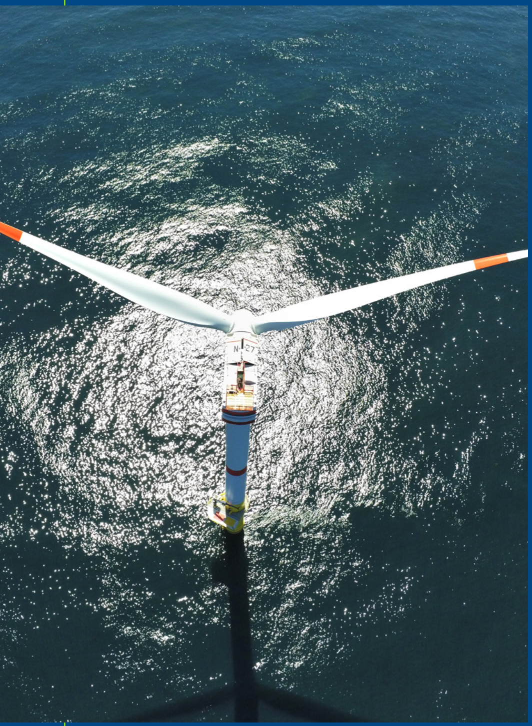
NORTHLAND POWER

2022

Annual Report



Intelligent Energy. Greener Planet.

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At Northland, we are building a **sustainable and carbon-neutral** world together

Fellow shareholders,

Northland saw a very active 2022, delivering strong financial results, maintaining top facility performance, and advancing on our strategic priorities. We also enriched our talent pool across the organization, adding key capabilities across the company including in offtake origination, hydrogen, energy storage and risk management.

Globally, this past year has seen considerable volatility. Geopolitical tensions and increasing global supply chain challenges are a few of the headwinds that faced the industry. However, significant tailwinds also emerged to accelerate the need for more renewable power capacity to be built around the world. Energy security concerns are fast-tracking renewable energy growth in Europe, Northeast Asian electricity grid decarbonization is picking up steam, and the United States and Canada both announced significant initiatives to drive renewable energy investment.

Northland is well-positioned to be a significant contributor to this growth, thanks largely to the way we've established ourselves in the right markets. With growth in offshore wind set to outpace all other renewables, we have focused our efforts in some of the most attractive markets for offshore wind, including mature markets like the UK, but also emerging markets such as Poland and Asia. With onshore renewables, we have set up development teams in countries with ambitious renewable energy targets and strong commercial regimes in some of the best places in the world to do business including Europe, North America and Colombia. Being at the forefront of emerging technologies has always been a part of Northland's DNA. As we look ahead to future growth in the renewable energy sector, we see interesting opportunity in green hydrogen and energy storage.

The following are some of our top accomplishments over the past year.

Financial Accomplishments

- Through our commitment to operational excellence, we **exceeded our guidance expectations** for both Adjusted EBITDA and Free Cash Flow, with the results coming in at $1.4 billion, and $1.61 pershare, respectively.
- We **executed $4 billion in financings**, including the refinancing of our Gemini and Spain portfolios to unlock more value in these assets, enhancing Free Cash Flow in the years to come.
- We **established an at-the-market equity program (ATM program)** and successfully raised $871 million through the issuance of common shares from treasury to fund our growth and materially de-risk our capital program.

Renewables Growth

- We advanced our offshore wind growth and development pipeline by forming **the 1.6 GW Nordsee Cluster** in partnership with RWE, securing 2.3 GW in leases in the Scotland Wind lease auction, and by gaining further offshore wind site exclusivity in Korea.
- In Canada, we focused on opportunities at home by securing **a 1.6 GW solar portfolio and development team in Alberta**, and secured majority interest in the **250 MW Oneida Energy Storage Project** in Ontario.
- We secured one of the **biggest corporate PPAs** ever for our Hai Long project and **announced our first project-level sell-down** by executing an agreement to bring in Gentari International Renewables Pte. Ltd. as a 29.4% partner in our Hai Long project.
- We made great progress in locking down our supply chain for our two most advanced offshore wind projects, Hai Long and Baltic Power, as those projects advance towards financial close.

Net Zero by 2040

Beyond our tangible and financial growth in 2022, we're incredibly proud of how we've helped transform the communities in which we operate through our Environmental, Sustainability and Governance commitments. We are on track to reduce our GHG emissions intensity from Scope 1 & 2 by 65 per cent (from a 2019 baseline) by 2030 and to reach a science-aligned net zero measure over all emissions scopes (Scope 1, 2 & 3) by 2040. We've seen a 30 per cent reduction in CO_2/MWh since 2019, and this year we've joined the United Nations Global Compact in line with our commitment to human and labour rights across our value chain.

While our business powers communities around the globe, we are powered by our people. In last year's annual report, we highlighted how our growth ambitions require a robust human capital strategy to ensure we have the necessary competencies and capabilities to deliver on our strategy. We have since brought in key talent that will both enable growth and further enhance our risk management.

In 2022 we also undertook an initiative to realign our business and change the way we work to create clearer accountability, delegate decision-making, and allow Northland to scale up. Effective January 2023, Northland formally commenced operating under a business unit (BU) structure focused by technology. The BU's encompass Offshore Wind, Onshore Renewables, Efficient Natural Gas and Utilities, and Hydrogen/Renewable Fuels. This new operating structure will result in a more streamlined business that is better oriented towards the expected growth by technology. Each BU is led by an experienced executive, with a dedicated chief financial officer (CFO), operations head, project execution head, and legal and human resource leads.

Being at the forefront of **emerging technologies** has always been a **part of Northland's DNA**

Looking Ahead

As we look ahead to the rest of 2023, we're excited about the opportunities that lie ahead. Our offshore and onshore renewables BUs will see a shift in emphasis from project origination to project execution. With 3 GW of gross operating capacity and a robust development pipeline, Northland is well-positioned for an accelerating global energy transition. We intend to be selective and pursue only projects within our pipeline that meet out strategic objectives and targeted returns to help achieve our stated growth in Adjusted EBITDA by 2027. With over 3.5 GW of projects in construction and/or scheduled for financial close and start of construction within the next two years, Northland's total gross capacity will nearly double to more than 6.5 GW pending project completion by 2027. Achievement of these milestones are expected to create long-term value for shareholders.

On behalf of our employees and directors, we thank you for your confidence. We look forward to updating you on our progress.

Sincerely,

Mike Crawley
President and Chief Executive Officer

Why invest in **Northland**

Experienced player with proven track record

- **Over 35 years of success** developing, constructing and operating renewable power projects across a range of technologies
- **Significant depth of management experience** across a number of disciplines including renewable power project development, project finance, construction and operations.
- **Strong environmental and health & safety record**

A growth mindset with a focus on execution

- **6.5GW by 2027 and 7-10% CAGR EBITDA**
- **Healthy total shareholder return, 13% CAGR** total shareholder annualised return since IPO
- **Partnership philosophy and forward-thinking culture**
- **Track record of successful growth**

Diversified global portfolio

- Well-diversified portfolio of high-quality power infrastructure assets: over **3 GW of gross operating capacity**
- **Significant development opportunities** across multiple markets and technologies: **>20 GW** development pipeline to support growth

1,339	**12**	**27**	**2.4M**	**3GW**
Expert employees	Countries with active development	Projects	Million tons of avoided CO_2e	Of gross operating capacity

Financial & Operational **Highlights**

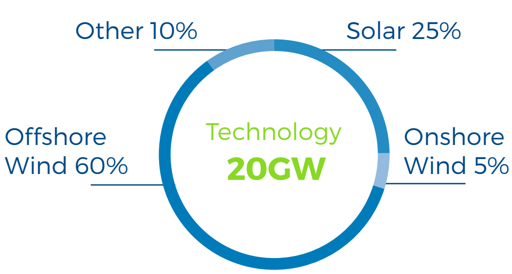
Regional Development Offices
Toronto, Mexico City, Glasgow, Seoul, Madrid, Houston, Bogota, Amsterdam, Tokyo, Warsaw

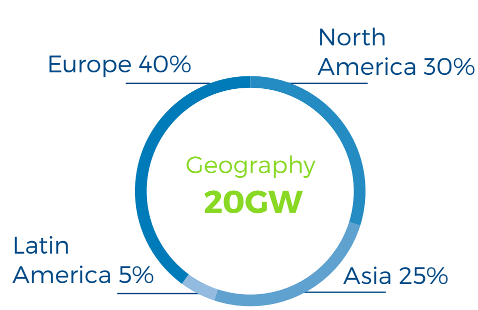
Offshore Wind Management Centers
Hamburg, Taipei

Onshore Renewable Management Centers
Toronto

Adjusted **EBITDA $1.4B** – Record highest annual EBITDA for NPI

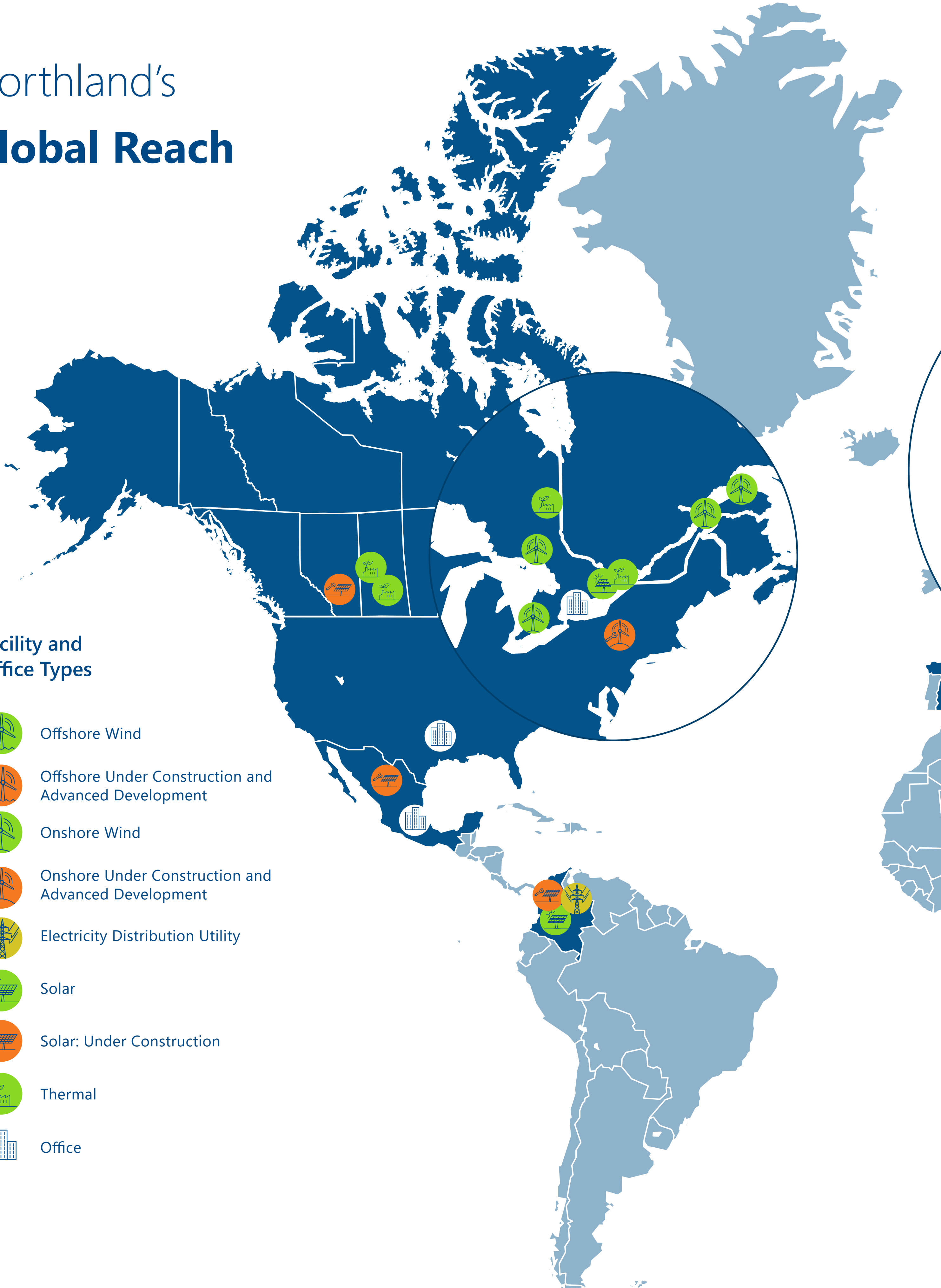
2022 Adjusted FCF/Share of **$1.95 and FCF/Share of $1.61**





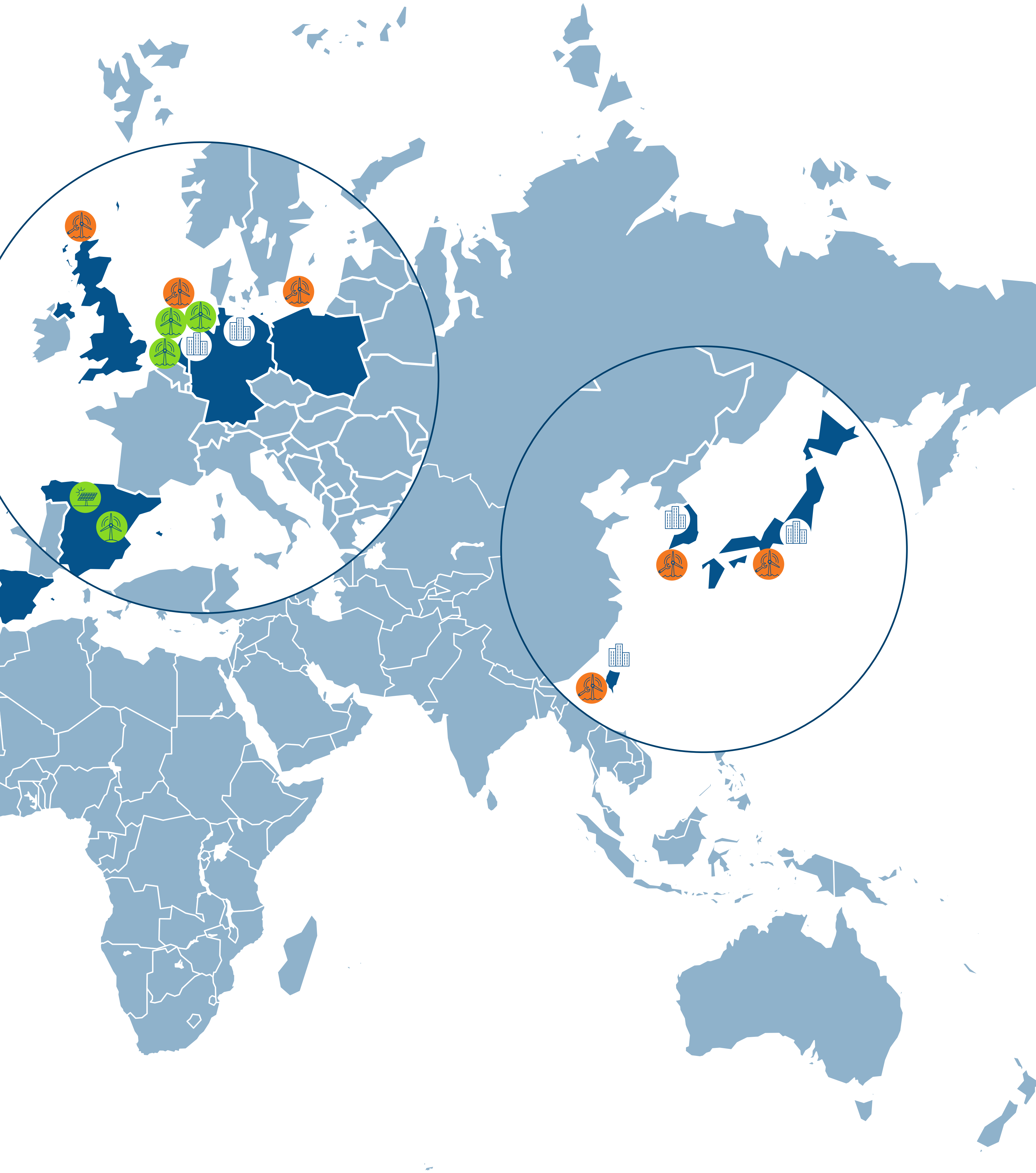
Northland's

Global Reach



Facility and Office Types

- Offshore Wind
- Offshore Under Construction and Advanced Development
- Onshore Wind
- Onshore Under Construction and Advanced Development
- Electricity Distribution Utility
- Solar
- Solar: Under Construction
- Thermal
- Office



Management's Discussion and Analysis

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 audited consolidated financial statements for the year ended December 31, 2022, and 2021, 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.sedar.com and on Northland's website at www.northlandpower.com.

This MD&A, dated February 23, 2023, compares Northland's financial results and financial position for the year ended December 31, 2022, with those for the year ended December 31, 2021. Certain prior period disclosures have been reclassified for consistency with the current period presentation. Northland's Audit Committee reviewed this MD&A and the associated audited consolidated financial statements and notes, and its Board of Directors approved these documents prior to their release.

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

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on February 23, 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, respective per share amounts, dividend payments and dividend payout ratios, guidance, the completion of construction, acquisitions, dispositions, investments or financings and the timing thereof, attainment of commercial operations, the potential for future production from project pipelines, cost and output of development projects, litigation claims, plans for raising capital, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, the ability to obtain necessary approvals, satisfy any closing conditions, or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors include, but are not limited to, risks associated with sales contracts, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for approximately 50% of its Adjusted EBITDA, counterparty risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, offshore wind concentration, natural gas and power market risks, 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, 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, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, reliance on information technology, labour relations, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, legal contingencies, and the other factors described in this MD&A and the 2022 AIF. Northland has attempted to identify important factors that could cause actual results to materially differ from current expectations, however, there may be other factors that cause actual results to differ materially from such expectations. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the *events anticipated by the forward-looking statements will transpire or occur, and Northland cautions you not to place undue reliance upon any such forward-looking statements. The forward-looking statements contained in this MD&A are, unless otherwise indicated, stated as of the dated hereof and are based on assumptions that were considered reasonable as of the date hereof. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.*

Non-IFRS Financial Measures

This MD&A includes references to the Company's adjusted earnings before interest, income taxes, depreciation and amortization (**"Adjusted EBITDA"**), Adjusted Free Cash Flow, Free Cash Flow and applicable payout ratios and per share amounts, which are measures not prescribed by International Financial Reporting Standards (**"IFRS"**), and therefore do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Non-IFRS financial measures are presented at Northland's share of underlying operations. These measures should not be considered alternatives to net income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations from management's perspective. Management believes that Northland's non-IFRS financial measures and applicable payout ratio and per share amounts are widely accepted and understood financial indicators used by investors and securities analysts to assess the performance of a company, including its ability to generate cash through operations. For reconciliations of these non-IFRS financial measures to their nearest IFRS measure, refer to *Section 5.5: Adjusted EBITDA* for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and *Section 5.6: Adjusted Free Cash Flow and Free Cash Flow* for a reconciliation of cash provided by operating activities under IFRS to reported Adjusted Free Cash Flow and Free Cash Flow.

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; net finance costs; interest income from Gemini; fair value (gain) loss on derivative contracts; unrealized foreign exchange (gain) loss; (gain) loss on sale of development assets; equity accounting; costs attributable to an asset or business acquisition and other adjustments as appropriate, such as management and incentive fees earned by Northland from non-wholly owned assets. For clarity, Northland's Adjusted EBITDA reflects a reduction for its share of general and administrative costs during development and construction that do not qualify for capitalization.

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

Adjusted Free Cash Flow

Adjusted Free Cash Flow represents the cash generated from the business, before investment-related decisions (refer to *Section 5.3: Growth Expenditures*), and available to pay dividends, while preserving the long-term value of the business. Adjusted Free Cash Flow is calculated as Northland's share of cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansionary capital expenditures; growth expenditures, interest incurred on outstanding debt; scheduled principal repayments and net upfinancing proceeds; major maintenance and debt reserves; interest income from Northland's subordinated loan to Gemini; proceeds from government grants; preferred share dividends; net proceeds from sale of development assets 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 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.

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

Business Objective

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

Vision

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

Business Strategy

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

To successfully execute its strategy, Northland focuses on each of the following strategic objectives:

(i) Winning Business

The global shift to renewable energy is accelerating as government de-carbonization and energy security polices and corporate net-zero targets are expected to drive significant growth in renewable development over the next decade. This creates significant opportunities for renewable energy developers, like Northland, who are seeking to accelerate the energy transition to help reduce greenhouse gas emissions and meet de-carbonization targets. Northland is well positioned through its business units and regional development offices to capture development opportunities that should help facilitate the global advancement of renewable energy targets. Northland develops, constructs, and operates sustainable infrastructure projects across a range of clean and green technologies, such as wind (offshore and onshore), solar, battery storage, as well as supplying energy through a regulated utility. Northland is focused on pursuing renewable growth opportunities in jurisdictions that meet its risk management criteria such as North America, Europe, Latin America, and Asia. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks.

(ii) Building Facilities

Northland aims to increase Shareholder value by creating high-quality projects that earn recurring income from long-term sales contracts with creditworthy counterparties (i.e. government or corporate offtakers). Northland exercises judgment, discipline and acumen in its construction activities to ensure maximum success. Northland's successful record of project execution results from these core strengths and contributes to consistent investor returns.

(iii) Operating Facilities

A core element of Northland's strategy is the optimization of sales and predetermined costs through sales contracts with creditworthy counterparties. For renewable power generation facilities, Northland does not incur an associated cost of sales, and generally enters into long-term operating and maintenance (**"O&M"**) contracts with leading service providers at predetermined rates. For the efficient natural gas generation facilities, the key terms of our operating facilities' long-term power purchase agreements (**"PPA"**) and fuel supply contracts are aligned such that revenues and cost escalations are substantially linked for each facility. Northland's utility asset operates under a regulatory framework with the vast majority of sales derived from its regulated methodology, which provides it with substantially fixed remuneration and pass-through of major costs to customers. This approach provides largely predictable operating income and cash flow, while ensuring ongoing environmental sustainability and the health and safety of stakeholders.

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

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

(iv) Organizational Effectiveness

Underpinning Northland's strategy is a focus on strong management of key corporate functions such as: human resources and talent management; construction; environmental management; health and safety; finance and accounting; management information systems, Environmental, Social and Governance (**"ESG"**) strategy and reporting, and communications. Our growth ambitions require a robust human capital strategy to ensure we have the necessary competencies and capabilities to delivery on our strategy. Within offshore wind, a key differentiator will be attracting and retaining the best talent to develop, construct, and operate large complex projects. Management is committed to organizational effectiveness as an essential component of Northland's long-term success and continued growth.

Effective January 2023, Northland formally commenced operating under a business unit (**"BU"**) structure focused by technology. The BU's encompass Offshore Wind, Onshore Renewables, Efficient Natural Gas and Utilities, and Hydrogen/ Renewable Fuels. The offshore wind BU accounts for 1.2GW of operating assets and 12GW of development assets in Europe and Asia. The onshore renewables BU accounts for 1.1GW of operating assets and nearly 8GW of development assets in North America, Colombia and Europe, while the efficient natural gas and utility BU accounts for 0.7GW of operating assets.

This new operating structure will result in a more streamlined business that is better oriented towards the expected growth by technology. Each BU is led by an experienced executive, with a dedicated chief financial officer (**"CFO"**), operations head, project execution head, legal and human resource leads. The hydrogen BU is at an earlier stage in its formation compared to the other BUs, but with experienced hydrogen talent already in place.

SECTION 3: NORTHLAND'S BUSINESS

As of December 31, 2022, Northland owns or has a net economic interest in 2,616 megawatts (**"MW"**) of power-producing facilities with a total gross operating capacity of approximately 3,026MW and a regulated utility (refer to *Section 4.1: Significant Events* of this MD&A for disclosures regarding the two facilities disposed of in April 2022). Northland's facilities produce electricity from clean energy sources for sale primarily under long-term PPAs or other revenue arrangements with creditworthy counterparties. Northland's utility is a distributor and retailer of electricity compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands, Spain and Colombia. Northland's significant assets under construction and development are located in Canada, Mexico, Taiwan, Poland, Germany, Colombia and the United States. Refer to the 2022 AIF for additional information on Northland's key operating facilities as of December 31, 2022, and refer to *SECTION 9: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES* for additional information on Northland's key development projects.

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

	Gross Production Capacity (MW)	Net Production Capacity (MW) [1]
Offshore Wind	1,184	894
Onshore Renewable		
Canadian Wind	394	314
Canadian Solar	130	115
Spanish Wind	443	435
Spanish Solar	116	116
Colombian Solar	16	16
Efficient Natural Gas		
Canada [2]	743	726
Utility		
Colombia	n/a	n/a
Total	**3,026**	**2,616**

(1) Presented at Northland's economic interest.

(2) As at December 31, 2022, Northland's economic interest was changed from December 31, 2021 due to the sale of two efficient natural gas facilities in April 2022 (refer to *Section 4.1: Significant Events* of this MD&A for more information).

In addition to operational assets, summarized below are Northland's most significant projects under construction and under development as well as other identified projects. The table below excludes the Company's larger pipeline of earlier stage development opportunities which may or may not be secured.

Project	Geographic Region	Technology	Gross Capacity (MW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Ball Hill	United States	Onshore wind	108	100%	Under construction	20-year PPA	2023
Bluestone	United States	Onshore wind	112	100%	Under construction	20-year PPA	2023
La Lucha	Mexico	Solar	130	100%	Under construction	TBD	2023
Total			**350**				
Capitalized Growth Projects							
Suba	Colombia	Solar	130	50%	Late-stage	15-year PPA	TBD
Oneida	Canada	Battery Energy Storage	250	Majority	Mid/late-stage	20-year PPA	2025
Hai Long (1)	Taiwan	Offshore wind	1,044	60%	Late-stage	20-year PPA	2026/2027
Baltic Power	Poland	Offshore wind	1,200	49%	Late-stage	25-year CfD	2026
Nordsee Two	Germany	Offshore wind	433	49%	Mid-stage	TBD (2)	2026/2027
Godewind	Germany	Offshore wind	225	49%	Mid-stage	TBD (2)	2026/2027
Total			**3,282**				
Identified Growth Projects							
Jurassic	Canada	Solar	220	100%	Mid/late-stage	2025	
Alberta Solar	Canada	Solar	1,400	100%	Mid/late-stage	2027 - 2030+	
Nordsee Three	Germany	Offshore wind	420	49%	Mid-stage		
Nordsee Delta	Germany	Offshore wind	480	49%	Mid-stage		
Chiba	Japan	Offshore wind	600	50%	Early/mid-stage		
Dado Ocean	South Korea	Offshore wind	Up to 1,000	100%	Early/mid-stage		
ScotWind	Scotland	Offshore wind	2,340	100%	Early-stage		
Hecate	Canada	Offshore wind	400	100%	Early-stage		
CanWind	Taiwan	Offshore wind	500	100%	Early-stage		
Bobae	South Korea	Offshore wind	600	100%	Early-stage		
Wando	South Korea	Offshore wind	Up to 1,800	100%	Early-stage		
Total			**9,760**				
Total Pipeline (3) (4)			**13,392**				

(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) Nordsee Two and Godewind have secured interconnection rights for zero subsidy bid, with the intention to secure a long-term corporate PPA.

(3) Excludes ~6,800MW of other pipeline projects.

(4) On February 17, 2023, Northland entered into an agreement to sell 100% stake in Highbridge. The transaction is expected to close in the second half of 2023.

SECTION 4: CONSOLIDATED HIGHLIGHTS

4.1: Significant Events

Significant events during 2022 and through the date of this MD&A are described below. Refer to *SECTION 9: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES of this MD&A* for additional relevant information.

Balance Sheet:

Redemption of Series 3 Preferred Shares

On January 3, 2023, Northland redeemed 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 $121.5 million.

Amendment to Spain Debt Facilities

In November 2022, Northland restructured the multiple long-term debt facilities of its Spanish portfolio in order to optimize the structure into a single facility-level loan as well as to optimize the tax structure. The restructuring resulted in the reduction in the size of the debt to €613 million from €675 million and extended the loan maturity date to 2042. The restructured loan continues to be denominated in Euros, with the all-in interest rate similar at 2.0% versus 2.1% previously. The reduction in the loan size to €613 million resulted in a one-time principal payment upon the restructuring of €61 million ($82 million) which reduced Adjusted Free Cash Flow and Free Cash Flow in the fourth quarter of 2022. Northland funded the principal payment from the cash flow realized from higher realized pool prices and consequently, the payment did not affect Northland's available liquidity. The restructuring of the debt is expected to result in enhanced cash flows in the coming years primarily due to lower debt service costs and from tax optimizations, as well as enhanced project economics. The restructured debt qualifies as a green financing in accordance with Northland's green financing framework.

Amendment to Gemini Debt Facilities

In October 2022, Northland successfully restructured €1.6 billion of its senior and junior debt relating to Gemini. The key elements of the restructuring included: (i) partially replacing higher-cost junior debt with lower-cost senior debt; (ii) decreasing senior debt loan margins; (iii) replacing the cash Debt Service Reserve Account with a Debt Service Reserve Facility, resulting in additional liquidity of €32 million ($30 million at Northland's share); and (iv) accelerating repayment of the Northland junior debt portion. The restructuring will improve Adjusted Free Cash Flow to Northland over the next several years and reflects the strong and consistent operational and financial performance of Gemini. The restructured facility continues to be denominated in Euros, with the all-in interest rate at 3.5%. The restructuring reduced Adjusted Free Cash Flow and Free Cash Flow in 2022 by €72 million ($68 million at Northland's share), which was funded with available cash flow generated from higher energy prices and, accordingly, did not impact Northland's available liquidity. The restructured debt qualifies as green financing in accordance with Northland's green financing framework.

