Intelligent Energy. Greener Planet.

2023

Annual Report

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Photographed:
Nordsee One maintenance crew

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Photographed:
Mike Crawley,
President and
Chief Executive Officer

Dear Shareholders,

I'm proud to share with you Northland's Annual Report, which highlights our collective success across our diversified portfolio despite macro-economic headwinds that impacted the renewables sector globally.

Resiliency was a defining trait for Northland in 2023. This was reflected in our ability to anticipate changing market dynamics and make tough, but necessary, decisions at the right time, navigating unique conditions with suppliers, partners and governments. Through it all, we continued to drive progress in a year that wasn't without challenge. As a result, we ended 2023 in a much stronger position than we started with costs locked down, funds secured, and long-term PPAs in place on three significant projects in our portfolio. These projects are expected to deliver approximately $570 to $615 million in incremental annual Adjusted EBITDA once operational and, with revenue contract tenors of 20 to 30 years, they will solidify Northland's foundation moving forward.

In 2024, there is a sense of optimism across the industry as inflation, interest rates and supply chain constraints are predicted to start to ease. We're seeing renewed confidence from investors, and support for the build-out of renewables has increased beyond what we've witnessed before. Governments globally are working to address roadblocks and are providing more favourable market conditions for developers through incentives and new funding mechanisms. Policies like the Inflation Reduction Act (IRA) in the United States, Income Tax Credits (ITCs) and Carbon Tax Credits (CTCs) in Canada, and the Wind Power Package (WPP) from the European Commission, will provide material benefits to the sector over the long term. Offtake auction prices are also rebounding in response to government action as a mitigating factor.

With this renewed enthusiasm for renewables investment globally, Northland is well-positioned and proud to be one of the major players leading global transition efforts for a cleaner future.

Collective Focus in 2024

As reflected in our business plan, we enter a new chapter in our business in 2024 – one anchored by a stronger focus on key priorities, and largely centered around the flawless execution of the $16 billion construction campaigns for Hai Long, Baltic Power and Oneida. Delivering these projects on time, on budget and without incident is Northland's biggest priority over the next 2-3 years and will build on our incredibly solid foundation. Once these projects are fully operational (anticipated by 2027), they will collectively generate an aggregate Adjusted EBITDA and Free Cash Flow of $570 to $615 million and $185 to $210 million, respectively, resulting in significant value and accretion for Northland's shareholders. Hai Long, Baltic Power and Oneida will also strengthen the quality of our cash flow and extend the tenure of our contracted terms of our consolidated cash flow from 8 years to 16 years by 2027.

Despite our focus on project execution, development remains at the core of who we are. With demand for renewable energy soaring and governments continuing to procure renewable energy, we will continue to look for opportunities to grow prudently, leveraging opportunities to advance our existing pipeline in offshore wind in South Korea and Scotland, and exploring new potential in priority onshore markets including Ontario, Alberta and New York. We don't need to be active in every market across all technologies to reach our growth targets and we recognize that.

Our diverse ~12 GW construction and development pipeline brings us optionality, and with that we will continue to be strategic and deliberate in our decision-making, bringing increased focus to our balance sheet resilience and to optimization of our current facilities to find more value in the near and long-term.

With demand for renewable energy set to outpace previous years, and significant long-term growth in EBITDA locked in, I am excited about the next chapter in Northland's journey.

On behalf of Northland, I thank you for your ongoing support and confidence.

Mike Crawley
President and Chief Executive Officer

Watch Our Look North Video

Learn what makes Northland an industry leader.

Key Accomplishments in 2023

Photograph above:
Nordsee One,
North Sea, Germany

Business Highlights:

- Closed approximately $15 billion in corporate and project financings:
  - Secured financing and began construction on the Oneida Energy Storage Project (250MW) in Ontario. Oneida is Canada's first utility-scale energy storage project to reach financial close and enter construction, with operations set to commence in 2025.
  - Secured award-winning financing deals for two major offshore wind projects, Hai Long (1,022 MW) in Taiwan and Baltic Power (1,140 MW) in Poland. Both projects mark respective firsts in their markets and are expected to commence operations in 2026-2027.
  - Closed our inaugural offering of $500 million of Fixed-to-Fixed Rate Green Subrodinated Notes, due June 30, 2083 (the "Green Notes").
- Executed on long-term strategic partnerships to add value and diversify risk:
  - Continued to build on our strategic partnership model by divesting a 24.5% interest in both Scottish offshore wind projects with ESB, a leading Irish energy company, to share in the projects' value creation. This partnership demonstrates the interest in developing offshore wind in Scotland and provides an opportunity to bring in a strong and long-term partner.
  - Closed our partnership with Gentari for the acquisition of a 49% of Northland's 60% ownership in the Hai Long offshore wind project, and a 49% interest in our CanWind and NorthWind Taiwanese offshore development projects.

