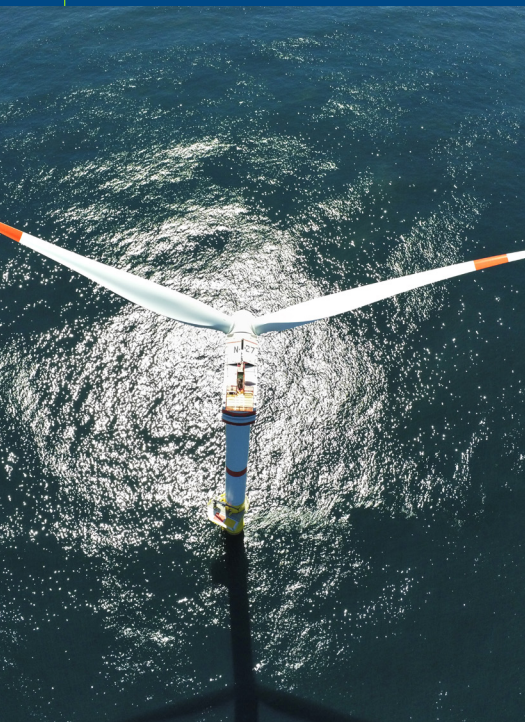




Third Quarter Report

Quarterly Report for the period
ended September 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 nine months ended September 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 November 9, 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 November 9, 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 respective per share amounts, dividend payments and dividend payout ratios, the timing for and attainment of the Hai Long and Baltic Power offshore wind, and Oneida energy storage projects' anticipated contributions to Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, the expected generating capacity of certain projects, guidance, the completion of construction, acquisitions, dispositions, investments or financings and the timing thereof, including the timing and final terms of the pending sell-down of Hai Long to Gentari, the timing for and attainment of financial close and commercial operations, for each project, the potential for future production from project pipelines, cost and output of development projects, the all-in interest cost for debt financing, the impact of currency hedges, 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 financings, assets sales or sell-downs, failure to obtain the anticipated level of finance commitments and failure to close one or more financings or sell-downs 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, satisfy any project finance lender conditions to closing sell-downs or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, risks associated with further regulatory and policy changes in Spain which could impair current guidance and expected returns, risks associated with merchant pool pricing and revenues, risks associated with sales contracts, the emergence of widespread health emergencies or pandemics, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for over 50% of its Adjusted EBITDA, counterparty and joint venture risks, contractual operating performance,

variability of sales from generating facilities powered by intermittent renewable resources, 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.

Certain forward-looking information in this MD&A, including, but not limited to the information in Section 9: Outlook and our projected Adjusted EBITDA and Free Cash Flow expected to be generated from Northland's interest in Hai Long, Baltic Power and Oneida may also constitute "financial outlooks" within the meaning of applicable securities laws. Financial outlook involves statements about Northland's prospective financial performance, financial position or cash flows and is based on and subject to the assumptions about future economic conditions and courses of action and the risk factors described above in respect of forward-looking information generally, as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Such assumptions are based on management's assessment of the relevant information currently available and any financial outlook included in this MD&A is provided for the purpose of helping readers understand Northland's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook. The actual results of Northland's operations will likely vary from the amounts set forth in any financial outlook and such variances may be material.

Non-IFRS Financial Measures

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

In the second quarter of 2023, in order to accommodate the transactions that occurred during the period, the Company aligned its definitions of non-IFRS measures to 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 was revised to remove the impairment of capitalized growth projects from the measure, as this impairment (related to prior period costs) does not reflect Northland's current or ongoing core business performance. Furthermore, amendments were made to include the gains (losses) from partial sell-downs of development facilities (whether directly owned or through equity accounted investments) in Adjusted EBITDA as this approach better aligns better with the ongoing performance of the business. Under the previously reported definition of Adjusted EBITDA, when a value accretive transaction occurred with respect to a partial sell-down of a development project, any associated gain (loss) would have been altogether excluded from Adjusted EBITDA, which management believes is not an appropriate method for measuring the current and ongoing financial performance of the business. For clarity, gains (losses) that arise from full divestitures of development projects continue to be excluded from Adjusted EBITDA as these do not form part of Northland's ongoing business performance.

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

Adjusted EBITDA

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

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

Adjusted Free Cash Flow

Adjusted Free Cash Flow represents the cash generated from the business, before investment-related decisions (refer to *Section 4.3: Growth Expenditures*), and available to pay dividends. Adjusted Free Cash Flow is calculated as Northland's share of cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansionary capital expenditures; growth expenditures, interest incurred on outstanding debt (except for the interest on corporate-level debt raised to finance the capitalized growth project); scheduled principal repayments and net up financing proceeds; major maintenance and debt reserves; Northland's share of Adjusted Free Cash Flow from equity accounted investees; interest income from Northland's subordinated loan to Gemini ("**Gemini sub-debt**"); repayment of Gemini sub-debt; proceeds from government grants; preferred share dividends; gain (loss) from 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 same measures before the definition changes refer to *Section 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'*.

SECTION 2: NORTHLAND'S BUSINESS

As of November 9, 2023, Northland owns or has a net economic interest in 2,947 megawatts ("MW") of power-producing facilities with a total gross operating capacity of approximately 3,355MW and a regulated utility. Northland's facilities produce electricity from clean energy sources for sale, primarily under long-term 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, the United States of America, 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 ⁽²⁾		
Wind	1,057	968
Solar	392	377
Efficient Natural Gas	722	708
Utility	n/a	n/a
Total	3,355	2,947

(1) Presented at Northland's economic interest.

(2) As at November 9, 2023, Northland's economic interest was changed from December 31, 2022 due to the La Lucha solar project and New York onshore wind projects, which achieved commercial operations in June 2023 and October 2023, respectively (refer to Section 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							
Hai Long ^{(1) (7)}	Taiwan	Offshore wind	1,022	60%	Late-stage	30-year PPA ⁽⁶⁾	2026/2027
Baltic Power ⁽⁷⁾	Poland	Offshore wind	1,140	49%	Late-stage	25-year CfD ⁽⁴⁾	2026
Oneida ⁽²⁾	Canada	Energy Storage	250	72%	Under construction	20-year capacity contract	2025
Total			2,412				
Identified Growth Projects							
Jurassic	Canada	Solar	220	100%	Late-stage	as early as 2025	
Alberta Solar	Canada	Solar	1,180	100%	Mid-stage		
Chiba	Japan	Offshore wind	600	50%	Early-stage		
Dado	South Korea	Offshore wind	1,270	100%	Early-stage		
ScotWind	Scotland	Offshore wind	2,340	76%	Early-stage	2027 - 2030+	
Round 3 ⁽⁵⁾	Taiwan	Offshore wind	500	51%	Early-stage		
Bobae	South Korea	Offshore wind	616	100%	Early-stage		
Wando	South Korea	Offshore wind	1,800	100%	Early-stage		
Total			8,526				
Additional Pipeline							
Various ⁽³⁾		Various	3,890	Early-stage		TBD	
Total Pipeline			14,828				

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

(3) Various include 3,890MW of other early-stage pipeline projects.

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

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

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

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

SECTION 3: CONSOLIDATED HIGHLIGHTS

3.1: Significant Events

Significant events during the first nine months 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:

Northland remains consistent and disciplined in its financing strategy of using non-recourse project financing to fund the majority of capital expenditures associated with new growth, including in connection with its offshore wind projects. The Baltic Power offshore wind project and Oneida energy storage project have each secured 20-year term non-recourse debt for 80% and 75% of their anticipated capital costs, respectively; Hai Long has secured 20-year term non-recourse debt for 55% and expects to earn pre-completion revenues equal to 11% of anticipated capital costs. At September 30, 2023, Northland's loans and borrowings were \$7.7 billion, out of which \$6.7 billion was non-recourse project financing debt. At September 30, 2023, Northland had \$0.5 billion of drawn corporate credit facilities. The interest rate on the non-recourse debt has been effectively fixed for each loan's amortization period through the use of interest rate swaps and/or fixed rating financing arrangements, in line with Northland's approach to risk management. Further details on the non-recourse financings secured are included in the "Renewables Growth Update" section below. Interest on the corporate credit facility borrowings is variable and short-term in nature.