At-The-Market Equity Program

On March 1, 2022, Northland established an at-the-market equity program (**"ATM program"**) that allowed Northland to issue up to $500 million of common shares from treasury, at Northland's discretion.

On September 7, 2022, Northland renewed its ATM program to issue up to an additional $750 million of common shares from treasury, at the Company's discretion. The ATM program was renewed following the termination of the previous ATM program as a result of having exercised the full allotment permitted under the program. The proceeds raised to date are intended to be used to fund projects that are expected to achieve financial close in 2023.

During the year ended December 31, 2022, Northland issued 20.9 million Common Shares under the ATM program at an average price of $41.31 per Common Share for gross proceeds of $863 million (net proceeds $852 million). As at February 23, 2023, Northland has issued a total of 21.1 million Common Shares at an average price of $41.27 per Common Share for gross proceeds of $871 million (net proceeds $860 million).

Kirkland Lake Refinancing

On June 2, 2022, Northland restructured and upsized its Kirkland Lake credit facility (the **"Kirkland Lake facility"**), resulting in Northland receiving one-time management fee income of $34 million, net of closing costs. The aggregate amount of the financing was upsized to $47 million, and the Kirkland Lake facility maturity date was extended by eight years to March 31, 2030. The restructured Kirkland Lake facility continues to be denominated in Canadian dollars, with the applicable interest rate increasing to 4.2% (all-in interest rate) from the previous rate of 2.8%.

Sale of Two End-of-Contract Efficient Natural Gas Facilities

On April 7, 2022, Northland completed the sale of its Iroquois Falls and Kingston efficient natural gas facilities in Ontario. The two facilities had a combined operating capacity of 230MW, and the sale resulted in a 24% reduction in Northland's gas-fired capacity. The sale repatriated capital to fund the growth of our renewable development projects around the globe. Both facilities had operated under long-term PPAs with the provincial system operator, which expired at the end of 2021 and 2017, respectively. The net proceeds from the sale have been recorded in Adjusted Free Cash Flow and Free Cash Flow for 2022.

Corporate Credit Ratings Re-affirmed

In November 2022, Northland's corporate credit rating was reaffirmed at BBB (stable) by Fitch Ratings Inc., a global rating agency, in addition to S&P's BBB (stable) rating which was reaffirmed in May 2022.

Renewables Growth updates:

To achieve its long-term growth objectives, Northland has established BUs with regional development offices to secure certain growth opportunities across the globe. The activity from these offices has generated a robust portfolio of projects at various stages of development and construction. The successful achievement of commercial operations of these projects 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.

CanWind Offshore Wind Project

In December 2022, Taiwan's Ministry of Economic Affairs (the **"MOEA"**) announced the results of the first round of the country's Phase 3 Zonal Development offshore wind auction. Northland's CanWind project, a 100% owned early-stage development project, was awarded a total of 500MW of capacity under the auction. Northland is evaluating the viability of the project.

Oneida Battery Storage Project

In December 2022, Northland entered into an agreement to acquire a majority interest in the Oneida Battery Storage Project, a late-stage, grid-connected battery energy storage project in southern Ontario, Canada. The Oneida Energy Storage Project is a 250MW/1GWh battery storage facility and is being developed in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation. The 1GWh is the total quantity of energy stored with 250MW of highest capacity rating/output at any given moment. The project will benefit from a 20-year fixed price contract for revenue payments with the Independent Electricity System Operator (**"IESO"**) in Ontario for the majority of the capacity from the project. Financial close for the project is expected in 2023 with full commercial operations to commence in 2025.

Alberta Portfolio

In December 2022, Northland acquired a development platform in Alberta, Canada, continuing its growth and leadership in renewable energy in Canada, which establishes Northland as a leading developer in the province. The acquisition adds a solar and battery energy storage pipeline encompassing over 1.6GW and 1.2GWh, respectively, of which the 220MW Jurassic Project could reach commercial operations as early as 2025.

Hai Long Offshore Wind Project

At Hai Long, the project has executed all the contracts with suppliers for various elements of the project and has commenced with early construction works including starting the fabrication of key components. The financing of the project is progressing, albeit slower and more challenging than expected due to market specific factors. On December 14, 2022, Northland signed a share purchase agreement (the **"Hai Long SPA"**)with Gentari International Renewables Pte. Ltd (**"Gentari"**) to sell 49% of Northland's ownership interest in Hai Long, which upon closing, subject to various conditions, will result in Gentari holding a 29.4% indirect equity interest in Hai Long, with Northland holding a 30.6% interest.

Baltic Power Offshore Wind Project

At Baltic Power, preferred supplier agreements for key elements of the project, have been signed as well as agreements for the transport and installation of the turbines and for the foundations of all substation elements and offshore substations. The project's 25-year Contract for Difference (**"CfD"**) offtake agreement, which was initially denominated in Polish Zloty will now be denominated in Euros at effectively the same rate and inflation indexation will commence with a base year of 2022 (from 2023 previously), providing offsetting benefits to the higher inflationary price pressures experienced. The project continues to advance towards financial close, expected in 2023. Northland holds a 49% interest in the project with PKN Orlen holding 51%.

New York Onshore Wind Projects

Construction activities at the 112MW Bluestone project and the 108MW Ball Hill project continue, with commercial operations for both projects expected in 2023.

On February 17, 2023, Northland entered into an agreement to sell the entire stake in the Highbridge project. The transaction is expected to close in the second half of 2023.

ScotWind Offshore Wind Auction Success

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, comprised of one fixed foundation (840MW) and one floating foundation (1,500MW). Commercial operations are expected at the end of 2029/2030 for the fixed and early 2030s for the floating.

Nordsee Offshore Wind Cluster

In January 2022, Northland and its German partner, RWE Renewables GmbH (**"RWE"**), announced the formation of a 1,558MW Nordsee Offshore Wind Cluster partnership (the **"Cluster"**) encompassing Nordsee Two (433MW), Nordsee Three (420MW), Nordsee Delta (480MW) and Godewind (22MW). Development of the Cluster in Germany is progressing, with the team working towards securing CPPA and preferred supplier agreements for key aspects of the projects. Commercial operations are expected between 2026 and 2028. Northland holds a 49% interest in the Cluster and RWE holds a 51% interest.

South Korean Offshore Wind Projects

The Dado offshore wind project has been awarded its Electricity Business License (**"EBL"**) for 900MW of the 1,000MW capacity, providing exclusivity on the leases for the project. Northland's second project, the 600MW Bobae project, has been awarded EBLs for approximately 400MW and work continues on securing EBLs for the remaining 200MW. 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.

Colombian Solar Projects

Development progress at the 130MW Suba solar projects in Colombia continues. As previously communicated, certain environmental permits are needed to move the projects toward financial close, which is expected to occur by 2024. Northland effectively holds a 50% of economic interest in Suba and its partner, EDF Renewables holds the remaining 50%.

La Lucha Mexican Solar Project

Northland continues to work to achieve commercial operations at its 130MW La Lucha solar project in Mexico. In January 2023, the relevant Mexican permitting authority approved extension of the generation permit for La Lucha. The Company is now coordinating with the appropriate regulatory authorities to initiate testing of the project in order to achieve commercial operations in the second half of 2023.

4.2: Operating Highlights

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

Summary of Consolidated Results

Year ended December 31,	2022	2021	2020
FINANCIALS			
Sales	**$ 2,448,815**	$ 2,093,255	$ 2,060,627
Gross profit	**2,178,389**	1,879,762	1,858,298
Operating income	**1,051,307**	785,366	856,852
Net income (loss)	**955,457**	269,879	485,057
Net income (loss) attributable to common shareholders	**827,733**	189,559	381,076
Adjusted EBITDA (a non-IFRS measure)	**1,398,176**	1,137,004	1,170,097
Cash provided by operating activities	**1,832,983**	1,609,295	1,321,601
Adjusted Free Cash Flow (a non-IFRS measure)	**460,892**	386,366	415,398
Free Cash Flow (a non-IFRS measure)	**380,472**	307,401	343,588
Cash dividends paid	**196,845**	172,755	217,918
Total dividends declared (1)	**$ 284,582**	$ 264,200	$ 245,067
Total assets (2)	**14,222,609**	12,871,816	11,399,470
Total non-current liabilities (2)	**$ 7,589,484**	$ 8,501,560	$ 8,336,835
Per Share			
Weighted average number of shares - basic (000s)	**236,157**	218,861	198,774
Net income (loss) attributable to common shareholders - basic	**$ 3.46**	$ 0.82	$ 1.86
Net income (loss) attributable to common shareholders - diluted	**$ 3.46**	$ 0.82	$ 1.89
Adjusted Free Cash Flow - basic (a non-IFRS measure)	**$ 1.95**	$ 1.77	$ 2.09
Free Cash Flow - basic (a non-IFRS measure)	**$ 1.61**	$ 1.40	$ 1.73
Total dividends declared (3)	**$ 1.20**	$ 1.20	$ 1.20
ENERGY VOLUMES			
Electricity production in gigawatt hours (**GWh**)	**10,139**	8,757	9,449

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

(2) As at December 31.

(3) Excludes the dividend equivalent payment of $0.40 paid upon conversion of 14,289,000 subscription receipts on January 14, 2020.

SECTION 5: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

Three months ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Electricity production (GWh)		Sales		Operating costs		Operating income (1)		Adjusted EBITDA		Adjusted Free Cash Flow (2)	
Offshore Wind Facilities	**1,482**	1,396	**$ 339,248**	$ 334,034	**$ 45,079**	$ 36,224	**$ 193,115**	$ 215,725	**$ 220,960**	$ 205,972	**$ 71,436**	$ 80,145
Onshore Renewable Facilities												
Canada	**375**	331	**$ 49,115**	$ 47,344	**$ 8,648**	$ 8,423	**$ 19,032**	$ 17,204	**$ 29,426**	$ 28,363	**$ 10,991**	$ 10,119
Spain	**258**	267	**83,208**	66,279	**13,161**	9,343	**48,276**	41,343	**66,963**	55,329	**(66,645)**	27,018
	633	$ 598	**$ 132,323**	$ 113,623	**$ 21,809**	$ 17,766	**$ 67,308**	$ 58,547	**$ 96,389**	$ 83,692	**$ (55,654)**	$ 37,137
Efficient Natural Gas Facilities												
Canada	**895**	834	**$ 110,645**	$ 127,475	**$ 14,211**	$ 14,787	**$ 36,483**	$ 50,606	**$ 48,742**	$ 83,159	**$ 11,585**	$ 60,535
Utilities												
Colombia	**n/a**	n/a	**$ 64,018**	$ 58,949	**$ 14,628**	$ 14,939	**$ 19,683**	$ 16,221	**$ 27,272**	$ 24,112	**$ 31,716**	$ 16,532

Year ended December 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Electricity production (GWh)		Sales		Operating costs		Operating income (1)		Adjusted EBITDA		Adjusted Free Cash Flow (2)	
Offshore Wind Facilities	**4,486**	4,088	**$1,259,247**	$1,107,236	**$ 169,756**	$ 173,742	**$ 703,479**	$ 553,235	**$ 800,404**	$ 665,351	**$ 228,813**	$ 142,466
Onshore Renewable Facilities												
Canada	**1,364**	1,236	**$ 216,606**	$ 207,015	**$ 31,013**	$ 28,876	**$ 100,147**	$ 88,970	**$ 144,509**	$ 137,726	**$ 53,207**	$ 50,729
Spain	**981**	367	**269,251**	92,310	**42,832**	16,656	**143,708**	44,039	**219,930**	73,865	**(4,825)**	30,122
	2,345	1,603	**$ 485,857**	$ 299,325	**$ 73,845**	$ 45,532	**$ 243,855**	$ 133,009	**$ 364,439**	$ 211,591	**$ 48,382**	$ 80,851
Efficient Natural Gas Facilities												
Canada	**3,308**	3,066	**$ 425,572**	$ 433,554	**$ 43,215**	$ 51,483	**$ 169,279**	$ 165,910	**$ 245,652**	$ 274,155	**$ 118,923**	$ 168,580
Utilities												
Colombia	**n/a**	n/a	**$ 269,692**	$ 225,349	**$ 64,785**	$ 57,137	**$ 85,153**	$ 58,982	**$ 114,006**	$ 91,510	**$ 100,018**	$ 45,659

(1) Included 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.

5.1: 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 winter due to denser air and higher winds compared to summer, 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 year ended December 31, 2022, Gemini, Nordsee One and Deutsche Bucht contributed approximately 20%, 16% and 16%, respectively, of 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 $1.59/€ for 2022 compared to $1.60/€ for 2021 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. 2023 is hedged at a similar rate to 2022.

Variability within Operating Results

Gemini has revenue agreements with the Government of the Netherlands which expire in 2031. Under these agreements, revenue is earned through a combination of annual average Dutch wholesale market price (**"APX"**), corrected for profile and imbalance (**"P&I"**) costs which are variable from year to year, generally ranging between 10-20%, and a revenue top-up (**"SDE"**) to effectively €211/MWh. The SDE mechanism is designed to top-up the APX for up to 1,908 gigawatt hours of annual production (**"Gemini Production Cap"**) and is designed to ensure the full subsidy is received by Gemini annually, or an equivalent amount from market price. For production beyond the Cap of 1,908GWh, revenue is earned at the APX less P&I costs. However, if full year APX exceeds €211/MWh, Gemini's revenue is earned at APX less P&I costs for the entire production.

The SDE is subject to an annual contractual floor price (the **"SDE floor"**), thereby exposing Gemini to market price risk if the APX falls below the effective annual SDE floor of €51/MWh. At December 31, 2022, APX of €242/MWh for 2022 was higher than the SDE price, hence the revenue was recognized at the APX less P&I costs for the entire production (**"Revenue Price"**). Recent regulatory market price cap changes by the EU Council established in September 2022 and January 2023 are detailed below.

Nordsee One and Deutsche Bucht have a Feed-In Tariff contract (**"FIT"**) with the German government whereby the associated tariff is added to the German wholesale market price (**"wholesale price"**), effectively generating a fixed unit price for energy sold, except when the monthly wholesale price exceeds the contractual FIT rate for the facility. The realized wholesale rate is reduced by various capture costs between 10% to 20% of the rate.

Under the German Renewable Energy Sources Act (**"EEG"**), while the tariff compensates for most production curtailments required by the system operator, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours (**"negative prices"**). 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 have a significant effect on earnings depending on the season.

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

In September 2022, in response to the surge in wholesale electricity markets, 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"**). EU member states have flexibility to adapt the EU price cap for their markets.

In January 2023, the mechanism for the EU price cap was finalized by the majority of member states. Gemini will be eligible to receive merchant revenue of up to €211/MWh and Nordsee One and Deutsche Bucht will be eligible to receive merchant revenue up to €30/MWh above their respective FIT plus 6% of the wholesale price. In both countries, only 10% of any revenue above the cap can be earned and retained by the facilities.

Gemini APX Hedges

In 2021, Northland entered into financial derivatives, resulting in the crystallization of financial losses for 2022 and 2023 (**"APX hedge losses"**) of APX related hedges entered into in 2020 when prices were declining.

Nordsee One Component Issue (Bearings Replacement Campaign)

In 2021, Northland identified a component defect on wind turbines at Nordsee One affecting the main rotor shaft assembly (**"RSA"**) and promptly commenced replacement of the RSA of all turbines. Through a proactive replacement program, Northland was successful in replacing the RSAs on all 54 turbines ahead of schedule and within cost expectations. This allowed for the full availability of the turbines heading into the fourth quarter, seasonally one of the stronger quarters for offshore wind resource. The costs were effectively covered by the warranty bond settlement proceeds of €58 million ($67 million at Northland's share) received in 2020 relating to then-outstanding warranty obligations of Nordsee One's turbine manufacturer.

Over the course of the replacement campaign, Nordsee One curtailed the performance of certain turbines to briefly extend their life, which reduced production (**"turbine availability"**). Nordsee One incurred lost sales due to turbine availability of €7 million ($8 million at Northland's share) for the year ended December 31, 2022.

Gemini Refinancing

During the three months ended December 31, 2022, Northland successfully restructured €1.6 billion of its senior and junior debt relating to Gemini. The restructuring will improve Adjusted Free Cash Flow to Northland over the next several years and reflects the strong and consistent operational and financial performance of Gemini. The restructuring reduced Adjusted Free Cash Flow in 2022 by €72 million ($68 million at Northland's share), which was funded with available cash flow generated from higher energy prices and, accordingly, did not impact Northland's available liquidity. The restructured debt qualifies as green financing in accordance with Northland's green financing framework.

Operating Performance

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

	Three months ended December 31,				
	2022 (1)	**2021 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**794**	743	775	824	739
Nordsee One	**362**	333	332	362	298
Deutsche Bucht	**326**	320	314	326	300
Total	**1,482**	1,396			

	Year ended December 31,				
	2022 (1)	**2021 (1)**	**Historical Average (2)**	**Historical High (2)**	**Historical Low (2)**
Electricity production (GWh)					
Gemini	**2,396**	2,193	2,365	2,496	2,193
Nordsee One	**1,087**	968	1,057	1,087	968
Deutsche Bucht	**1,003**	927	962	1,003	927
Total	**4,486**	4,088			

(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 December 31, 2022, increased 6% or 86GWh compared to the same quarter of 2021, primarily due to higher wind resource, higher turbine availability at Nordsee One due to the completion of the RSA replacement campaign ahead of schedule and fewer uncompensated grid outages at the German facilities, partially offset by higher unpaid curtailments related to negative prices in Germany. Electricity production for the year ended December 31, 2022, increased 10% or 398GWh compared to 2021 primarily due to higher wind resource, fewer unpaid curtailments related to negative prices and grid outages in Germany.

Sales of $339 million for the three months ended December 31, 2022, increased 2% or $5 million compared to the same quarter of 2021, primarily due to higher market prices and electricity production across all offshore wind facilities, partially offset by the foreign exchange rate fluctuations due to weakening of the Euro. Adjusted Free Cash Flow and Free Cash Flow are largely hedged and therefore virtually unaffected by foreign exchange rate fluctuations. Sales of $1,259 million for the year ended December 31, 2022, increased 14% or $152 million compared to 2021, primarily due to the same factors above. Higher wholesale market prices exceeding the FIT and the SDE at the offshore wind facilities allowed for the realization of $126 million (at Northland's share) of higher revenues for the year ended December 31, 2022.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Effect of Gemini APX hedge losses [1]	**$ 6,513**	$ 13,773	**$ 21,647**	$ 37,215
Lower turbine availability at Nordsee One (due to RSA campaign)	**630**	3,142	**8,112**	8,887
Unpaid curtailment due to negative prices in Germany	**3,125**	632	**4,270**	8,418
Unpaid curtailment due to grid outages in Germany	**$ 1,966**	$ 3,462	**$ 9,266**	$ 13,425

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

Operating costs of $45 million for the three months ended December 31, 2022, increased 24% or $9 million, compared to the same periods of 2021 primarily due to higher operating cost at Gemini, partially offset by the effect of foreign exchange rate fluctuations. Operating costs of $170 million for the year ended December 31, 2022, decreased 2% or $4 million, compared to 2021 primarily due to the effect of foreign exchange rate fluctuations.

Operating income of $193 million for the three months ended December 31, 2022, decreased 10% or $23 million compared to the same quarter of 2021 primarily driven by higher amortization of contract assets and foreign exchange rate fluctuations due to weakening of the Euro, partially offset by higher wind resource and higher market prices across all offshore wind facilities. Operating income of $703 million for the year ended December 31, 2022, increased 27% or $150 million compared to 2021 due to a higher wind resource, higher market prices across all offshore wind facilities and fewer unpaid curtailments related to negative prices and grid outages in Germany, partially offset by higher amortization of contract assets and foreign exchange rate fluctuations due to weakening of the Euro.

Adjusted EBITDA of $221 million for the three months ended December 31, 2022, increased 7% or $15 million compared to the same quarter of 2021, due to higher wind resource, higher market prices across all offshore wind facilities and fewer unpaid curtailments related to grid outages in Germany, partially offset by foreign exchange rate fluctuations due to weakening of the Euro. Adjusted EBITDA of $800 million for the year ended December 31, 2022, increased 20% or $135 million compared to 2021 due to similar factors.

Onshore Renewable Facilities

Northland's onshore renewables comprise 996MW (at Northland's share) of onshore wind and solar facilities located in Canada 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 summer than in the winter. For the year ended December 31, 2022, Northland's onshore renewable facilities in Canada and Spain contributed approximately 9% and 14%, respectively, of reported Adjusted EBITDA from facilities.

The Spanish portfolio, acquired in August 2021, 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 23 sites and 7.1% for 10 sites, over the full regulatory life of the facilities, regardless of settled wholesale power price (**"pool price"**).

Revenue from the Spanish facilities is primarily comprised of two main components, return on investment (**"Ri"**) as well as a larger component based on pool prices. While a renewables operator may collect the settled pool price per MWh produced, under IFRS, until the facilities have earned their guaranteed pre-tax rate of return, revenue is only recognized at the pool price originally forecasted by the Spanish regulator at the start of the regulatory semi-period (the **"posted price"**). Under IFRS, any pool price revenue collected significantly in excess of (or below) the posted price in the current regulatory semi-period is deferred and recognized over the remaining regulatory periods (known as **"band adjustments"**). Once the facilities have earned their guaranteed pre-tax rate of return, revenue is recognized at the settled pool price. Band adjustments from prior regulatory periods continue to be recognized over the remaining regulatory periods. Two of the Spanish portfolio's onshore wind assets (100MW) have earned their guaranteed pre-tax rate of return as of the end of 2022.

Spain regulatory changes

In response to the unprecedented high energy prices for consumers, in early 2022, Spanish authorities enacted an exceptional update to the regulatory framework for the calendar year 2022 as well as the next regulatory semi-period 2023-2025. Effective mid-2022, these regulatory amendments raised the posted price from €49/MWh to €122/MWh, retroactive from January 1, 2022, thus allowing generation facilities to realize higher sales in 2022. In addition, there were also changes to the band adjustments for 2022 that permitted the recognition of deferred revenue from 2020 and 2021 into 2022, earlier than the original regulation allowed for. However, these increases will be partially offset by a reduction in regulated revenue from Ri.

As noted above, in addition to the consolidation of the Spanish debt facilities, during the fourth quarter of 2022, a €61 million ($82 million) one-time principal payment was made in relation to the deleveraging of the Spain portfolio, which reduced Adjusted Free Cash Flow and Free Cash Flow in the fourth quarter of 2022. The principal repayment was entirely funded from the cash flow realized to date from the higher pool prices since acquisition of the portfolio in 2021. The long-term financial performance of the Spanish portfolio continues to be underpinned by the regulated return associated with the facilities, with a revised debt service profile that is aligned with the cash flow forecast of the portfolio.

Northland entered into long-term Euro denominated foreign exchange hedges, at an average rate of $1.42/€1 for 2022 compared to $1.73/€1 for 2021, which hedges the majority of projected distributions from the Spanish portfolio to mitigate foreign exchange rate volatility, consistent with its corporate risk mitigation strategy. The hedged rate applicable for 2023 is $1.52/€1.

Electricity production at the onshore renewable facilities for the three months ended December 31, 2022, was 6% or 34GWh higher than the same quarter of 2021, due to higher wind resource across all onshore facilities, partially offset by lower solar resource at the Spanish facilities. Electricity production for the year ended December 31, 2022, was 46% or 741GWh higher than 2021, due to higher onshore wind and solar resources generally across all onshore facilities, in addition to the Spanish Portfolio contributing to twelve months of results in 2022 compared to five months of contributions in 2021. For the three months ended December 31, 2022, the Spanish portfolio generated 233GWh and 25GWh from wind and solar facilities, respectively. For the year ended December 31, 2022, Spanish portfolio generated 791GWh and 190GWh from wind and solar facilities, respectively.

Adjusted EBITDA for the three months ended December 31, 2022, of $96 million was 15% or $13 million higher than 2021 primarily due to the increased contribution from the Spanish portfolio. *Adjusted EBITDA* for the year ended December 31, 2022, of $364 million was 72% or $153 million higher than 2021 primarily due to similar factors. Excluding the contribution from the Spanish portfolio, for the three months ended December 31, 2022, sales and Adjusted EBITDA were 4% and 4% higher, respectively, compared to the same quarter of 2021, primarily due to higher wind and solar resource. For the year ended December 31, 2022, sales and Adjusted EBITDA from the Canadian onshore facilities were 5% and 5% higher, respectively, compared to 2021, due to the same reason above. Spanish portfolio's sales and Adjusted EBITDA for the three months ended December 31, 2022, were $83 million and $67 million, respectively and for the year ended December 31, 2022 were $269 million and $220 million, respectively.

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 PPAs, the facility is reimbursed for certain costs of sales by the counterparty. For the year ended December 31, 2022, Northland's efficient natural gas facilities contributed approximately 16% of reported Adjusted EBITDA from facilities, with the two largest, North Battleford and Thorold accounting for approximately 12%.

In April 2022, Northland completed the sale of Iroquois Falls and Kingston, with a combined operating capacity of 230MW, that previously operated under long-term PPAs which expired at the end of 2021 and 2017, respectively.

Electricity production for the three months ended December 31, 2022, increased 7% or 60GWh, compared to the same quarter of 2021, mainly due to higher market demand. Electricity production for the year ended December 31, 2022, increased 8% or 243GWh, compared to 2021, due to the effect of planned maintenance outages last year at North Battleford and Thorold.

Sales of $111 million decreased 13% or $17 million compared to the same quarter of 2021, primarily due to the sale of Iroquois Falls.

Adjusted EBITDA for the three months ended December 31, 2022, of $49 million decreased 41% or $34 million compared to the same period of 2021, primarily due to the sale of Iroquois Falls. Adjusted EBITDA for the year ended December 31, 2022, of $246 million decreased 10% compared to the same period of 2021, primarily due to the sale of Iroquois Falls.

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 2022, Northland has hedged the foreign exchange rate at COP$3,128:CAD$1 (2021: COP$2,880:CAD$1) for nearly all of the anticipated Colombian peso-denominated cash flow, mitigating the effects of fluctuations in the foreign exchange rate on Adjusted Free Cash Flow. For the year ended December 31, 2022, EBSA contributed approximately 7% of reported Adjusted EBITDA from facilities.

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

Sales and *gross profit* of $64 million and $43 million for the three months ended December 31, 2022, increased 9% or $5 million and 7% or $3 million, respectively, compared to the same quarter of 2021 primarily due to rate escalations, driven by a higher Colombian producer price index, positively affecting EBSA's financial performance, partially offset by foreign exchange fluctuations due to weakening of Colombian Peso. Sales and gross profit of $270 million and $186 million for the year ended December 31, 2022, increased 20% or $44 million and 19% or $30 million, respectively, compared to 2021, primarily due to the same factors.

Operating income of $20 million for the three months ended December 31, 2022, increased 21% or $3 million compared to the same periods of 2021, due to the factors described above. Operating income of $85 million for the year ended December 31, 2022, increased 44% or $26 million, compared to the same periods of 2021, due to the factors described above.

Adjusted EBITDA of $27 million for the three months ended December 31, 2022, increased 13% or $3 million compared to the same periods of 2021, due to the factors described above. Adjusted EBITDA of $114 million for the year ended December 31, 2022, increased 25% or $22 million, compared to the same periods of 2021, due to the factors described above.

In December 2021, Northland restructured and upsized EBSA's long-term, non-recourse financing (the **"EBSA Facility"**), resulting in $84 million of incremental cash proceeds to Northland, net of closing costs (the **"EBSA Refinancing"**). The upsizing of the EBSA Facility was completed on the basis of growth in EBSA's projected EBITDA growth for 2022, based on increases in the rate base. Net upsizing proceeds of $47 million, in excess of EBSA's expansionary capital expenditure needs were included in Adjusted Free Cash Flow and Free Cash Flow for the year ended December 31, 2022.

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

5.2: General and Administrative Costs

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

	Three months ended December 31,				Year ended December 31,			
		2022		**2021**		**2022**		**2021**
Corporate G&A	**$**	**16,848**	$	16,328	**$**	**54,820**	$	43,303
Operations G&A (1)		**8,464**		5,611		**29,143**		24,380
Total G&A costs	**$**	**25,312**	$	21,939	**$**	**83,963**	$	67,683

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

Corporate G&A costs of $17 million and $55 million for the three months and the year ended December 31, 2022, were 3% or $1 million and 27% or $12 million, higher, respectively, compared to the same periods of 2021 primarily due to increased personnel costs and other costs supporting Northland's global growth, in-line with management's expectations.

Operations G&A costs of $8 million and $29 million for the three months and the year ended December 31, 2022, were 51% or $3 million and 20% or $5 million, higher, respectively, compared to the same periods of 2021 primarily due to full year administrative expenses from the Spanish portfolio.

5.3: Growth Expenditures

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

	Three months ended December 31,				Year ended December 31,			
		2022		**2021**		**2022**		**2021**
Business development	**$**	**11,365**	$	—	**$**	**26,859**	$	21,756
Project development		**6,789**		13,861		**15,824**		14,968
Development overhead		**6,219**		11,229		**34,639**		33,270
Acquisition costs (1)		**138**		1,659		**895**		7,666
Development costs	**$**	**24,511**	$	26,749	**$**	**78,217**	$	77,660
Joint venture project development costs (2)		**273**		581		**3,098**		8,971
Growth expenditures (3)	**$**	**24,646**	$	25,671	**$**	**80,420**	$	78,965
Growth expenditures on a per share basis					**$**	**0.34**	$	0.36

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

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

(3) Excludes acquisition costs but includes share of project development costs incurred by joint ventures.

To achieve its long-term growth objectives, Northland deploys early-stage investment capital (growth expenditures) to advance projects in its pipeline. In 2022, the Company's growth expenditures amounted to $80 million to fund key projects including Nordsee Cluster, CanWind, ScotWind and South Korean projects. With regional development offices in Europe, Asia, North America and Latin America fully functional and with a pipeline of growth opportunities currently secured, Northland expects to incur higher growth expenditures and capital investments in future years to fund its identified development pipeline and opportunities sourced through the regional development offices.