- Received industry accolades and recognition for project financing and industry innovation, including:

  Baltic Power

  - Project Finance International 2023 – Europe Deal of the Year
  - IJGlobal Award 2023 Renewable Energy Deal of the Year – Offshore Wind, Europe.

  Hai Long

  - Project Finance International 2023 – Asia-Pacifi Offshore Wind Deal of the Year
  - FinanceAsia 2023 - Best Infrastructure Deal (North Asia)
  - FinanceAsia 2023 – Best Project Finance Deal (North Asia)

  Oneida

  - Ontario Energy Conference Awards 2023 - Innovation Award
  - Energy Storage Canada Awards 2023 – Project Milestone Award

- Reached commercial operations on Bluestone (112 MW) and Ball Hill (108 MW), our first projects energized in the U.S., as well as our La Lucha (130 MW) solar facility in Mexico.
- Maintained strong performance of our operating assets, with availability of 95.7% across all facilities.
- Strengthened our leadership, welcoming Yonni Fushman, Chief Administrative & Legal Officer and Corporate Secretary and Pierre-Emmanuel Frot, Executive Vice President of Project Management Office, and in 2024, Toby Edmonds, Executive Vice President of Offshore Wind. We also welcomed Ellen Smith, who brings over 35 years of experience in the power and utilities sector to our Board of Directors.

2023 Financial Highlights:

- Achieved financial guidance for Adjusted EBITDA and exceeded our financial guidance on Adjusted Free Cash Flow and Free Cash Flow metrics. Our Adjusted EBITDA for the year was $1.24 billion, in line with our guidance. Our Adjusted Free Cash Flow and Free Cash Flow per share were $1.97 and $1.68, respectively, well above our guidance.

These achievements are the result of the relentless commitment and determination from our people and partners, and reflect our experience as developers and early-movers in the right markets.

Our Value

1,344
Experts

6
Countries with active development

2.6 M
Tons of avoided CO_2e

3.4 GW
Of gross operating capacity

Experienced developer 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**.
- Ability to deliver **on time, on budget and without incident**

A growth mindset with a focus on execution

- **~6 GW** by 2027 and **7-10%** CAGR EBITDA
- Healthy total shareholder return, ~**12% CAGR total shareholder annualised return since IPO**
- Balance sheet **resiliency**
- **Partnership philosophy** and **forward-thinking culture**
- Contracted and high-quality cash flows
- Visible long-term growth

Early mover advantage

- Delivering **industry first milestones**
- **Award-winning** offshore wind project financing

Diversified global portfolio

- High-quality power infrastructure with over **3.4 GW of gross operating capacity**
- Deep **12 GW pipeline to support growth optionality**

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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, 2023, and 2022, and Northland's most recent Annual Information Form for the year ended December 31, 2023, dated February 21, 2024 (**"2023 AIF"**). These materials are available on the Company's SEDAR+ profile at www.sedarplus.ca and on Northland's website at www.northlandpower.com.

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

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

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on February 21, 2024; actual results may differ materially. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, including respective per share amounts, dividend payments and dividend payout ratios, the timing for and attainment of the Hai Long and Baltic Power offshore wind and Oneida energy storage projects' anticipated contributions to Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, the expected generating capacity of certain projects, guidance, the completion of construction, acquisitions, dispositions, whether partial or full, investments or financings and the timing thereof, the timing for and attainment of financial close and commercial operations, for each project, the potential for future production from project pipelines, cost and output of development projects, the all-in interest cost for debt financing, the impact of currency and interest rate hedges, litigation claims, anticipated results from the optimization of the Thorold Co-Generation facility and the timing related thereto, future funding requirements, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland, its subsidiaries and joint ventures. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, the ability to obtain necessary approvals, satisfy any closing conditions, satisfy any project finance lender conditions to closing sell-downs or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, risks associated with further regulatory and policy changes in Spain which could impair current guidance and expected returns, risks associated with merchant pool pricing and revenues, risks associated with sales contracts, the emergence of widespread health emergencies or pandemics, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for over 50% of its Adjusted EBITDA, counterparty and joint venture risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, wind and solar resource risk, unplanned maintenance risk, offshore wind concentration, natural gas and power market risks, commodity price risks, operational risks, recovery of utility operating costs, Northland's ability to resolve issues/delays with the relevant regulatory and/or government authorities, permitting, construction risks, project development risks, integration and acquisition risks, procurement and supply chain risks, financing risks, disposition and