Green Subordinated Notes

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

Refinancing of EBSA's Credit Facility

In the first quarter of 2023, 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

The Company's "at-the-market" equity program ("**ATM program**") was terminated in accordance with its terms upon the expiry of the Company's short form base shelf prospectus on July 16, 2023. During the third quarter of 2023, there was no activity under the ATM program.

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

Redemption of Series 3 Preferred Shares

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

Corporate Credit Rating Re-affirmed

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

Renewables Growth updates:

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

Hai Long Offshore Wind Project

During the third quarter, Northland successfully closed its NTD117 billion (equivalent to \$5 billion) long term, over 20-year non-recourse green financing, which will be provided by international and local lenders with support from multiple Export Credit Agencies ("ECAs"). The Hai Long project's total cost is projected to be approximately \$9 billion, with funding from \$5 billion of non-recourse debt by the project lenders, approximately \$1 billion of pre-completion revenues and the remaining equity investment contributed by the project's partners. Northland's interest (post targeted sell-down to Gentari International Renewables Pte. Ltd. ("**Gentari**")) in Hai Long is expected to generate a five-year average of approximately \$230 to \$250 million of Adjusted EBITDA and \$75 to \$85 million of Free Cash Flow per year once operational, delivering significant long-term value for Northland's shareholders. The weighted average all-in interest cost for the term of the financing is approximately 5% per annum. Northland's equity investment has and will be funded through proceeds raised under its ATM program in 2022 and the anticipated sale of its 49% interest to Gentari, which is discussed below.

On December 14, 2022, Northland signed an agreement with Gentari to sell 49% of its current 60% ownership stake in Hai Long (the "**Gentari Sell-Down**"). Northland is targeting to close Gentari Sell-Down in the fourth quarter of 2023, subject to the satisfaction of certain closing conditions, which also include meeting requirements under the existing multi-party project finance agreements. Subject to closing, the transaction will result in Gentari holding a 29.4% indirect equity interest in Hai Long. The proposed sell-down is consistent with Northland's long-term financing strategy and will allow Northland to share development costs for Hai Long with its joint venture partners. Northland will hold a 30.6% interest in the project upon closing of the transaction and will continue to take the lead role in the construction and operation phases of the project.

The Hai Long project continues to advance its construction activities. Completion of construction activities and full commercial operations are expected in 2026/2027.

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

Baltic Power Offshore Wind Project

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

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

Northland holds a 49% ownership interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%. Early construction activities have commenced, with fabrication of certain key components underway. Full commercial operations are expected in the latter half of 2026. The project's 25-year Contract for Difference ("**CfD**") offtake agreement, is denominated in Euros and includes an inflation indexation feature commencing with a base year of 2021.

NorthWind and CanWind Offshore Wind Projects

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

Nordsee Cluster Offshore Wind Project

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

ScotWind Partnership

On May 9, 2023, Northland signed a partnership agreement with ESB, a leading Irish energy company for a 24.5% interest in 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

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

New York Onshore Wind Projects

On October 31, 2023, the 112MW Bluestone and 108MW Ball Hill onshore wind projects have commenced earning revenue under the 20-year PPA with the New York State Energy Research and Development Authority (“NYSERDA”). These projects are expected to contribute an aggregate of \$42 million and \$15 million of Adjusted EBITDA and Free Cash Flow, respectively, towards Northland’s 2024 financial results.

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.

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 in the second quarter of 2023, 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 2023.

Other:

Update on Hydrogen Business Unit

In the third quarter of 2023, Northland wound down its nascent Hydrogen business unit and its Executive Vice President to concentrate its resources and capital to its core business units (onshore renewables, offshore wind, and efficient natural gas & utilities). Northland will continue to evaluate hydrogen and renewable fuels opportunities in the future that have the potential to optimize the Company's existing operating facilities and development projects, and as such will no longer show standalone hydrogen related opportunities in its development projects pipeline.

Facility Optimizations:

Thorold upgrade

In the second quarter of 2023, as part of the Ontario government's energy transition and security policies, and consistent with Northland's strategy to optimize existing operating facilities to enhance value and performance, Northland continued to advance the upgrade of its 265MW Thorold Co-Generation facility in Ontario, Canada. The optimization will result in an increase to the electricity generating capacity of the facility by 23MW and an expected improvement in the facility's heat rate, which is expected to decrease overall emissions intensity at the facility without impacting Northland's 2040 net zero targets, and will provide an additional fixed contract revenue stream for Northland from 2030 to 2035. The upgrade is expected to be in service by the end of 2024. Concurrently, Northland completed the restructuring of Thorold's project debt, with (i) additional debt of \$26 million to finance the upgrade; (ii) a decrease in all-in interest rate to 6.4% (previously 6.7%); and (iii) reduction of certain 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
FINANCIALS				
Sales	\$ 513,290	\$ 555,854	\$ 1,606,558	\$ 1,807,700
Gross profit	458,316	484,103	1,454,687	1,604,818
Operating income	146,188	201,814	521,355	780,990
Net income (loss)	42,987	76,089	171,786	631,535
Net income (loss) attributable to common shareholders	36,166	81,661	110,401	548,835
Adjusted EBITDA (a non-IFRS measure) ⁽²⁾	267,258	289,763	851,212	1,045,105
Cash provided by operating activities	148,005	523,338	649,345	1,282,294
Adjusted Free Cash Flow (a non-IFRS measure) ⁽²⁾	63,917	66,367	306,690	420,362
Free Cash Flow (a non-IFRS measure) ⁽²⁾	36,316	44,670	232,297	364,588
Cash dividends paid	52,137	49,673	153,332	145,508
Total dividends declared ⁽¹⁾	\$ 76,036	\$ 71,957	\$ 227,101	\$ 210,410
Per Share				
Weighted average number of shares — basic and diluted (000s)	253,279	238,011	252,152	232,712
Net income (loss) attributable to common shareholders — basic and diluted	\$ 0.14	\$ 0.33	\$ 0.42	\$ 2.32
Adjusted Free Cash Flow — basic (a non-IFRS measure) ⁽²⁾	\$ 0.25	\$ 0.28	\$ 1.22	\$ 1.81
Free Cash Flow — basic (a non-IFRS measure) ⁽²⁾	\$ 0.14	\$ 0.19	\$ 0.92	\$ 1.57
Total dividends declared	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90
ENERGY VOLUMES				
Electricity production in gigawatt hours (GWh)	2,172	2,129	7,027	7,130

