 1,004,116**	$ 942,767	**$ 1,004,116**	$ 942,767

See accompanying notes.

Notes to the Interim Condensed Consolidated Financial Statements

1. Description of Northland's Business

Northland Power Inc. (the “**Company**” or “**NPI**”) owns or holds net economic interests, through its subsidiaries and joint ventures (together referred in here as “**Northland**” or the “**Group**”), in power-producing facilities and a power distribution utility, as well as in projects under construction or development phases. Northland’s facilities produce electricity from clean energy sources for sale primarily under long-term Power Purchase Agreements (“**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, Mexico and Colombia. Northland’s significant assets under construction and development are located in Canada, Taiwan, Japan, South Korea, Poland, Scotland and the United States of America.

Northland is incorporated under the laws of Ontario, Canada, with common shares (“**Shares**”), Series 1 cumulative rate reset preferred shares (“**Series 1 Preferred Shares**”) and Series 2 cumulative floating rate preferred shares (“**Series 2 Preferred Shares**”) that are publicly traded on the Toronto Stock Exchange (“**TSX**”). Northland is the parent company for the subsidiaries that operate Northland’s business. Northland’s registered office is located in Toronto, Ontario.

These unaudited interim condensed consolidated financial statements (“**Interim Consolidated Financial Statements**”) include the results of the Group, of which the most significant subsidiaries are listed in the following table:

	Geographic region	**% voting ownership as at June 30, 2023** (1)
Offshore Wind		
Buitengaats C.V. and ZeeEnergie C.V. (**“Gemini”**)	The Netherlands	60.0 %
Nordsee One GmbH (**“Nordsee One”**)	Germany	85.0 %
Northland Deutsche Bucht GmbH (**“Deutsche Bucht”**)	Germany	100.0 %
Onshore Renewable		
Northland Power Spain Holdings, S.L.U. (**"Spanish portfolio"**)	Spain	98.5 %
Efficient Natural Gas		
North Battleford Power L.P. (**“North Battleford”**)	Canada	100.0 %
Thorold CoGen L.P. (**“Thorold”**)	Canada	100.0 %
Utility		
Empresa de Energía de Boyacá S.A E.S.P (**“EBSA”**)	Colombia	99.4 %

(1) As at June 30, 2023, Northland’s economic interest remain unchanged from December 31, 2022. Northland owns 100% ownership interest in all the facilities within the Spanish Portfolio, except for Elecdey Lezuza, S.A. (a wind facility), where Northland’s ownership interest is at 66.2%.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation and Statement of Compliance

These Interim Consolidated Financial Statements of Northland and its subsidiaries were prepared in accordance with International Accounting Standard *(IAS) 34*, *Interim Financial Reporting*, utilizing the accounting policies which Northland outlined in its December 31, 2022, annual consolidated financial statements. These accounting policies are in line with International Financial Reporting Standards (IFRS) guidelines. The Interim Consolidated Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and therefore, should be read in conjunction with Northland’s 2022 annual consolidated financial statements.

These Interim Consolidated Financial Statements are presented in Canadian dollars and all values are presented in thousands except where otherwise indicated. Certain prior period disclosures have been reclassified for consistency with the current period presentation.

The Interim Consolidated Financial Statements for the three and six months ended June 30, 2023, were approved by the Board of Directors on August 10, 2023 (“**Approval Date**”).

2.2 Seasonality of Operations

Northland's power generation and utilities distribution assets can experience higher or lower demand in the summer or winter months depending on the type of the generation facilities and specific regional weather conditions. Consequently, Northland's interim operating results are subject to seasonal fluctuations and, thus, interim results are not necessarily indicative of annual results.

2.3 Basis of Consolidation

The Interim Consolidated Financial Statements include Northland's direct and indirect subsidiaries, which are fully consolidated on the date that Northland obtains control and continue to be consolidated until the date that such control ceases. Northland determines that it has control over an investee if facts and circumstances indicate that Northland is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power. All intra-group balances and transactions are eliminated on consolidation.

2.4 New Standards or Amendments and Forthcoming Requirements

The accounting policies adopted in the preparation of the Interim Consolidated Financial Statements are consistent with those followed in the preparation of Northland's audited annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of the applicable new standards with an effective date for the accounting periods commencing on or after January 1, 2023, as noted in the annual consolidated financial statements of Northland.

Northland has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Property, Plant and Equipment

The following table summarizes details of Northland's property plant and equipment by category:

		Cost		Accumulated Depreciation		Net Book Value
As at June 30, 2023						
Plant and operating equipment	$	**10,080,976**	$	**2,998,240**	$	**7,082,736**
Land, buildings and leasehold improvements		**1,753,763**		**670,508**		**1,083,255**
Lease right-of-use assets		**202,139**		**49,044**		**153,095**
Other equipment		**47,505**		**38,599**		**8,906**
Construction-in-progress		**1,032,881**		**—**		**1,032,881**
Total	$	**13,117,264**	$	**3,756,391**	$	**9,360,873**
As at December 31, 2022						
Plant and operating equipment	$	9,909,974	$	2,798,629	$	7,111,345
Land, buildings and leasehold improvements		1,874,529		607,740		1,266,789
Lease right-of-use assets		190,524		40,537		149,987
Other equipment		47,797		39,633		8,164
Construction-in-progress		841,299		—		841,299
Total	$	12,864,123	$	3,486,539	$	9,377,584

(a) As at June 30, 2023, construction-in-progress primarily relates to the capitalization of construction projects including the New York Wind projects in the United States, and the Oneida Storage project in Canada.

(b) Depreciation charge for the three and six months ended June 30, 2023, amounted to $146 million and $291 million (2022 - $145 million and $292 million), respectively.

4. Investment in Joint Ventures

Below are Northland's significant joint ventures as at June 30, 2023. The entities have share capital consisting solely of ordinary shares, which are held directly or indirectly by Northland. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Joint Venture	Place of business/ Country of incorporation	Ownership %		Carrying Amount as at			
		June 30, 2023	December 31, 2022		June 30, 2023		December 31, 2022
Baltic Power (Note 4.1)	Poland	**49%**	49%	**$**	**294,637**	$	128,341
Hai Long (Note 4.2)	Taiwan	**60%**	60%		**720,012**		280,668
Others (Note 4.3 and 4.4)					**6,188**		32,556
Total investments in joint ventures				**$**	**1,020,837**	$	441,565