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

Business development costs are incurred to identify and explore prospective business and development opportunities, which are expected to result in identifiable development projects intended to be pursued to completion, and include costs incurred for projects not ultimately pursued to the acquisition or to completion. Business development costs for the year ended December 31, 2022, were higher compared to 2021 due to the timing of development activities pursuing opportunities.

Project development costs are attributable to identified early- to mid-stage development projects under active development that are likely to generate cash flow over the long-run, though do not yet meet capitalization criteria under IFRS. For the year ended December 31, 2022, project development costs were largely in line with 2021. Refer to *SECTION 9: 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 year ended December 31, 2022, were higher than 2021 primarily due to higher personnel and other costs in support of Northland's global growth.

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

5.4: Consolidated Results

The following discussion of the significant factors contributing to the consolidated financial results should be read in conjunction with Northland's audited consolidated financial statements for the year ended December 31, 2022.

	Three months ended December 31,				Year ended December 31,			
		2022		**2021**		**2022**		**2021**
Electricity production (GWh)		**3,009**		2,828		**10,139**		8,757
Sales	**$**	**641,115**	$	640,090	**$**	**2,448,815**	$	2,093,255
Less: Cost of sales		**67,544**		60,212		**270,426**		213,493
Gross profit	**$**	**573,571**	$	579,878	**$**	**2,178,389**	$	1,879,762
Expenses								
Operating costs		**96,123**		83,716		**351,995**		327,894
General and administrative costs		**25,312**		21,939		**83,963**		67,683
Development costs		**24,511**		26,749		**78,217**		77,660
Depreciation of property, plant and equipment		**146,645**		155,356		**571,090**		612,755
Amortization of contracts and intangible assets		**13,966**		(5,594)		**53,611**		23,284
	$	**306,557**	$	282,166	**$**	**1,138,876**	$	1,109,276
Investment (loss) income		**(599)**		482		**523**		3,218
Finance lease income		**2,780**		2,880		**11,271**		11,662
Operating income	**$**	**269,195**	$	301,074	**$**	**1,051,307**	$	785,366
Finance costs, net		**86,578**		99,611		**323,632**		342,417
Impairment		**—**		—		**—**		29,981
Foreign exchange (gain) loss		**(69,073)**		29,429		**(41,792)**		81,318
Fair value (gain) loss on derivative contracts		**(140,901)**		(53,021)		**(460,704)**		(116,621)
Other expense (income)		**(2,321)**		15,639		**(29,948)**		25,040
Income (loss) before income taxes	**$**	**394,912**	$	209,416	**$**	**1,260,119**	$	423,231
Provision for (recovery of) income taxes								
Current		**77,785**		35,112		**203,376**		84,410
Deferred		**(6,795)**		44,776		**101,286**		68,942
Provision for (recovery of) income taxes	**$**	**70,990**	$	79,888	**$**	**304,662**	$	153,352
Net income (loss)	**$**	**323,922**	$	129,528	**$**	**955,457**	$	269,879
Net income (loss) attributable to common shareholders per share - basic and diluted	**$**	**1.12**	$	0.45	**$**	**3.46**	$	0.82

Fourth Quarter

Sales of $641 million were in line compared to the same quarter of 2021.

Gross profit of $574 million was in-line compared to the same quarter of 2021.

Operating costs of $96 million increased 15% or $12 million compared to the same quarter of 2021 primarily due to higher running and maintenance costs at the Gemini and the Spanish portfolio, partially offset by the effect of foreign exchange rate fluctuations.

G&A costs of $25 million increased 15% or $3 million primarily due to personnel costs and other costs supporting Northland's global growth, in-line with management's expectations.

Development costs of $25 million decreased 8% or $2 million compared to the same quarter of 2021 primarily due to higher capitalization of development cost relating to development projects, as a result of projects advancing to required milestones.

Finance costs, net (primarily interest expense) of $87 million decreased 13% or $13 million compared to the same quarter of 2021 primarily due to scheduled repayments on facility-level loans.

Fair value gain on derivative contracts was $141 million compared to a $53 million gain in the same quarter of 2021 primarily due to net movement in the fair value of derivatives related to commodity, interest rates and foreign exchange contracts.

Foreign exchange gain of $69 million was primarily due to unrealized gains from fluctuations in the closing foreign exchange rates.

Other income was $18 million higher than the same period of 2021 primarily due to non-cash write-downs of receivables and the higher share of joint venture development costs in 2021.

Net income of $324 million in the fourth quarter of 2022 compared to $130 million in the same quarter of 2021 primarily as a result of the factors described above.

2022

Sales of $2,449 million increased 17% or $356 million compared to 2021 primarily due to higher market prices and higher production across all offshore wind facilities and full year contribution from the Spanish Portfolio, which was acquired in August 2021, partially offset by the sale of Iroquois Falls and foreign exchange rate fluctuations.

Gross profit of $2,178 million increased 16% or $299 million compared to 2021 primarily due to the same factors affecting sales in the period.

Operating costs of $352 million increased 7% or $24 million compared to 2021 primarily due to higher running and maintenance costs at the Gemini and the Spanish portfolio, partially offset by the effect of foreign exchange rate fluctuations.

G&A costs of $84 million increased 24% or $16 million compared to 2021 primarily due to personnel costs and other costs supporting Northland's global growth, in-line with management's expectations.

Development costs of $78 million compared to 2021 were largely in line with last year.

Finance costs, net (primarily interest expense) of $324 million decreased 5% or $19 million compared to 2021 as a result of scheduled repayments on facility-level loans.

Fair value gain on derivative contracts was $461 million compared to a $117 million gain in the same period of 2021 primarily due to net movement in the fair value of derivatives related to commodity, interest rates and foreign exchange contracts.

Foreign exchange gain of $42 million was primarily due to unrealized gain from fluctuations in the closing foreign exchange rates.

There was no impairment in 2022, whereas, in the same period of 2021, an impairment of goodwill totaling $30 million was recorded for Iroquois Falls due to the expiry of its PPA in December 2021.

Other income was $55 million higher than the same period of 2021 primarily due to the gain on sale of two efficient natural gas facilities and non-cash write-downs of receivables in 2021, partially offset by the share of increasing joint venture development costs.

Net income increased $686 million for the year ended December 31, 2022, compared to the same period in 2021 primarily due to the factors described above, partially offset by a $151 million higher tax expense.

5.5: Adjusted EBITDA

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

	Three months ended December 31,		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Net income (loss)	**$ 323,922**	$ 129,528	**$ 955,457**	$ 269,879
Adjustments:				
Finance costs, net	**86,578**	99,611	**323,632**	342,417
Gemini interest income	**2,265**	3,843	**13,065**	15,810
Acquisition costs	**138**	1,659	**895**	7,666
Provision for (recovery of) income taxes	**70,990**	79,888	**304,662**	153,352
Depreciation of property, plant and equipment	**146,645**	155,356	**571,090**	612,755
Amortization of contracts and intangible assets	**13,966**	(5,594)	**53,611**	23,284
Fair value (gain) loss on derivative contracts	**(147,414)**	(78,047)	**(482,351)**	(153,536)
Foreign exchange (gain) loss	**(69,073)**	29,429	**(41,792)**	81,318
Impairment loss	**—**	—	**—**	29,981
Elimination of non-controlling interests	**(73,692)**	(74,593)	**(272,407)**	(260,567)
Finance lease (lessor)	**(1,511)**	(1,113)	**(6,352)**	(7,137)
Others [1]	**256**	23,681	**(21,334)**	21,782
Adjusted EBITDA	**$ 353,070**	$ 363,648	**$ 1,398,176**	$ 1,137,004

(1) Others primarily include share of results from equity investments, loss (gain) on sale of assets and share of joint venture project development costs.

Gemini interest income reflects interest earned on Northland's €117 million subordinated debt to Gemini. Under the terms of the Gemini debt amendment completed in the fourth quarter, 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.

Fourth Quarter

Adjusted EBITDA of $353 million for the three months ended December 31, 2022, decreased 3% or $11 million compared to the same quarter of 2021. The significant factor decreasing Adjusted EBITDA includes:

- $25 million decrease in operating results due to the loss in contribution as a result of the expiry of the PPA and subsequent sale of Iroquois Falls in April 2022.

Factors partially offsetting the decrease in Adjusted EBITDA were:

- $15 million increase in operating results at the offshore wind facilities primarily due to higher turbine availability at Nordsee One, strong wind resource and high APX above the SDE at Gemini; and
- $12 million higher contribution from the Spanish renewables portfolio primarily resulting from higher regulated posted prices for the portfolio at €122/MWh compared to €52/MWh in 2021.

Full Year

Adjusted EBITDA of $1,398 million for the year ended December 31, 2022, increased 23% or $261 million compared to the same period of 2021. The significant factors increasing Adjusted EBITDA include:

- $146 million mainly due to the contribution from Spanish portfolio for twelve months of results in 2022 compared to five months of contributions in 2021 after its acquisition, and favourable regulatory changes in Spain retroactive to January 1, 2022;
- $135 million increase in operating results at offshore wind facilities primarily due to higher market prices and higher wind resource;
- $37 million increase in contribution from a one-time management fee of $33 million from Kirkland Lake that followed the restructuring and upsizing of its credit facility completed during the period and other operating optimizations; and

- $22 million increase in operating results primarily due to rate escalations at EBSA.

The factor partially offsetting an increase in Adjusted EBITDA was:

- $84 million decrease in operating results due to the loss in contribution as a result of the expiry of the PPA and subsequent sale of Iroquois Falls in April 2022.

5.6: Adjusted Free Cash Flow and Free Cash Flow

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

	Three months ended December 31,		Year ended December 31,	
	2022	**2021**	**2022**	**2021**
Cash provided by operating activities	**$ 550,689**	$ 559,368	**$ 1,832,983**	$ 1,609,295
Adjustments:				
Net change in non-cash working capital balances related to operations	**(141,244)**	(111,986)	**(289,875)**	(292,499)
Non-expansionary capital expenditures	**(10,675)**	(7,734)	**(56,248)**	(40,558)
Restricted funding for major maintenance, debt and decommissioning reserves	**(6,531)**	2,294	**(17,857)**	(7,505)
Interest	**(112,927)**	(100,842)	**(336,356)**	(277,908)
Scheduled principal repayments on facility debt	**(439,185)**	(278,667)	**(839,614)**	(635,901)
Funds set aside (utilized) for scheduled principal repayments	**170,661**	119,951	**—**	635
EBSA Refinancing proceeds, net of growth capital expenditures	**20,078**	3,827	**46,974**	3,827
Preferred share dividends	**(2,954)**	(2,710)	**(11,206)**	(10,811)
Consolidation of non-controlling interests	**(31,707)**	(40,240)	**(75,217)**	(90,022)
Investment income (1)	**12,214**	4,750	**24,880**	20,153
Proceeds under NER300 and warranty settlement at Nordsee One	**14,530**	10,764	**70,317**	38,636
Others (2)	**(7,066)**	(2,434)	**31,691**	(9,941)
Free Cash Flow	**$ 15,883**	$ 156,341	**$ 380,472**	$ 307,401
Add Back: Growth expenditures	**24,646**	25,671	**80,420**	78,965
Adjusted Free Cash Flow	**$ 40,529**	$ 182,012	**$ 460,892**	$ 386,366

(1) Investment income includes Gemini interest income.

(2) Others mainly include effect of foreign exchange rates and hedges, Nordsee One interest on shareholder loans, share of joint venture project development costs, acquisition costs, lease payments, interest income, and other non-cash expenses adjusted in working capital excluded from Free Cash Flow in the period.

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 5.3: Growth Expenditures* for additional information). Management believes Adjusted Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to reinvest in growth and fund dividend payments. Reinvesting in growth is a key part of Northland's long-term strategy.

Scheduled principal repayments on facility debt reflect repayments as paid. *Funds set aside (utilized) for scheduled principal repayments* allocates 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.

Scheduled Principal Repayments (at Northland's share)		2023		2022		2021
Gemini	€	88,497	€	127,103	€	83,283
Nordsee One		86,767		88,411		86,502
Deutsche Bucht		78,071		76,507		78,168
Spanish Portfolio		85,334		124,603		23,438
Total	**€**	**338,669**	**€**	**416,624**	**€**	**271,391**

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

Others mainly include net proceeds from sale of two efficient natural gas facilities and interest income of $30 million and $13 million, respectively, partially offset by the foreign exchange rates and hedges of $18 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. Proceeds accrued under Adjusted Free Cash Flow are based on production during the period. For the year ended December 31, 2022, and December 31, 2021, proceeds from this program, based on production, totaled $14 million and $16 million, respectively.

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

	Three months ended December 31,				Year ended December 31,			
		2022		**2021**		**2022**		**2021**
Adjusted EBITDA	**$**	**353,070**	$	363,648	**$**	**1,398,176**	$	1,137,004
Adjustments:								
Scheduled debt repayments		**(225,131)**		(128,450)		**(684,630)**		(507,759)
Interest expense		**(37,235)**		(61,992)		**(220,347)**		(243,597)
Current taxes		**(70,309)**		(32,205)		**(192,953)**		(74,957)
Non-expansionary capital expenditure		**(9,266)**		(7,051)		**(48,094)**		(36,695)
Utilization (funding) of maintenance and decommissioning reserves		**(6,092)**		2,667		**(16,550)**		(6,195)
Lease payments, including principal and interest		**(2,996)**		(1,570)		**(10,353)**		(7,169)
Preferred dividends		**(2,954)**		(2,710)		**(11,206)**		(10,811)
Foreign exchange hedge gain (loss)		**(18,730)**		10,844		**37,486**		23,053
Proceeds under NER300 and warranty settlement at Nordsee One		**12,349**		9,956		**59,769**		33,648
EBSA Refinancing proceeds, net of growth capital expenditures		**20,078**		3,827		**46,974**		3,827
Others (1)		**3,099**		(623)		**22,200**		(2,948)
Free Cash Flow	**$**	**15,883**	$	156,341	**$**	**380,472**	$	307,401
Add Back: Growth expenditures		**24,646**		25,671		**80,420**		78,965
Adjusted Free Cash Flow	**$**	**40,529**	$	182,012	**$**	**460,892**	$	386,366

(1) Others mainly include Gemini interest income, shareholder loan to Kirkland Lake and interest received on third-party loans to partners.

Fourth Quarter

Adjusted Free Cash Flow of $41 million for the three months ended December 31, 2022, was 78% or $141 million lower than the same quarter of 2021.

The significant factors decreasing Adjusted Free Cash Flow were:

- $97 million increase in scheduled and one-time refinancing related debt repayments on facility-level loans, mainly at Gemini and the Spanish portfolio;
- $38 million increase in current taxes primarily at the offshore wind facilities and the Spanish portfolio as a result of better financial results; and
- $11 million decrease in contribution from the efficient natural gas facilities leading to lower Adjusted EBITDA, partially offset by higher contribution from offshore wind and onshore renewable facilities.

The factor partially offsetting the decrease in Adjusted Free Cash Flow was:

- $20 million increase primarily from the proceeds of the EBSA refinancing net of expansionary capital expenditures.

Free Cash Flow, which includes growth expenditures, totaled $16 million for the three months ended December 31, 2022, and was 90% or $140 million lower than the same quarter of 2021, due to the same factors as Adjusted Free Cash Flow.

Full Year

Adjusted Free Cash Flow of $461 million for the year ended December 31, 2022, was 19% or $75 million higher than 2021.

The significant factors increasing Adjusted Free Cash Flow were:

- $97 million increase in overall contribution across all facilities, excluding the Spanish portfolio, primarily due to better operating results, as described above in Adjusted EBITDA;
- $28 million increase in contribution from a one-time management fee from Kirkland Lake that followed the restructuring and upsizing of its credit facility completed during the year and other operating optimizations;
- $30 million net proceeds from the sale of two efficient natural gas facilities in April 2022; and
- $35 million decrease in interest costs as a result of scheduled principal repayments on facility-level loans, excluding the Spanish portfolio.

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

- $84 million increase in current taxes primarily at the offshore wind facilities as a result of better financial results; and
- $35 million decrease in contribution from the Spanish portfolio primarily due to the one-time principal payment upon the debt restructuring.

Free Cash Flow, which includes growth expenditures, totaled $380 million for the year ended December 31, 2022, and was 24% or $73 million higher than the same period of 2021 due to the same factors as Adjusted Free Cash Flow.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Cash dividends paid to shareholders	**$ 51,337**	$ 44,688	**$ 196,845**	$ 172,755
Adjusted Free Cash Flow payout ratio - cash dividends (1)			**43 %**	45 %
Free Cash Flow payout ratio - cash dividends (1)			**52 %**	56 %
Total dividends paid to shareholders (2)	**$ 73,584**	$ 67,938	**$ 282,269**	$ 261,730
Adjusted Free Cash Flow payout ratio - total dividends (1) (2)			**61 %**	67 %
Free Cash Flow payout ratio - total dividends (1)			**74 %**	84 %
Weighted avg. number of shares - basic and diluted (000s)	**246,378**	226,568	**236,157**	218,861
Per share ($/share)				
Dividends paid	**$ 0.30**	$ 0.30	**$ 1.20**	$ 1.20
Adjusted Free Cash Flow — basic and diluted	**$ 0.16**	$ 0.80	**$ 1.95**	$ 1.77
Free Cash Flow — basic and diluted	**$ 0.06**	$ 0.69	**$ 1.61**	$ 1.40

(1) On a rolling four-quarter basis.

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

At December 31, 2022, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio improved to 43% and 52%, respectively, calculated on the basis of cash dividends paid, compared to 45% and 56% for the same period ending December 31, 2021. The improvement in both net payout ratios was due to higher reported Adjusted Free Cash Flow. The Free Cash Flow net payout ratio was similarly improved compared to the same period ending December 31, 2021.

SECTION 6: CHANGES IN FINANCIAL POSITION

The following table provides a summary of account balances derived from the audited consolidated statements of financial position as at December 31, 2022 and December 31, 2021.

As at		December 31, 2022		December 31, 2021
Assets				
Cash and cash equivalents	**$**	**1,299,833**	$	673,692
Restricted cash		**160,142**		155,631
Trade and other receivables		**397,771**		383,308
Other current assets		**242,381**		77,950
Property, plant and equipment, net		**9,377,584**		9,586,466
Contracts and other intangible assets, net		**515,775**		497,635
Net derivative assets [(2)]		**646,000**		—
Investment in joint ventures		**441,565**		138,726
Other assets [(1)]		**1,008,343**		1,024,806
	$	**14,089,394**	$	12,538,214
Liabilities				
Trade and other payables	**$**	**1,001,773**	$	504,583
Facility-level loans and borrowings		**6,961,955**		7,592,214
Net derivative liabilities [(2)]		**—**		215,618
Net deferred tax liability [(2)]		**670,337**		470,015
Other liabilities [(3)]		**731,056**		790,073
	$	**9,365,121**	$	9,572,503
Total equity		**4,724,273**		2,965,711
	$	**14,089,394**	$	12,538,214

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

(2) Presented on a net basis.

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

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

- *Cash and Cash Equivalents* increased by $626 million primarily due to proceeds from the ATM program.
- *Other current assets* increased by $164 million primarily due to deposit for redemption of Series 3 Preferred Shares.
- *Investment in joint ventures* increased by $303 million primarily due to the investment in Hai Long.
- *Property, plant and equipment* decreased by $209 million primarily due to depreciation and foreign exchange fluctuation partially offset by construction-related activities.
- *Net derivative assets* increased $862 million from a net derivative liability at December 31, 2021, primarily due to the effects of higher interest rates in Canada, the US and Europe and strengthening of the Canadian dollar against the Euro.
- *Facility-level loans and borrowings* decreased by $630 million mainly due to scheduled principal repayments on facility-level debt, one-time debt repayments resulting from the Gemini and the Spanish portfolio debt facility amendments and foreign exchange fluctuation partially offset by construction related drawdowns.
- *Other liabilities* decreased by $59 million primarily due to repayments of the revolving corporate credit facility outstanding from the proceeds of the ATM program.

SECTION 7: EQUITY, LIQUIDITY AND CAPITAL RESOURCES

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

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 2022 and 2021 was as follows:

As at	December 31, 2022	December 31, 2021
Common shares		
Shares outstanding, beginning of year	**226,882,751**	202,171,075
Equity offering	**20,894,982**	22,500,500
Shares issued under the LTIP	**14,974**	21,967
Shares issued under the DRIP	**2,224,650**	2,189,209
Total common shares outstanding, end of period	**250,017,357**	226,882,751

Preferred shares outstanding as at December 31, 2022, and December 31, 2021 were as follows:

As at	December 31, 2022	December 31, 2021
Preferred shares outstanding		
Series 1	**4,762,246**	4,762,246
Series 2	**1,237,754**	1,237,754
Series 3	**4,800,000**	4,800,000
Total	**10,800,000**	10,800,000

In November 2022, Northland's corporate credit rating was reaffirmed at BBB (stable) by Fitch Ratings Inc., a global rating agency and BB+ for Northland's preferred shares. In May 2022, S&P reaffirmed its BBB (stable) rating for Northland.

At December 31, 2022, Northland had 250,017,357 common shares outstanding (as at December 31, 2021 - 226,882,751) with no change in preferred shares outstanding from December 31, 2021.

As of February 23, 2023, Northland has 250,728,253 common shares outstanding with no change in preferred shares Series 1 and Series 2 outstanding from December 31, 2022.

On January 3, 2023, Northland redeemed 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 $121.5 million. As of December 31, 2022, Series 3 Preferred Shares had been reclassified from equity to current liabilities.

Liquidity and Capital Resources

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	**2022**	2021
Cash and cash equivalents, beginning of period	**$ 1,533,904**	$ 533,079	**$ 673,692**	$ 434,989
Cash provided by operating activities	**550,689**	559,368	**1,832,983**	1,609,295
Cash (used in) investing activities	**(311,826)**	178,262	**(629,683)**	(1,030,863)
Cash (used in) provided by financing activities	**(526,310)**	(151,112)	**(604,837)**	(225,679)
Effect of exchange rate differences	**53,376**	(25,341)	**27,678**	(114,050)
Cash and cash equivalents, end of period	**$ 1,299,833**	$ 1,094,256	**$ 1,299,833**	$ 673,692

Fourth Quarter

Cash and cash equivalents for the fourth quarter of 2022 decreased $234 million from September 30, 2022, due to cash provided by operations of $551 million, partially offset by cash used by investing activities of $312 million, cash used in financing activities of $526 million and $53 million effect of foreign exchange translation.

The decrease in cash and cash equivalents during the quarter was largely due to construction-related activities at Northland's identified projects, amendment of debt at Gemini and the Spain facilities, partially offset by higher cash provided by operations and foreign exchange rate differences.

2022

Cash and cash equivalents for the year ended December 31, 2022, increased $626 million due to cash provided by operations of $1,833 million and $28 million effect of foreign exchange translation, partially offset by $630 million of cash used in investing activities and $605 million in financing activities.

Cash provided by operating activities for the year ended December 31, 2022, was $1,833 million comprising:

- $955 million of net income;
- $588 million in non-cash and non-operating items such as depreciation and amortization, finance costs, changes in fair value of financial instruments and deferred taxes; and
- $290 million in changes in working capital due to the timing of payables, receivables and deposits.

Cash used in investing activities for the year ended December 31, 2022, was $630 million, primarily comprising:

- $453 million used for the purchase of property, plant and equipment, mainly for the Nordsee One RSA replacement campaign and ongoing construction at New York Wind and other projects;
- $203 million used mainly for the investment in the Hai Long Offshore Wind project;
- $38 million used mainly for the acquisition of the Oneida Battery Storage project and the Alberta Portfolio; and
- $33 million used for the acquisition of the contractual assets of the ScotWind Offshore Wind project.

Factor partially offsetting cash used in investing activities includes:

- $39 million of other mainly related to net proceeds from the sale of two efficient natural gas facilities.

Cash used in financing activities for the year ended December 31, 2022, was $605 million, primarily comprising:

- $2,681 million in scheduled principal repayments on the facility-level debt, in addition to the repayments resulting from the amendments to the Gemini and the Spanish portfolio debt facilities;
- $336 million in interest payments;
- $302 million of common and preferred share dividends as well as dividends to non-controlling interest (**"NCI"**);
- $122 million in advance payment made for the redemption of preferred shares; and
- $45 million in net repayment under the corporate syndicated revolving facility.

Factors partially offsetting cash used in financing activities include:

- $852 million received from common shares issued under the ATM program; and
- $2,019 million of draws on project debt primarily for construction of the projects, in addition to the drawdown as a result of the amendment to the Gemini and the Spanish portfolio debt facilities.

Movement of foreign currencies, including primarily the Euro, U.S. dollar and Colombian peso, against the Canadian dollar increased cash and cash equivalents by $28 million for the year ended December 31, 2022. Northland aims to mitigate the effects of exchange rate fluctuations through a variety of mechanisms, including foreign exchange hedges and natural hedges by corporate debt denominated in USD or Euro for operating expenditures.

Property, Plant and Equipment

The following table provides a continuity of the cost of property, plant and equipment for the year ended December 31, 2022:

	Balance as at Jan 1, 2022	Additions	Provisions, disposals and other (1)	Exchange rate differences	Balance as at Dec 31, 2022
Operations:					
Offshore wind	$ 6,644,941	$ 54,610	$ (5,390)	$ 58,709.5	**$ 6,752,871**
Onshore renewable	3,295,996	9,685	(4,738)	13,642	**3,314,585**
Efficient natural gas(2)	1,777,927	3,664	(462,641)	—	**1,318,950**
Utility	528,970	34,527	(2,615)	(53,420)	**507,462**
Construction:					
Onshore renewable	527,894	280,287	5,581	56,246	**870,008**
Corporate (3)	176,486	77,648	(154,891)	1,004	**100,247**
Total	**$ 12,952,214**	**$ 460,421**	**$ (624,694)**	**$ 76,182**	**$ 12,864,123**

(1) Includes disposal of assets and amounts accrued under the long-term incentive plan (**"LTIP"**). In April 2022, Northland completed the sale of two efficient natural gas facilities in Ontario, Canada.

(2) Excludes Spy Hill lease receivable accounting treatment.

(3) During the fourth quarter, capitalized development cost incurred on behalf of Hai Long's project entity was reclassified to investment in joint venture (Hai Long).

Long-term Debt

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

The following table provides a continuity of Northland's debt for the year ended December 31, 2022:

	Balance as at Jan 1, 2022	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Balance as at Dec 31, 2022
Operations:						
Offshore wind	$ 4,010,027	$ 962,507	$ (1,509,384)	$ 13,688	$ 6,421	**$ 3,483,259**
Onshore renewable	2,031,908	834,297	(1,108,531)	1,261	(1,463)	**1,757,472**
Efficient natural gas	902,558	34,697	(63,360)	1,422	—	**875,317**
Utility	518,096	—	—	807	(56)	**518,847**
Construction:						
Onshore renewable	129,625	187,984	—	(8,425)	17,876	**327,060**
Corporate (1)	41,825	770,021	(815,033)	80	290	**(2,817)**
Total	**$ 7,634,039**	**$ 2,789,506**	**$ (3,496,308)**	**$ 8,833**	**$ 23,068**	**$ 6,959,138**

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

Additionally, as at December 31, 2022, $104 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

During the year ended December 31, 2022, Northland entered into multiple financing activities. Refer to *Section 4.1: Significant Events* for additional information.

Debt Covenants

Northland generally conducts its business 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 shareholders. Most operating subsidiaries hold non-recourse debt, which typically prohibits distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of EBITDA to scheduled principal and interest payments over a specified time period. As of December 31, 2022, Northland and its subsidiaries were in compliance with all debt covenants.

Corporate Credit Facilities and Letters of Credit

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

As at December 31, 2022	Facility size	Amount drawn	Outstanding letters of credit	Available capacity	Maturity date
Sustainability linked loan syndicated revolving facility (1)	$ 1,000,000	$ —	$ 417,236	$ 582,764	Sep. 2027
Bilateral letter of credit facility (2)	150,000	—	137,911	12,089	Sep. 2024
Export credit agency backed letter of credit facility (3)	100,000	—	76,442	23,558	Mar. 2023
Export credit agency backed letter of credit facility (4)	100,000	—	39,277	60,723	n/a
Total	**$ 1,350,000**	**$ —**	**$ 670,866**	**$ 679,134**	
Less: deferred financing costs (5)		2,817			
Total, net		**$ (2,817)**			

(1) During the fourth quarter, the maturity date of the syndicated revolving facility was extended to September 2027.

(2) During the fourth quarter, the maturity date of the bilateral letter of credit facility was extended to September 2024.

(3) During the first quarter, the maturity date of the credit facility was extended to March 2023.

(4) The $100 million facility does not have a specified maturity date. During the fourth quarter, the letter of credit facility size was increased from $50 million to $100 million.

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

- Of the $671 million of corporate letters of credit issued as at December 31, 2022, $475 million relates to projects under advanced development or construction.
- During the year ended December 31, 2022, Northland made net repayments of $45 million on the syndicated revolving facility.

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

Exposure to LIBOR and EURIBOR

LIBOR and EURIBOR are the two key global benchmark rates used to determine interest rates and value government and corporate bonds, loans, currency and interest rate swaps and many other financial products. Global regulators have been working with industry groups and policymakers over the past several years to identify and transition to more robust reference rates. In Europe, regulators have transitioned to a hybrid calculation methodology for EURIBOR. In the United States, regulators have identified the secured overnight financing rate (**"SOFR**") as the successor rate for USD LIBOR. Effective December 31, 2021, USD LIBOR will not be used for new loans, and interest rate swaps will be converted to SOFR by June 30, 2023. In Canada, regulators have announced that the Canadian Overnight Repo Rate Average (**"CORRA"**) will be the successor rate for the Canadian Dollar Offered Rate (**"CDOR"**). Effective June 30, 2023, CDOR will not be used for interest rate derivatives, and all loans referencing CDOR will transition to CORRA by June 28, 2024.