(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 nine months ended September 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 same measures before the definition changes 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 September 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	815	800	\$ 231,807	\$ 277,560	\$ 52,755	\$ 45,685	\$ 80,902	\$ 140,890	\$ 126,483	\$ 176,347	\$ (4,379)	\$ 28,238
Onshore Renewable Facilities												
Canada	227	272	\$ 51,897	\$ 52,022	\$ 7,937	\$ 8,312	\$ 22,806	\$ 22,429	\$ 34,861	\$ 36,425	\$ 9,964	\$ 10,546
Spain	200	214	65,992	42,612	11,432	17,893	33,190	8,916	53,632	24,788	15,787	(6,241)
	427	486	\$ 117,889	\$ 94,634	\$ 19,369	\$ 26,205	\$ 55,996	\$ 31,345	\$ 88,493	\$ 61,213	\$ 25,751	\$ 4,305
Efficient Natural Gas Facilities												
Canada	931	843	\$ 80,553	\$ 111,104	\$ 11,282	\$ 9,864	\$ 34,901	\$ 41,508	\$ 46,359	\$ 52,444	\$ 21,282	\$ 23,323
Utilities												
Colombia	n/a	n/a	\$ 78,314	\$ 69,887	\$ 16,970	\$ 16,793	\$ 22,261	\$ 23,177	\$ 29,868	\$ 29,889	\$ 17,796	\$ 24,005
Nine months ended September 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	2,996	3,004	\$ 798,911	\$ 919,999	\$ 154,076	\$ 124,677	\$ 350,014	\$ 510,363	\$ 473,472	\$ 579,444	\$ 103,510	\$ 157,377
Onshore Renewable Facilities												
Canada	859	990	\$ 162,663	\$ 167,451	\$ 23,464	\$ 22,364	\$ 75,659	\$ 81,076	\$ 108,634	\$ 115,492	\$ 37,717	\$ 42,625
Spain	703	723	168,153	186,044	36,349	29,671	68,577	95,432	128,919	152,967	8,048	61,820
	1,562	1,713	\$ 330,816	\$ 353,495	\$ 59,813	\$ 52,035	\$ 144,236	\$ 176,508	\$ 237,553	\$ 268,459	\$ 45,765	\$ 104,445
Efficient Natural Gas Facilities												
Canada	2,468	2,414	\$ 251,393	\$ 314,927	\$ 29,297	\$ 29,003	\$ 118,069	\$ 128,590	\$ 151,499	\$ 196,910	\$ 78,661	\$ 107,338
Utilities												
Colombia	n/a	n/a	\$ 216,889	\$ 205,674	\$ 50,480	\$ 50,157	\$ 62,850	\$ 65,470	\$ 84,745	\$ 86,734	\$ 55,198	\$ 68,302

(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 nine months ended September 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 same measures before the definition changes 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 nine months ended September 30, 2023, Gemini, Nordsee One and Deutsche Bucht contributed approximately 21%, 14% and 15%, respectively, to Northland's reported Adjusted EBITDA from facilities.

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

Variability within Operating Results

Each of the offshore wind facilities participates in the 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 September 30, 2023, the APX price for the year was estimated to be approximately €101/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. In the fourth quarter of 2023, a TenneT grid outage has been scheduled at Deutsche Bucht for approximately 21 days, which will result in a loss of revenue estimated at €6 million (\$9 million).

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

In response to the unprecedented surge in energy prices across Europe for most of 2022, in September 2022, the EU Council established a cap on market revenues on renewable energy producers effective from December 1, 2022, to June 30, 2023 (the “EU price cap”). Following the implementation of the EU price cap, any revenue above the contracted power purchase price for each facility is capped. The EU price cap has not been extended by the Netherlands or Germany. However, the respective market prices are lower than the subsidy prices, so no upside is planned 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 September 30,				
	2023⁽¹⁾	2022⁽¹⁾	Historical Average⁽²⁾	Historical High⁽²⁾	Historical Low⁽²⁾
Electricity production (GWh)					
Gemini	467	436	449	524	397
Nordsee One	176	179	190	220	173
Deutsche Bucht	172	185	173	185	164
Total	815	800			

	Nine months ended September 30,				
	2023⁽¹⁾	2022⁽¹⁾	Historical Average⁽²⁾	Historical High⁽²⁾	Historical Low⁽²⁾
Electricity production (GWh)					
Gemini	1,644	1,602	1,598	1,710	1,450
Nordsee One	712	725	723	766	635
Deutsche Bucht	640	677	646	677	608
Total	2,996	3,004			

(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 September 30, 2023, increased 2% or 14GWh compared to the same quarter of 2022. This was primarily due to higher wind resource at Gemini and higher turbine availability at Nordsee One following the completion of the rotor shaft assembly (“RSA”) replacement campaign in 2022, partially offset by lower wind resource and higher unpaid curtailments related to negative prices at German offshore wind facilities. Electricity production for the nine months ended September 30, 2023, was largely in line with the same period of 2022.

Sales of \$232 million for the three months ended September 30, 2023, decreased 16% or \$46 million compared to the same quarter of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 of \$75 million. This decline was 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 \$30 million. Sales of \$799 million for the nine months ended September 30, 2023, decreased 13% or \$121 million compared to the same period of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 by \$147 million and a 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 and other items by \$51 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Effect of Gemini APX hedge losses ⁽¹⁾	\$ 2,358	\$ 4,908	\$ 6,986	\$ 15,134
Lower turbine availability at Nordsee One (due to RSA campaign)	—	2,240	—	7,482
Unpaid curtailment due to negative prices in Germany	9,541	—	13,809	1,145
Unpaid curtailment due to grid outages in Germany	—	47	6,383	7,292
P&I adjustment and other	\$ —	\$ —	\$ 18,370	\$ —

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

Operating costs of \$53 million for the three months ended September 30, 2023, increased 15% or \$7 million, compared to the same quarter of 2022, primarily due to higher maintenance costs at offshore wind facilities. Operating costs of \$154 million for the nine months ended September 30, 2023, increased 24% or \$29 million, compared to the same period of 2022, primarily due to the same factor as above.

Operating income and Adjusted EBITDA of \$81 million and \$126 million, respectively, for the three months ended September 30, 2023, decreased 43% or \$60 million and 28% or \$50 million compared to the same quarter of 2022, due to the same factors as noted above. Operating income and Adjusted EBITDA of \$350 million and \$473 million, respectively, for the nine months ended September 30, 2023, decreased 31% or \$160 million and 18% or \$106 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 September 30, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	815	467	176	172
Non-curtailed production	GWh	761	462	148	150
Revenue per MWh ^{(1) (2)}	€/MWh	193	198	191	182
From market	€/MWh	80	54	125	117
From subsidy	€/MWh	113	144	66	65
Nine months ended September 30, 2023		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	2,996	1,644	712	640
Non-curtailed production	GWh	2,696	1,622	561	513
Revenue per MWh ^{(1) (2)}	€/MWh	189	189	193	182
From market	€/MWh	93	86	107	98
From subsidy	€/MWh	96	103	86	84
Subsidy price	€/MWh		169	194	184

(1) Revenue from non-curtailed production only.

(2) Revenue from curtailed production amounted to €8 million (\$12 million) and €55 million (\$80 million) for the three and nine months ended September 30, 2023, respectively, which factors in the effect of unpaid curtailment due to negative prices and grid outages in Germany.

For the third 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 nine months of this year.

Onshore Renewable Facilities

Northland's onshore renewables comprise 1,345MW (at Northland's share) of onshore wind and solar facilities located in Canada, the United States of America, Mexico, 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 nine months ended September 30, 2023, Northland's onshore renewable facilities in Canada and Spain contributed approximately 11% and 14%, 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, Ro is not 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 merchant revenue, at pool prices and the revenue at the regulatory posted price. If the pool price is lower than the regulatory posted price, the band adjustment mechanism adds the additional revenue to achieve the reasonable return. Conversely, if the pool price is higher than the posted pool price, the band adjustment mechanism reduces revenues in the period.

For a given year, both 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.

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ri revenue	€ 10,245	€ 15,016	€ 30,735	€ 49,371
Merchant revenue	16,754	33,140	52,218	129,874
Band adjustment	18,671	(14,999)	33,145	(42,857)
Total revenue	€ 45,670	€ 33,157	€ 116,098	€ 136,388

Regulated Posted price per MWh	€ 109	€ 122	€ 109	€ 122
Merchant Revenue per MWh	€ 84	€ 155	€ 74	€ 180
Production (GWh)	200	214	703	723

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Ri revenue	\$ 14,947	\$ 19,739	\$ 44,790	\$ 67,346
Merchant revenue	24,444	43,563	76,096	177,162
Band adjustment	26,601	(20,690)	47,267	(58,464)
Total revenue	\$ 65,992	\$ 42,612	\$ 168,153	\$ 186,044

Northland entered into long-term Euro denominated foreign exchange hedges, at an average rate of \$1.49/€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 September 30, 2023, was 12% or 59GWh lower than the same quarter of 2022, primarily due to lower wind resource across the Canadian and Spanish onshore wind facilities, partially offset by higher solar resource at these facilities. Electricity production at the onshore renewable facilities for the nine months ended September 30, 2023, was 9% or 150GWh lower than the same period of 2022, primarily due to the same factors as above.