joint-venture risks, competition risks, interest rate and refinancing risks, liquidity risk, inflation risks, commodity availability and cost risk, construction material cost risks, impacts of regional or global conflicts, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, climate change, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, cybersecurity, data protection and reliance on information technology, labour relations, labour shortage risk, management transition risk, geopolitical risk in and around the regions Northland operates in, large project risk, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, terrorism and security, litigation risk and legal contingencies, and the other factors described in this MD&A and the 2023 *AIF. Northland has attempted to identify important factors that could cause actual results to materially differ from current expectations, however, there may be other factors that cause actual results to differ materially from such expectations. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, and Northland cautions you not to place undue reliance upon any such forward-looking statements. The forward-looking statements contained in this MD&A are, unless otherwise indicated, stated as of the date hereof and are based on assumptions that were considered reasonable as of the date hereof. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.*

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

Non-IFRS Financial Measures

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

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

Adjusted EBITDA was revised to remove the impairment of capitalized growth projects from the measure, as this impairment (related to prior period costs) does not reflect Northland's current or ongoing core business performance. Furthermore, amendments were made to include the gains (losses) from partial sell-downs of development facilities (whether directly owned or through equity accounted investments) in Adjusted EBITDA as this approach better aligns with the ongoing performance of the business. Under the previously reported definition of Adjusted EBITDA, when a value

accretive transaction occurred with respect to a partial sell-down of a development project, any associated gain (loss) would have been altogether excluded from Adjusted EBITDA, which management believes is not an appropriate method for measuring the current and ongoing financial performance of the business. For clarity, gains (losses) that arise from full divestitures of development projects continue to be excluded from Adjusted EBITDA as these do not form part of Northland's ongoing business performance.

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

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

Adjusted EBITDA

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

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

Adjusted Free Cash Flow

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

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

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

Free Cash Flow

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

For clarity, Northland's Free Cash Flow includes a reduction for expenditures on development activities until an advanced project qualifies for capitalization under IFRS. The Adjusted Free Cash Flow and Free Cash Flow payout ratios, calculated using the respective financial measure, demonstrate the proportion of the respective measure paid as dividends, whether in cash, or in shares under Northland's dividend reinvestment plan (**"DRIP"**). The net payout ratios indicate the proportion of Free Cash Flow paid as cash dividends. The payout ratios generally reflect Northland's ability to fund growth-related expenditures and sustain dividends.

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

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

Business Objective

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

Vision

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

Business Strategy

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

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

(i) Resiliency

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

(ii) Execution

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

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

(iii) Prudent Growth

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

(iv) Optimization

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

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

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

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

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

SECTION 3: NORTHLAND'S BUSINESS

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

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

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

(1) Presented at Northland's economic interest.

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

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

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

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

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

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

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

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

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

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

SECTION 4: CONSOLIDATED HIGHLIGHTS

4.1: Significant Events

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

Balance Sheet:

Optimization of Spanish Portfolio's Debt Facility

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

Green Subordinated Notes

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

Refinancing of EBSA's Credit Facility

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

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

At-The-Market Equity Program

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

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

Redemption of Series 3 Preferred Shares

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

Corporate Credit Rating Re-affirmed

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

Renewables Growth updates:

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

Hai Long Offshore Wind Project

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

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

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

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

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

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

Baltic Power Offshore Wind Project

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

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

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

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

NorthWind and CanWind Offshore Wind Projects

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

Nordsee Cluster Offshore Wind Project

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

ScotWind Partnership

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

Oneida Energy Storage Project

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

New York Onshore Wind Projects

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

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

South Korean Offshore Wind Projects

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

La Lucha Mexican Solar Project

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

Other:

Update on the Hydrogen Business Unit

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

Board of Directors

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

Project Delivery Committee

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

Executive Changes

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

Facility Optimizations:

Thorold upgrade

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

4.2: Operating Highlights

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

Summary of Consolidated Results

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

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

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

(3) As at December 31.

SECTION 5: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

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

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

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

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

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

5.1: Operating Results

Offshore Wind Facilities

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

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

Variability within Operating Results

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

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

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

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

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

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

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

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

Operating Performance

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

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

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

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

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

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

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

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

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

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

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

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

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

Operating results of each facility

The following table summarizes operating results by facility:

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

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

(1) Revenue from non-curtailed production only.