As at December 31, 2022, Northland had borrowings and derivatives of €2.8 billion and US$265 million linked to EURIBOR and LIBOR, respectively, that extend beyond 2022.

Management is monitoring industry developments and has developed a transition plan, which includes a comprehensive review of financial exposures, proactive discussion with lenders and amendments to its corporate credit agreement and applicable project-level financing agreements to preserve the intended economics. Management does not currently expect a material financial impact to Northland and continues to monitor and manage the transition.

Financial Commitments and Contractual Obligations

In the ordinary course of business, Northland enters into financial and derivative contracts. The contractual maturities of Northland's material financial liabilities as at December 31, 2022, are summarized in the following table:

	2023	2024	2025	2026	2027	>2027
Derivative liabilities (1)						
Euro foreign exchange contracts	$ 180,350	$ 158,668	$ 158,362	$ 146,746	$ 161,017	$ 655,475
Colombian peso foreign exchange contracts	485,275	3,735	—	—	—	—
US dollar foreign exchange contracts	139,013	—	—	—	—	—
US dollar cross currency swap	4,224	—	—	—	—	—
US dollar La Lucha interest rate swaps	672	626	570	517	460	1,201
Power financial contracts	8,494	788	—	—	—	—
Facility-level debt at Northland's share						
Gemini	€ 80,696	€ 88,583	€ 93,040	€ 101,896	€ 109,242	€ 350,361
Nordsee One	76,587	76,753	71,079	70,972	60,089	—
Deutsche Bucht	78,001	78,853	91,091	92,824	93,875	299,316
Spain	84,969	60,554	48,103	40,131	36,377	324,392
Total in Euro	€ 320,253	€ 304,743	€ 303,313	€ 305,823	€ 299,583	€ 974,069
New York Wind	US$ 69,121	US$178,779	US$ —	US$ —	US$ —	US$ —
Total in Canadian dollar (2)	567,749	692,867	449,308	453,027	443,783	1,442,923
EBSA (3)	—	520,600	—	—	—	—
All other facilities (4)	121,835	132,577	132,153	146,744	151,729	870,661
Total facility-level debt at Northland's share	$ 689,585	$1,346,045	$ 581,462	$ 599,772	$ 595,513	$2,313,585
Interest payments including swap derivative contracts	181,317	166,497	119,873	106,172	90,337	226,866
Total	**$1,688,930**	**$1,676,359**	**$ 860,267**	**$ 853,207**	**$ 847,327**	**$3,197,127**

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

(2) Using long-term foreign exchange rates.

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

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

Non-Financial Commitments and Contractual Obligations

The following table summarizes all material fixed contractual commitments and obligations as at December 31, 2022, for non-financial contracts. The amounts are based on long term inflation rate, where applicable, of 2% to 3.9%, a Canadian dollar/Euro exchange rate of $1.48 and Canadian dollar/US dollar exchange rate of $1.35. The table includes maintenance and services agreements and natural gas transportation demand charges for which Northland is liable whether or not natural gas is shipped. The construction commitment relates to the construction of the New York Onshore Wind projects. The cash obligations related to the leases for land and buildings, dismantlement and management fees to NCI partners are also included.

	2023	2024	2025	2026	2027	>2027
Maintenance agreements	$ 201,663	$ 200,467	$ 203,674	$ 190,610	$ 198,902	$1,989,199
Construction and others; excluding debt, interest and fees	1,852	1,878	1,905	1,932	1,960	59,445
Natural gas supply and transportation, fixed portion	29,881	27,496	27,348	27,594	27,833	124,107
Leases	14,517	13,798	13,356	12,172	12,297	215,092
Decommissioning liabilities	15,246	15,246	15,246	15,246	8,990	152,977
Management fees	4,711	1,887	1,923	1,962	2,003	21,096
Total	**$ 267,870**	**$ 260,772**	**$ 263,452**	**$ 249,516**	**$ 251,985**	**$2,561,916**

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

As at December 31, 2022, Northland issued letters of credits and the parental guarantees, in favor of the joint ventures, of $652 million.

SECTION 8: SUMMARY OF QUARTERLY CONSOLIDATED RESULTS

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

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

In millions of dollars, except per share information	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total sales	$ 641	$ 556	$ 557	$ 695	$ 640	$ 432	$ 408	613
Operating income	269	202	216	364	301	80	108	296
Net income (loss) [1]	324	76	268	288	130	(5)	(6)	151
Adjusted EBITDA	353	290	335	420	364	211	203	360
Cash provided by operating activities	551	523	312	447	559	280	361	408
Adjusted Free Cash Flow	41	66	162	192	182	35	22	147
Free Cash Flow	$ 16	$ 45	$ 146	$ 174	$ 156	$ 11	$ 6	$ 134
Per share statistics								
Net income (loss) attributable to common shareholders - basic [2]	$ 1.12	$ 0.33	$ 1.01	$ 0.99	$ 0.45	$ (0.03)	$ (0.06)	$ 0.49
Net income (loss) attributable to common shareholders - diluted [2]	1.12	0.33	1.01	0.99	0.45	(0.03)	(0.06)	0.49
Adjusted Free Cash Flow - basic	0.16	0.28	0.70	0.84	0.80	0.15	0.10	0.73
Free Cash Flow - basic	0.06	0.19	0.63	0.77	0.69	0.05	0.03	0.66
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 9: 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:

CanWind Offshore Wind Project

In December 2022, Taiwan's Ministry of Economic Affairs (the **"MOEA"**) announced the results of the first round of the country's Phase 3 Zonal Development offshore wind auction. Northland's CanWind project, a 100% owned early-stage development project, was awarded a total of 500MW of capacity under the auction. Northland is evaluating the viability of the project.

South Korean Offshore Wind Projects

The Dado offshore wind project has been awarded its **EBLs** for 900MW of the 1,000MW capacity, providing exclusivity on the leases for the project. The project is expected to advance to mid-stage development and will begin progressing engineering surveys and securing grid capacity. Northland's second project, the 600MW Bobae project, has been awarded EBLs for approximately 400MW and work continues on securing EBLs for the remaining 200MW. 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 Battery Storage Project

In December 2022, Northland entered into an agreement to acquire a majority interest in a late-stage, grid-connected battery energy storage project in southern Ontario, Canada. The Oneida Energy Storage Project is a 250MW/1GWh battery storage facility and is being developed in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation. Northland will be the majority owner and take the lead role in its construction, financing and operation. The project will benefit from a 20-year fixed price contract for revenue payments with the Independent Electricity System Operator in Ontario, for the majority of the capacity from the project. The remaining capacity will earn market revenues through sales into the wholesale market. The project has finalized a Battery Supply Agreement and a Long-Term Service Agreement with Tesla Inc. for the supply of key components and services and finalized an engineering, procurement, and construction agreement with Aecon Group Inc. for designing engineering and construction of the facility. Financial close for the project is expected in 2023 with full commercial operations to commence in 2025.

Alberta Portfolio

In December 2022, Northland acquired a development platform in Alberta, Canada, continuing its growth and leadership in renewable energy in Canada, which establishes 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 battery energy storage pipeline encompassing over 1.6GW and 1.2GWh, respectively, of which 220MW Jurassic Project could reach commercial operations as early as 2025. The projects are expected to be accretive to Free Cash Flow per share as they reach commercial operation. All projects will 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 will be joining 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.

Nordsee Offshore Wind Cluster

In January 2022, Northland and its German partner, RWE, announced the formation of a 1,333MW Nordsee Offshore Wind Cluster partnership encompassing Nordsee Two (433MW), Nordsee Three (420MW), and Nordsee Delta (480MW). To further enhance the size and scale of the Cluster and to realize additional synergies, Northland and RWE agreed to include a fourth project, resulting in the total size of the Cluster growing to over 1.6GW. The fourth project, Godewind, will have production capacity of 225MW and is within proximity to the other projects. Development of the Cluster in Germany is progressing with the team working towards securing CPPA and preferred supplier agreements for key aspects of the offshore projects. In addition, two of the projects within the Cluster, Nordsee Two and Godewind, achieved a key regulatory milestone after receiving Conformity Statements required for operations under German offshore wind law. In July, Nordsee Two was pre-selected for funding by the EU Innovation Fund as a result of driving technological advancements. The project was awarded a grant of €95 million to demonstrate the technical and commercial feasibility of producing hydrogen at sea. Subject to the Cluster securing commercial offtake agreements and further assessment of the commercial viability of proceeding, the Cluster is expected to be developed and managed on a joint basis by Northland and RWE with commercial operations expected between 2026 and 2028. Northland holds a 49% interest in the Cluster and RWE holds a 51% interest.

Colombian Solar Projects

In November 2021, Northland, in partnership with EDF Renewables, a subsidiary of Électricité de France S.A. (EPA:EDF), successfully submitted a joint-bid into the renewables auction in Colombia and was awarded the right to build two solar projects with a total combined capacity of 130MW. The solar projects will benefit from a 15-year PPA with multiple energy distribution and commercial entities in Colombia, starting in 2023. The PPA will be denominated in Colombian pesos and will have annual indexation to the Colombian Producer Price index (**"PPI"**). In addition, the projects will receive a reliability charge in US dollars, which is expected to account for approximately 10% of total revenues of the projects. Development progress at the Suba projects continues. Certain environmental permits are needed to move the projects toward financial close and eventually commercial operations. Northland effectively holds a 50% of economic interest in Suba and its partner, EDF Renewables holds the remaining 50%.

New York Onshore Wind Projects

Construction activities at the 112MW Bluestone project progressed, with all turbines installed by the end of 2022. Interconnection and final commissioning are expected to follow in early 2023. At the 108MW Ball Hill project, delays in turbine delivery to the fourth quarter of 2022 have impacted the project's construction timeline. Commercial operations for both projects are expected in 2023. Northland expects to mitigate the impacts of these delays, wherever possible. The projects were previously awarded 20-year indexed REC agreements with the New York State Energy Research and Development Authority.

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

On February 17, 2023, Northland entered into an agreement to sell the entire stake in the Highbridge project. The transaction is expected to close in the second half of 2023.

Helios Colombian Solar Project

Northland's 16MW Helios solar project in Colombia achieved full commercial operations in the fourth quarter of 2022. The project achieved financial close in 2021 and secured a 12-year PPA with EBSA, which, in turn, will secure offtake agreements with non-regulated customers.

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 1,200MW of offshore wind generation, for total cash consideration of PLN 255 million ($82 million). Progress continues with the signing of preferred supplier agreements for key elements of the project, including wind turbines, export cables and the offshore and onshore substations. In addition, agreements for the transport and installation of the turbines and for the foundations of all substation elements and offshore substations have been signed.

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 CfD offtake agreement, which was initially denominated in Polish Zloty will now be denominated in Euros at effectively the same rate and inflation indexation will commence with a base year of 2022 (from 2023 previously), providing offsetting benefits to the higher inflationary price pressures experienced. Baltic Power continues to advance towards financial close, expected in 2023. Northland holds a 49% interest in the project with PKN Orlen holding 51%. Upon successful achievement of all necessary approvals, construction of Baltic Power is expected to commence in 2023 following financial close, with commercial operations anticipated in 2026.

La Lucha Mexican Solar Project

The 130MW La Lucha solar project in the State of Durango, Mexico, completed its activities relating to the physical construction in 2022. Northland continues to work to achieve commercial operations at its 130MW La Lucha solar project in Mexico. In January 2023, the relevant Mexican permitting authority approved extension of the generation permit for La Lucha. The Company is now coordinating with the appropriate regulatory authorities to initiate testing of the project in order to achieve commercial operations in the second half of 2023.

Hai Long Offshore Wind Project

In July 2022, Northland announced the signing of a Corporate Power Purchase Agreement (the **"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.

To date, the project has executed the majority of the key contracts with suppliers for various elements of the project including turbines, foundations, cable arrays and both the offshore and onshore substations. The project signed an agreement for the deployment of the Siemens 14MW turbine along with a 15-year service contract covering offshore wind logistics and operations and maintenance. The project also signed a jacket foundation fabrication and pin pile fabrication contract for the supply of foundations. Following the signing of the CPPA for Hai Long 2b and 3 in July, efforts have focused on securing non-recourse project level financing, which has garnered lender interest from various global and local financial institutions in lending to the project for the long term. While the project continues to progress, delays in finalizing the CPPA, longer than expected negotiations relating to supply contracts and certain market conditions pushed back the launch of the project financing and slowed its initial progress. The project financing is progressing towards financial close in 2023, albeit at a slower pace and more challenging conditions than initially expected due to market specific factors. Financial close is expected to occur in 2023 rather than in 2022. The delay in financial close is currently not expected to impact commercial operations for the project, which remain targeted for 2026-2027. On December 14, 2022, Northland signed a share purchase agreement (the **"Hai Long SPA"**) with Gentari to sell 49% of Northland's ownership interest in Hai Long at an equity consideration of approximately NT$18 billion ($0.8 billion), subject to the closing terms of the agreement. This transaction will result in Gentari holding a 29.4% indirect equity interest in Hai Long, with Northland holding a 30.6% interest and continuing to take the lead role in its construction and operation. Pursuant to the Hai Long SPA, the completion of the sale to Gentari is expected to occur following the achievement of financial close of Hai Long and remains subject to receipt of customary regulatory approvals and satisfaction of all closing conditions pursuant to the terms of the Hai Long SPA.

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 1,044MW (626MW net to Northland) by the Bureau of Energy of Taiwan under a FIT program and an auction process in 2019. Key aspects of the Hai Long project are presented in the following table:

Sub-project	Gross Capacity (MW)	Net Capacity (MW) (1)	Year of Grid Connection	Type of Procurement
Hai Long 2A	300	180	2024	FIT
Hai Long 2B	232	139	2025	Auction
Hai Long 3	512	307	2025	Auction
Total	**1,044**	**626**		

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

SECTION 10: OUTLOOK

Adjusted EBITDA

For 2023, management expects Adjusted EBITDA to be in the range of $1.20 billion to $1.30 billion.

Adjusted Free Cash Flow and Free Cash Flow

In 2023, management expects Adjusted Free Cash Flow to be in the range of $1.70 to $1.90 per share and Free Cash Flow to be in the range of $1.30 to $1.50 per share.

Adjusted Free Cash Flow excludes approximately $100 million (approximately $0.40 per share) in growth expenditures that support growth and new initiatives. These growth expenditures are expected to support secured projects including: Scotwind, Nordsee 3 and Delta within the Nordsee Cluster, the Korean projects, the recently acquired Alberta solar portfolio, in addition to other Canadian and US opportunities.

The Company remains well positioned to fund its growth objectives. Northland has access to $1,014 million of available liquidity, including $431 million of cash on hand and an approximately $583 million of capacity on its corporate revolving credit facility as at December 31, 2022, which can be utilized to fund growth projects that ultimately advance to financial close.

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, which may not always be available or available on terms acceptable to Northland. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements.

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

Northland also intends to execute a selective partnership strategy of partial interests of certain of its development projects on or before financial close. The Company will assess each opportunity individually and intends to remain a long-term owner in the renewable projects it develops. Any gains and losses from the future sell-down of ownership interests in development assets would be included in Free Cash Flow and Adjusted Free Cash Flow as they relate to capturing development profits at key milestones. Currently, the Company has two sell-downs in progress and expects to launch more processes in 2023. The expected net proceeds from these sell-downs would increase reported Free Cash Flow in the event they occur in 2023.

Northland is focused on achieving financial close on the Baltic Power and Hai Long offshore wind projects in 2023. Both projects are progressing towards financial close in 2023, though Hai Long continues to be more challenging than expected due to market specific factors.

Over the longer-term, Northland remains in a strong position to achieve substantial growth in Adjusted EBITDA by 2027. With 3 gigawatts (GW) of gross operating capacity and a robust development pipeline of nearly 20GW, the Company is well positioned for an accelerating global energy transition. Northland intends to be selective and pursue only the projects within its pipeline that meet its strategic objectives and targeted returns. With growth in offshore wind set to outpace all other renewables, Northland's leading position in offshore wind positions the Company to be a significant player in this segment through the decade. As the Company was with offshore wind, Northland intends to continue to be at the forefront of emerging renewable energy asset classes.

The following table summarizes Northland's sources of liquidity that have been sourced by the management to fund dividends, and growth and capital investments, including Adjusted Free Cash Flow generated:

	December 31, 2022	December 31, 2021
Dividend Reinvestment Program	**$ 85,424**	$ 88,973
Release of funds from debt service reserve [1]	**33,813**	73,723
Proceeds from Canadian facility up-financing(s)	**—**	39,600
EBSA financing, net of prior debt repayment and costs	**—**	83,959
Equity offering (net proceeds) [2]	**851,610**	949,597
Liquidity Generated Before Adjusted Free Cash Flow	**$ 970,847**	$ 1,235,852
Adjusted Free Cash Flow	**460,892**	386,366
Total Liquidity Generated	**$ 1,431,739**	$ 1,622,218

(1) In 2022 cash release was sourced to fund Gemini and Spain refinancings. 2021 represents the release of cash from Deutsche Bucht's debt service reserve account following the implementation of a debt service reserve facility when the senior debt was restructured.

(2) 2022 net proceeds resulting from activity under the ATM program.

Management continues to monitor global developments and their potential impact on Northland's business and financial results.

SECTION 11: LITIGATION, CLAIMS AND CONTINGENCIES

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland. Refer to Note 27 of the audited consolidated financial statements for additional information including any contingencies arising as a result of completed acquisitions.

SECTION 12: ESG AND CLIMATE CHANGE

ESG at Northland

Northland's primary focus of its **ESG** strategy is to support a just transition towards a sustainable and carbon-free world. Northland's ability to achieve its objectives is based on its ability to safely supply reliable, affordable, and clean energy while delivering long-term economic value for shareholders. This has been Northland's commitment for over 35 years and continues to be core to how projects are developed, constructed, and operated.

The focus of Northland's ESG framework is on continued decarbonization efforts through our renewable energy developments, while effectively managing our resources. This entails developing and empowering our people, creating meaningful and collaborative relationships and partnerships with local and Indigenous communities, and upholding the highest standards of good and responsible governance.

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

Climate-related risks and opportunities

As a growth company with a significant pipeline of development projects, Northland is focused on growing its renewable energy portfolio to support ongoing global de-carbonization efforts. Building on its history of providing clean energy solutions, Northland's strategy reflects the demands and complexities of this transition in the short-, medium- and long-term. Over the next 1 to 5 years Northland will leverage its existing portfolio and expertise to build out its pipeline of greenfield and brownfield offshore and onshore development projects in key markets across North America, Latin America, Europe and Asia. Refer to the 2022 AIF for a summary of regulatory developments in the markets where Northland operates.

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

Northland recognizes the risks associated with climate (both from the transition to a lower carbon economy and from changes in weather). Climate-related risks are assessed throughout the project lifecycle.

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

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

Risk Management

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

SECTION 13: FINANCIAL RISKS AND UNCERTAINTIES

Northland's activities expose it to a variety of risks. Refer to the 2022 AIF for a summary of factors in addition to those discussed below that could significantly affect the operations and financial results of Northland.

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

Market Risk

Market risk is the risk that the fair value of Northland's future cash flows from financial instruments will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. Types of market risk to which Northland is exposed are discussed below.

(i) Interest Rate Risk

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

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

(ii) Credit Spread Risk

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

(iii) Currency Risk

Currency risk arises because the Canadian dollar equivalent of transactions, assets or liabilities denominated in foreign currencies may vary due to changes in foreign exchange rates. Northland is exposed to changes in the euro, US dollar, Colombian peso, Taiwan dollar, Polish Zloty, and to a lesser degree, Pound sterling, Japanese yen and Korean won for the early-stage projects in those countries. Primary exposure to Northland arises from the euro-denominated financial statements and cash distributions at Gemini, Nordsee One, Deutsche Bucht, and the Spanish Portfolio, and Colombian peso-denominated financial statements and cash distributions from EBSA, and development spending at the pipeline projects. Management manages this risk by hedging material net foreign currency cash flows to the extent practical and economical to minimize material cash flow fluctuations.

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

(iv) Commodity Price Risk

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

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

Northland has exposure to Dutch electricity market prices under Gemini's PPA when the market price falls below the contractual floor price. For the year ended December 31, 2022, the average wholesale market price was above the contractual floor price, so the revenue was not impacted by this floor.

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

Financial Counterparty Risk

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

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

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

Liquidity Risk

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

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

Northland is also subject to internal liquidity risk because it conducts its business activities through separate legal entities (subsidiaries and affiliates) and is dependent on cash distributions from those entities to defray corporate expenses and pay dividends. Most operating subsidiaries hold non-recourse debt. Such non-recourse financing agreements typically prohibit distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of Adjusted EBITDA to scheduled loan principal and interest payments over a specified time period. For the year ended December 31, 2022, Northland and its subsidiaries were in compliance with all debt covenants.

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

Refer to Note 27 in the audited consolidated financial statements for the year ended December 31, 2022, for additional information related to Northland's commitments and obligations.

Taxation

During 2021 & 2022, new tax pronouncements were released which could have an adverse effect on Northland and its subsidiaries. Pronouncements include, but are not limited to:

- The Dutch Ministry of Finance reducing the threshold of deductible interest starting January 1, 2022, from 30% to 20% of tax EBITDA;
- The release of draft legislation by the Canadian Department of Finance to address hybrid mismatch arrangements. This draft legislation was not substantively enacted as of December 31, 2022;
- The release of revised draft legislative proposals by the Canadian Department of Finance to implement interest limitation rules. The revised draft legislation deferred Northland's effective date of the Canadian interest limitation rules to January 1, 2024 at which point Canadian interest deductions will be limited to 30% of tax EBITDA. Disallowed interest can be carried forward indefinitely. This draft legislation was not substantively enacted as of December 31, 2022;
- The European Union member states announcing in December 2022 that they had reached an agreement in principle on the introduction of a 15% global minimum tax effective January 1, 2024, and
- The Colombian government implementing a tax reform law effective January 1, 2023, which introduces a 15% minimum effective tax rate on Colombian resident corporations, changes to certain tax credits and an increase in capital gains rates from 10% to 15%.

Northland may also enter into financing structures that could be challenged by the local tax authority. Before entering into a financing structure, legal and tax experts are engaged to ensure all laws, rules and regulations are being followed. A successful challenge by a tax authority may have an adverse effect on Northland and its Adjusted Free Cash Flow.

SECTION 14: CRITICAL ACCOUNTING ESTIMATES

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

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

Additional information on the significant estimates, judgments and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 in the audited consolidated financial statements for the year ended December 31, 2022.

SECTION 15: FUTURE ACCOUNTING POLICIES

Management assesses each new IFRS or amendment to determine whether it may have a material impact on Northland's consolidated financial statements. As at December 31, 2022, there have been no accounting pronouncements by the International Accounting Standards Board expected to materially affect Northland's consolidated financial statements beyond those described in Note 2.18 of the annual audited consolidated financial statements.

SECTION 16: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the design and operation of Northland's disclosure controls and procedures was conducted as of December 31, 2022, by and under the supervision of management, including the CEO and CFO. Based on this evaluation, the CEO and CFO have concluded that Northland's disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (**"NI 52-109"**), were effective as of December 31, 2022.

Internal Controls over Financial Reporting

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

Northland's internal controls over financial reporting are designed to provide reasonable assurance regarding: (i) prevention or timely detection of unauthorized transactions that could have a material effect on Northland's audited consolidated financial statements, and (ii) the reliability of financial reporting and preparation of audited consolidated financial statements for external use purposes in accordance with policies, procedures and IFRS.

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

An evaluation of the effectiveness of the design and operation of Northland's internal controls over financial reporting was conducted as of December 31, 2022, by and under the supervision of the management, including the CEO and CFO using the framework established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

Based on this evaluation, the CEO and CFO have concluded that Northland's internal controls over financial reporting were effective as at the end of the fiscal year ended December 31, 2022.

Changes In Internal Control over Financial Reporting

During the quarter and the year ended December 31, 2022, no changes were made to Northland's policies and procedures and other processes that comprise its internal controls over financial reporting, that have materially affected, or are reasonably likely to materially affect, Northland's internal controls over financial reporting.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation of Northland's consolidated financial statements and annual report. Management has prepared the accompanying consolidated financial statements in accordance with International Financial Reporting Standards, and the financial information included in the annual report is consistent with the consolidated financial statements. Where appropriate, these consolidated financial statements reflect estimates based on the judgements of management. When alternative methods exist, management has chosen those it deems most appropriate in the circumstances in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Management is responsible for the development and maintenance of systems of internal accounting and administrative cost controls of high quality, consistent with a suitable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate, relevant and reliable and that Northland and its subsidiaries' assets are appropriately accounted for and adequately safeguarded.

The Board of Directors and Audit Committee (consisting of independent directors) are responsible for reviewing the consolidated financial statements of Northland and the accompanying management's discussion and analysis and ensuring that management fulfills its responsibilities for financial reporting.

Ernst & Young LLP, the independent auditor, have examined the consolidated financial statements of Northland. The independent auditor's responsibility is to express a professional opinion on the fairness of the consolidated financial statements. The auditor's report outlines the scope of their examination and sets forth their opinion on the consolidated financial statements. Their report as auditor is set out on page 54.

The Audit Committee of Northland meets periodically with management and the independent auditor to discuss internal controls, auditing matters and financial reporting issues and to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee also reviews the consolidated financial statements, management's discussion and analysis and the external auditor's report; examines the fees and expenses for audit services; and considers the engagement or reappointment of the external auditor. The Audit Committee reports its findings to the Board of Directors for consideration prior to the issuance of the Northland consolidated financial statements to the shareholders. Ernst & Young LLP have full access to the Audit Committee and meet with the committee both in the presence of management and separately.

(signed, Mike Crawley)

Mike Crawley

President and Chief Executive Officer

(signed, Pauline Alimchandani)

Pauline Alimchandani

Chief Financial Officer

Toronto, Canada

February 23, 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Northland Power Inc.

Opinion

We have audited the consolidated financial statements of Northland Power Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of Goodwill, Contracts and other intangible assets, and Property, plant and equipment	
As at December 31, 2022, the Group's goodwill, contracts and other intangible assets, and property, plant, and equipment were \$713 million, \$516 million and \$9,378 million, respectively. At each reporting date, management assessed whether indicators of impairment exist for any cash generating units ("CGUs"). Further, for CGUs with goodwill and other intangible assets with indefinite lives, management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of these CGUs. When performing impairment tests, the Group estimates the recoverable amount for each CGU or group of CGUs using the higher of: (i) the value-in-use method; or (ii) the fair value less costs of disposal method. The Group discloses significant judgements, estimates and assumptions and the results of their analysis in respect of impairment, in Notes 3 and 23 to the consolidated financial statements. Auditing management's impairment tests was complex, given the degree of judgement and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amounts of CGUs or group of CGUs. The significant assumptions and inputs noted in the models whereby the net cash flow is determined based on current business plans and budgets approved by management were revenues, operating costs, terminal values, capital expenditures and discount rates.	Based on our risk assessment, with assistance from our valuation specialists, we performed the following procedures, among others, on a sample of management's cash generating unit impairment tests: • Assessed the appropriateness of revenues, operating costs, capital expenditures and terminal values by comparing them to executed or expected power generation contracts and regulatory power distribution rates, historical results, third-party data, current industry, market or economic trends and evidence obtained in other areas of the audit; • Evaluated the discount rates utilized by management, which involved assessing comparable market data; • Performed sensitivity analysis on certain assumptions to evaluate changes in the recoverable amount of the CGU; and • Assessed the adequacy of the disclosures included in Note 23 of the accompanying consolidated financial statements in relation to this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Kerr.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

February 23, 2023

Consolidated Financial Statements

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Consolidated Statements of Financial Position

In thousands of Canadian dollars

As at	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	**$ 1,299,833**	$ 673,692
Restricted cash (Note 18)	**160,142**	155,631
Trade and other receivables	**397,771**	383,308
Other current assets (Note 10.1)	**242,381**	77,950
Derivative assets (Note 20.2)	**248,829**	124,112
Total current assets	**$ 2,348,956**	$ 1,414,693
Property, plant and equipment (Note 5)	**9,377,584**	9,586,466
Contracts and other intangible assets (Note 6)	**515,775**	497,635
Goodwill (Note 7)	**712,618**	753,373
Finance lease receivable (Note 8.1)	**125,938**	131,280
Derivative assets (Note 20.2)	**503,146**	148,559
Long-term deposits (Note 10.2)	**114,789**	99,697
Deferred tax asset (Note 24)	**27,240**	60,931
Investment in joint ventures (Note 9)	**441,565**	138,726
Other assets (Note 10.3)	**54,998**	40,456
Total assets	**$ 14,222,609**	$ 12,871,816
Liabilities and equity		
Trade and other payables (Note 11)	**$ 1,001,773**	$ 504,583
Project loans and borrowings (Note 13)	**784,114**	677,378
Dividends payable (Note 17.4)	**25,669**	24,946
Derivative liabilities (Note 20.2)	**97,296**	197,638
Total current liabilities	**$ 1,908,852**	$ 1,404,545
Project loans and borrowings (Note 13)	**6,177,841**	6,914,836
Corporate credit facilities (Note 14)	**—**	41,825
Provisions and other liabilities (Note 15)	**705,387**	723,302
Derivative liabilities (Note 20.2)	**8,679**	290,651
Deferred tax liability (Note 24)	**697,577**	530,946
Total liabilities	**$ 9,498,336**	$ 9,906,105
Equity		
Common shares (Note 17.1)	**$ 4,945,983**	$ 4,005,462
Preferred shares (Note 17.3)	**144,843**	260,880
Contributed surplus	**5,536**	3,586
Accumulated other comprehensive income (loss)	**(4,040)**	(279,964)
Deficit	**(701,140)**	(1,233,085)
Equity attributable to shareholders	**$ 4,391,182**	$ 2,756,879
Non-controlling interests (**"NCI"**) (Note 18)	**333,091**	208,832
Total equity	**$ 4,724,273**	$ 2,965,711
Total liabilities and equity	**$ 14,222,609**	$ 12,871,816

See accompanying notes.