Sales of \$118 million for the three months ended September 30, 2023, increased 25% or \$23 million compared to the same quarter of 2022, primarily due to the increase in band adjustments by \$47 million as a result of the regulated posted price being higher than the merchant pool price in 2023, partially offset by the aggregate decrease in merchant revenue and Ri by \$24 million from the Spanish portfolio. Sales of \$331 million for the nine months ended September 30, 2023, decreased 6% or \$23 million compared to the same period of 2022, primarily due to lower merchant revenue and Ri by \$101 million and \$23 million, respectively, from Spanish portfolio, partially offset by the increase in band adjustments by \$106 million.

Operating income and Adjusted EBITDA of \$56 million and \$88 million, respectively, for the three months ended September 30, 2023, increased 79% or \$25 million and 45% or \$27 million, respectively, compared to the same quarter of 2022 primarily due to the same factors as above. Operating income and Adjusted EBITDA of \$144 million and \$238 million, respectively, for the nine months ended September 30, 2023, decreased 18% or \$32 million and 12% or \$31 million, respectively, compared to the same period of 2022 primarily due to the same factors as above.

Adjusted EBITDA from the Spanish portfolio of \$54 million for the three months ended September 30, 2023, increased 116% or \$29 million compared to the same quarter of 2022, primarily due to the increase in band adjustments by \$47 million, partially offset by the decrease in merchant revenue and Ri by \$19 million and \$5 million, respectively. Adjusted EBITDA from the Spanish portfolio of \$129 million for the nine months ended September 30, 2023, decreased 16% or \$24 million compared to the same period of 2022, primarily due to lower merchant revenue and Ri by \$101 million and \$23 million, respectively, partially offset by the increase in band adjustments by \$106 million. *Free Cash Flow* from the Spanish portfolio of \$16 million for the three months ended September 30, 2023, increased by \$22 million compared to the same quarter of 2022, due to the same factors as above. Free Cash Flow from the Spanish portfolio of \$8 million for the nine months ended September 30, 2023, decreased by 87% or \$54 million compared to the same period of 2022, due to the same factors as above.

Notwithstanding regulatory changes in Spain experienced in the last quarter, the forecast from the Spanish portfolio is expected to remain unchanged. The Spanish portfolio is expected to achieve estimated Adjusted EBITDA in the range of \$160 million in 2023 compared to \$220 million in 2022.

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 nine months ended September 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 September 30, 2023, increased 10% or 88GWh, compared to the same quarter of 2022, mainly due to higher market demand for dispatchable power. Electricity production for the nine months ended September 30, 2023, increased 2% or 55GWh, compared to the same period of 2022, primarily due to the same factor as above.

Sales of \$81 million for the three months ended September 30, 2023, decreased 27% or \$31 million compared to the same quarter of 2022, primarily due to lower natural gas prices resulting in lower energy rates affecting revenue, and lower margins triggered by unplanned outages. Sales of \$251 million for the nine months ended September 30, 2023, decreased 20% or \$64 million compared to the same period of 2022, due to the same factors as above.

Adjusted EBITDA of \$46 million for the three months ended September 30, 2023, decreased 12% or \$6 million, compared to the same quarter of 2022, primarily due to lower management fee income from Kirkland Lake, in addition to the same factors as above. Adjusted EBITDA of \$151 million for the nine months ended September 30, 2023, decreased 23% or \$45 million compared to the same period of 2022, primarily due to Kirkland Lake's one-time management fee received in 2022, in addition to the same factors as above.

Utility

Empresa de Energía de Boyacá S.A E.S.P (“EBSA”) holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates an extensive distribution network, serving about half a million customers. EBSA’s net sales are almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business. EBSA’s results are affected by exchange rate fluctuations between the Canadian dollar and the Colombian peso. For 2023, Northland has hedged the foreign exchange rate at COP\$3,347:CAD\$1 (2022: COP\$3,097:CAD\$1) for nearly all of the anticipated Colombian peso-denominated cash flow, mitigating the effects of fluctuations in the foreign exchange rate on Adjusted Free Cash Flow. For the nine months ended September 30, 2023, EBSA contributed approximately 9% of reported Adjusted EBITDA from facilities.

EBSA earns revenue by charging customers a rate approved under the regulatory framework administered by the local regulator, the 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 of \$78 million for the three months ended September 30, 2023, increased 12% or \$8 million compared to the same quarter of 2022, primarily due to the foreign exchange fluctuations as a result of the strengthening of the Colombian Peso. Gross profit of \$49 million for the three months ended September 30, 2023, remained in line with the same quarter of 2022. Sales of \$217 million for the nine months ended September 30, 2023, increased 5% or \$11 million compared to the same period of 2022, primarily due to the higher market demand and rate escalations, partially offset by the foreign exchange fluctuations due to the weakening of the Colombian Peso. Gross profit of \$142 million for the nine months ended September 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 September 30, 2023, remained in line with the same quarter of 2022. Operating income and Adjusted EBITDA of \$63 million and \$85 million, respectively, for the nine months ended September 30, 2023, decreased 4% or \$3 million and 2% 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-expansory 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Corporate G&A	\$ 17,622	\$ 11,946	\$ 53,743	\$ 37,972
Operations G&A ⁽¹⁾	4,726	7,051	22,988	20,679
Total G&A costs	\$ 22,348	\$ 18,997	\$ 76,731	\$ 58,651

(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 \$18 million and \$54 million for the three and nine months ended September 30, 2023, were 48% or \$6 million and 42% or \$16 million higher than the same periods of 2022, respectively, primarily due to increased personnel costs and other costs supporting Northland’s projects and investments in the global platform.

Operations G&A costs of \$5 million for the three months ended September 30, 2023, decreased 33% or \$2 million compared to the same quarter of 2022, primarily due to the timing of La Lucha’s operating expense. Operations G&A costs

of \$23 million for the nine months ended September 30, 2023, increased 11% or \$2 million compared to the same period of 2022, primarily due to additional projects entering operations during the period, including La Lucha.

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Business development	\$ 8,320	\$ 6,885	\$ 29,024	\$ 15,494
Project development	13,177	2,756	20,906	9,035
Development overhead	12,906	11,312	36,824	28,420
Acquisition costs ⁽¹⁾	139	139	411	757
Development costs	\$ 34,542	\$ 21,092	\$ 87,165	\$ 53,706
Joint venture project development costs ⁽²⁾	511	744	2,397	2,825
Growth expenditures ⁽³⁾	\$ 31,914	\$ 21,697	\$ 86,151	\$ 55,774
Growth expenditures on a per share basis			\$ 0.34	\$ 0.24

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

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

(3) Excludes acquisition costs but includes share of project development costs incurred by joint ventures. Excludes non-controlling portion of the development costs for the three and nine months ended September 30, 2023 of \$3 million and \$3 million, respectively.

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

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

Business development costs are incurred to identify and explore prospective business and development opportunities, which are expected to result in identifiable development projects intended to be pursued to completion. These may include costs incurred for projects that ultimately may not be pursued to acquisition or to completion. Business development costs for the three and nine months ended September 30, 2023, were higher compared to the same periods of 2022, due to higher activities in onshore renewables business related to Alberta solar pipeline, Ontario energy storage and New York solar. Such opportunities represent the majority of the business development costs to date.

Project development costs are attributable to identified early- to mid-stage development projects that are likely to generate cash flow over the long-run, though do not yet meet capitalization criteria under IFRS. For the three and nine months ended September 30, 2023, project development costs were higher than 2022, primarily due to spend towards projects such as ScotWind and Korea offshore. 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 nine months ended September 30, 2023, were higher than 2022, primarily due to higher personnel and other costs in support of Northland's business development and project advancement. These costs also include the expansion of the certain enabling functions for the development teams, including the global Project Management Offices and Energy Origination teams as examples.