The table below provides reconciliation of the carrying amounts of significant joint venture to the underlying net assets of the joint ventures:

a) Reconciliation to equity investments carrying amounts

	Opening net assets	Equity contribution	Net income (loss) for the period	Currency translation gain (loss)	Closing net assets	Northland's share in %	Northland's share in net assets	Other adjustments	Carrying amount at Northland's share
As at June 30, 2023									
Baltic Power	**$ 254,814**	**$ 362,890**	**$ (20,185)**	**$ 7,123**	**$ 604,642**	**49%**	**$ 295,428**	**$ (791)**	**$ 294,637**
Hai Long (a)	**329,858**	**925,362**	**4,205**	**(38,411)**	**1,221,014**	**60%**	**732,608**	**(12,596)**	**720,012**
Total	**$ 584,672**	**$ 1,288,252**	**$ (15,980)**	**$ (31,288)**	**$ 1,825,656**		**$ 1,028,036**	**$ (13,387)**	**$ 1,014,649**
As at December 31, 2022									
Baltic Power	$ 257,077	$ —	$ (1,691)	$ (572)	$ 254,814	49%	$ 123,738	$ 4,603	$ 128,341
Hai Long (a)	—	324,426	(28)	5,460	329,858	60%	197,915	82,753	280,668
Total	$ 257,077	$ 324,426	$ (1,719)	$ 4,888	$ 584,672		$ 321,653	$ 87,356	$ 409,009

(a) As at June 30, 2023, the other adjustments in the carrying amount of Hai Long include an amount of nil (December 2022 - $91 million), representing capitalized development cost contributed to Hai Long by Northland during the year ended December 31, 2022.

In addition to the above, Northland's share in commitments and contingencies in relation to its joint ventures are summarized in Note 4(d).

Summarized below is the financial information for the significant joint ventures. The disclosed information reflects the amounts presented in the Interim Consolidated Financial Statements of the relevant joint venture, reflecting their 100% financial information and not Northland's share of those amounts. They have been amended to reflect adjustments made by Northland when using the equity method, including acquisition date fair value adjustments and differences in accounting policies.

b) Summarized statement of financial position, at 100%

	Current assets					Non-current liabilities		
	Cash and cash equivalents	Other current assets	Total current assets	Non-current assets	Current liabilities	Other non-current liabilities	Total non-current liabilities	Net Assets
As at June 30, 2023								
Baltic Power	**$ 289,922**	**$ 10,104**	**$ 300,026**	**$ 553,844**	**$ 247,090**	**$ 2,138**	**$ 2,138**	**$ 604,642**
Hai Long	**183,397**	**34,488**	**217,885**	**1,064,675**	**59,289**	**2,257**	**2,257**	**1,221,014**
Total	**$ 473,319**	**$ 44,592**	**$ 517,911**	**$ 1,618,519**	**$ 306,379**	**$ 4,395**	**$ 4,395**	**$ 1,825,656**
As at December 31, 2022								
Baltic Power	$ 44,358	$ 20,137	$ 64,495	$ 211,118	$ 18,813	$ 1,986	$ 1,986	$ 254,814
Hai Long	107,152	3,373	110,525	262,931	42,967	631	631	329,858
Total	$ 151,510	$ 23,510	$ 175,020	$ 474,049	$ 61,780	$ 2,617	$ 2,617	$ 584,672

c) Summarized statement of comprehensive income, at 100%

	Depreciation and amortization	Net income (loss)	Total comprehensive income (loss)
Six months ended June 30, 2023			
Baltic Power	**$ (189)**	**$ (20,185)**	**$ (20,185)**
Hai Long	**—**	**4,205**	**4,205**
Total	**$ (189)**	**$ (15,980)**	**$ (15,980)**
Six months ended June 30, 2022			
Baltic Power	$ (98)	$ 29	$ 29

d) Letters of credit and parental guarantees issued by Northland

The table below summarizes the letters of credit and the parental guarantees issued by Northland in favor of the joint ventures:

As at	**June 30, 2023**	**December 31, 2022**
Baltic Power	**$ 220,251**	$ 203,697
Hai Long	**307,039**	341,181
Other joint ventures	**3,926**	120,171
Total	**$ 531,216**	$ 665,049

4.1 Baltic Power Offshore Wind Project

Northland holds a 49% interest in the Baltic Power offshore wind project in the Baltic Sea. Baltic Power is structured as a standalone legal entity, and Northland has an interest in the net assets of Baltic Power. Accordingly, Northland has classified its interest in Baltic power as a joint venture, accounted for under the equity method. Pursuant to a joint venture agreement, Northland committed to pay an additional $48 million (€33 million) over two years, starting from the acquisition date of March 2021. As at June 30, 2023, the entire additional purchase price commitment had been invested.

During the six months ended June 30, 2023, upon Baltic Power securing the Contract for Differences (**CfD**) contract from the Polish government, Northland made an additional CfD contribution of $22 million (€15 million) into the Baltic Power JV. This additional contribution has been recognized as a part of the carrying amount of investment in the joint venture, representing Northland's share in the fair value of identified contract asset relating to the CfD award.

For the three and six months ended June 30, 2023, Northland recharged expenses, including staff costs of $1 million and $2 million (2022 - $1 million and $4 million), respectively to Baltic Power.

4.2 Hai Long Offshore Wind Project

On July 18, 2022, Northland entered into a Shareholders' Agreement (**"SHA"**) with Yushan Energy Co. Ltd (**YECL**), a jointly owned company by Mitsui & Co. and Yushan Energy PTE. LTD. Pursuant to the terms of the SHA, both Northland and YECL established Special Purpose Vehicles (the **"Project Entities"**) with an ownership interest of 60% and 40%, respectively in the Hai Long Offshore Wind Projects (the **"Hai Long Projects"**). In accordance with the contractual terms of SHA, certain key activities of the Hai Long Projects are jointly controlled by Northland and YECL. Accordingly, management concluded its investment in the Hai Long Projects as a jointly controlled investment and, therefore, accounted for using the equity method.

On December 14, 2022, Northland signed a share purchase agreement with Gentari International Renewables Pte. Ltd (**"Gentari"**) to sell 49% of Northland's ownership interest in the Hai Long Projects. This transaction will result in Gentari acquiring 29.4% indirect equity interest in the Hai Long Projects. As at June 30, 2023, the transaction has not closed. The completion of the sale to Gentari is expected to occur following the achievement of financial close of the Hai Long Projects and remains subject to receipt of customary regulatory approvals and satisfaction of all closing conditions pursuant to the terms of the agreement.

For the three and six months ended June 30, 2023, Northland recharged expenses, including staff costs of $12 million and $17 million (2022 - nil and nil), respectively to the Hai Long Projects.

4.3 Nordsee Cluster Offshore Wind Projects

On May 25, 2023, Northland entered into a Share Purchase Agreement (**SPA**) for the sale of its 49% ownership stake in the Nordsee Offshore Wind Cluster (the "**Cluster**") to its partner on the portfolio, RWE Offshore Wind GmbH (**RWE**), who already owns the remaining 51% stake in the Cluster. Pursuant to the terms of the SPA, RWE took over all the assets, liabilities, and the committed contractual obligations relating to the Cluster for a cash consideration of $50 million (EUR 35 million) which resulted in a gain on disposal amounting to $24 million. The gain on disposal has been included under the Other (income) expense line within the Interim Condensed Consolidated Statements of Income (Loss).