(signed, John W. Brace)

John W. Brace
Director and Chair of the Board

(signed, Russell Goodman)

Russell Goodman
Director and Chair of the Audit Committee

Consolidated Statements of Income (Loss)

In thousands of Canadian dollars except per Share and Share information

	Year ended December 31, 2022	2021
Sales		
Electricity and related products	**$ 1,916,571**	$ 1,781,785
Regulated electricity	**531,489**	309,312
Other	**755**	2,158
Total sales	**$ 2,448,815**	$ 2,093,255
Cost of sales		
Fuel purchases	**186,767**	144,570
Regulated electricity purchases	**83,659**	68,923
Total cost of sales	**$ 270,426**	$ 213,493
Gross profit	**$ 2,178,389**	$ 1,879,762
Expenses		
Operating costs	**351,995**	327,894
General and administrative (“**G&A**”) costs	**83,963**	67,683
Development costs	**78,217**	77,660
Depreciation of property, plant and equipment (Note 5)	**571,090**	612,755
Amortization of contracts and other intangible assets (Note 6)	**53,611**	23,284
Total expenses	**$ 1,138,876**	$ 1,109,276
Investment income	**523**	3,218
Finance lease income (Note 8.1)	**11,271**	11,662
Operating income	**$ 1,051,307**	$ 785,366
Finance costs, net (Note 22)	**323,632**	342,417
Impairment (Note 7, 23)	**—**	29,981
Foreign exchange (gain) loss	**(41,792)**	81,318
Fair value (gain) loss on derivative contracts (Note 20)	**(460,704)**	(116,621)
Other (income) expense	**(29,948)**	25,040
Income (loss) before income taxes	**$ 1,260,119**	$ 423,231
Provision for (recovery of) income taxes (Note 24)		
Current	**203,376**	84,410
Deferred	**101,286**	68,942
Total income taxes	**$ 304,662**	$ 153,352
Net income (loss)	**$ 955,457**	$ 269,879
Net income (loss) attributable to:		
Non-controlling interests (**“NCI”**) (Note 18)	**127,724**	80,320
Shareholders of the Company	**827,733**	189,559
Net income (loss)	**$ 955,457**	$ 269,879
Weighted average number of shares outstanding - basic and diluted (000s) (Note 21)	**236,157**	218,861
Net income (loss) attributable to common shareholders per share - basic and diluted (Note 17, 21)	**$ 3.46**	$ 0.82

See accompanying notes.

NORTHLAND POWER

Consolidated Statements of Comprehensive Income (Loss)

In thousands of Canadian dollars

		Year ended December 31,		
		2022		**2021**
Net income (loss)	**$**	**955,457**	$	269,879
Items that may be re-classified into net income (loss):				
Exchange rate differences on transaction of foreign operations		**31,076**		(168,934)
Change in fair value of hedged derivative contracts (Note 20)		**425,702**		214,196
Deferred tax recovery (expense) (Note 24)		**(98,444)**		(30,691)
Items that will not be re-classified into net income (loss):				
Re-measurement of pension obligation		**3,161**		(3,832)
Other comprehensive income (loss)	**$**	**361,495**	$	10,739
Total comprehensive income (loss)	**$**	**1,316,952**	$	280,618
Total comprehensive income (loss) attributable to:				
Non-controlling interests (Note 18)		**213,295**		97,344
Shareholders of the Company		**1,103,657**		183,274
Total comprehensive income (loss)	**$**	**1,316,952**	$	280,618

See accompanying notes.

Consolidated Statements of Changes in Equity

In thousands of Canadian dollars

	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders	Non-controlling interests	Total equity
December 31, 2021	**$ 4,005,462**	**$ 260,880**	**$ (1,233,085)**	**$ 3,586**	**$ (279,964)**	**$ 2,756,879**	**$ 208,832**	**$ 2,965,711**
Net income (loss)	**—**	**—**	**827,733**	**—**	**—**	**827,733**	**127,724**	**955,457**
Deferred tax recovery (expense) (Note 24)	**—**	**—**	**—**	**—**	**(96,521)**	**(96,521)**	**(1,923)**	**(98,444)**
Exchange rate differences on translation of foreign operations	**—**	**—**	**—**	**—**	**22,067**	**22,067**	**9,009**	**31,076**
Change in fair value of hedged derivative contracts (Note 20)	**—**	**—**	**—**	**—**	**347,260**	**347,260**	**78,442**	**425,702**
Re-measurement of pension obligation	**—**	**—**	**—**	**—**	**3,118**	**3,118**	**43**	**3,161**
Total comprehensive income (loss)	**$ —**	**$ —**	**$ 827,733**	**$ —**	**$ 275,924**	**$ 1,103,657**	**$ 213,295**	**$ 1,316,952**
Long term incentive plan (Note 17.1)	**591**	**—**	**—**	**1,950**	**—**	**2,541**	**—**	**2,541**
Non-controlling interest disposal (Note 18)	**—**	**—**	**—**	**—**	**—**	**—**	**3,446**	**3,446**
Additional contribution provided by NCI	**—**	**—**	**—**	**—**	**—**	**—**	**1,320**	**1,320**
Common shares issued, net of costs (Note 17.1)	**851,610**	**—**	**—**	**—**	**—**	**851,610**	**—**	**851,610**
Deferred tax on share issuance cost (Note 17.1, 24)	**2,896**	**—**	**—**	**—**	**—**	**2,896**	**—**	**2,896**
Dividends to NCI (Note 18)	**—**	**—**	**—**	**—**	**—**	**—**	**(93,802)**	**(93,802)**
Common share and dividends declared (Note 17.1, 17.4)	**85,424**	**—**	**(284,582)**	**—**	**—**	**(199,158)**	**—**	**(199,158)**
Preferred shares transfer to current-liabilities (Note 17.3)	**—**	**(116,037)**	**—**	**—**	**—**	**(116,037)**	**—**	**(116,037)**
Preferred share dividends (Note 17.3)	**—**	**—**	**(11,206)**	**—**	**—**	**(11,206)**	**—**	**(11,206)**
December 31, 2022	**$ 4,945,983**	**$ 144,843**	**$ (701,140)**	**$ 5,536**	**$ (4,040)**	**$ 4,391,182**	**$ 333,091**	**$ 4,724,273**

See accompanying notes.

Consolidated Statements of Changes in Equity - continued

In thousands of Canadian dollars

	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders	Non-controlling interests	Total equity
December 31, 2020	$ 2,955,840	$ 260,880	$ (1,147,633)	$ 3,225	$ (279,418)	$ 1,792,894	$ 209,877	$ 2,002,771
Net income (loss)	—	—	189,559	—	—	189,559	80,320	269,879
Deferred tax recovery (expense) (Note 24)	—	—	—	—	(30,036)	(30,036)	(655)	(30,691)
Exchange rate differences on translation of foreign operations	—	—	—	—	(157,925)	(157,925)	(11,009)	(168,934)
Change in fair value of hedged derivative contracts (Note 20)	—	—	—	—	185,485	185,485	28,711	214,196
Re-measurement of pension obligation	—	—	—	—	(3,809)	(3,809)	(23)	(3,832)
Total comprehensive income (loss)	$ —	$ —	$ 189,559	$ —	$ (6,285)	$ 183,274	$ 97,344	$ 280,618
Long term incentive plan (Note 17.1)	911	—	—	293	—	1,204	—	1,204
Non-controlling interest disposal (Note 18)	—	—	—	—	5,739	5,739	(8,521)	(2,782)
Non-controlling interest acquired (Note 4)							7,850	7,850
Recognition of put option	—	—	—	68	—	68	—	68
Common shares issued, net of costs (Note 17.1)	949,597	—	—	—	—	949,597	—	949,597
Deferred tax on share issuance cost (Note 17.1, 24)	10,141	—	—	—	—	10,141	—	10,141
Dividends to NCI (Note 18)	—	—	—	—	—	—	(97,718)	(97,718)
Common share and dividends declared (Note 17.1, 17.4)	88,973	—	(264,200)	—	—	(175,227)	—	(175,227)
Preferred share dividends (Note 17.3)	—	—	(10,811)	—	—	(10,811)	—	(10,811)
December 31, 2021	$ 4,005,462	$ 260,880	$ (1,233,085)	$ 3,586	$ (279,964)	$ 2,756,879	$ 208,832	$ 2,965,711

See accompanying notes.

Consolidated Statements of Cash Flows

In thousands of Canadian dollars

	Year ended December 31, 2022	2021
Operating activities		
Net income (loss)	**$ 955,457**	$ 269,879
Items not involving cash or operations:		
Depreciation of property, plant and equipment	**571,090**	612,755
Amortization of contracts and other intangibles	**53,611**	23,284
Impairment of goodwill	**—**	29,981
Finance costs, net	**323,632**	312,537
Fair value (gain) loss on derivative contracts (Note 20)	**(460,704)**	(116,621)
Unrealized foreign exchange (gain) loss	**5,588**	81,318
Deferred tax expense (recovery)	**101,286**	68,942
Other	**(6,852)**	34,721
	$ 1,543,108	$ 1,316,796
Net change in working capital related to operations	**289,875**	292,499
Cash provided by operating activities	**$ 1,832,983**	$ 1,609,295
Investing activities		
Purchase of property, plant and equipment	**(452,576)**	(469,793)
Acquisition of and investments in joint ventures	**(203,479)**	(81,171)
Acquisitions, net (Note 6, 4)	**(37,771)**	(420,563)
Purchase of contracts and other intangible assets	**(32,780)**	—
Restricted cash utilization (funding)	**47,405**	(55,456)
Other	**49,518**	(3,880)
Cash used in investing activities	**$ (629,683)**	$ (1,030,863)
Financing activities		
Proceeds from borrowings, net of transaction costs	**2,789,506**	889,796
Repayment of borrowings	**(3,496,308)**	(1,571,765)
Interest paid	**(336,356)**	(281,479)
Restricted cash utilization (funding)	**2,855**	76,064
Common share dividends	**(196,845)**	(172,755)
Dividends to NCI (Note 18)	**(93,802)**	(97,718)
Preferred share dividends (Note 17.3)	**(11,206)**	(10,811)
Advance payment for redemption of preference shares (Note 10.1, 17.3)	**(121,524)**	—
Common shares issued, net of costs (Note 17.1)	**851,610**	949,597
Other	**7,233**	(6,608)
Cash used in financing activities	**$ (604,837)**	$ (225,679)
Effect of exchange rate differences on cash and cash equivalents	**27,678**	(114,050)
Net change in cash and cash equivalents during the period	**$ 626,141**	$ 238,703
Cash and cash equivalents, beginning of period	**673,692**	434,989
Cash and cash equivalents, end of period	**$ 1,299,833**	$ 673,692

See accompanying notes.

Notes to the Consolidated Financial Statements

1. Description of Northland's Business

Northland Power Inc. (the "**Company**" or "**NPI**") owns or holds net economic interests, through its subsidiaries (together referred in here as "**Northland**" or the "**Group**"), in power-producing facilities and a power distribution utility, as well as in projects under construction or development phases. Northland's facilities produce electricity from clean energy sources for sale primarily under long-term Power Purchase Agreements (**"PPAs"**) or other revenue arrangements with creditworthy counterparties. Northland's utility is a distributor and retailer of electricity compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands, Spain and Colombia. Northland's significant assets under construction and development are located in Canada, Mexico, Taiwan, Poland, Germany, Colombia and the United States.

Northland is incorporated under the laws of Ontario, Canada, with common shares ("**Shares**"), Series 1 cumulative rate reset preferred shares ("**Series 1 Preferred Shares**"), Series 2 cumulative floating rate preferred shares ("**Series 2 Preferred Shares**"), and Series 3 cumulative rate reset preferred shares ("**Series 3 Preferred Shares**") that are publicly traded on the Toronto Stock Exchange ("**TSX**"). Northland is the parent company for the subsidiaries that operate Northland's business. Northland's registered office is located in Toronto, Ontario.

These audited consolidated financial statements ("**Consolidated Financial Statements**") include the results of Northland and its subsidiaries, of which the most significant are listed in the following table:

	Geographic region	% voting ownership as at Dec. 31, 2022 (1)
Offshore Wind		
Buitengaats C.V. and ZeeEnergie C.V. (**"Gemini"**)	The Netherlands	60.0 %
Nordsee One GmbH (**"Nordsee One"**)	Germany	85.0 %
Northland Deutsche Bucht GmbH (**"Deutsche Bucht"**)	Germany	100.0 %
Onshore Renewable		
Northland Power Spain Holdings, S.L.U. (**"Spanish portfolio"**)	Spain	98.5 %
Efficient Natural Gas		
North Battleford Power L.P. (**"North Battleford"**)	Canada	100.0 %
Thorold CoGen L.P. (**"Thorold"**)	Canada	100.0 %
Utility		
Empresa de Energía de Boyacá S.A E.S.P (**"EBSA"**)	Colombia	99.4 %

(1) As at December 31, 2022, Northland's economic interest remain unchanged from December 31, 2021. Northland owns 100% ownership interest in all the facilities within the Spanish Portfolio, except for Elecdey Lezuza, S.A. (a wind facility), where Northland's ownership interest is at 66.2%.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation and Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) and are presented in Canadian dollars. All values are presented in thousands except when otherwise indicated. The comparative financial information has been reclassified from the previously presented to conform to the 2022 Consolidated Financial Statements presentation.

The Consolidated Financial Statements for the year ended December 31, 2022, were approved by the Board of Directors on February 23, 2023.

2.2 Basis of Consolidation

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

2.3 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The acquired identifiable assets, liabilities and contingent consideration that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date, except for (i) income taxes, which are measured in accordance with IAS 12, "Income Taxes"; (ii) share-based payments, which are measured in accordance with IFRS 2, "Share-based Payment"; and (iii) non-current assets that are classified as held for sale, which are measured at fair value less costs to sell in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations." Northland did not designate any assets as held for sale in 2022 and 2021. Any goodwill arising from business combinations is, from the date of acquisition, allocated to each of Northland's cash-generating units (**CGUs**) that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units and tested annually for impairment (see Note 2.8). Goodwill is initially measured at cost, being the excess of the purchase price over Northland's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

2.4 Investment in Joint Ventures and Associates

An associate is an entity over which Northland has significant influence, which is the ability to participate in the financial and operating policy decisions, but without controlling or jointly controlling the investee.

A joint venture is a type of joint arrangement whereby, the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Judgment is required when assessing the classification of a joint arrangement as a joint venture. When making this assessment, Northland considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements, and other facts and circumstances.

Northland's investments in a joint venture or an associate are accounted for under the equity method of accounting, whereby, the carrying value of interest in a joint venture or an associate is initially recognized at cost, which includes transaction costs and subsequently adjusted for Northland's share of net income, other comprehensive income ("OCI"), distributions by a joint venture or an associate and other adjustments to Northland's proportionate interest in a joint venture or an associate.

The Consolidated Financial Statements include Northland's share of the income (loss) and other comprehensive income of the joint venture, after adjustments to align the accounting policies of the joint venture with those of Northland, from the date that joint control commences, until the date that joint control ceases.

In addition, when there has been a change recognized directly in the equity (other than due to other comprehensive income) of the joint venture, Northland recognizes its share of any changes, when applicable, in the consolidated statement of comprehensive income (loss) and corresponding effect would be reflected in the net carrying value of interest in the joint venture.

When Northland's share of losses exceeds its interest in the joint venture, the carrying amount of that interest (including any long term investments) is reduced to $nil and the recognition of further losses is discontinued except to the extent that Northland has a constructive or legal obligation to contribute to such losses or has made payments on behalf of the Joint venture. Currently, Northland does not have an investment in associate.

2.5 Property, Plant and Equipment

Property, plant and equipment (**PP&E**) are recorded at cost, net of accumulated depreciation and any accumulated impairment losses. The cost of PP&E includes the cost of replacing part of the PP&E and borrowing costs for long-term construction projects, if the recognition criteria are met. Likewise, when a major overhaul as described below is performed, its cost is recognized in the carrying amount of the related PP&E as a replacement if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of income (loss) as incurred. The present value of the expected cost for decommissioning is included in the cost of the related asset if the recognition criteria for a provision are met. See Note 2.9 for further information about the measurement of the decommissioning liabilities.

Depreciation expense is recognized on a straight-line basis over its estimated useful lives of the asset primarily as follows:

Description of Asset class	**Useful Lives**
Plant and operating equipment	10 to 35 years
Buildings and foundations	20 to 40 years
Lease ROU asset	1 to 50 years
Leasehold improvements	Over the term of the lease
Other equipment - Vehicles and meteorological towers	5 years
Other equipment - Office equipment, furniture and fixtures	5 years
Other equipment - Computers and computer software	2 years

In general, Northland expects to use its PP&E to their full useful lives and considers residual values, where appropriate, in calculating depreciation.

Assets included in construction-in-progress (**CIP**) are transferred to the appropriate PP&E category and amortized once the assets are available for use, such as when the test period ends and / or the PP&E begins commercial operations.

The costs of all maintenance provided under long-term, fixed-price contracts are charged to the consolidated statements of income (loss) based on the terms of the contract. All major overhaul expenditures that are not incurred under long-term maintenance contracts are capitalized and amortized over the average expected period between major overhauls.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the consolidated statements of income (loss) in the period of derecognition.

Government grants related to the construction of capital assets are recorded as a reduction to the cost of the related asset and amortized over the useful life of the related asset.

2.6 Intangible Assets

The cost of intangible assets acquired is initially recorded at their fair value at the date of acquisition. Intangible assets acquired separately are measured on initial recognition at cost. Internally generated intangible assets, other than deferred development costs, are not capitalized, and the expenditure is reflected the consolidated statements of income (loss).

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Development costs

Development expenditures on an individual project are recorded as assets on the consolidated statements of financial position when Northland can demonstrate:

- The technical feasibility of completing the project so that it will be available for use or sale;
- The intention to complete, and ability to use or sell, the project;
- The project will generate future economic benefits;
- The availability of resources to complete the project; and
- The ability to measure reliably the expenditures during development.

During the period of development, the asset is tested annually for impairment or if any indicators of impairment are identified.

Deferred development costs include pre-construction costs directly related to new projects and are presented under PP&E as CIP. Capitalization begins once it is determined by management that a given project has a high likelihood of being pursued through to completion. Costs are capitalized up to the closing of project financing and/or the start of construction, at which time they are reclassified to the appropriate PP&E category from CIP or recorded as intangible assets, as appropriate. All indirect research and development costs not eligible for asset recognition are expensed as “development costs” on the consolidated statements of income (loss).

Contracts

Contracts relate primarily to the fair value of PPAs and management agreements when they were acquired by Northland and are recorded net of accumulated amortization. Contract amortization is recorded on a straight-line basis over the term of the agreement.

2.7 Leases or Arrangements Containing a Lease

Lessee accounting

At the inception of a contract, Northland assesses whether the arrangement is, or contains, a lease in accordance with IFRS 16, "Leases". If the arrangement meets the definition of a lease, a lease obligation and a related right-to use (**ROU**) asset will be recorded on the applicable lease commencement date. A lease liability initially measured at the present value of the unpaid lease payments discounted using the interest rate implicit in the lease (if readily determinable) or otherwise on Northland's incremental borrowing rate. A ROU asset is initially measured based on the initial amount of the related lease obligation, subject to certain adjustments. The lease obligation is remeasured when there are adjustments to future lease payments arising from a change in applicable indices or rates or changes in lease terms. Upon any such remeasurement, a corresponding adjustment is made to the carrying amount of the related ROU asset.

Northland applies the cost model to subsequently measure lease ROU assets and applies the same impairment policy as other PP&E. Lease ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. The lease term includes any renewal or termination Northland is reasonably certain to exercise. In the case of land leased for future development, Northland assumes an initial lease term of 5 years. Where leased assets are required for the operation of the facility, Northland assumes the lease will be renewed to match the term of the facility's PPA. Northland reassesses the lease term in response to significant events or changes in circumstances. If a lease transfers ownership of the underlying asset or Northland expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset.

Lessor accounting

Northland enters into PPAs to provide electricity and electricity-related products at predetermined prices. At inception of the contract, Northland assesses whether it is, or contains, a lease in accordance with IFRS 16. If the PPA meets the definition of a lease and the terms of the contract do not transfer substantially all of the benefits and risks of ownership of PP&E, it is classified as an operating lease. Where the terms do transfer substantially all of the benefits and risks of ownership, it is classified as a finance lease.

Finance lease receivables are initially measured at amounts equal to the present value of the net investment in the lease. Finance lease income is recognized in a manner that produces a constant rate of return on Northland's net investment in the lease and is included in operating income.

At the commencement of the lease, which generally coincides with start of commercial operations of the facility, Northland separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

2.8 Impairment of Non-financial Assets

Northland assesses at each reporting date whether there is an indication that an asset may be impaired or that previously recognized impairment losses may no longer exist or have decreased. If any indication exists or when annual impairment testing for an asset is required, Northland estimates the asset's or CGU's recoverable amount. The estimated recoverable amount is the higher of (i) an asset's or CGU's estimated fair value less costs to sell or (ii) its value in use. Where the carrying amount of an asset or CGU exceeds its estimated recoverable amount, the asset is considered impaired and is written down to its estimated recoverable amount. When the recoverable amount exceeds the carrying amount for an asset or CGU previously impaired, the reversal is limited to ensure the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment been previously recognized.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used and calculations are corroborated by valuation multiples or other available fair value indicators.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount for each CGU to which the goodwill relates. Where the estimated recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.9 Provisions

General

Provisions are recognized when Northland has a present obligation (legal or constructive) as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where Northland expects some or all of a provision to be reimbursed (for example, under an insurance policy or warranty agreement), the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income (loss) net of any reimbursement.

Decommissioning liabilities

Provisions for decommissioning costs are recorded at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the related asset. The cash flows are discounted at a current pre-tax rate. Where the estimated cash flows reflect the risks specific to the decommissioning liability, a risk-free discount rate is used; otherwise, a discount rate reflective of the risks specific to the decommissioning liability is used. The unwinding of the discount is expensed as incurred and recognized in the consolidated statements of income (loss) as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

2.10 Share-based Compensation

As part of Northland's share-based compensation plans, Northland provides incentives to management and certain employees when projects achieve predetermined milestones ("**Development LTIP**") or to recognize achievements, attract and retain executives ("**Deferred Rights**"). For Development LTIP awards, the cost of the shares awarded is recognized over the estimated vesting period and is capitalized for employees providing services directly involved in the development and construction of the project. The awards vest when the associated project meets established performance expectations. Grants of Deferred Rights vest over a maximum of a three-year period, and the expected cost is expensed over the vesting period. In addition to the Development LTIP and Deferred Rights, share-based compensation in the form of Performance Share Unit (**PSU**), Restricted Share Units (**RSU**) and Deferred Share Units (**DSU**), are granted by Northland to certain executives and directors.

These awards, except for DSU are settled in cash or shares, at Northland's discretion, whereas, DSUs are settled in cash. Accordingly, these are accounted for as a liability until settled. The fair value of the awards is based on the grant date share price and, to the extent that services are provided in advance of the grant date, Northland's reporting date share price. The estimated forfeiture rate reflects the shares that will vest upon achieving project milestone and is revised if there is any indication that the number of shares expected to vest has changed.

2.11 Cash and Cash Equivalents and Restricted Cash

Cash equivalents comprise only highly liquid investments with maturities of less than 90 days. Restricted cash comprises amounts contractually restricted for specific uses including amounts funded against future maintenance, debt service and construction costs at certain Northland subsidiaries. As of December 31, 2022, cash and cash equivalents are comprised of cash balances and a short term deposit held with the banks of $1,275 million (2021 - $674 million) and $25 million (2021 - $nil), respectively.

2.12 Financial Instruments

(a) Financial assets and liabilities

Northland recognizes financial assets and financial liabilities initially at fair value and subsequently remeasure these at either fair value or amortized cost based on their classification as described below. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Northland has transferred substantially all the risks and rewards of ownership.

Fair value through profit and loss:

Financial assets with the intention of generating earnings in the near term, and derivatives other than cash flow hedges, are classified as fair value through profit and loss (**FVPL**). A gain or loss on a financial asset measured at FVPL that is not part of a hedging relationship is recognized in consolidated statement of income (loss) and presented on a net basis in the period in which it arises. For derivative financial assets, gains and losses are shown within "fair value (gain) loss on derivative contracts". Northland classifies loans provided to First Nations partners at FVPL due to the fact that they do not meet the criteria for classification as amortized cost because the contractual cash flows are not solely payments of principal and interest. This is the only non-derivative financial asset measured at FVPL and related gains and losses are shown within "other (income) expense" in the consolidated statements of income (loss). Interest income from FVPL financial assets is included in "investment income".

Financial liabilities held for trading, such as those acquired for the purpose of selling in the near term, and derivative financial instruments entered into by Northland that do not meet hedge accounting criteria are classified as fair value through profit and loss. Gains or losses on this type of liabilities are recognized in the consolidated statement of income (loss).

Amortized cost:

Financial assets held for collection of contractual cash flows that represent solely payments of principal and interest are measured at amortized cost, and include Northland's trade receivables, term deposits and other receivables. Interest income from these financial assets is included in "finance costs, net" using the effective interest rate method.

All other financial liabilities are classified as amortized cost using the effective interest rate method. Gains and losses are recognized in consolidated statements of income (loss) when the liabilities are derecognized as well as through the amortization process. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. This category includes trade and other payables, dividends payable, interest-bearing loans and borrowings, corporate credit facilities, convertible debentures and subscription receipts.

A third category, fair value through other comprehensive income (**FVOCI**), is available; however, Northland has not classified any financial assets or financial liabilities in this category.

(b) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if and only if there is a currently enforceable legal right to offset the recognized amounts and an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The individual derivative financial instruments, that a subsidiary enters into, will not be realized or settled simultaneously, and therefore derivative assets and derivative liabilities are not offset on the consolidated statements of financial position.

(c) Fair value of financial instruments

Northland determines the fair value of its financial instruments at each balance sheet date based on the following hierarchy:

- Level 1 - Where financial instruments are traded in an active financial market, fair value is established by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur with significant frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data where possible, including recent arm's-length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, counterparty risk and volatility are used.
- Level 3 - Valuations at this level are those with inputs that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment; any changes in assumptions may affect the reported fair value of financial instruments.

The fair value of derivative financial instruments reflects the estimated amount that Northland would have been required to pay if forced to settle all unfavourable outstanding contracts or the amount that would be received if forced to settle all favourable contracts at year-end. The fair value represents a point-in-time estimate that may not be relevant in predicting Northland's future earnings or cash flows.

(d) Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Northland designates its derivatives as hedges of:

- Foreign exchange risk associated with the cash flows of highly probable forecast transactions (cash flow hedges);
- Foreign exchange risk associated with net investment in foreign operations (net investment hedges);
- Floating interest rate risk associated with payments of debts (cash flow hedges); and
- Commodity risk associated with payments under PPAs (cash flow hedges).

The fair values of various derivative financial instruments used for hedging purposes and movements in the hedge reserve within equity are shown in Note 20.1.

When a hedging instrument expires, is sold, is terminated, or no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity until the forecasted transaction occurs. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging are immediately reclassified to consolidated statements of income (loss).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in consolidated statements of income (loss) at the time of the hedge relationship rebalancing.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income (**OCI**) and accumulated in reserves in equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of income (loss), within “fair value (gain) loss on derivative contracts”.

Gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity. Amounts accumulated in equity are reclassified in the period when the hedged item affects the consolidated statements of income (loss).

Net investment hedges that qualify for hedge accounting

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of income (loss) within “fair value (gain) loss on derivative contracts”. Gains and losses accumulated in equity will be reclassified to the consolidated statements of income (loss) when the foreign operation is partially disposed of or sold.

Hedge ineffectiveness

Northland’s hedging policy only allows for the use of derivative instruments that form effective hedge relationships. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. Northland enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, Northland uses the hypothetical derivative method to assess effectiveness.

(e) Impairment of Financial assets:

Northland accounts for impairment of financial assets based on a forward-looking expected credit loss (**ECL**) approach. ECL are measured as the difference in the present value of the contractual cash flows due to Northland under the contract and the cash flows that Northland expects to receive. Northland assesses all information available, including past due status, credit ratings, the existence of third-party insurance and forward-looking macro-economic factors in the measurement of the ECL associated with its assets carried at amortized cost and FVOCI. Northland measures ECL by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Impairment of cash and cash equivalents and restricted cash is evaluated by reference to the credit quality of the underlying financial institution or investee.

Trade receivables are reviewed qualitatively on a case-by-case basis to determine if impairment exists.

2.13 Revenue Recognition

(a) Electricity generation and related products

Electricity related revenue is recognized over time as electricity and related products are delivered. Each of Northland's PPAs contain a distinct performance obligation for the delivery of electricity, delivery of capacity (i.e. availability of generation), or a combination of the two. Determining what goods or services promised to the customer constitute a distinct performance obligation requires significant management judgment. Northland considered all goods and services promised in its PPA contracts and determined that while certain promises do have standalone value to the customer, they are not distinct in the context of the contract. Refer to Note 25 for details on revenue streams disaggregated by technology and geography.

Northland views each megawatt hour (**MWh**) of electricity and/or capacity delivered to be a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that Northland has a right to bill the customer reflects the pattern of transfer and value of the completed performance to the customer. As a result, Northland applies the "right to invoice" practical expedient under IFRS 15, "Revenue from Contracts with Customers", to measure and recognize revenue.

(b) Regulated revenue from electricity generation and utility

Revenue from the Spanish facilities is primarily comprised of two main components, return on investment (**"Ri"**) as well as a larger component based on pool prices. While a renewables operator may collect the settled pool price per MWh produced, under IFRS, until the facilities have earned their guaranteed pre-tax rate of return, revenue is only recognized at the pool price originally forecasted by the Spanish regulator at the start of the regulatory semi-period (the **"posted price"**).