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

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

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

Onshore Renewable Facilities

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

Spain revenue structure and regulatory changes

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

The revenue for each facility has four components:

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

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

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

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

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

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

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

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

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

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

Efficient Natural Gas Facilities

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

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

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

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

Utility

Empresa de Energía de Boyacá S.A E.S.P (**"EBSA"**) holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates

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

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

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

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

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

5.2: General and Administrative Costs

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

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

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

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

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

5.3: Growth Expenditures

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

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

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

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

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

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

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

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

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

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

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

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

5.4: Consolidated Results

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

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

Fourth Quarter

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

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

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

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

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

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

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

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

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

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

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

2023

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

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

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

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

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

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

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

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

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

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

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

5.5: Adjusted EBITDA

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

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

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

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

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

Fourth Quarter

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

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

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

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

Full Year

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

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

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

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

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

5.6: Adjusted Free Cash Flow and Free Cash Flow

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

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

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

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

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

Adjusted Free Cash Flow, is a supplementary non-IFRS cash flow measure including associated per share amounts and payout ratios. Adjusted Free Cash Flow is calculated by excluding growth-related expenditures and adjusting for historically incurred growth expenditures' recovery due to sell-down, from Free Cash Flow. Management believes this measure provides a relevant presentation of cash flow generated from the business before investment-related decisions (refer to *Section 5.3: Growth Expenditures* for additional information). Management believes Adjusted Free Cash Flow is a

meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to reinvest in growth and fund dividend payments. Reinvesting in growth is a key part of Northland's long-term strategy.

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

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

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

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

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

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

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

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

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

Fourth Quarter

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

The significant factors increasing Adjusted Free Cash Flow were:

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

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

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

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

Full Year

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

The significant factors increasing Adjusted Free Cash Flow were:

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

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

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

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

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

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

(1) On a rolling four-quarter basis.

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

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

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

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

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

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

SECTION 6: CHANGES IN FINANCIAL POSITION

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

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

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

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

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

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

SECTION 7: EQUITY, LIQUIDITY AND CAPITAL RESOURCES

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

Dividends

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

Dividend Reinvestment Plan ("DRIP")

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

Equity

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

Fourth Quarter

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

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

2023

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

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

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

Factors partially offsetting cash provided by operating activities include:

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

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

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

Factors partially offsetting cash used in investing activities include:

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

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

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

Factors partially offsetting cash used in financing activities include:

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

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

Property, Plant and Equipment

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

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

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

(2) Excludes Spy Hill lease receivable accounting treatment.

Long-term Debt

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

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

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

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

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

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

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

Debt Covenants

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

Corporate Credit Facilities and Letters of Credit

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

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

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

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

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

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

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

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

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

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

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

Exposure to LIBOR and EURIBOR

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

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

Financial Commitments and Contractual Obligations

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

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

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

(2) Using long-term foreign exchange rates.

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

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

Non-Financial Commitments and Contractual Obligations

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

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

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

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

SECTION 8: SUMMARY OF QUARTERLY CONSOLIDATED RESULTS

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

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

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

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

SECTION 9: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES

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

Hai Long Offshore Wind Project

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

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

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

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

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

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

Baltic Power Polish Offshore Wind Project

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

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

Oneida Energy Storage Project

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

Thorold upgrade

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

New York Onshore Wind Projects

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

La Lucha Mexican Solar Project

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

South Korean Offshore Wind Projects

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

ScotWind Offshore Wind Project

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

Alberta Portfolio

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

SECTION 10: OUTLOOK

Adjusted EBITDA

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

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

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

Adjusted Free Cash Flow and Free Cash Flow

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

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

Factors expected to offset the aforementioned decreases include:

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

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

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

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

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

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

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

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

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

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

SECTION 11: LITIGATION, CLAIMS AND CONTINGENCIES

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

SECTION 12: ESG AND CLIMATE CHANGE

ESG at Northland

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

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

Climate-related risks and opportunities

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

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

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

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

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

Risk Management

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

SECTION 13: FINANCIAL RISKS AND UNCERTAINTIES

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

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

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

Market Risk

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

(i) Interest Rate Risk

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

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

(ii) Credit Spread Risk

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

(iii) Currency Risk

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

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

(iv) Commodity Price Risk

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

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

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

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

Financial Counterparty Risk

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

Northland manages counterparty risk by contracting with highly creditworthy counterparties wherever possible, such as government-related entities and large financial institutions. Northland's cash, derivative financial instruments, unfunded

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

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

Liquidity Risk

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

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

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

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

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

Taxation

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

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

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

Northland undertakes all transactions for commercial reasons and strives to structure them in a tax-efficient manner. These transactions and financing structures could be challenged by the Canadian and/or local tax authority. Before entering into

these transactions and structures, legal and tax experts are engaged to ensure these transactions and structures are in compliance with all tax laws, rules and regulations. A successful challenge by the Canadian or local tax authority to transactions and structures entered into by Northland and its subsidiaries may have an adverse effect on Northland and its Adjusted Free Cash Flow.