4.4 Suba Solar Project

Northland holds a 50% of economic interest in the 130MW Suba projects in Colombia. Its partner, EDF Renewables Colombia S.A.S ("**EDF Renewables**") holds the remaining 50%. During the six months ended June 30, 2023, after an in-depth evaluation, Northland and EDF Renewables have jointly elected not to proceed with the development of the Suba solar project. As a result of this decision, an expense of $15 million, comprising of impairment charge amounting to $7 million relating to the carrying value of equity investment in Suba solar project and other cost provisions amounting to $8 million have been recognized in the Interim Condensed Consolidated Statements of Income (Loss) for the period. The impairment charge has been included under the Share of (profit) loss from equity accounted investees line, whereas, other cost provisions have been included under the Operating costs line within the Interim Condensed Consolidated Statements of Income (Loss).

5. Loans and Borrowings

Northland's loans and borrowings are comprised of the following:

As at		June 30, 2023		December 31, 2022
Project level borrowing (Note 5.1)	**$**	**6,730,556**	$	6,971,722
Green Subordinated Notes, Series 2023-A (Note 5.2)		**490,016**		—
Total loans and borrowings	**$**	**7,220,572**	$	6,971,722
Less: Current portion of loans and borrowings		**850,328**		793,881
Non-current portion of loans and borrowings	**$**	**6,370,244**	$	6,177,841

For the six months ended June 30, 2023, and as at the approval date of these Interim Consolidated Financial Statements, Northland has complied with all the financial covenants under the applicable credit agreements.

5.1 Project level borrowing

Northland generally finances projects and its operating facilities through non-recourse, secured credit arrangements at the subsidiary level. These loans and borrowing are summarized in the table below:

Name of the Projects	Rate (1)	Maturity		Amount drawn as at June 30, 2023 (2)		Amount drawn as at December 31, 2022 (2)
New York Wind (3)	2.0%	2024	**$**	**372,942**	$	327,059
Nordsee One (3)	2.3%	2026		**467,342**		535,382
EBSA (3)	3.7%	2026		**518,180**		518,847
Jardin (3)	6.0%	2029		**62,825**		65,796
Thorold (3)	6.4%	2030		**208,670**		206,980
Kirkland Lake (3)	4.2%	2030		**45,089**		45,955
Gemini (3)	3.5%	2031		**1,853,825**		1,919,470
Deutsche Bucht (3)	2.4%	2031		**974,032**		1,028,411
Mont Louis	6.6%	2031		**55,747**		58,482
North Battleford (3)	5.0%	2032		**484,046**		502,797
Solar Phase I (3)(4)	4.4%	2032		**141,304**		148,763
Solar Phase II (4)	4.5%	2034		**103,818**		108,187
McLean's	6.0%	2034		**96,781**		100,143
Helios (5)	15.0%	2034		**10,942**		9,767
Grand Bend	4.2%	2035		**272,695**		281,136
Cochrane Solar (3)	4.6%	2035		**143,176**		149,261
Spy Hill (3)	4.1%	2036		**116,906**		119,584
Spanish Portfolio (3)	2.0%	2042		**787,555**		845,702
Oneida Storage (3)	6.4%	5.1 (d)		**14,681**		—
Weighted average and total	**3.4%**		**$**	**6,730,556**	$	6,971,722
Current				**850,328**		793,881
Long-term			**$**	**5,880,228**	$	6,177,841

(1) The weighted average all-in interest rates of the subsidiary borrowings.

(2) Excludes letters of credit secured by facility or project-level credit agreements.

(3) Net of transaction costs and/or fair value adjustments.

(4) Solar Phase I and Solar Phase II include the nine entities that comprise Canadian Solar facilities.

(5) The all-in interest rate for Helios is in relation to a loan, which is denominated in Colombian Peso ("**COP**").

(a) As at June 30, 2023, $101 million of letters of credit secured by facility or project-level credit agreements was outstanding (December 31, 2022 - $104 million).

(b) On March 30, 2023, Northland restructured EBSA's long-term loan ("**EBSA Loan**") resulting in an extension of the maturity date of EBSA Loan to March 2026 from the previous maturity date of December 2024. In addition to this, certain covenants were amended to allow EBSA more flexibility to pursue growth opportunities into the generation business. The aggregate amount of EBSA Loan and the applicable interest remained unchanged. Based on the terms of the amended loan agreements, Northland has assessed EBSA Loan restructuring as a modification of a loan as defined under IFRS 9.

(c) On April 24, 2023, Northland restructured and upsized the commercial bank tranche of its loan related to the Thorold facility ("**Thorold Loan**"). The restructuring resulted in (i) additional debt of $26 million to finance the upgrade to the Thorold facility; (ii) a decrease in all-in rate from 6.7% to 6.4%; and (iii) reduction of certain LC requirements. The loan maturity date remains unchanged as March 2030. Based on the terms of the amended loan agreements, Northland has assessed Thorold Loan restructuring as a modification of a loan as defined under IFRS 9.

(d) On May 15, 2023, Northland closed the lending arrangement with Canada Infrastructure Bank ("**Credit Agreement**") in relation to the Oneida Storage project. Under the CIB Credit Agreement, lenders have established a non-revolving construction and term loan credit facility, which is comprised of Tranche A and Tranche B for $235 million and $444 million, respectively, to finance the project construction cost and a non-revolving credit facility, comprising of Tranche C for $15 million, to cash collateralize letters of credits. As of June 30, 2023, entire amount of Tranche C has been utilized to provide letter of credit favor of IESO relating to Interconnection Bid security. The maturity date of Tranche C is linked with the date of project reaching the commercial operations.

5.2 Green Subordinated Notes, Series 2023-A

On June 21, 2023, Northland closed the issuance of $500 million ($490 million, net of transaction costs) of Fixed-to-Fixed Rate Green Subordinated Notes, Series 2023-A, with a maturity date of June 30, 2083 (the "**Green Notes**"). The Green Notes carry a fixed coupon rate of 9.250% per annum until the first reset date on June 30, 2028. Thereafter, the coupon rates reset at 5-year Government of Canada Yield plus i) 5.844% for the period from June 30, 2028, until June 30, 2033, ii) 6.094%, for the period from June 30, 2033, to June 30, 2048, and iii) 6.844% for the period from June 30, 2048, to the maturity date on June 30, 2083.