Any pool price revenue collected significantly in excess of the assumed pool price in the current regulatory semi-period is recognized as deferred revenue. The long-term portion of deferred revenue is presented under provisions and other liabilities, whereas, the short-term portion of deferred revenue is presented under trade and other payables in the consolidated statement of financial position. The deferred revenue is recognized as revenue over the remaining regulatory periods and presented under regulated electricity in the consolidated statement of income (loss). Any pool price revenue collected less than the assumed pool price in the current regulatory semi-period is recognized as a receivable and presented under other assets in the consolidated statement of financial position. Collectively known as "Band Adjustments" mechanism.

During the year ended December 31, 2022, the Spanish authorities enacted changes to the above regulatory framework that raised the assumed price retroactively from January 1, 2022, thus allowing renewables operators to recognize higher revenue in the year. In addition, there were also changes to the Band Adjustments for 2022 that permitted the recognition of deferred revenue from 2020 and 2021 into 2022, earlier than the original regulation allowed for.

Regulated utility revenues from generation, transmission, distribution and commercialization (i.e. retail) tariffs are recognized as electricity is delivered to customers. Revenues include amounts billed or billable to customers for generation and transmission tariffs, which are passed through to third parties. Northland records these revenues on a gross basis since Northland is responsible for procuring electricity and has collection risk for these amounts.

Payments to customers are recorded as an expense when the payments relate to a separate good or service provided by the customer and recorded as a reduction in revenue when the payments relate to Northland's performance obligations under the contract (e.g. liquidated damages penalties).

(c) Other sources of revenue

Northland recognizes management fees and operations-related incentive fees as earned based on the terms of its respective facility agreements as work is performed.

(d) Interest and investment income

Interest and investment income are recognized as earned in accordance with the terms of the underlying financial contracts. Interest income earned on third-party loans is included in "investment income" while interest income earned on cash and cash equivalents balances is included in "finance costs, net" in the consolidated statements of income (loss).

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of a qualifying asset that takes a substantial period of time to prepare for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

2.15 Taxes

Current income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authorities. Tax rates and tax laws that are enacted or substantively enacted at the reporting date are used in the computations.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of income (loss).

Deferred income tax

Deferred income tax is determined using the asset and liability method at the reporting date on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting income nor taxable income or loss and does not give rise to equal taxable and deductible temporary differences; and
- Where the deferred income tax liability relates to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable income will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting income nor taxable income or loss and does not give rise to equal taxable and deductible temporary differences; and
- Where the deferred income tax asset relates to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity, not the consolidated statement of income (loss).

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Sales taxes

Sales, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included in the consolidated statements of financial position.

2.16 Foreign Currency Translation

Northland's Consolidated Financial Statements are presented in Canadian dollars, which is Northland's functional currency. For each subsidiary or a joint venture (referred herein as "foreign operations") Northland determines the functional currency and measures items included in the financial statements of such foreign operations in that functional currency. The functional currency of Northland's significant foreign operations reflects the primary economic environment in which each they operate and includes the Canadian Dollar United States Dollar, Pound Sterling, Euro, Mexican Peso, New Taiwan Dollar, Polish Zloty, Korean Won, Japanese Yen and Colombian Peso.

The assets and liabilities of foreign operations are translated into Canadian dollars at the closing rate at the date of respective statement of financial position and their income and expenses are translated at the average exchange rate for each quarterly period. The exchange differences arising on the translation are recognized in accumulated OCI in equity. On disposal of a foreign operation, the cumulative amount recognized in equity relating to the foreign operation is recognized in the consolidated statement of income (loss).

2.17 Contingencies and Commitments

Liabilities for loss contingencies arising from environmental remediation, claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

2.18 New Standards or Amendments and Forthcoming Requirements

Northland assesses each new IFRS or amendment to determine whether it may have a material impact on its Consolidated Financial Statements. The following standards and amendments to the standards apply for the first time to financial reporting periods commencing on or after January 1, 2022:

- *Amendments to IAS 16, Property, Plant and Equipment* – IASB has issued amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use and instead recognizing the same in the income (loss) account.
- *Amendments to IFRS 3, Business Combinations* – Updates to a reference in IFRS 3 to the conceptual framework for financial reporting without changing the accounting requirements for business combinations.
- *Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets* – Specifies what costs an entity considers in assessing whether a contract is onerous. Amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.' Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

Northland adopted the above amendments as of January 1, 2022, and there has been no impact on the Consolidated Financial Statements as of and for the year ended December 31, 2022.

IASB has issued following new amendments to the standards before December 31, 2022, with an effective date for accounting periods ending on or after January 1, 2023:

- *Amendments to IAS 1, Presentation of Financial Statements (effective from the annual period beginning on or after January 1, 2024)* – These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- *Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors (effective from the annual period beginning on or after January 1, 2023)* – Introducing a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.
- *Amendment to IAS 12, Income Taxes (effective from the annual period beginning on or after January 1, 2023)* – Requiring companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and temporary deductible differences.

The amendments are not expected to have a material impact on the Consolidated Financial Statements of Northland.

3. Significant accounting Judgments, Estimates and Assumptions

When preparing the Consolidated Financial Statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses and in applying accounting policies. The actual results are likely to differ from the judgments, estimates and assumptions and will seldom precisely equal the estimated results.

The significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

3.1 Judgements

In the process of applying Northland's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

a) Deferred development costs

Management monitors the progress of development projects in the prospecting, development and advanced development phases using a project management system. Advanced development costs are recognized as an asset in accordance with IFRS once management determines a project is economically feasible and risks to project completion have been sufficiently mitigated. In contrast, prospecting and development phase project costs are expensed as incurred.

Determining which projects will continue to be pursued and when to begin deferring costs for advanced development phase projects requires judgment. Management regularly reviews the feasibility of each project that is being developed, and should management determine that the development of a particular project is no longer feasible to be pursued to completion, the deferred costs are expensed in the period the determination is made.

b) Accounting for investments in non-wholly owned subsidiaries

Management exercises judgment in determining whether non-wholly owned subsidiaries are controlled by Northland. Management's judgment included the determination of (i) how the relevant activities of the subsidiary are directed (either through voting rights or contracts); (ii) whether Northland's rights are substantive or protective in nature; and (iii) Northland's ability to influence the returns of the subsidiary. In addition, where subsidiaries are subject to joint control, Management applies judgment in determining whether Northland's rights are to the net assets or individual assets and liabilities of the joint arrangement, which results in accounting for the subsidiary as a joint venture or joint operation, respectively. Refer to Note 18 for details on significant non-wholly owned subsidiaries.

3.2 Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. Management based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond management's control. Accordingly, such changes are reflected in the assumptions when they occur.

a) PP&E and intangible assets

PP&E and intangible assets are depreciated over their useful lives, taking into account estimated residual values, where appropriate. Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate. In assessing residual values, Northland considers the remaining life of the asset, its projected disposal value and future market conditions. Useful lives take into account factors such as technological innovation, maintenance programs, relevant market information and management considerations. Management judgment is also required when Northland acquires entities and must allocate the purchase price to the fair value of the assets and liabilities acquired, which includes PP&E and intangible assets. See Note 4.1 for additional details. The carrying amounts of PP&E and intangible assets are analyzed in Notes 5 and Note 6, respectively.

b) Decommissioning liabilities

Northland's decommissioning liabilities relate to wind, solar and closed efficient natural gas facilities. Future remediation costs, whether required under contract or by law, are recognized based on best estimates. These estimates are calculated at completion of construction and reviewed annually or more often if there is reason to believe the estimate has changed. Cost estimates depend on labour costs, efficiency of site restoration and remediation measures, inflation rates and, where possible, risks specific to the liability. Estimates of pre-tax interest rates that reflect current market conditions, the time value of money and, where applicable, the risks specific to the liability also affect the liability. Northland estimates the timing of expenses, which may change depending on the viability of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Subject to plant closures, Northland expects to use assets at the efficient natural gas facilities and regulated utility operations for an indefinite period due to continuing equipment overhauls and rights to the underlying land. As a result, management considers that a reasonable estimate of the value of any related decommissioning liability cannot be made until it is known that the facility will be closed. See Note 15.1 for additional details.

c) Fair value of financial assets and financial liabilities

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments, see Note 20.1 for additional details on fair values of financial instruments.

d) Impairment of non-financial assets

Northland tests impairment of goodwill, other intangible assets and PP&E based on value-in-use calculations using a discounted cash flow model. The cash flows are derived from forecasts over the remaining useful lives of the assets of the CGUs, less an allocation of forecasted corporate costs. The estimated recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. The key assumptions used to estimate the recoverable amount for the different CGUs are further explained in Note 23.

For certain assets, Northland also uses fair value less cost to sell (**FVLCS**) method in which most recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples for similar transactions or other available fair value indicators. FVLCS approach is most sensitive to EBITDA multiples and price per megawatts.

e) Income taxes

Preparation of the Consolidated Financial Statements requires an estimate of income taxes in each of the jurisdictions in which Northland operates. The process involves an estimate of Northland's current tax exposure and an assessment of temporary differences resulting from differing treatment of items such as depreciation and amortization for tax and accounting purposes. These differences result in deferred tax assets and liabilities that are included in Northland's consolidated statements of financial position.

An assessment is also made to determine the likelihood that Northland's deferred income tax assets will be recovered from future taxable income.

Judgment is required to continually assess changing tax interpretations, regulations and legislation to ensure liabilities are complete and to ensure assets, net of valuation allowances, are realizable. The impact of different interpretations and applications could be material.

4. Business Combinations and Acquisitions

4.1 Spanish Renewables Acquisition

On August 11, 2021, Northland completed its previously announced acquisition of a Spanish operating portfolio of 33 onshore wind, solar photovoltaic, and concentrated solar renewable projects (the "Spanish acquisition"). The transaction included the acquisition of 100% of the shares in 40 operating entities and 66.2% of the shares in one entity, and was treated as a business combination under *IFRS 3 - Business Combinations*. Total cash consideration transferred was €348 million ($511 million) after certain working capital, net debt and other adjustments, and was funded from the net proceeds of Northland's common share equity offering completed in April 2021.

The fair value of the assets acquired and liabilities assumed as of the date of acquisition is as follows:

As at		**August 11, 2021**
Cash	$	90,154
Restricted cash		7,262
Trade and other receivables		44,472
Other current assets		4,011
Property, plant and equipment (Note 5)		1,573,274
Goodwill (Note 7)		161,010
Other long-term assets		6,418
Deferred tax asset		43,266
Trade and other payables		(31,535)
Facility-level loans and borrowings (Note 13)		(1,124,187)
Provisions and other liabilities		(111,685)
Deferred tax liability		(124,409)
Derivative liabilities		(19,483)
Total identifiable net assets acquired	**$**	**518,568**
Less: Non-controlling interests (Note 18)		(7,850)
Net assets acquired	**$**	**510,718**

The Spanish Renewables Acquisition's Contribution to Northland's Results

The Spanish acquisition's results are consolidated in Northland's financial results, effective August 11, 2021. For the year ended December 31, 2021, the Spanish acquisition contributed approximately $92 million and $37 million to Northland's consolidated sales and net income, respectively. If the Spanish acquisition had occurred on January 1, 2021, Northland estimates that consolidated sales and net income for the year ended December 31, 2021, would have been $92 million higher and $32 million lower, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2021. Transaction costs of approximately $7 million were included in "Development costs" in the consolidated statements of income (loss). Refer to the Onshore Renewable segment in Note 25 for details on the Spanish acquisition's assets and results.

5. Property, Plant and Equipment

The following table summarizes movements in Northland's property plant and equipment by category:

	Construction-in-progress	Plant and operating equipment	Land, buildings and leasehold improvements	Lease ROU asset	Other equipment [1]	Total
Cost						
January 1, 2021	$ 212,481	$ 9,113,678	$ 2,097,362	$ 84,112	$ 43,737	$ 11,551,370
Acquired (Note 4)	—	1,515,247	84	57,943	—	1,573,274
Additions	442,190	35,322	811	42,774	6,056	527,153
Transfer from CIP	(24,057)	22,344	1,551	—	162	—
Exchange rate differences	(9,034)	(561,824)	(109,496)	(4,374)	(4,733)	(689,461)
Provisions, disposals and other [2]	609	(7,864)	(108)	(1,162)	(1,597)	(10,122)
December 31, 2021	$ 622,189	$ 10,116,903	$ 1,990,204	$ 179,293	$ 43,625	$ 12,952,214
Additions	**374,936**	**69,936**	**1,414**	**11,552**	**2,583**	**460,421**
Transfer from CIP	**(83,677)**	**78,033**	**3,252**	**—**	**2,392**	**—**
Exchange rate differences	**52,841**	**10,694**	**10,282**	**3,995**	**(1,630)**	**76,182**
Provisions, disposals and other [2]	**(124,990)**	**(365,592)**	**(130,623)**	**(4,316)**	**827**	**(624,694)**
December 31, 2022	**$ 841,299**	**$ 9,909,974**	**$ 1,874,529**	**$ 190,524**	**$ 47,797**	**$ 12,864,123**
Accumulated depreciation						
January 1, 2021	$ —	$ 2,270,045	$ 555,498	$ 16,947	$ 28,921	$ 2,871,411
Exchange rate differences	—	(91,514)	(23,201)	(351)	(701)	(115,767)
Depreciation	—	496,775	98,511	11,768	5,701	612,755
Disposals and others	—	(1,622)	—	(1,123)	94	(2,651)
December 31, 2021	$ —	$ 2,673,684	$ 630,808	$ 27,241	$ 34,015	$ 3,365,748
Exchange rate differences	**—**	**21,528**	**5,997**	**657**	**(637)**	**27,545**
Depreciation	**—**	**461,088**	**89,020**	**15,661**	**5,321**	**571,090**
Disposals and others	**—**	**(357,671)**	**(118,085)**	**(3,022)**	**934**	**(477,844)**
December 31, 2022	**$ —**	**$ 2,798,629**	**$ 607,740**	**$ 40,537**	**$ 39,633**	**$ 3,486,539**
Net book value						
December 31, 2021	622,189	7,443,219	1,359,396	152,052	9,610	9,586,466
December 31, 2022	**$ 841,299**	**$ 7,111,345**	**$ 1,266,789**	**$ 149,987**	**$ 8,164**	**$ 9,377,584**

(1) Other equipment includes vehicles, meteorological towers, office equipment, furniture and fixtures, and computer software.

(2) Provisions, disposals and other includes disposal and transfers of assets and recognition of accruals, net of amounts paid, under the LTIP.

As at December 31, 2022, construction-in-progress is primarily comprised of construction projects including, the New York Wind projects in the United States, and the La Lucha project in Mexico.

For the year ended December 31, 2022, provision, disposals and others includes derecognition of capitalized project cost of $91 million, which is contributed by Northland to the Hai Long project (Refer to Note 9(a)).

On April 7, 2022, Northland completed the sale of its two efficient natural gas facilities in Ontario, Canada, with a net book value of $5 million as at the date of sale. The respective costs and the accumulated depreciation for these facilities have been included in the provision, disposal and other lines above.

6. Contracts and Other Intangible Assets

The following table illustrates movements in Northland's intangible asset contract balances:

		2022		2021
Cost				
As at January 1	**$**	**797,719**	$	817,057
Acquired		**37,771**		23,278
Additions		**32,780**		—
Disposals		**(148,925)**		—
Foreign exchange		**4,177**		(42,616)
December 31,	**$**	**723,522**	$	797,719
Accumulated Amortization				
As at January 1	**$**	**300,084**	$	283,886
Disposals		**(148,882)**		—
Amortization		**53,611**		23,284
Foreign exchange		**2,934**		(7,086)
December 31,	**$**	**207,747**	$	300,084
Net book value	**$**	**515,775**	$	497,635

Acquired represents contracts assets capitalized as a part of the acquisition of a majority equity interest in a late-stage lithium-ion battery energy storage project in southern Ontario (the "**Oneida Energy Storage Project**"), Canada and the acquisition of 100% equity interest in certain early to late-stage development projects in Alberta (the "**Alberta Portfolio**"), Canada.

Additions during the year ended December 31, 2022, include $33 million (£20 million) in relation to an Option Lease Agreement entered with the Scottish government, which provides Northland with development exclusivity over the awarded sites for a period of up to 10 years (Note 25).

On April 7, 2022, Northland completed the sale of its two efficient natural gas facilities in Ontario, Canada. Disposals include the respective costs and the accumulated depreciation for these facilities (Note 5).

7. Goodwill

Acquired goodwill was allocated to CGUs expected to benefit from the synergies of the acquisition. Changes in the goodwill during the years ended December 31, 2022, and 2021 are summarized below:

		2022		2021
Cost				
As at January 1	**$**	**861,454**	$	786,806
Acquisition of business (Note 4)		**—**		161,010
Foreign exchange		**(40,755)**		(86,362)
December 31,	**$**	**820,699**	$	861,454
Accumulated Impairment				
As at January 1	**$**	**(108,081)**	$	(78,100)
Impairment (Note 23)		**—**		(29,981)
December 31,	**$**	**(108,081)**	$	(108,081)
Net Book Value	**$**	**712,618**	$	753,373

During the year ended December 31, 2021, Northland wrote off $30 million of goodwill relating to the Iroquois Falls facility as a result of the expiry of its PPA in December 2021. Refer to Note 23 for additional information on impairment.

8. Leases

8.1 Northland as Lessor

Spy Hill's long-term PPA is classified as a finance lease arrangement, whereby Northland is considered to have leased the Spy Hill facility to Saskatchewan Power Corporation ("**SaskPower**") for 25 years ending in 2036. For the year ended December 31, 2022, finance lease income of $11 million (2021 - $12 million) was recognized.

The amounts receivable under finance lease accounting are as follows:

As at	December 31, 2022		December 31, 2021	
Minimum lease payments	**Minimum lease payments**	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Within one year	**$ 16,188**	**$ 5,343**	$ 16,189	$ 4,918
After one year but not more than five years	**64,749**	**26,410**	64,750	24,308
More than five years	**141,445**	**99,528**	157,630	106,972
	$ 222,382	**$ 131,281**	$ 238,569	$ 136,198
Less: Unearned finance income	**(91,101)**	**—**	(102,371)	—
Total finance lease receivable	**$ 131,281**	**$ 131,281**	$ 136,198	$ 136,198
Current portion (Note 10.1)		**5,343**		4,918
Long-term		**$ 125,938**		$ 131,280

The interest rate inherent in the lease was fixed for the entire lease term at the lease inception date at approximately 8.4% per annum.

8.2 Northland as Lessee

Northland and several of its subsidiaries have entered into leases for land with private and public landowners, buildings, and operating equipment. The original terms of these leases range from one to 50 years.

The amount of the lease ROU asset and associated depreciation by type of underlying asset as at December 31, 2022 are as follows:

	Land	Vehicle	Equipment	Building	Total
January 1, 2021	$ 33,500	$ 429	$ 19,073	$ 14,163	$ 67,165
Acquired	57,943	—	—	—	57,943
Additions	38,657	961	191	2,965	42,774
Provisions, disposals and other (1)	—	(39)	—	—	(39)
Depreciation expense	(4,326)	(348)	(4,788)	(2,306)	(11,768)
Foreign exchange	(1,903)	(91)	(1,113)	(916)	(4,023)
December 31, 2021	**$ 123,871**	**$ 912**	**$ 13,363**	**$ 13,906**	**$ 152,052**
Additions	**4,668**	**655**	**2,034**	**4,195**	**11,552**
Provisions, disposals and other (1)	**(673)**	**(3)**	**(427)**	**(191)**	**(1,294)**
Depreciation expense	**(7,277)**	**(1,833)**	**(4,810)**	**(1,741)**	**(15,661)**
Foreign exchange	**3,265**	**(68)**	**127**	**14**	**3,338**
December 31, 2022	**$ 123,854**	**$ (337)**	**$ 10,287**	**$ 16,183**	**$ 149,987**

(1) Provisions, disposals and other includes disposal and transfers of leased assets.

The lease ROU asset balance is included in "property, plant and equipment" in the consolidated statements of financial position.

Northland expenses payments for leases that are short-term (i.e. term of 12 months or less) and low value, as well as variable payments that are excluded from lease payments, such as usage-based fees or utility charges. For the year ended December 31, 2022, lease expense of $6 million (2021 - $5 million) was recognized in "general and administrative costs" and "operating costs" in the consolidated statements of income (loss).

The following table illustrates movements in Northland's lease liabilities:

		2022		2021
As at January 1	**$**	**150,982**	$	67,473
Acquired		**—**		57,943
Additions		**11,552**		42,774
Accretion of interest (Note 22)		**3,382**		2,108
Payments		**(14,834)**		(15,363)
Foreign exchange		**4,130**		(3,953)
December 31,	**$**	**155,212**	$	150,982
Current (included in "Trade and other payables"- Note 11)		**16,748**		12,918
Non-current (included in "Provision and other liabilities"- Note 15)	**$**	**138,464**	$	138,064

9. Investment in Joint Ventures

Below are Northland's significant joint ventures as at December 31, 2022. The entities have share capital consisting solely of ordinary shares, which are held directly or indirectly by Northland. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Joint Venture	Place of business/ Country of incorporation	Ownership %		Carrying Amount as of	
		Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Baltic Power (Note 9.1)	Poland	49%	49%	**$ 128,341**	$ 128,111
Hai Long (Note 9.2)	Taiwan	60%	—	**280,668**	—
Others (Note 9.3 and 9.4)				**32,556**	10,615
Total investments in joint ventures				**$ 441,565**	$ 138,726

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

a) Reconciliation to equity investments carrying amounts

	Opening Net assets	FV of net assets acquired	Equity contribution	Net income (loss) for the period	Currency translation gain (loss)	Closing Net assets	Northland's share in %	Northland's share in net assets	Other adjustments	Carrying amount
As of December 31, 2022										
Baltic Power	**$ 257,077**	**$ —**	**$ —**	**$ (1,691)**	**$ (572)**	**$ 254,814**	**49 %**	**$ 123,738**	**$ 4,603**	**$ 128,341**
Hai Long (a)	**—**	**—**	**324,426**	**(28)**	**5,460**	**329,858**	**60 %**	**197,915**	**82,753**	**280,668**
Total	**$ 257,077**	**$ —**	**$ 324,426**	**$ (1,719)**	**$ 4,888**	**$ 584,672**		**$ 321,653**	**$ 87,356**	**$ 409,009**
As of December 31, 2021										
Baltic Power	$ —	$ 139,065	$ 131,738	$ (5,148)	$ (8,578)	$ 257,077	49 %	$ 124,837	$ 3,274	$ 128,111

a) The other adjustments in the carrying amount of Hai long also includes an amount of $91 million, representing capitalized development cost contributed to Hai Long by Northland (Note 5).

In addition to the above, Northland's share in commitments and contingencies in relation to its joint ventures are summarized in Note 9(d).

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

b) Summarized statement of financial position

	Current assets				Current liabilities			Non-current liabilities		
	Cash and cash equivalents	Other current assets	Total current assets	Non-current assets	Financial liabilities*	Other current liabilities	Total current liabilities	Other non-current liabilities	Total non-current liabilities	Net Assets
As of December 31, 2022										
Baltic Power	**$ 44,358**	**$ 20,137**	**$ 64,495**	**$ 211,118**	**$ —**	**$ 18,813**	**$ 18,813**	**$ 1,986**	**$ 1,986**	**$ 254,814**
Hai Long	**107,151**	**3,373**	**110,525**	**262,931**	**—**	**42,967**	**42,967**	**631**	**631**	**329,858**
Total	**$ 151,509**	**$ 23,510**	**$ 175,020**	**$ 474,049**	**$ —**	**$ 61,780**	**$ 61,780**	**$ 2,617**	**$ 2,617**	**$ 584,672**
As of December 31, 2021										
Baltic Power	$ 52,520	$ 42,399	$ 94,919	$ 177,719	$ 15,414	$ 147	$ 15,561	$ —	$ —	$ 257,077

* Financial liabilities exclude trade payables, which are included within the other liabilities.

c) Summarized statement of comprehensive income

	Interest income	Depreciation and amortization	Interest expense	Development expenses	Net income (loss)	Total comprehensive income (loss)
Year Ended December 31, 2022						
Baltic Power	**$ 920**	**$ (224)**	**$ (61)**	**$ —**	**$ (1,691)**	**$ (1,691)**
Hai Long	**—**	**—**	**—**	**—**	**(28)**	**(28)**
Total	**$ 920**	**$ (224)**	**$ (61)**	**$ —**	**$ (1,719)**	**$ (1,719)**
Year Ended December 31, 2021						
Baltic Power	$ 299	$ —	$ (135)	$ (3,379)	$ (5,148)	$ (5,148)

d) Letters of credit and parental guarantees issued by Northland

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

As at December 31,	**2022**	**2021**
Baltic Power	**$ 203,696**	$ 130,948
Hai Long	**328,268**	—
Other joint ventures	**120,171**	761
Total	**$ 652,135**	$ 131,709

9.1 Polish Offshore Wind Development Project in Baltic Sea "Baltic Power"

On March 24, 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project in the Baltic Sea for a an initial cash consideration of PLN255 million ($82 million). In June 2021, Baltic Power secured a 25-year Euro-denominated Contract for Differences ("**CfD**") offtake agreement from Poland's Energy Regulatory Office under the Polish Offshore Wind Act. Baltic Power is structured as a standalone legal entity, and Northland has an interest in the net assets of Baltic Power. Accordingly, Northland has classified its interest in Baltic power as a joint venture, accounted for under the equity method.

Additional purchase price commitments

Pursuant to a joint venture agreement, Northland has made additional purchase price commitments of $46 million (€33 million) to be funded over the next two years from the acquisition date, of which $35 million (€26 million) have been invested as of December 31, 2022. The remaining commitment, amounting to $11 million (€8 million) have been recognized within the other payables in these Consolidated Financial Statements (Note 11).

For the year ended December 31, 2022, Northland recharged expenses, including staff costs of $14 million (2021 - $3 million) to Baltic Power.

9.2 Hai Long Offshore Wind Project

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

On December 14, 2022, Northland signed a share purchase agreement with Gentari International Renewables Pte. Ltd (**"Gentari"**) to sell 49% of Northland's ownership interest in the Hai Long Projects. This transaction will result in Gentari acquiring 29.4% indirect equity interest in the Hai Long projects. As of December 31, 2022, the transaction has not closed. The completion of the sale to Gentari is expected to occur following the achievement of financial close of Hai Long and remains subject to receipt of customary regulatory approvals and satisfaction of all closing conditions pursuant to the terms of the agreement.

For the year ended December 31, 2022, Northland recharged expenses, including staff costs of $9 million (2021 - $nil) to Hai Long Projects.

9.3 Nordsee Offshore Wind Cluster

In January 2022, Northland and its German partner, RWE Renewables GmbH (**"RWE"**), announced the formation of a Nordsee Offshore Wind Cluster (the "**Cluster**") partnership encompassing Nordsee Two GmbH ("**N2**"), Nordsee Three GmbH ("**N3**") and Offshore-Windpark Delta Nordsee GmbH ("**Delta**"). As a result, Northland reduced its ownership interest in N2 and N3 from 85% to 49% and acquired a 49% interest in Delta. The change of control in N2 and N3 resulted in a gain of $15 million, which is included in the "Other (income) expense" line within the Consolidated Statement of income (loss) for the year. Subsequent to the loss of control, since Northland and RWE jointly control N2, N3 and Delta under the terms of the agreement, the three projects are accounted for using the equity method. As a part of this transaction, Northland also committed to paying $20 million to RWE on the date of the final investment decision taken for Delta, expected in 2026, to fund the historical development expenses of Delta.

On August 10, 2022, Northland entered into a Shares Purchase Agreement (**"SPA"**) with RWE for the purchase of a 49% stake in RWE Renewables Offshore Development Two GmbH ("**Godewind**"), which has been integrated as a part of the Cluster. Pursuant to the terms of SPA, management concluded Godewind as a jointly controlled investment and, therefore, accounted for using the equity method. As of December 31, 2022, the carrying value of the investment in Cluster amounts to $18 million.

9.4 Colombian Solar Project (Suba)

On July 29, 2022, Northland entered into a Trust Agreement with EDF Renewables Colombia S.A.S ("**EDFR**") to jointly develop, construct, operate, and decommission two solar power projects, with aggregate production capacity of 130 MW ("**Suba**") in Colombia. While EBSA owns 99.9% of the fiduciary rights in the Trust, in accordance with the contractual terms of the Trust Agreement, Northland has a right to 50% economic benefits in Suba. Accordingly, management concluded Suba was a jointly controlled investment and, therefore, accounted for using the equity method. As of December 31, 2022, the carrying value of the investment in Suba amounts to $7 million.

10. Other Assets

10.1 Other Current Assets

The current assets consist of the following:

As at December 31,		2022		2021
Short term deposits	**$**	**146,524**	$	—
Spare parts and other inventory		**43,061**		35,945
Prepaid expenses		**46,731**		36,423
Finance lease receivable (current portion) (Note 8.1)		**5,343**		4,918
Natural gas inventory		**722**		664
Total	**$**	**242,381**	$	77,950

Short term deposits include an advance payment, amounting to $122 million, made to Northland's share registrar in relation to the Series 3 Preferred shares which were redeemed on January 3, 2023 (Note 17.3) and a short term bank deposit amounting to $25 million, held with a reputable Canadian bank and carried an interest rate of 5.01% with the maturity of November 2023.

10.2 Long-term Deposits

Long-term deposits consist of the following:

As at December 31,		2022		2021
Decommissioning deposit	**$**	**108,104**	$	93,197
Other		**6,685**		6,500
Total	**$**	**114,789**	$	99,697

Gemini provided a letter of credit to the Dutch government to secure future decommissioning liability for Gemini. The letter of credit is collateralized by a long-term deposit amounting to $57 million (2021 - $55 million), held by project lenders in a money market fund due in 2042 and earns interest at a rate of 6-month EURIBOR plus 0.8%.