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

Northland's primary focus will be to deliver the successful execution of the three key projects that achieved financial close this year, the Hai Long and Baltic Power offshore wind projects and Oneida energy storage project. As such, growth expenditures in 2024 are expected to be at lower levels than 2023 and 2022. Growth expenditures in 2024 will be finalized as part of normal course guidance disclosures in 2024.

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 nine months ended September 30, 2023.

Third Quarter

Sales of \$513 million decreased 8% or \$43 million compared to the same quarter of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 and slightly lower production across onshore wind facilities, partially offset by higher revenue generated from the Spanish portfolio.

Gross profit of \$458 million decreased 5% or \$26 million compared to the same quarter of 2022, due to the same factors impacting sales.

Operating costs of \$96 million decreased 3% or \$3 million compared to the same quarter of 2022, primarily due to lower maintenance costs at the Spanish portfolio, partially offset by higher maintenance costs at offshore wind facilities.

Corporate and Operational G&A costs of \$22 million increased 18% or \$3 million primarily due to increased costs and resources to support Northland's projects and global platform and additional projects entering operation during the period, including La Lucha.

Development costs of \$35 million increased 64% or \$13 million compared to the same quarter of 2022, primarily due to timing of spending to advance development projects.

Finance costs, net (primarily interest expense) of \$72 million decreased 6% or \$5 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 loss on derivative contracts was \$46 million compared to a \$43 million loss 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 gain of \$12 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

Other income of \$20 million increased by \$19 million compared to the same quarter of 2022, primarily due to the gains associated with the partial sell-down of development assets in the third quarter of 2023.

Net income of \$43 million in the third quarter of 2023 compared to \$76 million in the same quarter of 2022, primarily as a result of the factors described above.

Year to date

Sales of \$1,607 million decreased 11% or \$201 million compared to the same period of 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 at Gemini, lower revenue generated from the Spanish portfolio, higher 2022 P&I factor adjustment in 2023, and lower production across onshore wind facilities.

Gross profit of \$1,455 million decreased 9% or \$150 million compared to the same period of 2022, due to the same factors impacting sales.

Operating costs of \$296 million increased 16% or \$40 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 \$77 million increased 31% or \$18 million primarily due to increased costs and resources to support Northland's projects and global platform and additional projects entering operation during the period, including La Lucha.

Development costs of \$87 million increased 62% or \$33 million compared to the same period of 2022, primarily due to timing of spending to advance development projects.

Finance costs, net (primarily interest expense) of \$211 million decreased 11% or \$25 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 \$114 million compared to a \$320 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 \$36 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

Other income of \$48 million increased 44% or \$14 million, compared to the same period of 2022, primarily due to the gains associated with offshore wind assets in Europe and Asia in 2023, partially offset by the gain on the sale of two efficient natural gas facilities in 2022.

Net income of \$172 million in the nine months ended September 30, 2023 compared to \$632 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 42,987	\$ 76,089	\$ 171,786	\$ 631,535
Adjustments:				
Finance costs, net	72,421	77,814	210,699	237,054
Gemini interest income	(150)	3,344	6,112	10,800
Provision for (recovery of) income taxes	18,682	47,410	94,706	233,672
Depreciation of property, plant and equipment	147,924	132,416	438,981	424,445
Amortization of contracts and intangible assets	14,463	14,042	42,505	39,645
Fair value (gain) loss on derivative contracts	43,711	38,238	106,714	(334,937)
Foreign exchange (gain) loss	(11,514)	(39,668)	(36,162)	27,281
Elimination of non-controlling interests	(53,380)	(56,897)	(186,389)	(198,715)
Finance lease (lessor)	(1,349)	(1,563)	(4,318)	(4,841)
Others ⁽¹⁾	(6,537)	(1,462)	6,578	(20,834)
Adjusted EBITDA ⁽²⁾	\$ 267,258	\$ 289,763	\$ 851,212	\$ 1,045,105

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

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three and nine months ended September 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 same measures before the definition changes refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Gemini interest income reflects 5% interest earned on Northland's €108 million subordinated debt to Gemini. Under the terms of the Gemini debt amendment completed in the fourth quarter of 2022, 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.

Third Quarter

Adjusted EBITDA of \$267 million for the three months ended September 30, 2023, decreased 8% or \$23 million compared to the same quarter of 2022. The significant factors decreasing Adjusted EBITDA include:

- \$50 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 2022. This decline was 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
- \$14 million increase in G&A costs and development expenditures, primarily due to higher administrative costs to support the sustainable operations and the latter driven by timing of spend.

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

- \$29 million increase in the contribution from the Spanish renewables portfolio, primarily due to the increase in band adjustments by \$47 million as a result of the regulated posted price being higher than the merchant pool price in 2023, partially offset by the aggregate decrease in merchant revenue and Ri by \$24 million, as described in *Section 4.1: Operating Results*, and lower wind resource; and
- \$19 million in gains from partial sell-down of development assets.

Year to date

Adjusted EBITDA of \$851 million for the nine months ended September 30, 2023, decreased 19% or \$194 million compared to the same period of 2022. The significant factors decreasing Adjusted EBITDA include:

- \$106 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 2022 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;
- \$43 million decrease in contribution from Kirkland Lake primarily due to a one-time management fee received in 2022;
- \$48 million increase in G&A costs and development expenditures, with the latter driven by timing of spend; and
- \$24 million decrease in the contribution from the Spanish renewables portfolio, primarily due to lower merchant revenue and Ri by \$101 million and \$23 million, respectively, partially offset by the increase in band adjustments by \$106 million, as described in *Section 4.1: Operating Results*, and lower wind resource.

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

- \$41 million in gains from partial sell-down of development assets.

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash provided by operating activities	\$ 148,005	\$ 523,338	\$ 649,345	\$ 1,282,294
Adjustments:				
Net change in non-cash working capital balances related to operations	99,938	(189,623)	234,963	(148,631)
Non-expansory capital expenditures	(369)	(14,263)	(1,268)	(45,573)
Restricted funding for major maintenance, debt and decommissioning reserves	(582)	(228)	(3,235)	(11,326)
Interest	(43,341)	(75,396)	(182,951)	(223,429)
Scheduled principal repayments on facility debt	(55,677)	(52,044)	(381,319)	(400,429)
Funds set aside (utilized) for scheduled principal repayments	(149,854)	(153,735)	(158,020)	(170,661)
Preferred share dividends	(1,527)	(2,811)	(4,530)	(8,252)
Consolidation of non-controlling interests	(3,533)	(1,707)	(65,186)	(43,513)
Investment income ⁽¹⁾	5,041	4,268	22,311	12,666
Proceeds under NER300 and warranty settlement at Nordsee One	—	16,911	—	55,787
Others ⁽²⁾	38,215	(10,040)	122,187	65,655
Free Cash Flow ⁽³⁾	\$ 36,316	\$ 44,670	\$ 232,297	\$ 364,588
Add Back: Growth expenditures	31,914	21,697	86,151	55,774
Less: Historical growth expenditures' recovery due to sell-down	(4,313)	—	(11,758)	—
Adjusted Free Cash Flow ⁽³⁾	\$ 63,917	\$ 66,367	\$ 306,690	\$ 420,362

(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 projects and other non-cash expenses adjusted in working capital excluded from Free Cash Flow in the period.