6. Corporate Credit Facilities

The corporate credit facilities are summarized in the table below:

	Facility size	Amount drawn as at June 30, 2023 (5)	Outstanding letters of credit (6)	Available capacity	Maturity	Amount drawn as at December 31, 2022
Sustainability linked loan (**SLL**) syndicated revolving facility (1)	$ 1,000,000	$ 15,000	$ 296,359	$ 688,641	Sep. 2027	$ —
Bilateral letter of credit facility	150,000	—	145,313	4,687	Sep. 2024	—
Export credit agency backed Letter of Credit ("**LC**") facility (2)	200,000	—	69,757	130,243	Mar. 2025	—
Export credit agency backed LC facility (3)	100,000	—	38,856	61,144	n/a	—
Total - Long term facilities	**$ 1,450,000**	**$ 15,000**	**$ 550,285**	**$ 884,715**		**$ —**
Short term revolving facility (4)	250,000	—	—	250,000	Oct. 2023	$ —
Total	**$ 1,700,000**	**$ 15,000**	**$ 550,285**	**$ 1,134,715**		**$ —**

(1) The amount drawn under the syndicated revolving facility is denominated in CAD.

(2) During the six months ended June 30, 2023, the Export credit agency backed LC facility size was increased by $100 million and the maturity date was extended to March 2025.

(3) This facility does not have a specified maturity date.

(4) During the six months ended June 30, 2023, Northland secured a short-term credit facility amounting to $250 million with a maturity date of October 2023. This facility is available for general corporate funding purposes.

(5) Deferred financing cost, as at June 30, 2023, associated with the syndicated revolving facility amounting to $3 million (December 31, 2022 - $3 million) is included within the other assets in the Interim Condensed Consolidated Statements of Financial Position.

(6) As at June 30, 2023, outstanding letters of credit include LCs issued in favor of joint ventures amounting to $291 million (Note 4 (d)).

Amounts drawn and letters of credit under the syndicated revolving facility and bilateral letter of credit are collateralized by general security agreement that constitutes a first-priority lien on all of the real property, present and future property and assets of Northland.

7. Trade and Other Payables

Northland's trade and other payables are summarized as follows:

As at		June 30, 2023		December 31, 2022
Trade payables	$	**97,919**	$	153,572
SDE subsidy payable (a)		**184,354**		327,519
Tax payable		**82,481**		130,742
Other payables and accrued liabilities (b)		**203,710**		214,392
Provision for redemption of Series 3 Preferred Shares		**—**		121,524
Current portion of provision for additional equity contributions		**—**		11,464
Total	**$**	**568,464**	$	959,213

(a) SDE subsidy is payable to the Government of Netherlands on account revenues earned in excess of higher annual average Dutch wholesale market ("**APX**") prices in the year ended December 31, 2022.

(b) Other payables and accrued liabilities include accruals in relation to development and other operational costs amounting to $73 million (December 31, 2022 - $119 million), deposit received amounting to $59 million (December 31, 2022 - $58 million), and accrued interest amounting to $11 million (December 31, 2022 - $18 million).

8. Provisions and Other Liabilities

Details of Northland's provisions and liabilities are summarized below:

As at		June 30, 2023		December 31, 2022
Decommissioning liabilities	$	**376,004**	$	372,747
Lease liability		**156,251**		155,210
Band adjustments		**102,777**		121,523
Loan payable to a shareholder (a)		**50,334**		57,228
Pension and benefits		**28,263**		22,564
Others		**9,584**		8,908
Total provisions and other liabilities	**$**	**723,213**	$	738,180
Less: Current portion of provisions and other liabilities		**(21,879)**		(32,793)
Long term portion of Provisions and other liabilities	**$**	**701,334**	$	705,387

(a) Loan payable to a shareholder represents amount owed by Nordsee One under a shareholder loan arrangement on which interest is accrued at an annual rate of 10% and repayments are made based on the partner's share of distributable funds from operations.

9. Equity

9.1 Common Shares

Northland is authorized to issue an unlimited number of Shares. The changes in the Shares during 2023 and 2022 are summarized as follows:

	June 30, 2023		December 31, 2022	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of period / year	**250,017,357**	**$ 4,945,983**	226,882,751	$ 4,005,462
Shares issued under Equity Offering	**1,210,537**	**40,974**	20,894,982	851,610
Shares issued under the LTIP	**—**	**—**	14,974	591
Shares issued under the DRIP	**1,563,901**	**49,592**	2,224,650	85,424
Change in deferred taxes (1)	**—**	**1,323**	—	2,896
Total common shares outstanding, end of period / year	**252,791,795**	**$ 5,037,872**	250,017,357	$ 4,945,983

(1) Relates to difference in treatment between tax and IFRS.

Dividend Reinvestment Plan

The DRIP provides shareholders with 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 DRIP.

Share-based Compensation

Northland's share-based compensation plans provides for a maximum of 3,100,000 Shares to be reserved and available for grant to employees of Northland and its subsidiaries. As at June 30, 2023, 1,163,329 Shares remain available for future issuance under the share-based compensation plans. Shares may be awarded based on development profits, which arise from new projects or acquisitions ("**Development LTIP**"). The costs recognized for Development LTIP in the period depend on management's best estimate of a project's expected development profit and expected timing of project milestones.

For the three and six months ended June 30, 2023, Northland expensed $0.9 million and $1.6 million (2022 - $2.1 million and $4.6 million), respectively of costs under the share-based compensation plans. No forfeitures are assumed to occur. The balance of accrued awards related to the Development LTIP is included in other payables and accrued liabilities since these awards are expected to be settled in cash.

For the three and six months ended June 30, 2023, settlements under the compensation plans are summarized below, all of which were settled in cash.

	Three Months Ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Restricted share units	**$ —**	$ —	**$ 1,054**	$ 1,680
Deferred rights	**731**	161	**771**	199
Development LTIP	**507**	—	**507**	2,029
Performance Share Units	**542**	992	**542**	992
Deferred Shares Units	**—**	663	**—**	663
Total	**$ 1,780**	$ 1,816	**$ 2,874**	$ 5,563

9.2 Equity offering

On March 1, 2022, Northland established an at-the-market equity program ("**ATM program**") that allowed Northland to issue up to $500 million of Shares from treasury, at Northland's discretion. On September 7, 2022, Northland renewed its ATM program to issue up to an additional $750 million of Shares from treasury, at the Company's discretion. The ATM program was renewed following the termination of the previous ATM program as a result of having exercised the full allotment permitted under the program. Any common shares sold under the ATM program are sold through the TSX.

During the three and six months ended June 30, 2023, Northland issued 600 and 1,210,537 Shares respectively, under the ATM program at an average price of $34.01 and $34.43 per Share respectively, for gross proceeds of $20 thousand and $42 million (net proceeds $20 thousand and $41 million respectively).

Since the inception of the ATM program on March 1, 2022, Northland issued a total of 22,105,519 Shares at an average price of $40.93 per Share for gross proceeds of $905 million (net proceeds $893 million). On July 16, 2023, the ATM Program expired and therefore, has been terminated.

9.3 Preferred Shares

As at June 30, 2023, Northland's preferred shares balance contains Series 1 and Series 2 Preferred Shares.