SECTION 14: CRITICAL ACCOUNTING ESTIMATES

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

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

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

SECTION 15: FUTURE ACCOUNTING POLICIES

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

SECTION 16: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

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

Internal Controls over Financial Reporting

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

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

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

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

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

Changes In Internal Control over Financial Reporting

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

Consolidated Financial Statements

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 58.

The Audit Committee of Northland meets periodically with management, internal auditors 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 21, 2024

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, 2023 and 2022, 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 material accounting policy information.

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, 2023 and 2022, 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 matter 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, 2023, the Group's goodwill, contracts and other intangible assets, and property, plant, and equipment were $639 million, $447 million and $9,180 million, respectively. For the year ended December 31, 2023, an impairment of $163 million was recorded with respect to goodwill. 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 22 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 22 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.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

February 21, 2024

Consolidated Financial Statements

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Consolidated statements of financial position

In thousands of Canadian dollars

As at	December 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**$ 642,478**	$ 1,299,833
Restricted cash	**171,023**	160,142
Trade and other receivables (Note 9)	**396,014**	549,637
Other current assets	**97,468**	90,515
Derivative assets (Note 19.2)	**139,711**	248,829
Total current assets	**$ 1,446,694**	$ 2,348,956
Property, plant and equipment (Note 4)	**9,179,933**	9,377,584
Contracts and other intangible assets (Note 5)	**446,870**	515,775
Goodwill (Note 6)	**639,347**	712,618
Finance lease receivable (Note 7.1)	**120,191**	125,938
Derivative assets (Note 19.2)	**249,286**	503,146
Deferred tax asset (Note 23)	**44,726**	27,240
Investment in joint ventures (Note 8)	**899,885**	441,565
Other non-current assets (Note 10)	**599,366**	169,787
Total assets	**$ 13,626,298**	$ 14,222,609
Liabilities and equity		
Trade and other payables (Note 11)	**$ 449,461**	$ 959,213
Loans and borrowings (Note 13)	**744,812**	793,881
Dividends payable (Note 16.4)	**26,150**	25,669
Current portion of provision and other liabilities (Note 15)	**28,236**	32,793
Derivative liabilities (Note 19.2)	**27,356**	97,296
Total current liabilities	**$ 1,276,015**	$ 1,908,852
Loans and borrowings (Note 13)	**6,320,722**	6,177,841
Corporate credit facilities (Note 14)	**115,656**	—
Provisions and other liabilities (Note 15)	**740,383**	705,387
Derivative liabilities (Note 19.2)	**100,539**	8,679
Deferred tax liability (Note 23)	**590,259**	697,577
Total liabilities	**$ 9,143,574**	$ 9,498,336
Equity		
Common shares (Note 16.1)	**$ 5,085,387**	$ 4,945,983
Preferred shares (Note 16.3)	**144,843**	144,843
Contributed surplus	**5,976**	5,536
Accumulated other comprehensive income (loss)	**107,653**	(4,040)
Deficit	**(1,158,682)**	(701,140)
Equity attributable to shareholders	**$ 4,185,177**	$ 4,391,182
Non-controlling interests (**"NCI"**) (Note 17)	**297,547**	333,091
Total equity	**$ 4,482,724**	$ 4,724,273
Total liabilities and equity	**$ 13,626,298**	$ 14,222,609

See accompanying notes.