10.3 Other Assets

Other assets consist of the following:

As at December 31,		2022		2021
Receivable related to terminated derivative contracts	**$**	**32,608**	$	—
Tax Receivable on Band Adjustments		**7,125**		7,362
Prepaid expenses		**7,765**		7,663
Government grant receivable (a)		**—**		21,403
Other [1]		**7,500**		4,028
Total	**$**	**54,998**	$	40,456

(1) Other mainly include deferred financing cost amounting to $3 million, associated with the syndicated revolving facility (Note 14).

(a) 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. As at December 31, 2022, Nordsee One had an accrued government grant relating to its construction, in amount of $22 million (2021 - $39 million). Out of this, an amount equal to $nil (2021 - $21 million) is included in "**Other Assets**" above, and the remaining balance of $22 million (2021 - $18 million) is classified as current and included in "**Trade and Other Receivables**".

11. Trade and Other Payables

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

As at December 31,		2022		2021
Trade Payables	$	**163,339**	$	138,327
SDE Subsidy payable		**327,519**		106,776
Tax Payable		**130,742**		20,720
Provision for redemption of Series 3 Preferred Shares		**121,524**		—
Current portion of provision for additional equity contributions		**11,464**		27,915
Current portion of lease liability		**16,748**		12,918
Current Portion of Band Adjustments		**16,044**		2,578
Other Payables and Accrued Liabilities		**214,393**		195,349
Total	**$**	**1,001,773**	$	504,583

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

12. Management of Capital

Northland's strategy to finance general development efforts and investments in project entities utilizes internally generated cash flows, equity issuances, corporate debt, and notably corporate credit facility borrowings. Refer to Note 14 for additional information.

Northland defines capital that it manages as the aggregate of its equity, including non-controlling interests, interest-bearing loans and borrowings, corporate credit facilities and net proceeds from the sale of assets. Northland's objectives when managing capital are to (i) ensure the stability and long-term sustainability of dividends to shareholders and (ii) finance assets with non-recourse debt that is fully amortized over the term of the underlying sales arrangements.

As at December 31, 2022, total managed capital was $11.7 billion (2021 - $10.6 billion), comprising equity of $4.7 billion (2021 - $3.0 billion), non-recourse facility-level loans and borrowings totaling $7.0 billion (2021 - $7.6 billion) and corporate credit facilities totaling $nil (2021 - $42 million).

Northland exercises discretion in the amount of dividends declared to shareholders, the terms of its Dividend Reinvestment Plan (DRIP), the level of issuances under its At-The-Market Equity Program ("**ATM Program**"), return of capital to shareholders, issuance of new Shares and the issuance or redemption of preferred shares.

Northland's strategy has been to finance its operating entities (which are subsidiaries of Northland) primarily using non-recourse debt, either at the subsidiary level or holding company level in the case of EBSA and the Spanish Portfolio. The interest rate on the debt at Northland's power generation facilities is fixed (or effectively fixed using interest rate swaps) and principal is fully repaid (amortized) generally over each facility's PPA term. This ensures a power generation facility is debt-free at the expiry of its original sales arrangement, after which its economics become less predictable. For EBSA, the interest rate on the non-recourse debt at its holding company is effectively fixed over the lending period, but the principal is expected to be extended and upsized regularly due to the perpetual and growing nature of its utility business.

13. Project Loans and Borrowings

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

	Rate (1)	Maturity		Balance as at Dec. 31, 2022 (2)		Balance as at Dec. 31, 2021 (2)
EBSA (3)	3.7%	2024	**$**	**518,847**	$	518,096
New York Wind (3)	1.4%	2024		**327,059**		129,625
Nordsee One (3)	2.3%	2026		**535,382**		678,059
Jardin (3)	6.0%	2029		**65,796**		73,223
Kirkland Lake(3)	4.2%	2030		**45,955**		11,800
Thorold (3)	6.7%	2030		**206,980**		227,137
Gemini (3)(5)	3.5%	2031		**1,919,470**		2,206,204
Mont Louis	6.6%	2031		**58,482**		63,723
Deutsche Bucht (3)	2.4%	2031		**1,028,411**		1,125,771
Solar Phase I (3)(4)	4.4%	2032		**148,763**		162,121
North Battleford (3)	5.0%	2032		**502,797**		539,032
Solar Phase II (4)	4.5%	2034		**108,187**		116,026
McLean's	6.0%	2034		**100,143**		106,587
Cochrane Solar (3)	4.6%	2035		**149,261**		159,084
Grand Bend	4.2%	2035		**281,136**		297,469
Spy Hill (3)	4.1%	2036		**119,584**		124,584
Spanish Portfolio (3)	2.0%	2042		**845,702**		1,053,673
Weighted average and total	**3.4%**		**$**	**6,961,955**	$	7,592,214
Current				**784,114**		677,378
Long-term			**$**	**6,177,841**	$	6,914,836

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

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

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

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

(5) Balance as of December 31, 2021, includes the amount drawn on the senior debt and the third-party portion of subordinated debt. In October 2022, the third-party subordinated debt was repaid as a part of Gemini debt amendment.

As at December 31, 2022, $104 million of letters of credit secured by facility or project-level credit agreements was outstanding (December 31, 2021 -$94 million).

On June 2, 2022, Northland restructured and upsized its Kirkland Lake credit facility (the "**Kirkland Lake facility**"). The aggregate amount of the financing was upsized by $34 million, net of closing costs, to $47 million, and the loan maturity date was extended by eight years to March 31, 2030. The restructured Kirkland Lake facility continues to be denominated in Canadian dollars, with the all-in interest rate increasing to 4.2% from 2.8% previously.

On September 20, 2022, Northland finalized a tax equity commitment for the Ball Hill and Bluestone onshore wind projects in New York State. This commitment provides tax equity investment of approximately $250 million (US$190 million) to these projects. As at December 31, 2022, no investment has been received by these projects from the tax equity investor.

On October 18, 2022, Northland restructured Gemini's debt. The key elements of the restructuring included: (i) increasing the aggregate amount of senior debt by $238 million (€177 million) (net); (ii) repaying the third-party subordinated debt and reprofiling the amortization of the remaining subordinated debt provided by a Northland subsidiary; (iii) reducing the loan margins and decreasing the all-in borrowing cost from 4.0% to 3.5%; (iv) releasing $43 million from the Debt Service Reserve Account; and (v) extending the maturity of the commercial term portion of the senior debt by one year to June 30, 2031. The restructured debt continues to be denominated in Euros.

On November 3, 2022, Northland restructured the long-term debt of its Spanish portfolio by consolidating non-recourse debt across multiple facilities into a single holdco financing. The restructuring resulted in the reduction in the size of the debt to $821 million (€613 million) from $902 million (€675 million) and extended the loan maturity date to 2042 from existing maturities ranging between 2026 and 2041. The restructured debt continues to be Euro-denominated, with the all-in interest rate reduced to 2.0% from 2.1%.

In December 2021, Northland restructured and upsized EBSA's long-term, non-recourse financing (the "**EBSA Facility**"), resulting in $84 million of incremental cash proceeds to Northland, net of closing costs. The aggregate amount of the financing was upsized to $533 million, driven primarily by expected growth in EBSA's EBITDA. The EBSA Facility is structured as a $521 million term loan and a $12 million debt service reserve credit facility. The restructured facility is denominated in Canadian dollars, and the principal amount is currently 100% hedged against the Colombian peso. The interest rate on the debt facility, before foreign exchange hedging costs is 3.7%. In addition, the EBSA Facility has a longer term (3 years compared to 2 years previously). The upsizing proceeds provided Northland with additional liquidity to fund its Capitalized Growth Projects.

In March 2021, Deutsche Bucht amended its debt facility agreement to reduce the interest rate on the facility's senior debt to 2.3% (from approximately 2.6%). The amendment also included the addition of a debt service reserve facility, which released €50 million ($74 million) from funds previously restricted for debt service.

In June 2021, Northland entered into non-recourse construction loan, tax equity bridge loan and term loan for Ball Hill and Bluestone onshore wind projects in New York, amounting to US$381 million (approximately $475 million), at a 1.45% interest rate during construction. The maturity date of the loan is December 31, 2024.

Changes in facility-level loans and borrowings and corporate credit facilities (Note 14) are summarized in the table below:

Year ended December 31, 2022		**Project loans and borrowings**		**Corporate credit facilities[2]**		**Total**
Total, beginning of the year	$	7,592,214	$	41,825	$	7,634,039
Financings, net of fees		2,019,485		770,021		2,789,506
Repayments		(2,681,275)		(815,033)		(3,496,308)
Other non-cash [1]		8,753		80		8,833
Exchange rate differences		22,778		290		23,068
Total, end of the year	**$**	**6,961,955**	**$**	**(2,817)**	**$**	**6,959,138**

(1) Other non-cash changes include amortization of fair value adjustments and amortization of deferred financings costs.

(2) The balance of corporate credit facilities, as of December 31, 2022, is represented by the deferred financing cost associated with the syndicated revolving facility. This is included within the other assets in the consolidated statement of financial position (Note 10.3 and 14).

Year ended December 31, 2021		**Project loans and borrowings**		**Corporate credit facilities**		**Total**
Total, beginning of the year	$	7,237,200	$	351,402	$	7,588,602
Acquired debt (Note 4.1)		1,124,187		—		1,124,187
Financings net of fees paid		518,481		371,315		889,796
Repayments		(897,332)		(674,433)		(1,571,765)
Other non-cash [1]		24,044		(127)		23,917
Foreign exchange		(414,366)		(6,332)		(420,698)
Total, end of the year	**$**	**7,592,214**	**$**	**41,825**	**$**	**7,634,039**

(1) Other non-cash changes include amortization of fair value adjustments and amortization of deferred financings costs.

The estimated fair value of facility-level loans and borrowings and corporate credit facilities as at December 31, 2022 is $7.0 billion (2021 - $7.8 billion).

As of December 31, 2022, Northland is in compliance with all applicable contractual covenants. For the year ended December 31, 2022, Northland complied with all applicable contractual covenants, except for: (i) the requirement to fully fund certain debt service reserve and unplanned maintenance reserve accounts; and (ii) the covenants restricting the making of a distribution prior to ensuring those applicable reserves were fully funded, which were identified during the period. The foregoing matters do not constitute events of default under the applicable credit agreements if cured in accordance with the terms of such agreements. The required corrective actions were taken in accordance with the applicable agreements in April 2022. Accordingly, Northland continues to have an unconditional right to defer the payment of the loan over the contractually agreed term.

14. Corporate Credit Facilities

The corporate credit facilities are summarized in the table below:

	Facility size	Amount drawn as at December 31, 2022 [5]	Outstanding letters of credit [6]	Available capacity	Maturity	Amount drawn as at December 31, 2021
Sustainability linked loan (SLL) syndicated revolving facility [1]	$ 1,000,000	$ —	$ 417,236	$ 582,764	Sep. 2027	$ 44,722
Bilateral letter of credit facility [2]	150,000	—	137,911	12,089	Sep. 2024	—
Export credit agency backed letter of credit facility [3]	100,000	—	76,442	23,558	Mar. 2023	—
Export credit agency backed letter of credit facility [4]	100,000	—	39,277	60,723	n/a	—
Total	**$ 1,350,000**	**$ —**	**$ 670,866**	**$ 679,134**		$ 44,722
Less: deferred financing costs		2,817				2,897
Total, net		**$ (2,817)**				$ 41,825

(1) The amount drawn on the syndicated revolving facility as at December 31, 2022 was $nil (December 31, 2021 - US$30 million, CAD $nil and €5 million converted to CAD at the period-end exchange rates). During the year ended December 31, 2022, the maturity period of syndicated revolving facility was extended to September 2027.

(2) During the year ended December 31, 2022, maturity date for Bilateral LC facility was extended to September 2024.

(3) During the year ended December 31, 2022, maturity date for Export credit agency backed LC facility was extended to March 2023.

(4) This facility does not have a specified maturity date. During the year ended December 31, 2022, the facility size increased to $100 million.

(5) Deferred financing cost associated with the syndicated revolving facility is included within the other assets in the consolidated statement of financial position (Note 10.3 and 13).

(6) As of December 31, 2022 outstanding letters of credit include LCs issued in favor of joint ventures amounting to $401 million (Note 9 (d)).

During the year ended December 31, 2022, Northland made net repayment of $45 million on the syndicated revolving facility.

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

15. Provisions and Other Liabilities

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

As at December 31,		2022		2021
Decommissioning liabilities (Note 15.1)	**$**	**372,747**	$	357,621
Non-current portion of lease liability (Note 8.2)		**138,464**		138,064
Non-current portion of Band Adjustments		**105,479**		98,873
Loan payable to third party share holder		**57,228**		72,476
Pension and post employment benefits (Note 16)		**22,565**		30,675
Provisions and other long term liabilities		**8,904**		25,593
Total	**$**	**705,387**	$	723,302

Loan payable to a third party share holder represents amount owed by Nordsee One under a shareholder loan arrangement on which interest is accrued at an annual rate in the range of 10% to 11% and repayments are made based on the partner's share of distributable funds from operations.

15.1 Decommissioning Liabilities

Decommissioning liabilities are recognized for renewable facilities. A portion of Northland's onshore wind and solar facilities are located on lands leased from private and public landowners. Upon the expiration of the leases, Northland is obligated to restore the leased lands to near to their original condition and remove all turbines, solar panels and equipment. Northland's obligations for decommissioning of its offshore wind facilities are based on the government regulations in the applicable jurisdictions.

Northland expects to use its installed assets for an indefinite period. No decommissioning liabilities are recognized for utility facilities and efficient natural gas facilities until the time Northland determines the facility will no longer be operated or maintained and should be decommissioned.

As of December 31, 2022, the gross undiscounted total decommissioning liabilities aggregates to $489 million (2021 - $433 million). Northland estimated the discounted value of its total decommissioning liabilities to be $373 million (2021 - $358 million), based on an estimated total future liability. A long term discount rate of 0.5% to 3.9% (2021 - 0.5% to 3.9%) and a long term inflation rate, where applicable, of 2% to 3.9% (2021 - 2%) was used to calculate the discounted value of the decommissioning liabilities.

The following table reconciles Northland's total decommissioning liabilities activity:

Year ended December 31,		2022		2021
Total, beginning of year	**$**	**357,621**	$	364,573
Acquired (2)		**—**		11,377
Additions (1)		**8,431**		153
Accretion		**3,820**		4,292
Foreign exchange		**2,875**		(22,774)
Total, end of year	**$**	**372,747**	$	357,621

(1) Additions during the year, primarily reflects the decommissioning liability recognized in respect of NY Wind projects.

(2) Related to the Spanish portfolio acquired on August 11, 2021.

16. Pension and Post-Employment Benefits

One of Northland's facilities, EBSA, has a defined benefits pension plan ("**pension plan**") which has been closed to new members since 2010, and only a small portion of plan members remain active employees of EBSA. The pension plan establishes the pension an employee will receive upon retirement based on factors such as employee age, years of service and compensation levels when employed.

The accounting of pensions involves estimating the cost of the benefit that will be paid in a remote time horizon and attributes this cost through the expected period in which each employee is expected to receive a pension in accordance with the plan conditions; this requires the extensive use of estimates and assumptions on inflation, mortality, employee turnover and discount rates, among other factors.

The liability recognized in the consolidated statements of financial position, in respect of the defined benefits pensions, is the present value of the defined benefit obligation at December 31, 2022, together with the adjustments of actuarial gains or losses not recognized. The actuarial gains and losses are recorded against the net equity in other comprehensive income, in the period they arise.

The present value of the defined benefit obligation is calculated by independent actuaries by discounting the estimated cash outflows using the interest rates yield curve of the Public Debt Securities of the Government of Colombia adjusted for inflation for terms approximating the remaining pension obligations.

The movement of the pension obligations balances, as included within provision and other liabilities in the consolidated statements of financial position, for the year ended December 31, 2022, was as follows:

Change in pension obligations, year ended December 31,		**2022**		**2021**
Total, beginning of year	**$**	**30,675**	$	45,054
Interests net cost		**2,013**		2,077
Actuarial adjustments		**(4,764)**		(6,405)
Payments made directly by the Company		**(2,731)**		(3,223)
Foreign exchange		**(2,628)**		(6,828)
Total, end of year	**$**	**22,565**	$	30,675

17. Equity

17.1 Common Shares

Northland is authorized to issue an unlimited number of Shares. The change in shares outstanding during 2022 and 2021 was as follows:

	December 31, 2022			**December 31, 2021**		
	Shares		**Amount**	**Shares**		**Amount**
Shares outstanding, beginning of year	**226,882,751**	**$**	**4,005,462**	202,171,075	$	2,955,840
Shares issued under equity offering (Note 17.2)	**20,894,982**		**851,610**	22,500,500		949,597
Shares issued under the Deferred Rights (Note 26)	**14,974**		**591**	21,967		911
Shares issued under the DRIP	**2,224,650**		**85,424**	2,189,209		88,973
Change in deferred taxes [(1)]	**—**		**2,896**	—		10,141
Total common shares outstanding, end of year	**250,017,357**	**$**	**4,945,983**	226,882,751	$	4,005,462

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

Dividend Reinvestment Plan

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.

Share-based Compensation

Northland's share-based compensation plans provides for a maximum of 3,100,000 shares to be reserved and available for grant to employees of Northland and its subsidiaries. As at December 31, 2022, 1,163,329 shares remain available for future issuance under the LTIP. Shares may be awarded based on development profits, which arise from new projects or acquisitions. The costs recognized for LTIP in the period depend on management's best estimate of a project's expected development profit and expected timing of project milestones.

For the year ended December 31, 2022, Northland expensed $6 million (2021 - $4 million) of costs under the share-based compensation plans. No forfeitures are assumed to occur. The balance of accrued awards related to the Development LTIP is included in liabilities since these awards are expected to be settled in cash.

For the year ended December 31, 2022, settlements under the share based compensation plans are summarized below:

Year ended December 31,		**2022**		**2021**
Development Long Term Incentive Plan	**$**	**2,029**	$	1,120
Restricted Share Units		**1,680**		3,238
Deferred Rights		**1,377**		2,068
Performance Share Units		**992**		—
Deferred Shares Units		**789**		—
Total	**$**	**6,867**	$	6,426

Deferred Rights include an amount of $1 million (2021 - $1 million), which were settled in Northland's Shares.

17.2 Equity offering

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

Any Common Shares sold under the ATM program will be sold through the TSX. The ATM Program will be effective until the earlier of July 16, 2023, and the date that all of the common shares issuable under the ATM program have been issued, unless terminated prior to such date.

During the year ended December 31, 2022, Northland issued 20,894,982 common shares under the ATM program at an average price of $41.31 per common share for gross proceeds of $863 million (net proceeds $852 million). Under the ATM program, as at February 23, 2023, Northland has issued a total of 21,111,582 common shares at an average price of $41.27 per share for gross proceeds of $871 million (net proceeds $860 million).

In April 2021, Northland completed a equity offering for 22,500,500 common shares ("**Bought deal**") for net proceeds of $950 million. The net proceeds of the bought deal equity offering were used to fund the cash purchase price of the Spanish portfolio and equity capital requirements.

17.3 Preferred Shares

Northland's preferred shares balance contains Series 1, Series 2 and Series 3 Preferred Shares.

Series 1 and 2 Preferred Shares

In 2010, Northland issued 6,000,000 Series 1 Preferred Shares at a price of $25.00 per share, for gross proceeds of $150 million. The annual dividend rate resets every five years at a rate equal to the then five-year Government of Canada bond yield plus 2.80%. The holders of the Series 1 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

On August 31, 2020, Northland announced that the fixed quarterly dividends on the Series 1 Preferred Shares will be payable at an annual rate of 3.2% ($0.2001 per share per quarter) until September 29, 2025.

Holders of Series 1 Shares and the cumulative rate reset preferred shares, series 2 (“**Series 2 Preferred Shares**”) had the right, at their option to convert all or part of their Series 1 Shares or Series 2 Shares, as applicable, on a one-for-one basis, into shares of the other series, effective September 30, 2020. Accordingly, 1,237,754 Series 1 Preferred Shares were converted in to equal number of Series 2 Preferred Shares.

The Series 2 Preferred Shares carry the same features as the Series 1 Preferred Shares, except that holders are entitled to receive quarterly floating-rate cumulative dividends, as and when declared by the Board of Directors, at an annual rate equal to the then three-month Government of Canada treasury bill yield plus 2.80% (2.80% as of December 31, 2021). The holders of Series 2 Preferred Shares have the right to convert their shares into Series 1 Preferred Shares on September 30, 2025, and on September 30 of every fifth year thereafter.

As at December 31, 2022 there were 4,762,246 (2021 - 4,762,246) Series 1 Preferred Shares outstanding, representing equity of $114 million (2021 - $114 million).

As at December 31, 2022 there were 1,237,754 (2021 - 1,237,754) Series 2 Preferred Shares outstanding, representing equity of $31 million (2021 - $31 million).

Series 3 Preferred Shares

In 2012, Northland issued 4,800,000 Series 3 Preferred Shares at a price of $25.00 per share, for gross proceeds of $120 million. The annual dividend rate resets every five years at a rate equal to the then five-year Government of Canada Bond yield plus 3.46%. The holders of the Series 3 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors. Series 3 Preferred Shares, provided the holders a right, at their option, to convert these shares into Series 4 Preferred Shares on December 31, 2022, and on December 31 of every fifth year thereafter, subject to certain conditions.

On November 25, 2022, Northland announced that it intends to redeem all of its 4,800,000 issued and outstanding Series 3 Preferred Shares on January 3, 2023 (the “Redemption Date”) at a price of $25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of $0.3175 per Preferred Share for an aggregate redemption value of $122 million (Note 10.1). Accordingly, the outstanding Series 3 Preferred Shares, with the aforementioned redemption value were represented as current liability and included in Trade and Other payables (Note 11).

As at December 31, 2022, there were 4,800,000 (2021 - 4,800,000) Series 3 Preferred Shares outstanding, amounting to $116 million (2021 - $116 million) (net of historic transaction cost) .

Subsequently, on January 3, 2023, all issued and outstanding Series 3 Preferred Shares were redeemed. None of the holders of Series 3 Preferred Shares, exercised their right to covert their shared in to Series 4 Preferred Share.

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

Year ended December 31,		**2022**		**2021**
Series 1	**$**	**3,811**	$	3,811
Series 2		**1,299**		904
Series 3		**6,096**		6,096
Total (Note 21)	**$**	**11,206**	$	10,811

17.4 Dividends

Dividends declared per Share and in aggregate were as follows:

Year ended December 31,		**2022**		**2021**
Dividends declared per Share	**$**	**1.20**	$	1.20
Aggregate dividends declared				
Dividends in cash	**$**	**196,523**	$	175,966
Dividends in shares		**88,059**		88,234
Total	**$**	**284,582**	$	264,200

Dividends declared during the year include dividends amounting to $26 million (2021 - $25 million), which remained unpaid as of December 31, 2022.

18. Non-controlling Interests

Non-controlling interests relate to the interests not owned by Northland. Subsidiaries with non-controlling interests that are material to Northland's consolidated financial statements include Gemini (40%), Nordsee One (15%) and Canadian Environmental Energy Corporation (**CEEC**) (32%). CEEC has voting control of Kirkland Lake but ownership interest of 38.4% as a result of non-voting ownership interest held by third-parties.

Summarized financial information for subsidiaries with material non-controlling interests in the consolidated statements of financial position (shown at 100% totals) are as follows:

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

As at December 31, 2021	**Current assets** [1]	**Long-term assets**	**Current liabilities**	**Long-term liabilities**
Gemini	$ 349,101	$ 2,891,749	$ 394,389	$ 2,451,059
Nordsee	114,737	1,205,921	181,720	984,941
GMS Solar	169,581	252,420	179,225	169,332
Other [2]	162,223	1,364,535	114,522	533,757
Total	$ 795,642	$ 5,714,625	$ 869,856	$ 4,139,089

(1) As at December 31, 2022, restricted cash of $1 million (Dec 2021 - $47 million) is included for Gemini, $29 million (Dec 2021 - $29 million) for Nordsee where the availability of funds is intended for debt repayments.

(2) Other includes subsidiaries with non-controlling interests that are not individually material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), Energia (12%), EBSA (0.6%) and Elecdey Lezuza, S.A under the Spanish portfolio (33.8%).

The change in material non-controlling interests during 2022 and 2021 is as follows:

	Gemini	**Nordsee** [3]	**GMS Solar**	**Other** [2]	**Total**
As at January 1, 2022	**$ 149,464**	**$ 32,988**	**$ 30,225**	**$ (3,845)**	**$ 208,832**
Additional contribution by NCI	**—**	**—**	**—**	**1,320**	**1,320**
Net income (loss) attributable [1]	**116,210**	**14,133**	**921**	**(3,540)**	**127,724**
Dividends and distributions declared [1]	**(71,441)**	**—**	**(3,113)**	**(19,248)**	**(93,802)**
Allocation of other comprehensive income (loss) [1]	**73,636**	**6,605**	**5,048**	**282**	**85,571**
Disposal of non-controlling interests [4]	**—**	**3,446**	**—**	**—**	**3,446**
As at December 31, 2022	**$ 267,869**	**$ 57,172**	**$ 33,081**	**$ (25,031)**	**$ 333,091**

	Gemini	**Nordsee** [3]	**GMS Solar**	**Other** [2]	**Total**
As at January 1, 2021	$ 138,188	$ 30,474	$ 35,487	$ 5,728	$ 209,877
Non-controlling interest acquired (Note 4.1)	—	—	—	7,850	7,850
Net income (loss) attributable [1]	72,559	6,613	(943)	2,091	80,320
Dividends and distributions declared [1]	(73,988)	(4,296)	(8,475)	(10,959)	(97,718)
Allocation of other comprehensive income (loss) [1]	12,705	197	4,156	(34)	17,024
Disposal of non-controlling interests [5]	—	—	—	(8,521)	(8,521)
As at December 31, 2021	$ 149,464	$ 32,988	$ 30,225	$ (3,845)	$ 208,832

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

(2) Other includes subsidiaries with non-controlling interests that are not material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), Energia (12%), EBSA (0.6%) and Spanish portfolio (1.5%).

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

(4) Disposal of NCI relates to de-recognition of NCI interest of N2 and N3 due to formation of Nordsee Offshore Wind Cluster partnership, as disclosed in note 9.3. As of December 31, 2022, Northland holds a 49% interest in N2 and N3, and accounts them under equity method of accounting (Note 9.3).

(5) Disposal of NCI relates to NPI's purchase of NCI interest in one of the subsidiary of CEEC.

19. Financial Risk Management

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

19.1 Market Risk

Market risk is the risk that the fair value of Northland's future cash flows from financial instruments will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments. Types of market risk to which Northland is exposed are discussed below.

(i) Interest rate risk

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

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

For the year ended December 31, 2022, if interest rates had been 100 basis points higher or lower with all other variables held constant, income before income taxes from the change in fair value of the interest rate swaps prior to the application of hedge accounting would have been $282 million higher or lower. This change would have had no impact on Northland's cash flows.

The counterparties to Northland's interest rate derivative contracts are well-capitalized financial institutions with strong credit ratings. See "Counterparty Risk" below.

(ii) Credit spread risk

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

(iii) Currency risk

Currency risk arises because the Canadian dollar equivalent of transactions, assets or liabilities denominated in foreign currencies may vary due to changes in foreign exchange rates. Northland is exposed to changes in the Euro, U.S. dollar, Colombian peso, Taiwan dollar, Polish Zloty, and to a lesser degree, British Pound Sterling, Japanese Yen and Korean Won. Primary exposure to Northland results from the euro-denominated financial statements and cash distributions at Gemini, Nordsee One, Deutsche Bucht and Spanish portfolio, Colombian peso-denominated financial statements, cash distributions and non recourse financing structure at EBSA, construction contracts at Hai Long and Baltic Power and global development spending. Management manages this risk by matching the currency of revenue, non-recourse debt financing and major construction contracts and hedging majority of net foreign currency cash flows over the contracted period to the extent practical and economical to minimize material cash flow fluctuations.

Exchange rate gains and losses on the currency derivatives that have been recognized in OCI are recognized in net income in the same period during which corresponding gains or losses arising from the translation of the consolidated financial statements of the self-sustaining foreign operation are recognized in net income.

At December 31, 2022, if the Canadian dollar had been 5% higher or lower against the U.S. dollar with all other variables held constant, income before taxes from the change in fair value of the U.S. dollar foreign exchange contracts prior to the application of hedge accounting would have been $18 million higher or lower. If the Canadian dollar had been 5% higher or lower against the euro with all other variables held constant, income before taxes from the change in fair value of the euro foreign exchange contracts prior to the application of hedge accounting would have been $66 million lower or higher. If the Canadian dollar had been 5% higher or lower against the Colombian peso with all other variables held constant, income before taxes from the change in fair value of the Colombian peso foreign exchange contracts (used to effectively hedge equity distribution from EBSA) would have been $24 million lower or higher.

The counterparties to Northland's currency derivative contracts are well-capitalized financial institutions with strong credit ratings. See "Counterparty Risk" below.

(iv) Commodity price risk

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

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

Northland has exposure to Dutch electricity market prices under Gemini's PPA when the market price falls below the contractual floor price. For the year ended December 31, 2022, the average wholesale market price was above the contractual floor price, so the revenue was not impacted by this floor.

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

Northland has exposure to Spanish electricity market prices under the Spanish Portfolio regulated asset base framework where facilities earn their stated guaranteed pre-tax rate of return. For the year ended December 31, 2022, two wind assets in the Spanish Portfolio have earned their guaranteed pre-tax rate of return, so are directly exposed to Spanish electricity market prices.