Preferred share dividends, excluding tax, were paid as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Series 1	**$ 953**	$ 953	**$ 1,906**	$ 1,906
Series 2	**568**	264	**1,097**	487
Series 3 (a)	**—**	1,524	**—**	3,048
Total	**$ 1,521**	$ 2,741	**$ 3,003**	$ 5,441

(a) On November 25, 2022, Northland announced its intention to redeem all of its 4,800,000 issued and outstanding Series 3 Preferred Shares on January 3, 2023 (the "Redemption Date") at a price of $25.00 per share together with all accrued and unpaid dividends of $0.32 per share for an aggregate redemption value of $122 million. Accordingly, during the period ended June 30, 2023, all issued and outstanding Series 3 Preferred Shares were redeemed on the Redemption Date.

9.4 Dividends

Dividends declared per share and in aggregate were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Dividends declared per Share	**$ 0.30**	$ 0.30	**$ 0.60**	$ 0.60
Aggregate dividends declared				
Dividends in cash	**51,718**	48,470	**102,293**	96,330
Dividends in shares	**24,031**	21,487	**48,772**	42,124
Total	**$ 75,749**	$ 69,957	**$ 151,065**	$ 138,454

Dividends declared during the three months ended June 30, 2023, include dividends amounting to $26 million, which remained unpaid as at June 30, 2023 (December 31, 2022 - $26 million).

10. Non-controlling Interests

Non-controlling interests relate to the interests not owned by Northland. Subsidiaries with non-controlling interests that are material to Northland's Interim Consolidated Financial Statements include Gemini (40%), Nordsee One (15%) and GMS Solar (37.5%). Summarized financial information for subsidiaries with material non-controlling interests in the Interim Condensed Consolidated Statements of Financial Position (representing 100% ownership) is as follows:

As at June 30, 2023	**Current assets (1)**	**Long-term assets**	**Current liabilities**	**Long-term liabilities**
Gemini	**$ 349,074**	**$ 2,659,911**	**$ 445,169**	**$ 1,931,802**
Nordsee	**155,169**	**1,203,526**	**182,306**	**816,984**
GMS Solar	**196,589**	**227,205**	**173,673**	**159,493**
Other (2)	**303,490**	**1,496,173**	**168,078**	**672,800**
Total	**$ 1,004,322**	**$ 5,586,815**	**$ 969,226**	**$ 3,581,079**

As at December 31, 2022		Current assets [1]		Long-term assets		Current liabilities		Long-term liabilities
Gemini	$	492,971	$	2,772,390	$	550,943	$	2,050,265
Nordsee		181,466		1,254,491		176,012		921,553
GMS Solar		187,257		235,972		169,789		165,338
Other [2]		196,597		1,368,388		95,759		634,940
Total	$	1,058,291	$	5,631,241	$	992,503	$	3,772,096

(1) As at June 30, 2023, restricted cash of nil (December 31, 2022 - $1 million) is included for Gemini, $29 million (December 31, 2022 - $29 million) for Nordsee where the availability of funds is intended for debt repayments.

(2) Other includes subsidiaries with non-controlling interests that are not individually material to Northland's Interim Consolidated Financial Statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), Energia (12%), EBSA (0.6%), Oneida (26.2%), ScotWind Projects (24.5%) and Elecdey Lezuza, S.A under the Spanish portfolio (33.8%).

The change in material non-controlling interests during the six months ended June 30, 2023, and 2022 is as follows:

		Gemini		Nordsee [3]		GMS Solar		Other [2]		Total
As at January 1, 2023	**$**	**267,869**	**$**	**57,172**	**$**	**33,081**	**$**	**(25,031)**	**$**	**333,091**
Increase in NCI arising on dilution of interest in subsidiaries (a)		**—**		**—**		**—**		**14,275**		**14,275**
Net income (loss) attributable [1]		**46,988**		**5,689**		**1,472**		**415**		**54,564**
Dividends and distributions declared [1]		**(52,552)**		**—**		**(713)**		**(6,230)**		**(59,495)**
Allocation of other comprehensive income (loss) [1]		**(10,723)**		**(227)**		**(94)**		**(214)**		**(11,258)**
As at June 30, 2023	**$**	**251,582**	**$**	**62,634**	**$**	**33,746**	**$**	**(16,785)**	**$**	**331,177**

		Gemini		Nordsee [3]		GMS Solar		Other		Total
As at January 1, 2022	$	149,464	$	32,988	$	30,228	$	(3,848)	$	208,832
Additional contribution by NCI		—		—		—		289		289
Net income (loss) attributable [1]		92,101		8,186		1,405		(13,420)		88,272
Dividends and distributions declared [1]		(45,064)		—		(938)		(11,256)		(57,258)
Allocation of other comprehensive income (loss) [1]		23,164		(790)		4,966		75		27,415
Disposal of non-controlling interests [4]		—		3,446		—		—		3,446
As at June 30, 2022	$	219,665	$	43,830	$	35,661	$	(28,160)	$	270,996

(1) Net income (loss), dividends and distributions, and other comprehensive income (loss) are shown at the respective non-controlling interest share.

(2) Other includes subsidiaries with non-controlling interests that are not individually material to Northland's Interim Consolidated Financial Statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), Energia (12%), EBSA (0.6%), Oneida (26.2%), ScotWind Projects (24.5%) and Elecdey Lezuza, S.A under the Spanish portfolio (33.8%).

(3) As at January 1, 2022, Nordsee comprised of NCI balances relating to Nordsee One, N2 and N3.

(4) Disposal of NCI relates to de-recognition of NCI interest of N2 and N3 due to formation of Nordsee Offshore Wind Cluster partnership.

(a) On May 9, 2023, Northland signed a partnership agreement with the ESB, a leading Irish utility company to sell a 24.5 % interest in the ScotWind Projects, while retaining 75.5% ownership. Based on management's assessment, it is concluded that Northland continues to retain the control over the ScotWind projects and thereby, will continue to consolidate the assets and liabilities of the ScotWind Projects as per *IFRS 10 – Consolidated Financial Statements*. Additionally, as a result of the introduction of a new shareholder and a decrease in Northland's ownership interest below 100%, the fair value of the net assets, amounting to $8 million, representing minority shareholders interest in the ScotWind Project has been recognized as Non-Controlling Interest (NCI). This is included in the increase in NCI arising on the dilution of interest in subsidiaries in the movement above.