(signed, John W. Brace)

John W. Brace
Director and Chair of the Board

(signed, Kevin Glass)

Kevin Glass
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, 2023		2022
Sales				
Electricity and related products	$	**1,693,096**	$	1,910,995
Regulated electricity		**512,458**		531,489
Other		**27,225**		6,331
Total sales	$	**2,232,779**	$	2,448,815
Cost of sales				
Fuel purchases		**105,292**		186,767
Regulated electricity purchases		**106,446**		83,659
Total cost of sales	$	**211,738**	$	270,426
Gross profit	$	**2,021,041**	$	2,178,389
Expenses				
Operating costs		**408,822**		351,995
General and administrative ("**G&A**") costs		**115,166**		83,963
Development costs		**114,180**		78,217
Depreciation of property, plant and equipment (Note 4)		**595,600**		571,090
Amortization of contracts and other intangible assets (Note 5)		**57,015**		53,611
Total expenses	$	**1,290,783**	$	1,138,876
Finance lease income (Note 7.1)		**10,899**		11,271
Operating income	$	**741,157**	$	1,050,784
Finance costs (Note 21)		**383,328**		336,630
Finance income (Note 21)		**(61,516)**		(13,521)
Impairment of non-financial assets (Note 6 and 22)		**163,169**		—
Foreign exchange (gain) loss		**(39,732)**		(41,792)
Fair value (gain) loss on financial instruments (Note 19.1)		**303,898**		(460,704)
Share of (profit) loss from equity accounted investees (Note 8)		**279,849**		2,857
Other (income) expense (Note 8)		**(230,836)**		(32,805)
Income (loss) before income taxes	$	**(57,003)**	$	1,260,119
Provision for (recovery of) income taxes (Note 23)				
Current		**143,554**		203,376
Deferred		**(104,425)**		101,286
Total income taxes	$	**39,129**	$	304,662
Net income (loss)	$	**(96,132)**	$	955,457
Net income (loss) attributable to:				
Non-controlling interests (**"NCI"**) (Note 17)		**79,062**		127,724
Shareholders of the Company (Note 20)		**(175,194)**		827,733
Net income (loss)	$	**(96,132)**	$	955,457
Weighted average number of shares outstanding - basic and diluted (000s) (Note 20)		**252,710**		236,157
Net income (loss) attributable to common shareholders per share - basic and diluted	$	**(0.72)**	$	3.46

See accompanying notes.

Consolidated statements of comprehensive income (loss)

In thousands of Canadian dollars

	Year ended December 31,	
	2023	**2022**
Net income (loss)	**$ (96,132)**	$ 955,457
Items that may be re-classified into net income (loss):		
Exchange rate differences on transaction of foreign operations	**248,539**	31,076
Change in fair value of hedged derivative contracts (Note 19)	**(164,204)**	425,702
Deferred tax recovery (expense) (Note 23)	**19,713**	(98,444)
Items that will not be re-classified into net income (loss):		
Re-measurement of pension obligation	**(6,076)**	3,161
Other comprehensive income (loss)	**$ 97,972**	$ 361,495
Total comprehensive income (loss)	**$ 1,840**	$ 1,316,952
Total comprehensive income (loss) attributable to:		
Non-controlling interests (Note 17)	**65,341**	213,295
Shareholders of the Company	**(63,501)**	1,103,657
Total comprehensive income (loss)	**$ 1,840**	$ 1,316,952

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, 2022	**$ 4,945,983**	**$ 144,843**	**$ (701,140)**	**$ 5,536**	**$ (4,040)**	**$ 4,391,182**	**$ 333,091**	**$ 4,724,273**
Net income (loss)	—	—	(175,194)	—	—	(175,194)	79,062	(96,132)
Deferred tax recovery (expense) (Note 23)	—	—	—	—	19,002	19,002	711	19,713
Exchange rate differences on translation of foreign operations	—	—	—	—	245,319	245,319	3,220	248,539
Change in fair value of hedged derivative contracts (Note 19)	—	—	—	—	(146,588)	(146,588)	(17,616)	(164,204)
Re-measurement of pension obligation	—	—	—	—	(6,040)	(6,040)	(36)	(6,076)
Total comprehensive income (loss)	$ —	$ —	$ (175,194)	$ —	$ 111,693	$ (63,501)	$ 65,341	$ 1,840
Long term incentive plan (Note 16.1)	279	—	—	440	—	719	—	719
Disposal or other adjustments (Note 17)	—	—	—	—	—	—	(10,750)	(10,750)
Increase in NCI arising on additional contribution and dilution of interest in subsidiaries (Note 17)	—	—	27,224	—	—	27,224	29,808	57,032
Common shares issued, net of costs (Note 16.1)	40,908	—	—	—	—	40,908	—	40,908
Deferred tax on share issuance cost (Note 16.1 and 23)	313	—	—	—	—	313	—	313
Dividends to NCI (Note 17)	—	—	—	—	—	—	(119,943)	(119,943)
Common share and dividends declared (Note 16.1 and 16.4)	97,904	—	(303,469)	—	—	(205,565)	—	(205,565)
Preferred share dividends (Note 16.3)	—	—	(6,103)	—	—	(6,103)	—	(6,103)
December 31, 2023	**$ 5,085,387**	**$ 144,843**	**$ (1,158,682)**	**$ 5,976**	**$ 107,653**	**$ 4,185,177**	**$ 297,547**	**$ 4,482,724**