19.2 Financial Counterparty Risk

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

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

As at December 31, 2022, approximately 46.3% (2021 - 34.6%) of Northland's consolidated trade and other receivables, excluding third-party partner loan receivable, were receivable from creditworthy government-related entities.

In 2022, approximately 51.8% (2021 - 55.8%) of Northland's consolidated sales were derived indirectly from the sale of electricity to government-related entities. For electricity and other sales, Northland and its subsidiaries have not provided allowance accounts and have not purchased credit derivatives to mitigate counterparty risk. All significant accounts receivable amounts are current as at December 31, 2022.

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

19.3 Liquidity Risk

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

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

As at December 31, 2022, Northland and its subsidiaries were holding cash and cash equivalents of $1.3 billion (2021 - $674 million), including $335 million held corporately (2021 - $25 million), and had available borrowing capacity under the syndicated revolving facility of $583 million.

The contractual maturities of Northland's financial liabilities at December 31, 2022 are as follows:

	2023	2024-2025	2026-2027	>2027	Total
Derivative contracts					
Euro foreign exchange contracts	$ 180,350	$ 317,030	$ 307,763	$ 655,475	$ 1,460,618
Colombian peso foreign exchange contracts	485,275	3,735	—	—	489,010
US dollar foreign exchange contracts	139,013	—	—	—	139,013
US dollar cross currency swap	4,224	—	—	—	4,224
US dollar La Lucha interest rate swaps	672	1,196	977	1,201	4,046
Power financial swap	8,494	788	—	—	9,282
Interest-bearing loans and borrowings					
Outstanding principal	805,268	2,179,040	1,473,817	2,823,094	7,281,219
Interest, including interest rate swaps	222,102	356,209	249,296	280,882	1,108,489
Leases	14,517	27,154	24,469	215,092	281,232
Total	**$ 1,859,915**	**$ 2,885,152**	**$ 2,056,322**	**$ 3,975,744**	**$ 10,777,133**

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

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

20. Financial Instruments

20.1 Fair Value Measurement

The carrying values of Northland's financial instruments as at December 31, 2022 and 2021 are as follows:

As at December 31, 2022		Level 1		Level 2		Level 3 [3]		Total
Financial assets at amortized cost [1]	$	**1,459,975**	$	**830,473**	$	**—**	$	**2,290,448**
Financial assets at fair value through profit and loss		**—**		**462,180**		**14,539**		**476,719**
Financial assets at fair value through OCI		**—**		**275,256**		**—**		**275,256**
Financial liabilities at fair value through profit and loss		**—**		**(98,408)**		**—**		**(98,408)**
Financial liabilities at fair value through OCI		**—**		**(7,567)**		**—**		**(7,567)**
Financial liabilities at amortized cost [2]	$	**—**	$	**(8,085,816)**	$	**—**	$	**(8,085,816)**

As at December 31, 2021		Level 1		Level 2		Level 3		Total
Financial assets at amortized cost [1]	$	829,323	$	644,634	$	—	$	1,473,957
Financial assets at fair value through profit and loss		—		222,984		—		222,984
Financial assets at fair value through OCI		—		49,687		—		49,687
Financial liabilities at fair value through profit and loss		—		(206,104)		—		(206,104)
Financial liabilities at fair value through OCI		—		(282,185)		—		(282,185)
Financial liabilities at amortized cost [2]	$	—	$	(8,409,656)	$	—	$	(8,409,656)

(1) Includes cash and cash equivalents, restricted cash, trade and other receivables, finance lease receivable, long-term deposits and certain other assets.

(2) Includes trade and other payables, dividends payable, interest-bearing loans and borrowings, corporate credit facilities, and other liabilities (excluding decommissioning liabilities and taxes payable).

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

Fair Value Hierarchy of Financial Instruments

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement.

As of December 31, 2022, embedded derivatives are categorized as level 3. The table below sets out the significant unobservable inputs used to value level 3 derivative financial instruments:

Derivative Financial Instrument	Valuation Technique	Significant unobservable inputs	Range	% change	Sensitivity of input to the fair value (In CAD)
Embedded derivatives	Long-term price forecast	Average Illiquid forward energy prices (per MWh)	US$ 44.38 to US$ 49.10	5% increase / (decrease) in Average forward energy prices	21,966

Additional details of Northland's income and expenses with respect to its financial instruments are as follows:

Year ended December 31,		2022		2021
Income (expense) on financial assets at amortized cost	$	**11,794**	$	18,451
Expense (income) on financial liabilities at amortized cost		**332,810**		341,696
Expense (income) on net financial liabilities at fair value through profit and loss	$	**(460,704)**	$	(116,621)

20.2 Derivative Financial Instruments

The derivative financial instruments consist of the following:

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

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

As at December 31, 2021	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Total
Derivatives designated for hedge accounting					
Interest Rate Contracts	$ 19	$ (82,534)	$ 1,053	$ (197,931)	$ (279,393)
Foreign Exchange Contracts	6,087	—	42,528	(1,720)	46,895
Derivatives not designated for hedge accounting					
Interest Rate Contracts	96	(12,875)	26,408	(57,806)	(44,177)
Foreign Exchange Contracts	32,007	(247)	52,381	(897)	83,244
Commodity Contracts	85,903	(101,982)	26,189	(32,297)	(22,187)
Total	$ 124,112	$ (197,638)	$ 148,559	$ (290,651)	$ (215,618)

The change in derivative financial instruments for the year ended December 31, 2022 and 2021 is as follows:

	Balance as at December 31, 2021 asset (liability)	Designated in hedge relationships		Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at December 31, 2022 asset (liability)
		Changes in fair value recognized in OCI (1)	Fair value changes (2)			
Interest Rate Contracts	$ (323,571)	$ 378,218	$ 29,901	$ 359,710	$ 10,410	$ 454,668
Foreign Exchange Contracts(3)	130,139	47,484	(2,297)	10,278	—	185,604
Commodity Contracts(4)	(22,186)	—	—	13,208	167	(8,811)
Embedded derivatives	—	—	—	14,539	—	14,539
Total	$ (215,618)	$ 425,702	$ 27,604	$ 397,735	$ 10,577	$ 646,000

(1) Amounts recognized in “Change in fair value of hedged derivative contracts” in the consolidated statements of comprehensive income (loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in “Fair value (gain) loss on derivative contracts” in the consolidated statements of income (loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the year ended December 31, 2022. Realized gains and losses are recorded in “Finance costs, net” for interest rate contracts, “Foreign exchange (gain) loss” for foreign exchange contracts” and “Fair value (gain) loss on derivative contracts” for power forward contracts.

(3) The foreign exchange contracts includes $54 million of realized gain due to partial termination of certain contracts during the year ended December 31, 2022.

(4) Power forward contracts includes $18 million of cash and accrued payment settlements during the year ended December 31, 2022.

	Balance as at December 31, 2020 asset (liability)	Designated in hedge relationships		Fair value changes on derivatives not designated in hedge relationships (2)	Foreign exchange gain (loss)	Balance as at December 31, 2021 asset (liability)
		Changes in fair value recognized in OCI (1)	Fair value changes (2)			
Interest Rate Contracts	$ (508,099)	$ 133,478	$ 30,797	$ (14,469)	$ 34,723	$ (323,570)
Foreign Exchange Contracts	(35,437)	75,363	17,395	72,963	(145)	130,139
Commodity Contracts(3)	(39,095)	5,355	867	9,068	1,618	(22,187)
Total	$ (582,631)	$ 214,196	$ 49,059	$ 67,562	$ 36,196	$ (215,618)

(1) Amounts recognized in “Change in fair value of hedged derivative contracts” in the consolidated statements of comprehensive income (loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in “Fair value (gain) loss on derivative contracts” in the consolidated statements of income (loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the year ended December 31, 2022. Realized gains and losses are recorded in “Finance costs, net” for interest rate contracts, “Foreign exchange (gain) loss” for foreign exchange contracts” and “Fair value (gain) loss on derivative contracts” for power forward contracts.

(a) Foreign exchange risk

Foreign exchange forward contracts	December 31, 2022	December 31, 2021
Carrying amount (asset/(liability))	**$ 95,549**	$ 46,895
Notional amount - EUR	**707,287**	972,848
Notional amount - COP	**5,060,402,566**	48,672,866
Maturity date	December 2023-August 2032	February 2022-August 2032
Hedge ratio (1)	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments since January 1	**$ (2,617)**	$ 87,516
Change in value of hedged item used to determine hedge effectiveness	**$ (1,153)**	$ 94,442
Weighted average hedged rate for the year (including forward points):		
EUR foreign exchange forward contracts	**€0.6112:CAD$1**	€0.6121:CAD$1
COP foreign exchange forward contracts	**COP$2,874:CAD$1**	COP$2,880:CAD$1

(1) The foreign exchange forward contracts are denominated in the same currency as the highly probable future payments (US$) and the net investment in foreign operations; therefore, the hedge ratio is 1:1.

Foreign exchange hedge reserve	Euro contracts		Colombian Peso contracts		Total foreign exchange hedge reserve in AOCI
	Cost of hedging	Forward component	Cost of hedging	Forward component	
Total, beginning of the year 2021	$ 11,342	$ (86,830)	$ (2)	$ (669)	$ (76,159)
Add: Costs of hedging deferred during the year in OCI	3,338	—	(760)	—	2,578
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	—	96,259	—	4,891	101,150
Less: Re-classified to the consolidated statement of income (loss)	(23,370)	—	(426)	—	(23,796)
Total, end of the year 2021	**$ (8,690)**	**$ 9,429**	**$ (1,188)**	**$ 4,222**	**$ 3,773**
Add: Costs of hedging deferred during the year in OCI	**64,122**	**—**	**610**	**—**	**64,732**
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	**—**	**(5,336)**	**—**	**(2,997)**	**(8,333)**
Less: Re-classified to the consolidated statement of income (loss)	**(17,186)**	**—**	**(169)**	**—**	**(17,355)**
Less: Deferred Tax	**—**	**2,301**	**—**	**6,139**	**8,440**
Total, end of the year 2022	**$ 38,246**	**$ 6,394**	**$ (747)**	**$ 7,364**	**$ 51,257**

(1) The deferred tax recovery amounting to $12 million (2021 - $19 million), applicable to the foreign exchange hedge reserve has been recognized in OCI.

The hedge ineffectiveness recognized in “fair value (gain) loss on derivative contracts” in the consolidated statements of income (loss) related to foreign currency contracts (cash flow and net investment hedges) for the year ended December 31, 2022, was $1.9 million (2021 - $2.5 million).

(b) Interest rate risk

Interest rate swaps	December 31, 2022	December 31, 2021
Carrying amount (asset/(liability))	**$ 172,140**	$ (279,393)
Notional amount - CAD	**382,776**	633,181
Notional amount - EUR	**1,917,273**	2,742,808
Notional amount - COP	**29,272,480**	29,272,480
Maturity date	**April 2023-March 2035**	January 2022-March 2034
Hedge ratio (1)	**1:1**	1:1
Change in fair value of outstanding hedging instruments since January 1	**$ 415,317**	$ 118,228
Change in value of hedged item used to determine hedge effectiveness	**$ (433,924)**	$ (131,569)

(1) The interest rate swaps mirror the interest rate of the debts; therefore, the hedge ratio is 1:1.

Interest rate hedge reserve	Canadian Dollar interest rate swaps	Euro interest rate swaps	Total interest rate hedge reserve
Total, beginning of the year 2021	$ (30,864)	$ (306,452)	$ (337,316)
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	21,226	110,960	132,186
Less: Re-classified to the consolidated statement of income (loss)	(2)	18	16
Total, end of the year 2021	**$ (9,640)**	**$ (195,474)**	**$ (205,114)**
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	**26,566**	**353,528**	**380,094**
Less: Re-classified to the consolidated statement of income (loss)	**1**	**(1,459)**	**(1,458)**
Total, end of the year 2022	**$ 16,927**	**$ 156,595**	**$ 173,522**

(1) The deferred tax recovery amounting to $86 million (2021 - $30 million), applicable to the interest rate hedge reserve has been recognized in OCI.

The hedge ineffectiveness recognized in "fair value (gain) loss on derivative contracts" in the consolidated statements of income (loss) related to interest rate contracts (cash flow hedges) for the year ended December 31, 2022 was $4 million (2021 - $7 million).

Power forward hedge reserve		Power forward contract
Total, beginning of the year 2021	$	(6,925)
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)		6,911
Less: Re-classified to the consolidated statement of income (loss)		14
Total, end of the year 2021 and 2022	$	—

(1) The deferred tax recovery amounting to $ nil (2021 - 1 million), applicable to the power forward hedge reserve has been recognized in OCI.

The hedge ineffectiveness recognized in "fair value (gain) loss on derivative contracts" in the consolidated statements of income (loss) related to power swap contracts (cash flow hedges) for the year ended December 31, 2022 was $nil (2021 - $0.1 million).

(d) Hedge ineffectiveness

The fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for the year, by risk category, are:

Fair value of hedged items (hypothetical derivatives)		December 31, 2022		December 31, 2021
Cash flow hedge – interest rate risk	**$**	**(207,062)**	$	226,863
Net investment hedge – foreign currency risk	**$**	**6,100**	$	7,253

21. Net Income (Loss) per Share

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

Year ended December 31,		2022		2021
Net income (loss) for the period attributable to the shareholders	**$**	**827,733**	$	189,559
Less: preferred share dividends, net (Note 17.3)		**(11,206)**		(10,811)
Net income (loss) attributable to common shareholders for basic and diluted earnings	**$**	**816,527**	$	178,748

The basic and diluted share amounts are calculated as follows:

Year ended December 31,	2022	2021
Weighted average number of shares outstanding, basic and diluted	**236,156,878**	218,861,235

22. Finance costs, net

Net finance costs consist of the following:

Year ended December 31,		2022		2021
Interest on debt, borrowings and bank fees	**$**	**305,111**	$	311,359
Amortization of deferred financing costs		**24,317**		28,229
Discount on provisions for decommissioning liabilities		**3,820**		4,292
Lease interest (Note 8.2)		**3,382**		2,108
Finance cost for the year		**336,630**		345,988
Less: Finance income		**(12,998)**		(3,571)
Finance costs, net	**$**	**323,632**	$	342,417

For the year ended December 31, 2022, $5 million of finance costs (2021 - $3 million), respectively incurred from project financing related to facilities under construction were capitalized in construction-in-progress.

23. Impairment of Property, Plant and Equipment, Intangible Assets and Goodwill

Northland's impairment tests are performed either at the facility level, which represents a CGU, or at a group of CGUs for which goodwill is allocated and monitored. PP&E, intangible assets and goodwill have been allocated to CGUs to determine the carrying amount.

The calculation of value-in-use for all of the above CGUs is most sensitive to the following assumptions:

- Growth rate of 3.14% - 5.57% - The rate is used to extrapolate CGU cash flow projections in the discounted cash flow approach. The rate is based on readily available published industry research. The rate was further adjusted to reflect inflation rate of overseas jurisdictions where applicable.
- Discount rate - Pre-tax discount rates reflect the current market assessment of the risks specific to each CGU. The discount rate was estimated based on the weighted average cost of capital for the industry. The rate was further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted. The discount rates were further adjusted to reflect country specific risks for the overseas jurisdictions where applicable.

The rates are as follows:

Pre-tax discount rates	October 1, 2022	October 1, 2021
Applicable to PPA cash flows:	**6.0% - 8.7%**	6.5 %
Applicable to other cash flows (1):	**6.0% - 10.7%**	8.5 %

(1) Other cash flows include post-PPA cash flows and utility cash flows.

Northland completed its annual comprehensive impairment assessment based on value-in-use estimates which are derived from the long-range forecasts and market values observed in the marketplace or FVLCS. Based on the impairment assessment performed, no impairment was identified for the year ended December 31, 2022.

Iroquois Falls

During the year ended December 31, 2021, Northland wrote off $30 million of goodwill for the Iroquois Falls facility and accelerated depreciation of Iroquois Falls' property plant and equipment due to the expiry of its PPA in December 2021.

24. Income Taxes

24.1 Tax Expense and Temporary Difference

The following table summarizes the tax expense reported in the consolidated statements of income (loss):

Year ended December 31,		2022		2021
Current taxes				
Based on taxable income of current year	**$**	**198,894**	$	80,086
Tax on dividend payments		**4,482**		4,324
Total current taxation expense	**$**	**203,376**	$	84,410
Deferred taxes				
Deferred tax on origination and reversal of temporary differences	**$**	**99,288**	$	57,087
Deferred tax due to changes in tax rates		**270**		12,814
Prior-year under (over) provision		**1,728**		(959)
Total deferred tax expense (recovery)	**$**	**101,286**	$	68,942
Total income tax expense (recovery)	**$**	**304,662**	$	153,352

The following table summarizes the tax expense reported directly in equity:

Year ended December 31,	2022	2021
Deferred taxes related to change in fair value of hedged derivative contracts	**$ 97,314**	$ 50,615
Deferred taxes related to pension expense	**1,523**	1,378
Deferred taxes related to foreign exchange	**(393)**	(21,302)
Total income tax expense (recovery) in Other comprehensive Income	**$ 98,444**	$ 30,691
Deferred taxes related to origination and reversal of temporary differences related to issuance of shares	**(2,896)**	(10,141)
Total income tax expense (recovery) in equity	**$ 95,548**	$ 20,550

The following table summarizes the reconciliation of Northland's effective tax rate:

Year ended December 31,	2022	2021
Combined basic Canadian federal and provincial income tax rate	**26.5 %**	26.5 %
Income (loss) before income taxes	**$ 1,260,119**	$ 423,231
Income tax expense (recovery) based on statutory rate	**333,933**	112,137
Adjustment for non-deductible (taxable) expenses and incentives	**(27,322)**	(949)
Deferred tax expense (recovery) relating to changes in tax rates or change in legal structure	**270**	12,814
Rate difference related to temporary differences in foreign jurisdictions	**8,885**	5,617
Manufacturing and processing rate reduction	**(2,717)**	(971)
Tax expense associated with payment of preferred share dividends	**4,482**	4,324
Benefit not recognized	**12,151**	40,262
Minority interest	**(30,970)**	(18,698)
Other	**5,950**	(1,184)
Total income tax expense (recovery)	**$ 304,662**	$ 153,352

Northland, while resident in Canada, operates in a number of foreign jurisdictions. The enacted blended tax rates relevant to the computation of tax expense (recovery) are: Canada 26.5% (2021 - 26.5%), Germany 30.1% (2021 - 30.1%), Netherlands 25.8% (2021 - 25.8%), Luxembourg 24.9% (2021 - 24.9%), Mexico 30.0% (2021 - 30.0%), Colombia 35.0% (2021 - 35%), United States 26.1% (2021 - 26.1%), and Spain 25.0% (2021 - 25.0%).

The following table summarizes the components of the deferred tax asset and liability:

As at December 31,	2022	2021
Deductible temporary differences		
Losses available for carryforward	**$ 18,447**	$ 19,980
Derivative financial instruments	**4,285**	42,807
Fair value debt increments	**3,375**	—
Canadian renewable conservation expense	**5,974**	19,357
Financing fees	**24,020**	37,304
Interest available for carryforward	**42,778**	43,294
Other	**8,558**	8,102
Total deductible temporary differences	**$ 107,437**	$ 170,844
Taxable temporary differences		
Contracts	**$ 121,172**	$ 115,192
Derivative financial instruments	**125,901**	—
Fair value debt increments	**2,013**	3,148
Property, plant and equipment	**525,057**	522,519
Other	**3,631**	—
Total taxable temporary differences	**$ 777,774**	$ 640,859

The following table reconciles the opening and ending balance of Northland's net deferred tax liability:

As at December 31,	2022	2021
Opening balance, net deferred tax liability	**$ 470,015**	$ 300,567
Tax liability recognized in business combination	**—**	81,143
Tax expense (recovery) recognized in income statement	**101,286**	68,942
Tax expense (recovery) in OCI	**98,837**	51,993
Effect of foreign exchange recognized in OCI	**(393)**	(21,302)
Tax expense (recovery) recognized in equity	**(2,896)**	(10,141)
Deferred tax asset disposed on sale	**3,488**	—
Other	**—**	(1,187)
Ending net, deferred tax liability	**$ 670,337**	$ 470,015

The following temporary differences have not been recognized in Northland's Consolidated Financial Statements:

Year ended December 31,	2022	2021
Non-capital losses carried forward	**$ 91,313**	$ 76,658
Net capital loss	**106,828**	—
Fair value change in debt instrument	**80,461**	84,590
Non-deductible interest carried forward	**174,734**	119,844
Property, plant, and equipment	**—**	18,856
Other deductible temporary differences	**3,846**	2,718
Total deductible temporary differences	**$ 457,182**	$ 302,666

Northland has operating losses available for carry forward in Canada, Mexico, Spain and Germany, of $48 million, $24 million, $67 million and $0.1 million, which expire beginning in 2026.

The operating losses are expected to expire as follows:

	Canada	Germany	Mexico	Spain
2025 – 2028	$ 9,271	$ —	$ 2,527	$ —
2029 – 2033	8,919	89	21,644	—
2034 – 2038	12,888	—	—	—
2039 – 2042	16,507	—	—	66,744
Total	**$ 47,585**	**$ 89**	**$ 24,171**	**$ 66,744**

24.2 Temporary Differences Associated with Northland Investments

The temporary difference associated with investments in Northland's subsidiaries is $256 million (2021 - $87 million). A deferred tax liability associated with these investments has not been recognized because Northland controls the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Northland periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, Northland has recorded its best estimate of these liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to implementation of changes in tax laws. Although Northland believes it has adequately provided for the probable outcome of these matters, future results may include adjustments to these estimated tax liabilities in the period the assessments are made or resolved or when the statute of limitation lapses. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

25. Operating Segment Information

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

Significant information for each segment for the consolidated statements of income (loss) is as follows:

Year Ended December 31, 2022	External Sales	Inter company sales (1)	Total Sales	Cost of sales	Operating Costs	G&A costs (2)	Depreciation and amortization	Other income (3)	Operating Income	Finance costs, net
Offshore Wind Facilities (4)	$ 1,259,247	$ —	$ 1,259,247	$ —	$ 169,756	$ 11,862	$ 374,150	$ —	$ 703,479	$ 173,150
Onshore Renewable Facilities										
Canada	216,606	—	216,606	—	31,013	1,546	83,900	—	100,147	50,359
Spain	269,251	—	269,251	—	42,832	4,635	78,076	—	143,708	20,534
	$ 485,857	$ —	$ 485,857	$ —	$ 73,845	$ 6,181	$ 161,976	$ —	$ 243,855	$ 70,893
Efficient Natural Gas Facilities										
Canada	425,572	—	425,572	177,316	43,215	501	46,532	(11,271)	169,279	47,173
Utilities										
Colombia	269,692	—	269,692	83,659	64,785	6,119	29,976	—	85,153	(124)
Other (1)	8,447	127,708	136,155	9,451	394	137,517	12,067	(523)	(22,751)	32,540
Elimination	—	(127,708)	(127,708)	—	—	—	—	—	(127,708)	—
Total	$ 2,448,815	$ —	$ 2,448,815	$ 270,426	$ 351,995	$ 162,180	$ 624,701	$ (11,794)	$ 1,051,307	$ 323,632

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to $614 million and $646 million, respectively.

Year Ended December 31, 2021	External Sales	Inter company sales (1)	Total Sales	Cost of sales	Operating Costs	G&A costs (2)	Depreciation and amortization	Other income (3)	Operating Income	Finance costs, net
Offshore Wind Facilities (4)	$ 1,107,236	$ —	$ 1,107,236	$ —	$ 173,742	$ 9,173	$ 371,086	$ —	$ 553,235	$ 187,345
Onshore Renewable Facilities										
Canada	207,015	—	207,015	—	28,876	1,983	87,186	—	88,970	54,622
Spain	92,310	—	92,310	—	16,656	340	31,275	—	44,039	12,445
	$ 299,325	$ —	$ 299,325	$ —	$ 45,532	$ 2,323	$ 118,461	$ —	$ 133,009	$ 67,067
Efficient Natural Gas Facilities										
Canada	433,554	—	433,554	123,533	51,483	695	103,595	(11,662)	165,910	51,524
Utilities										
Colombia	225,349	—	225,349	68,923	57,137	7,138	33,169	—	58,982	719
Other (1)	27,791	194,057	221,848	21,037	—	126,014	9,728	(3,218)	68,287	35,762
Elimination	—	(194,057)	(194,057)	—	—	—	—	—	(194,057)	—
Total	$ 2,093,255	$ —	$ 2,093,255	$ 213,493	$ 327,894	$ 145,343	$ 636,039	$ (14,880)	$ 785,366	$ 342,417

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to $534 million and $573 million, respectively.

Significant information for each segment for the consolidated statements of financial position is as follows:

As at December 31, 2022	PP&E, net	Contracts and other intangibles, net	Goodwill	Investment in joint ventures	Total Assets
Offshore Wind Facilities (2)	**$ 4,899,741**	**$ 367,412**	**$ —**	**$ —**	**$ 6,381,260**
Onshore Renewable Facilities					
Canada	**1,151,725**	**—**	**54,731**	**—**	**1,108,590**
Spain	**1,448,339**	**—**	**158,825**	**—**	**1,974,257**
	$ 2,600,064	**$ —**	**$ 213,556**	**$ —**	**$ 3,082,847**
Efficient Natural Gas Facilities					
Canada	**728,730**	**41,411**	**120,229**	**—**	**1,174,181**
Utilities					
Colombia	**431,144**	**5,800**	**378,833**	**—**	**936,634**
Other (1)	**717,905**	**101,152**	**—**	**441,565**	**2,647,687**
Total	**$ 9,377,584**	**$ 515,775**	**$ 712,618**	**$ 441,565**	**$ 14,222,609**

(1) Other Includes $33 million (£20 million) in relation to an Option Lease Agreement, entered with the Scottish government which provides Northland with development exclusivity over the awarded sites for a period of up to 10 years (Note 6).

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

As at December 31, 2021	PP&E, net	Contracts and other intangibles, net	Goodwill (1)	Investment in joint ventures	Total Assets
Offshore Wind Facilities (2)	$ 5,166,638	$ 411,482	$ —	$ —	$ 6,222,659
Onshore Renewable Facilities					
Canada	1,203,999	—	54,731	7,592	1,280,348
Spain	1,509,913	—	157,478	—	1,998,286
	$ 2,713,912	$ —	$ 212,209	$ 7,592	$ 3,278,634
Efficient Natural Gas Facilities					
Canada	771,487	45,281	120,229	—	1,261,107
Utilities					
Colombia	486,546	5,636	420,935	—	1,004,008
Other	447,883	35,236	—	131,134	1,105,408
Total	$ 9,586,466	$ 497,635	$ 753,373	$ 138,726	$ 12,871,816

(1) $30 million of goodwill relating to Iroquois Falls facility was written off during 2021.

(2) Offshore wind is comprised of property plant & equipment from Germany and the Netherlands amounting to $2,397 million and $2,769 million, respectively.

26. Related-party Disclosures

26.1 Compensation of Key Management Personnel

Remuneration of key management personnel, consisting of the Board of Directors and members of executive management, expensed in the year ended December 31, 2022, and 2021 is outlined in the table below. In 2022, Northland granted Shares to key management personnel to settle a part of share-based compensation. Share-based compensation is tied directly to executive seniority and the success of development and construction projects as well as acquisition activities.

Year Ended December 31,		**2022**		**2021**
Salaries and short-term employee benefits	**$**	**9,643**	$	8,593
Share-based compensation - shares issued under the LTIP (Note 17.1)		**591**		911
Share-based compensation - cash component		**4,382**		3,225
Total	**$**	**14,616**	$	12,729

27. Litigation, Claims, Contingencies and Commitments

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland.

27.1 Milestone Payments for Development Project Acquisitions

In the course of business, Northland enters into acquisition agreements that may result in Northland making additional payments to the seller and/or directly to the development project previously acquired, upon the successful completion of certain milestones. As at December 31, 2022, Northland's best estimate of the future contingent payments are approximately $265 million of contingent payments under its development projects arrangements, with a maximum of $450 million. These contingent payments were not recognized in the consolidated statements of financial position.

27.2 Contingencies and Commitments

The following is a summary of the material commitments that Northland and its subsidiaries have entered into as at December 31, 2022, in addition to the commitments outlined in the above notes.

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

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

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

Under certain circumstances, Northland provides parental guarantees to third-parties in respect of its subsidiaries. As at December 31, 2022, outstanding parental guarantees issued totaled $229 million (2021: $226 million) and related primarily to the development and construction of La Lucha and New York Wind projects.

Northland's share of contingencies and commitments in relation to its joint ventures are disclosed in Note 9(d).

27.3 Capital Commitments

In the normal course of operations, as at December 31, 2022, Northland has committed to future spending of approximately $69 million (2021: $65 million) on capital projects, primarily relating to the construction of New York Wind projects.

Corporate **Information**

Directors and Executive Officers Of Northland Power Inc.

Directors

Mr. John W. Brace (Chair)

Ms. Linda L. Bertoldi

Ms. Lisa Colnett

Mr. Kevin Glass

Mr. Russell Goodman

Mr. Keith Halbert

Ms. Helen Mallovy Hicks

Mr. Ian Pearce

Mr. Eckhardt Ruemmler

Executive Officers

Mr. Mike Crawley
President and Chief Executive Officer

Ms. Pauline Alimchandani
Chief Financial Officer

Ms. Wendy Franks
Chief Strategy Officer & Head of Hydrogen BU

Ms. Rachel Stephenson
Chief People Officer

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

Mr. David Povall
Executive Vice President, Offshore Wind

Mr. Calvin MacCormack
Executive Vice President of Thermal & Utility

Ms. Michelle Chislett
Executive Vice President of Onshore Renewables

General Information

Registrar and Transfer Agent

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Toronto, Ontario, Canada

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Attention: Equity Services

Common Shares and Preferred Shares

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

Tax Considerations

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

Contact Information

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About Northland

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

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

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

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