11. Derivative Financial Instruments

The derivative financial instruments consist of the following:

As at June 30, 2023	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Net
Derivatives designated for hedge accounting					
Interest rate contracts	**$ 66,903**	**$ (957)**	**$ 101,926**	**$ (4,571)**	**$ 163,301**
Foreign exchange contracts	**3,601**	**—**	**50,619**	**(58)**	**54,162**
Derivatives not designated for hedge accounting					
Interest rate contracts	**71,901**	**(8,213)**	**195,340**	**(17,357)**	**241,671**
Cross currency interest rate contracts	**3,069**	**—**	**—**	**(4,796)**	**(1,727)**
Foreign exchange contracts	**35,641**	**(107,426)**	**60,091**	**(6,517)**	**(18,211)**
Commodity contracts	**1,845**	**—**	**12,026**	**(18,268)**	**(4,397)**
Embedded derivatives (1)	**5,811**	**—**	**14,710**	**—**	**20,521**
Total	**$ 188,771**	**$ (116,596)**	**$ 434,712**	**$ (51,567)**	**$ 455,320**

As at December 31, 2022	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Net
Derivatives designated for hedge accounting					
Interest rate contracts	$ 50,756	$ (950)	$ 128,773	$ (6,439)	$ 172,140
Foreign exchange contracts	6,161	—	89,566	(178)	95,549
Derivatives not designated for hedge accounting					
Interest rate contracts	61,609	(9,545)	230,534	(70)	282,528
Foreign exchange contracts	58,015	(8,453)	42,485	(1,992)	90,055
Commodity contracts	69,537	(78,348)	—	—	(8,811)
Embedded derivatives (1)	2,751	—	11,788	—	14,539
Total	$ 248,829	$ (97,296)	$ 503,146	$ (8,679)	$ 646,000

(1) Represents embedded derivative relating to the energy price component linked to the market price in 20-year indexed Renewable Energy Certificate (REC) agreement with the New York State Energy Research and Development Authority (NYSERDA) for Ball Hill and Bluestone.

The change in derivative financial instruments for the six months ended June 30, 2023, and June 30, 2022, is as follows:

	Balance as at Dec. 31, 2022 asset (liability)	Designated in hedge relationships: Changes in fair value recognized in OCI (1)	Designated in hedge relationships: Fair value changes (2)	Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at Jun. 30, 2023 asset (liability)
Interest rate contracts (5)	**$ 454,668**	**$ (36,011)**	**$ 31,202**	**$ (40,856)**	**$ (4,031)**	**$ 404,972**
Foreign exchange contracts (3)	**185,604**	**(57,377)**	**15,988**	**(108,266)**	**2**	**35,951**
Cross currency interest rate contracts	**—**	**—**	**—**	**(1,727)**	**—**	**(1,727)**
Commodity contracts (4)	**(8,811)**	**—**	**—**	**4,374**	**40**	**(4,397)**
Embedded derivatives	**14,539**	**—**	**—**	**5,982**	**—**	**20,521**
Total	**$ 646,000**	**$ (93,388)**	**$ 47,190**	**$ (140,493)**	**$ (3,989)**	**$ 455,320**

(1) Amounts recognized in "Change in fair value of hedged derivative contracts" in the Interim Condensed Consolidated Statements of Comprehensive Income (Loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in "Fair value (gain) loss on derivative contracts" in the Interim Condensed Consolidated Statements of Income (Loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the six months ended June 30, 2023. Realized gains and losses are recorded in "Finance costs, net" for interest rate contracts, "Foreign exchange (gain) loss" for foreign exchange contracts and "Fair value (gain) loss on derivative contracts" for power forward contracts.

(3) The foreign exchange contracts include $22 million of realized gain due to termination of certain contracts during the six months ended June 30, 2023.

(4) This includes power forward contracts against which cash and accrued payments amounting to $9 million were settled during the six months ended June 30, 2023.

(5) The interest rate contracts include $11 million of realized gain due to termination of certain contracts during the six months ended June 30, 2023.

	Balance as at Dec. 31, 2021 asset (liability)	Designated in hedge relationships: Changes in fair value recognized in OCI (1)	Designated in hedge relationships: Fair value changes (2)	Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at Jun. 30, 2022 asset (liability)
Interest rate contracts	$ (323,571)	$ 229,826	$ 63,031	$ 245,329	$ 9,294	$ 223,909
Foreign exchange contracts	130,139	47,565	(6,912)	55,631	6,085	232,508
Commodity contracts	(22,186)	—	—	5,870	—	(16,316)
Total	$ (215,618)	$ 277,391	$ 56,119	$ 306,830	$ 15,379	$ 440,101

(1) Amounts recognized in "Change in fair value of hedged derivative contracts" in the Interim Condensed Consolidated Statements of Comprehensive Income (Loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in "Fair value (gain) loss on derivative contracts" in the Interim Condensed Consolidated Statements of Income (Loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the six months ended June 30, 2023. Realized gains and losses are recorded in "Finance costs, net" for interest rate contracts, "Foreign exchange (gain) loss" for foreign exchange contracts and "Fair value (gain) loss on derivative contracts" for power forward contracts.

The objective of Northland's hedges is to reduce volatility in its cash flow related to changes in foreign exchange, interest rates and market prices for gas and power. The nature of the risks that Northland is exposed to, and the related hedge objectives did not change in the three and six months ended June 30, 2023.

11.1. Fair Value Hierarchy of Derivative Financial Instruments

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as defined in Northland's 2022 audited annual consolidated financial statements.

As at June 30, 2023, all derivative financial instruments, except for embedded derivatives, are categorized as level 2. Embedded derivatives are categorized as level 3. The table below sets out the significant unobservable inputs used to value level 3 derivative financial instruments:

Derivative financial instrument	Valuation technique	Significant unobservable inputs	Range	% change	Sensitivity of input to the fair value (In CAD)	
Embedded derivatives	Long-term price forecast	Average Illiquid forward energy prices (per MWh)	US$ 43.09 to US$ 53.71	5% increase / (decrease) in Average forward energy prices	$	21,817

12. Net Income (Loss) per Share

The basic and diluted net income (loss) is calculated as follows:

	Three months ended June 30,				Six months ended June 30,			
		2023		**2022**		**2023**		**2022**
Net income (loss) for the period attributable to the shareholders	**$**	**4,341**	$	238,032	**$**	**74,235**	$	467,174
Less: preferred share dividends, net (Note 9.3)		**(1,521)**		(2,741)		**(3,003)**		(5,441)
Net income (loss) attributable to common shareholders for basic and diluted earnings	**$**	**2,820**	$	235,291	**$**	**71,232**	$	461,733

Weighted average number of shares outstanding for the basic and diluted earnings per share are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Weighted average number of shares outstanding, basic and diluted	**252,356,344**	232,321,409	**251,578,881**	230,018,788

13. Finance costs, net

Net finance costs consist of the following:

	Three months ended June 30,				Six months ended June 30,			
		2023		**2022**		**2023**		**2022**
Interest on debt, borrowings and bank fees	**$**	**72,584**	$	77,934	**$**	**139,610**	$	150,421
Amortization of deferred financing costs		**7,012**		112		**13,767**		7,716
Accretion of decommissioning liabilities		**1,525**		952		**3,506**		1,923
Lease interest		**946**		782		**1,748**		1,569
Finance cost for the period	**$**	**82,067**	$	79,780	**$**	**158,631**	$	161,629
Less: Finance income		**(11,003)**		(2,556)		**(20,353)**		(2,901)
Finance costs, net	**$**	**71,064**	$	77,224	**$**	**138,278**	$	158,728

For the three and six months ended June 30, 2023, $2.2 million and $4.0 million of finance costs (2022 - $1.3 million and $1.6 million), respectively incurred from project financing related to facilities under construction were capitalized in construction-in-progress.