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, 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 23)	—	—	—	—	(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 19)	—	—	—	—	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 16.1)	591	—	—	1,950	—	2,541	—	2,541
Non-controlling interest disposal (Note 17)	—	—	—	—	—	—	3,446	3,446
Additional contribution provided by NCI (Note 17)	—	—	—	—	—	—	1,320	1,320
Common shares issued, net of costs (Note 16.1)	851,610	—	—	—	—	851,610	—	851,610
Deferred tax on share issuance cost (Note 16.1 and 23)	2,896	—	—	—	—	2,896	—	2,896
Dividends to NCI (Note 17)	—	—	—	—	—	—	(93,802)	(93,802)
Common share and dividends declared (Note 16.1 and 16.4)	85,424	—	(284,582)	—	—	(199,158)	—	(199,158)
Preferred shares transfer to current-liabilities (Note 16.3)	—	(116,037)	—	—	—	(116,037)	—	(116,037)
Preferred share dividends (Note 16.3)	—	—	(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 cash flows

In thousands of Canadian dollars

		Year ended December 31,		
		2023		**2022**
Operating activities				
Net income (loss)	**$**	**(96,132)**	$	955,457
Items not involving cash or operations:				
Depreciation of property, plant and equipment (Note 4)		**595,600**		571,090
Amortization of contracts and other intangibles (Note 5)		**57,015**		53,611
Impairment of non-financial assets (Note 6 and 22)		**163,169**		—
Finance costs, net (Note 21)		**321,812**		323,109
Fair value (gain) loss on financial instruments		**303,898**		(460,704)
Unrealized foreign exchange (gain) loss		**(32,407)**		5,588
Loss (gain) on change of ownership interest in subsidiaries and joint ventures (Note 8)		**(204,902)**		(41,651)
Deferred tax expense (recovery) (Note 23)		**(104,425)**		101,286
Share of (profit) loss from equity accounted invested (Note 8)		**279,849**		2,857
Other		**(31,950)**		32,465
	$	**1,251,527**	$	1,543,108
Net change in working capital related to operations		**(466,313)**		289,875
Cash provided by (used in) operating activities	**$**	**785,214**	$	1,832,983
Investing activities				
Purchase of property, plant and equipment		**(441,111)**		(452,576)
Additional equity contribution to the joint ventures		**(1,014,615)**		(203,479)
Acquisitions of contract and intangible assets, net (Note 5)		**—**		(37,771)
Purchase of contracts and other intangible assets (Note 5)		**(1,050)**		(32,780)
Proceeds from sell-down and divestment		**510,115**		41,566
Restricted cash utilization (funding)		**36,738**		47,405
Loans provided to joint ventures - net		**(389,509)**		—
Other		**129,379**		7,952
Cash provided by (used in) investing activities	**$**	**(1,170,053)**	$	(629,683)
Financing activities				
Proceeds from borrowings, net of transaction costs (Note 12)		**2,214,977**		2,799,273
Repayment of borrowings (Note 12)		**(1,875,332)**		(3,496,308)
Interest paid		**(325,841)**		(336,356)
Restricted cash utilization (funding)		**(47,619)**		2,855
Common share dividends		**(205,072)**		(196,845)
Dividends to NCI (Note 17)		**(119,943)**		(93,802)
Preferred share dividends (Note 16.3)		**(6,103)**		(11,206)
Advance payment for redemption of preference shares (Note 16.3)		**—**		(121,524)
Common shares issued, net of costs (Note 16.1)		**40,908**		851,610
Proceeds from NCI for issuance of shares in subsidiaries that does not involve loss of control		**62,187**		—
Other		**(206)**		(2,534)
Cash provided by (used in) financing activities	**$**	**(262,044)**	$	(604,837)
Effect of exchange rate differences on cash and cash equivalents		**(10,472)**		27,678
Net change in cash and cash equivalents during the period	**$**	**(657,355)**	$	626,141
Cash and cash equivalents, beginning of period		**1,299,833**		673,692
Cash and cash equivalents, end of period	**$**	**642,478**	$	1,299,833

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 and joint ventures (together referred in here as "**Northland**" or the "**Group**"), in power producing facilities and a power distribution utility, as well as in the 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, the United States of America, Mexico and Colombia. Northland's significant assets under construction and development are located in Canada, Taiwan, South Korea, Poland, Scotland and the United States of America.