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above. Further, note that non-IFRS measures during the three and nine months ended September 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 same measures before the definition changes 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 \$30 million and interest income of \$36 million, partially offset by the foreign exchange rates and hedges of \$12 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Adjusted EBITDA ⁽²⁾	\$ 267,258	\$ 289,763	\$ 851,212	\$ 1,045,105
Adjustments:				
Scheduled debt repayments	(166,900)	(163,945)	(450,443)	(459,499)
Interest expense	(43,859)	(61,808)	(143,019)	(183,112)
Current taxes	(26,212)	(33,535)	(90,902)	(122,644)
Non-expansory capital expenditure	(358)	(12,160)	(1,078)	(38,828)
Utilization (funding) of maintenance and decommissioning reserves	(583)	(228)	(3,228)	(10,458)
Lease payments, including principal and interest	(1,783)	(4,234)	(6,312)	(7,357)
Preferred dividends	(1,526)	(2,811)	(4,529)	(8,252)
Foreign exchange hedge gain (loss)	747	8,125	31,035	56,216
Proceeds under NER300 and warranty settlement at Nordsee One	—	14,376	—	47,420
EBSA Refinancing proceeds, net of growth capital expenditures	—	10,119	—	26,896
Others ⁽¹⁾	9,532	1,008	49,561	19,101
Free Cash Flow ⁽²⁾	\$ 36,316	\$ 44,670	\$ 232,297	\$ 364,588
Add back: Growth expenditures	31,914	21,697	86,151	55,774
Less: Historical growth expenditures' recovery due to sell-down	(4,313)	—	(11,758)	—
Adjusted Free Cash Flow ⁽²⁾	\$ 63,917	\$ 66,367	\$ 306,690	\$ 420,362

(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 nine months ended September 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 same measures before the definition changes refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

Third Quarter

Adjusted Free Cash Flow of \$64 million for the three months ended September 30, 2023, was 4% or \$2 million lower than the same quarter of 2022.

The significant factors decreasing Adjusted Free Cash Flow were:

- \$23 million decrease in contribution from the operating facilities leading to lower Adjusted EBITDA primarily due to the factors described above; and

- \$10 million decrease primarily as a result of higher net proceeds from the EBSA refinancing recognized in 2022.

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

- \$16 million gains from partial asset sales of offshore wind development assets and foreign exchange hedge settlements; and
- \$18 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.

Free Cash Flow, which is reduced by growth expenditures, totaled \$36 million for the three months ended September 30, 2023, and was 19% or \$8 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 \$307 million for the nine months ended September 30, 2023, was 27% or \$114 million lower than the same period of 2022.

The significant factors decreasing Adjusted Free Cash Flow were:

- \$194 million decrease in contribution from operating facilities leading to lower Adjusted EBITDA primarily due to the factors described above;
- \$30 million net proceeds from the sale of two efficient natural gas facilities in April 2022; and
- \$27 million decrease primarily as a result of higher net proceeds from the EBSA refinancing recognized in 2022.

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

- \$32 million decrease in current taxes primarily at offshore wind facilities and the Spanish portfolio as a result of lower operating results;
- \$41 million gains from sales of offshore wind development assets in Europe and Asia, and foreign exchange hedge settlements;
- \$40 million decrease in net finance costs primarily due to scheduled repayments on facility-level loans and higher loan repayments related to loan restructurings in 2022; and
- \$17 million contribution primarily from EBSA maturity hedge settlements.

Free Cash Flow, which is reduced by growth expenditures, totaled \$232 million for the nine months ended September 30, 2023, and was 36% or \$132 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 September 30, 2023		2022		Nine months ended September 30, 2023		2022	
Cash dividends paid to shareholders	\$	52,137	\$	49,673	\$	153,332	\$	145,508
Adjusted Free Cash Flow payout ratio — cash dividends ⁽¹⁾⁽³⁾						59 %		32 %
Free Cash Flow payout ratio — cash dividends ⁽¹⁾⁽³⁾						82 %		37 %
Total dividends paid to shareholders ⁽²⁾	\$	75,935	\$	71,092	\$	226,723	\$	208,685
Adjusted Free Cash Flow payout ratio — total dividends ⁽¹⁾⁽²⁾⁽³⁾						86 %		46 %
Free Cash Flow payout ratio — total dividends ⁽¹⁾⁽²⁾⁽³⁾						121 %		53 %
Weighted avg. number of shares — basic and diluted (000s)		253,279		238,011		252,152		232,712
Per share (\$/share)								
Dividends paid	\$	0.30	\$	0.30	\$	0.90	\$	0.90
Adjusted Free Cash Flow — basic and diluted ⁽³⁾	\$	0.25	\$	0.28	\$	1.22	\$	1.81
Free Cash Flow — basic and diluted ⁽³⁾	\$	0.14	\$	0.19	\$	0.92	\$	1.57

(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 nine months ended September 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 same measures before the definition changes refer to 4.7: Reconciliation to 'Non-IFRS Measures Before Definition Change'.

At September 30, 2023, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio was 59% and 82%, respectively, calculated on the basis of cash dividends paid, compared to 32% and 37% for the same period ending September 30, 2022, primarily due to the non-recurrence of the unprecedented spike in market prices realized in 2022 and higher loan repayments related to loan restructurings in 2022. At September 30, 2023, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio was 86% and 121%, respectively, calculated on the basis of total dividends paid, compared to 46% and 53% for the same period ending September 30, 2022, primarily due to the same factors as above.

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

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

	Three months ended September 30, 2023			Nine months ended September 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	\$ 248,646	\$ 54,443	\$ 26,842	\$ 801,422	\$ 288,069	\$ 213,676
Effect of changes in non-IFRS measures:						
Impairment of capitalized growth projects	—	—	—	8,211	8,211	8,211
Gains from partial assets sell-down	18,612	—	—	41,579	—	—
Interest on corporate-level debt raised to finance capitalized growth project	—	9,474	9,474	—	10,410	10,410
Revised non-IFRS measures	\$ 267,258	\$ 63,917	\$ 36,316	\$ 851,212	\$ 306,690	\$ 232,297

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 September 30, 2023 and December 31, 2022.

As at	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	\$ 720,907	\$ 1,299,833
Restricted cash	204,690	160,142
Trade and other receivables	301,906	397,771
Other current assets	119,616	242,381
Property, plant and equipment, net	9,295,600	9,377,584
Contracts and other intangible assets, net	462,074	515,775
Derivative assets	651,606	751,975
Deferred tax asset	28,813	27,240
Investment in joint ventures	1,414,446	441,565
Other assets ⁽¹⁾	1,446,865	1,008,343
	\$ 14,646,523	\$ 14,222,609
Liabilities		
Trade and other payables	\$ 493,931	\$ 959,213
Loans and borrowings	7,218,805	6,971,722
Derivative liabilities	219,780	105,975
Deferred tax liability	695,797	697,577
Other liabilities ⁽²⁾	1,239,248	763,849
	\$ 9,867,561	\$ 9,498,336
Total Equity	4,778,962	4,724,273
	\$ 14,646,523	\$ 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 \$579 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 offering.
- *Other current assets* decreased by \$123 million primarily due to deposit settlement for the redemption of Series 3 Preferred Shares.
- *Investment in joint ventures* increased by \$973 million primarily due to the investment in Hai Long and Baltic offshore wind projects.
- *Property, plant and equipment* decreased by \$82 million primarily due to depreciation expense and construction-related activities, partially offset by foreign exchange fluctuations.
- *Net derivative assets* decreased \$214 million from a net derivative asset at December 31, 2022, primarily due to the effects of interest rates in Canada, the US and Europe.
- *Loans and borrowings* increased by \$247 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	September 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	10,286	14,974
Shares issued under the DRIP	2,558,707	2,224,650
Total common shares outstanding, end of period	253,796,887	250,017,357

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

As at	September 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 ratings were reaffirmed at BBB (stable) by Fitch and BBB (stable) by S&P.