14. Operating Segment Information

Northland has identified operating segments as outlined below based on the nature of operations, asset class and materiality. Northland analyzes the performance of its operating segments based on their operating income, which is defined as sales less operating expenses.

Significant information for each segment for the Interim Condensed Consolidated Statements of Income (Loss) is as follows:

Three Months Ended June 30, 2023	External sales	Intercompany sales (1)	Total sales	Cost of sales	Operating costs	G&A costs (2)	Depreciation and amortization	Other income (3)	Operating income	Finance costs, net
Offshore wind facilities (4)	$ 221,096	$ —	$ 221,096	$ —	$ 52,681	$ 2,197	$ 96,166	$ —	$ 70,052	$ 33,144
Onshore renewable facilities										
Canada	60,035	—	60,035	—	7,973	160	21,010	—	30,892	11,978
Spain	37,541	—	37,541	—	13,099	47	21,011	—	3,384	1,681
	$ 97,576	$ —	$ 97,576	$ —	$ 21,072	$ 207	$ 42,021	$ —	$ 34,276	$ 13,659
Efficient natural gas facilities										
Canada	76,008	—	76,008	20,762	9,173	201	11,655	(2,779)	36,996	13,108
Utilities										
Colombia	73,474	—	73,474	23,317	17,894	2,445	7,335	—	22,483	(88)
Other (1)	3,393	24,373	27,766	—	7,007	54,521	3,047	—	(36,809)	11,241
Elimination	—	(24,373)	(24,373)	—	—	—	—	—	(24,373)	—
Total	$ 471,547	$ —	$ 471,547	$ 44,079	$ 107,827	$ 59,571	$ 160,224	$ (2,779)	$ 102,625	$ 71,064

(1) Other external sales include energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to $97 million and $124 million, respectively.

Three Months Ended June 30, 2022		External sales		Intercompany sales [1]		Total sales		Cost of sales		Operating costs		G&A costs [2]		Depreciation and amortization		Other income [3]		Operating income		Finance costs, net
Offshore wind facilities [4]	$	245,805	$	—	$	245,805	$	—	$	41,479	$	2,401	$	94,889	$	—	$	107,036	$	35,064
Onshore renewable facilities																				
Canada		60,202		—		60,202		—		7,158		460		20,954		—		31,630		12,672
Spain		70,444		—		70,444		—		389		940		23,182		—		45,933		6,423
	$	130,646	$	—	$	130,646	$	—	$	7,547	$	1,400	$	44,136	$	—	$	77,563	$	19,095
Efficient natural gas facilities																				
Canada		103,153		—		103,153		41,036		9,937		405		11,634		(2,830)		42,971		12,142
Utilities																				
Colombia		70,442		—		70,442		21,204		18,107		1,684		7,916		—		21,531		41
Other [1]		6,746		55,920		62,666		9,601		—		28,882		1,584		—		22,599		10,882
Elimination		—		(55,920)		(55,920)		—		—		—		—		—		(55,920)		—
Total	$	556,792	$	—	$	556,792	$	71,841	$	77,070	$	34,772	$	160,159	$	(2,830)	$	215,780	$	77,224

(1) Other external sales include energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) Offshore wind comprises revenue from Germany and the Netherlands amounting to $93 million and 153 million, respectively.

Six months ended June 30, 2023	External Sales	Inter company sales (1)	Total Sales	Cost of sales	Operating Costs	G&A costs (2)	Depreciation and amortization	Other income (3)	Operating Income	Finance costs, net
Offshore Wind Facilities (4)	$ 567,104	$ —	$ 567,104	$ —	$ 101,321	$ 5,201	$ 191,470	$ —	$ 269,112	$ 67,031
Onshore Renewable Facilities										
Canada	110,766	—	110,766	—	15,527	470	41,916	—	52,853	23,824
Spain	102,161	—	102,161	—	24,917	287	41,570	—	35,387	9,422
	$ 212,927	$ —	$ 212,927	$ —	$ 40,444	$ 757	$ 83,486	$ —	$ 88,240	$ 33,246
Efficient Natural Gas Facilities										
Canada	170,840	—	170,840	51,553	18,015	319	23,317	(5,532)	83,168	24,143
Utilities										
Colombia	138,575	—	138,575	45,344	33,510	4,550	14,582	—	40,589	(95)
Other (1)	3,822	46,285	50,107	—	7,341	96,179	6,244	—	(59,657)	13,953
Elimination	—	(46,285)	(46,285)	—	—	—	—	—	(46,285)	—
Total	$ 1,093,268	$ —	$ 1,093,268	$ 96,897	$ 200,631	$ 107,006	$ 319,099	$ (5,532)	$ 375,167	$ 138,278

(1) Other external sales include energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to $278 million and $289 million, respectively.

Six months ended June 30, 2022	External Sales	Inter company sales (1)	Total Sales	Cost of sales	Operating Costs	G&A costs (2)	Depreciation and amortization	Other income (3)	Operating Income	Finance costs, net
Offshore Wind Facilities (4)	$ 642,439	$ —	$ 642,439	$ —	$ 78,992	$ 5,284	$ 188,690	$ —	$ 369,473	$ 78,116
Onshore Renewable Facilities										
Canada	115,429	—	115,429	—	14,052	721	42,009	—	58,647	25,706
Spain	143,432	—	143,432	—	11,778	1,408	43,730	—	86,516	11,641
	$ 258,861	$ —	$ 258,861	$ —	$ 25,830	$ 2,129	$ 85,739	$ —	$ 145,163	$ 37,347
Efficient Natural Gas Facilities										
Canada	203,823	—	203,823	79,488	19,139	561	23,239	(5,686)	87,082	24,496
Utilities										
Colombia	135,787	—	135,787	41,572	33,364	2,665	15,893	—	42,293	44
Other (1)	10,936	77,567	88,503	10,071	—	61,629	4,071	—	12,732	18,725
Elimination	—	(77,567)	(77,567)	—	—	—	—	—	(77,567)	—
Total	$ 1,251,846	$ —	$ 1,251,846	$ 131,131	$ 157,325	$ 72,268	$ 317,632	$ (5,686)	$ 579,176	$ 158,728

(1) Other external sales include energy marketing activities. Other inter-segment sales include inter-company management fees, energy marketing activities and maintenance services, which are eliminated on consolidation.