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

At September 30, 2023, Northland had 253,796,887 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 November 9, 2023, Northland has 254,172,826 common shares outstanding with no change in preferred shares Series 1 and Series 2 outstanding from September 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash and cash equivalents, beginning of period	\$ 1,004,116	\$ 942,767	\$ 1,299,833	\$ 673,692
Cash provided by operating activities	148,005	523,338	649,345	1,282,294
Cash (used in) investing activities	(834,900)	(166,827)	(1,601,313)	(317,857)
Cash (used in) provided by financing activities	405,202	210,417	422,664	(78,527)
Effect of exchange rate differences	(1,516)	24,209	(49,622)	(25,698)
Cash and cash equivalents, end of period	\$ 720,907	\$ 1,533,904	\$ 720,907	\$ 1,533,904

Year to date

Cash and cash equivalents for the nine months ended September 30, 2023, decreased \$579 million due to \$1,601 million of cash used in investing activities and \$50 million effect of foreign exchange translation, partially offset by cash provided by operations of \$649 million and \$423 million by financing activities.

Cash provided by operating activities for the nine months ended September 30, 2023, was \$649 million comprising:

- \$172 million of net income; and
- \$743 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.

Factors partially offsetting cash provided by operating activities include:

- \$235 million in changes in working capital due to the timing of payables, receivables and deposits; and
- \$60 million gain on change of ownership interest in subsidiaries / joint ventures and unrealized foreign exchange (gain) loss.

Cash used in investing activities for the nine months ended September 30, 2023, was \$1,601 million, primarily comprising:

- \$1,372 million used mainly for the investment in the Hai Long and Baltic Power offshore wind projects; and
- \$287 million used for the purchase of property, plant and equipment, mainly for construction at New York onshore wind projects, Oneida energy storage project and other projects.

Cash provided by financing activities for the nine months ended September 30, 2023, was \$423 million, primarily comprising:

- \$508 million of draws on short-term credit facility and syndicated revolving facility for investment in Hai Long and Baltic Power offshore wind projects and general corporate funding purposes;
- \$490 million received from the issuance of the Green Notes;
- \$146 million of draws on project level debt primarily for construction of the projects;
- \$41 million received from common shares issued under the ATM program; and
- \$62 million proceeds from issuance of shares in subsidiaries that do not involve loss of control.

Factors partially offsetting cash provided by financing activities include:

- \$381 million in scheduled principal repayments on the facility-level debt;
- \$183 million in interest payments; and
- \$256 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 \$50 million for the nine months ended September 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 nine months ended September 30, 2023:

	Balance as at Jan 1, 2023	Additions	Provisions, disposals and other ⁽¹⁾	Exchange rate differences	Balance as at Sep 30, 2023
Operations:					
Offshore wind	\$ 6,752,871	\$ 228	\$ (26,575)	\$ (61,980)	\$ 6,664,544
Onshore renewable	3,314,585	16,327	(1,324)	(14,574)	3,315,014
Efficient natural gas ⁽²⁾	1,318,950	5,299	(4,163)	—	1,320,086
Utility	507,462	27,528	(1,376)	99,560	633,174
Construction:					
Onshore renewable	870,008	214,762	7,997	30,678	1,123,445
Corporate					
	100,247	33,028	(1,756)	(772)	130,747
Total	\$ 12,864,123	\$ 297,172	\$ (27,197)	\$ 52,912	\$ 13,187,010

(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 nine months ended September 30, 2023:

	Balance as at Jan 1, 2023	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Balance as at Sep 30, 2023
Operations:						
Offshore wind	\$ 3,483,259	\$ —	\$ (194,142)	\$ 15,775	\$ (28,906)	\$ 3,275,986
Onshore renewable	1,757,472	101	(146,585)	3,454	(2,907)	1,611,535
Efficient natural gas	875,317	11,075	(40,220)	1,009	—	847,181
Utility	518,847	—	(233)	(702)	71	517,983
Construction:						
Onshore renewable	336,827	134,609	(140)	956	3,768	476,020
Corporate:						
Green Notes ⁽²⁾	—	490,016	—	84	—	490,100
Corporate Credit Facilities ⁽¹⁾	(2,817)	1,775,764	(1,264,187)	2,011	(6,700)	504,071
Total	\$ 6,968,905	\$ 2,411,565	\$ (1,645,507)	\$ 22,587	\$ (34,674)	\$ 7,722,876

(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 September 30, 2023, \$103 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

During the nine months ended September 30, 2023, Northland entered into multiple financing arrangements. 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 September 30, 2023, Northland's subsidiaries were in compliance with all financial covenants under the applicable credit agreements. As of September 30, 2023, Northland was in compliance with all financial covenants under the applicable credit agreements at the corporate level.

Corporate Credit Facilities and Letters of Credit

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

As at September 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	\$ 163,945	\$ 491,862	\$ 344,193	Sep. 2027
Bilateral letter of credit facility	150,000	—	133,678	16,322	Sep. 2024
Export credit agency backed letter of credit facility ⁽¹⁾	200,000	—	89,224	110,776	Mar. 2025
Export credit agency backed letter of credit facility ⁽²⁾	100,000	—	38,071	61,929	n/a
Hai Long related LC facility (credit A) ⁽⁶⁾	500,000	—	464,349	35,651	Sep. 2027
Hai Long related LC facility (credit B) ⁽⁶⁾	500,000	—	446,140	53,860	Oct. 2024
Total — Long term facilities	\$ 2,450,000	\$ 163,945	\$ 1,663,324	\$ 622,731	
Short term revolving facility ⁽³⁾	500,000	344,304	—	155,696	Oct. 2023
Total	\$ 2,950,000	\$ 508,249	\$ 1,663,324	\$ 778,427	

(1) During the nine months ended September 30, 2023, the Export credit agency backed letter of credit facility size was increased by \$100 million and the maturity date was extended to March 2025.

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

(3) During the nine months ended September 30, 2023, Northland secured a short-term credit facility amounting to \$500 million with a maturity date of October 2023. This facility has been used to help fund Northland's investment in the Hai Long offshore wind project. Subsequent to September 30, 2023, the maturity date of this facility was extended to November 2023.

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

(5) As at September 30, 2023, outstanding letters of credit include LCs issued in favor of joint ventures amounting to \$1,393 million.

(6) During the nine months ended September 30, 2023, Northland secured a Hai Long related LC facility amounting to \$1.0 billion to support construction obligations of the Hai Long offshore wind project, 49% of which is expected to be cancelled upon closing of Hai Long sell-down to Gentari, subject to certain closing conditions. Please refer to Outlook sections below for more details.

- Of the \$1,663 million of corporate letters of credit issued as at September 30, 2023, \$1,495 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.

<i>In millions of dollars, except per share information</i>	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Total sales	\$ 513	\$ 472	\$ 622	\$ 641	\$ 556	\$ 557	\$ 695	\$ 640
Operating income ⁽¹⁾	146	103	273	270	202	216	363	301
Net income (loss)	43	22	107	324	76	268	288	130
Adjusted EBITDA	267	232	352	353	290	335	420	364
Cash provided by operating activities	148	204	297	551	523	312	447	559
Adjusted Free Cash Flow	64	63	180	41	66	162	192	182
Free Cash Flow	\$ 36	\$ 41	\$ 155	\$ 16	\$ 45	\$ 146	\$ 174	\$ 156
Per share statistics								
Net income (loss) attributable to common shareholders — basic ⁽²⁾	\$ 0.14	\$ 0.01	\$ 0.27	\$ 1.12	\$ 0.33	\$ 1.01	\$ 0.99	\$ 0.45
Net income (loss) attributable to common shareholders — diluted ⁽²⁾	0.14	0.01	0.27	1.12	0.33	1.01	0.99	0.45
Adjusted Free Cash Flow — basic	0.25	0.25	0.72	0.16	0.28	0.70	0.84	0.80
Free Cash Flow — basic	0.14	0.16	0.62	0.06	0.19	0.63	0.77	0.69
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

In the second quarter of 2023, as part of the Ontario government's energy transition and security policies, and consistent with Northland's strategy to optimize existing operating facilities to enhance value and performance, Northland continued to advance the upgrade of its 265MW Thorold Co-Generation facility in Ontario, Canada. The optimization will result in an increase to the electricity generating capacity of the facility by 23MW and an expected improvement in the facility's heat rate, which is expected to decrease overall emissions intensity at the facility without impacting Northland's 2040 net zero targets, and will provide an additional fixed contract revenue stream for Northland from 2030 to 2035. The upgrade is expected to be in service by the end of 2024. Concurrently, Northland completed the restructuring of Thorold's project debt, with (i) additional debt of \$26 million to finance the upgrade; (ii) a decrease in all-in interest rate to 6.4% (previously 6.7%); and (iii) reduction of certain 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. On December 21, 2022, the project successfully executed a 20-year Energy Storage Facility Agreement ("ESFA") with the Independent Electricity System Operator ("IESO") that offers monthly capacity payments. The remainder of the revenue will come from operating on the wholesale market. The project also finalized a battery supply agreement, and a long-term service agreement with Tesla Inc., to supply key components and services, and an EPC agreement with Aecon Group Inc. for designing, engineering and constructing the facility. On March 30, 2023, Northland and its partners signed a credit agreement with an external lender, that will allow the project to access approximately \$700 million in senior and subordinated debt financing. On May 15, 2023, the Oneida energy storage project reached financial close, as the project successfully completed all necessary financing conditions. Construction activities have commenced. Northland currently owns 72% of the project, which is being developed in partnership with NRStor Inc., Six Nations of the Grand River Development Corporation and Aecon Group Inc. Full commercial operations for the project are expected to commence in 2025. Northland's interest in the project is expected to contribute a five-year average Adjusted EBITDA of approximately \$40 to \$45 million and \$15 to \$20 million of Free Cash Flow per year once operational, towards Northland's financial results.

Alberta Portfolio

In December 2022, Northland acquired a development platform and a portfolio of solar development projects in Alberta, Canada, continuing its growth and leadership in renewable energy in Canada, which established Northland as a leading developer in the province. Alberta is an attractive market for renewable development, being Canada's only deregulated electricity market, offering clear pricing to generators and strong consumer and industrial demand for offtake. The acquisition adds a solar and energy storage pipeline encompassing approximately 1.6GW and 1.4GWh, 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. The sale of NSC is consistent with Northland's strategy to prioritize projects within its development pipeline that are strategically and financially consistent with its disciplined investment approach.

New York Onshore Wind Projects

On October 31, 2023, the 112MW Bluestone and 108MW Ball Hill onshore wind projects have commenced earning revenue under the 20-year PPA with the New York State Energy Research and Development Authority ("NYSERDA"). These projects are expected to contribute an aggregate of \$42 million and \$15 million of Adjusted EBITDA and Free Cash Flow, respectively, towards Northland's 2024 financial results. The projects were previously awarded 20-year indexed REC agreements with NYSERDA 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 capital costs.

Baltic Power Polish Offshore Wind Project

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

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

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

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

Northland holds a 49% ownership interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%. Early construction activities have commenced, with fabrication of certain key components underway. Full commercial operations are expected in the latter half of 2026.

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.

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 of 2023, the project signed an amendment to the CPPA that resulted in the extension of CPPA tenor by two years from 20 to 22 years. During the third quarter of 2023, the project signed another amendment to the CPPA that extended its tenor by a further eight years from 22 to 30 years.

The Hai Long project continues to advance its construction activities. Completion of construction activities and full commercial operations are expected in 2026/2027.

On December 14, 2022, Northland signed an agreement with Gentari to sell 49% of its current 60% ownership stake in Hai Long. Northland is targeting to close Gentari Sell-Down in the fourth quarter of 2023, subject to the satisfaction of certain closing conditions, which also include meeting requirements under the existing multi-party project finance agreements. Subject to closing, the transaction will result in Gentari holding a 29.4% indirect equity interest in Hai Long. The proposed sell-down is consistent with Northland’s long-term financing strategy and will allow Northland to share development costs for Hai Long with its joint venture partners. Northland will hold a 30.6% interest in the project upon closing of the transaction and will continue to take the lead role in the construction and operation phases of the project.

During the third quarter, Northland successfully closed its NTD117 billion (equivalent to \$5 billion) long term, over 20-year non-recourse green financing, which will be provided by international and local lenders with support from multiple ECAs. The Hai Long project’s total cost is projected to be approximately \$9 billion, with funding from \$5 billion of non-recourse debt by the project lenders, approximately \$1 billion of pre-completion revenues and the remaining equity investment contributed by the project’s partners. Northland’s interest (post targeted sell-down to Gentari) in Hai Long is expected to generate a five-year average of approximately \$230 to \$250 million of Adjusted EBITDA and \$75 to \$85 million of Free Cash Flow per year once operational, delivering significant long-term value for Northland’s shareholders. The weighted average all-in interest cost for the term of the financing is approximately 5% per annum. Northland’s equity investment has and will be funded through proceeds raised under its ATM program in 2022 and the anticipated sale of its 49% interest to Gentari, which is discussed above.

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⁾	Type of Procurement	Estimated COD
Hai Long 2A	294	176	FIT	2026/2027
Hai Long 2B	224	134	Auction	2026/2027
Hai Long 3	504	303	Auction	2026/2027
Total	1,022	613		

(1) Represents Northland’s current 60% economic interest before the expected sell-down to Gentari.

SECTION 9: OUTLOOK

As of November 9, 2023, management has reiterated its 2023 financial outlook. Adjusted EBITDA in 2023 is expected to be at the low end of original guidance of \$1.2 billion to \$1.3 billion. Adjusted Free Cash Flow and Free Cash Flow per share in 2023 are also expected to be at the low end of our previously communicated ranges of \$1.70 to \$1.90 and \$1.30 to \$1.50, respectively. The ranges for Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow include sell-down gains.

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 and/or commercial operations within the timelines contemplated under sell-down agreements or 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. Please refer to the 2022 AIF for other factors that cause actual results to differ materially from expectations.

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.

Once all three projects are fully operational, anticipated by 2027, they are expected to collectively generate an aggregate Adjusted EBITDA and Free Cash Flow of \$570 to \$615 million and \$185 to \$210 million, respectively, resulting in significant value creation and accretion for Northland's shareholders.

With over 3 gigawatts (GW) of gross operating capacity and a robust development pipeline of approximately 15GW, with 2.4GW being under construction and expected to be operational by 2026/2027, the Company is well positioned for an accelerating global energy transition. Northland intends to be selective and pursue only projects within its pipeline that meet its strategic objectives and targeted returns and closely monitor macroeconomic conditions surrounding renewables development globally.

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

Northland's focus is on successfully constructing the Oneida energy storage project, and Baltic Power and Hai Long offshore wind projects.

These projects represent an aggregate equity investment by Northland of \$1.75 billion, net of the Gentari Sell-Down transaction. Northland had access to \$563 million of available liquidity at September 30, 2023, including \$63 million of cash on hand and approximately \$500 million of capacity on its corporate revolving credit facilities.

Northland also has a \$500 million short-term corporate credit facility ("**Short Term Facility**") to help fund its equity contribution in Hai Long, of which \$344 million was utilized at September 30, 2023. This facility matures at the end of November 2023 and is expected to be repaid upon receipt of the proceeds from the Gentari Sell-Down transaction, which

management is targeting to close in the fourth quarter of 2023, upon certain closing conditions being met, as discussed above. In the event that the Gentari Sell-Down is delayed due to satisfying closing conditions taking more time than planned, the facility may need to be extended or re-financed. In addition, Northland has secured a \$1.0 billion Hai Long related corporate LC facility to support Hai Long credit requirements during construction. Northland's Hai Long related letter of credit obligations and this facility would decrease by 49% upon closing of the Gentari Sell-Down.

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

Disclosure Controls and Procedures

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

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 September 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 consolidated financial statements for external purposes in accordance with IFRS.

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

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance, not absolute, and may not prevent or detect all misstatements. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change. 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 third quarter of 2023 that have materially affected, or are reasonably likely to materially affect, Northland's internal controls over financial reporting.