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to $274 million and $368 million, respectively.

Significant information for each segment for the Interim Condensed Consolidated Statements of Financial Position is as follows:

As at June 30, 2023	PP&E, net	Contracts and other intangibles, net (2)	Goodwill	Investment in joint ventures	Total assets
Offshore wind facilities (1)	**$ 4,722,325**	**$ 343,117**	**$ —**	**$ —**	**$ 5,983,692**
Onshore renewable facilities					
Canada	**899,674**	**—**	**54,741**	**—**	**1,055,497**
Spain	**1,411,398**	**—**	**158,521**	**—**	**1,845,642**
	$ 2,311,072	**$ —**	**$ 213,262**	**$ —**	**$ 2,901,139**
Efficient natural gas facilities					
Canada	**710,440**	**38,607**	**120,229**	**—**	**1,125,474**
Utilities					
Colombia	**487,959**	**6,397**	**430,430**	**—**	**1,076,423**
Other	**1,129,077**	**90,316**	**—**	**1,020,837**	**3,099,740**
Total	**$ 9,360,873**	**$ 478,437**	**$ 763,921**	**$ 1,020,837**	**$ 14,186,468**

(1) Offshore wind comprises PP&E from Germany and the Netherlands amounting to $2,205 million and $2,517 million, respectively.

(2) Other includes $29 million in relation to an Option Lease Agreement, entered with the Scottish government which provides Northland with development exclusivity over the awarded sites for a period of up to 10 years.

As at December 31, 2022	PP&E, net	Contracts and other intangibles, net (2)	Goodwill	Investment in joint ventures	Total assets
Offshore wind facilities (1)	$ 4,899,741	$ 367,412	$ —	$ —	$ 6,381,260
Onshore renewable facilities					
Canada	940,381	—	54,731	—	1,108,590
Spain	1,448,339	—	158,824	—	1,974,211
	$ 2,388,720	$ —	$ 213,555	$ —	$ 3,082,801
Efficient natural gas facilities					
Canada	728,730	41,411	120,229	—	1,174,181
Utilities					
Colombia	431,144	5,800	378,834	—	936,634
Other	929,249	101,152	—	441,565	2,647,733
Total	$ 9,377,584	$ 515,775	$ 712,618	$ 441,565	$ 14,222,609

(1) Offshore wind comprises PP&E from Germany and the Netherlands amounting to $2,285 million and $2,615 million, respectively.

(2) Other includes $33 million in relation to an Option Lease Agreement, entered with the Scottish government which provides Northland with development exclusivity over the awarded sites for a period of up to 10 years.

15. Litigation, Claims, Contingencies and Commitments

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.

15.1 Milestone Payments for Development Project Acquisitions

In the course of business, Northland enters into acquisition agreements that may result in Northland making additional payments to the seller and/or directly to the development project previously acquired, upon the successful completion of certain milestones. As at June 30, 2023, Northland's best estimate of the future contingent payments is approximately $254 million of contingent payments under its development projects arrangements, with a maximum of $435 million. These contingent payments were not recognized in the Interim Condensed Consolidated Statements of Financial Position.

15.2 Contingencies and Commitments

The following is a summary of the material commitments that Northland and its subsidiaries have entered into as at June 30, 2023, in addition to the commitments outlined in the above notes.

The majority of Northland's revenues are earned under long-term PPAs with government-related entities. In certain circumstances, if a facility fails to meet the performance requirements under its respective PPA, penalties may apply, or the contract may be terminated after a specified period of time.

Certain Northland gas facilities and corporate subsidiaries have entered into agreements for the purchase of natural gas and natural gas transportation for various terms. Certain contracts include penalties for failure to purchase a minimum annual volume of natural gas or, in the case of transportation agreements, include substantial demand charges incurred whether or not gas is shipped.

Northland's natural gas turbines and wind turbines are maintained under long-term contracts with the original equipment suppliers. In certain circumstances, if Northland were to terminate any of the agreements, the termination payment would be material.

Under certain circumstances, Northland provides parental guarantees to third-parties in respect of its subsidiaries. As at June 30, 2023, outstanding parental guarantees issued totaled $239 million (2022: $229 million) and related primarily to the development and construction of Oneida and New York Wind projects.

Northland's share of contingencies and commitments in relation to its joint ventures are disclosed in Note 4.

Corporate **Information**

Directors and Executive Officers Of Northland Power Inc.

Directors

Mr. John W. Brace (Chair)

Ms. Linda L. Bertoldi

Ms. Lisa Colnett

Mr. Kevin Glass

Mr. Russell Goodman

Mr. Keith Halbert

Ms. Helen Mallovy Hicks

Mr. Ian Pearce

Mr. Eckhardt Ruemmler

Executive Officers

Mr. Mike Crawley
President and Chief Executive Officer

Ms. Pauline Alimchandani
Chief Financial Officer

Ms. Wendy Franks
Chief Strategy Officer & Head of Hydrogen

Ms. Rachel Stephenson
Chief People Officer

Mr. Yonni Fushman
Chief Legal Officer & Executive Vice President Sustainability

Mr. David Povall
Executive Vice President, Offshore Wind

Mr. Calvin MacCormack
Executive Vice President,
Efficient Natural Gas & Utilities

Ms. Michelle Chislett
Executive Vice President, Onshore Renewables

Mr. Pierre-Emmanuel Frot
Executive Vice President,
Project Management Office

General Information

Registrar and Transfer Agent

Computershare Trust Company of Canada

100 University Avenue

Toronto, Ontario, Canada

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Attention: Equity Services

Common Shares and Preferred Shares

Northland's common shares and Series 1 and Series 2 preferred shares are listed on the Toronto Stock Exchange and trade under the symbols NPI, NPI.PR.A and NPI.PR.B respectively.

Tax Considerations

Northland's common shares, preferred shares and convertible unsecured subordinated debentures are qualified investments for RRSPs and DPSPs under the Income Tax Act (Canada).

Contact Information

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About Northland

Northland Power is a global power producer dedicated to helping the clean energy transition by producing electricity from clean renewable resources. Founded in 1987, Northland has a long history of developing, building, owning and operating clean and green power infrastructure assets and is a global leader in offshore wind. In addition, Northland owns and manages a diversified generation mix including onshore renewables, efficient natural gas energy, as well as supplying energy through a regulated utility.

Headquartered in Toronto, Canada, with global offices in eight countries, Northland owns or has an economic interest in 3.0 GW (net 2.6 GW) of operating capacity. The Company also has a significant inventory of projects in construction and in various stages of development encompassing over 20 GW of potential capacity.

Publicly traded since 1997, Northland's common shares, Series 1 and Series 2 preferred shares trade on the Toronto Stock Exchange under the symbols NPI, NPI.PR.A and NPI.PR.B respectively.

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