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

These audited consolidated financial statements ("**Consolidated Financial Statements**") include the results of the Group, of which the most significant subsidiaries, as of December 31, 2023 are listed in the following table:

	Geographic region	% voting ownership[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, 2023, Northland's economic interest remained unchanged from December 31, 2022. Northland owns 100% ownership interest in all the facilities within the Spanish Portfolio, except for Elecdey Lezuza, S.A. (a wind facility), where Northland's ownership interest is at 66.2%.

2. Summary of 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 2023 Consolidated Financial Statements presentation.

The Consolidated Financial Statements for the year ended December 31, 2023, were approved by the Board of Directors on February 21, 2024.

2.2 Basis of consolidation

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

2.3 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"*. Any goodwill arising from business combinations is, from the date of acquisition, allocated to each of Northland's cash-generating units (**CGUs**) or a group of CGU 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 (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

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.

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.

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 OCI 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 OCI) of the joint venture, Northland recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity 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 statements 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. Refer 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 and other tax credits 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 is initially measured at the present value of the unpaid lease payments and discounted using the interest rate implicit in the lease (if readily determinable) or otherwise using 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. ROU assets are depreciated over a period, which is shorter of the lease term and useful life of the underlying asset. The lease term includes any renewal or termination options, which 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 that 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 the PPA 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 or a group of CGUs to which the goodwill relates. Where the estimated recoverable amount of the CGU or a group of CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill are not 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 statements 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 expected cash inflows associated with the residual or scrap values of the the assets are not considered in arriving at decommissioning cost. 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 the employees providing services which are directly attributable to 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 also granted by Northland to the Board of Directors, certain executives and non-executives employees.

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 which are not readily available, on demand, to fund Northland's operations, including the amounts set aside for specific uses such as amounts funded against future maintenance, debt service and construction costs at certain Northland subsidiaries.

As of December 31, 2023, cash and cash equivalents are comprised of cash balances and a short term deposit held with the banks of $642 million (2022 - $1,300 million) and $58 million (2022 - $147 million), 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 statements 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 financial instruments”. 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 recognized as “Finance 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 these type of instruments are recognized in the Consolidated statements of income (loss).

For financial instruments classified as fair value through OCI (**FVOCI**), refer Note 2.12 (d) below.

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” 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.

Tax equity financing:

Northland owns and operates certain renewable projects in the United States of America under tax-equity structures with the project investors, commonly referred to as the “**Tax-Equity Investors**”, that have financed the construction of these renewable projects. Such tax-equity structures are used to allocate renewable tax incentives, such as Investment Tax Credits (**ITCs**), cash grants, and accelerated tax depreciation, as applicable, to the Tax-Equity Investors.

Generally, these Tax-Equity Investors, in return for purchasing equity stakes in these renewable projects, receive a substantial portion of earnings, tax benefits and cash flows from the projects financed with a tax-equity structure, until the projects have yielded an agreed-upon target rate of return to the Tax-Equity Investors (the "**Flip Point**"). The Flip Point is generally dependent on the projects' respective performance. However, from time to time, the Flip Point dates may be contractually determined. Immediately after the Flip Point, the structures flip such that the Northland will receive the majority of earnings, tax benefits and cash flows from the projects financed with tax-equity structures.

When a tax-equity partnership is formed, Northland assesses whether the project company should be consolidated based on Northland's right to variable returns and its ability to influence the financial and operational decisions impacting those returns. Due to the operational and financial nature of the projects, and the protective nature of the rights given to the Tax-Equity Investors, Northland may retain the control to consolidate the project entity.

In accordance with the terms of the tax equity structure, the contribution by the Tax-Equity Investors has the characteristics of a liability as the contribution is repaid, including an agreed-upon return, and the Tax-Equity Investors do not share the risks of the renewable project in the same way as Northland. Accordingly, the amounts contributed by the Tax-Equity Investors for their equity stakes are classified as loans and borrowings in the Consolidated Financial Statements until the respective Flip Point of the projects. Subsequent to the Flip Point, the Tax-Equity Investors’ equity investments will be accounted for as non-controlling interests.

The loans and borrowings as disclosed in Note 13.3 of these Consolidated Financial Statements, associated with the tax-equity structures are measured at amortized cost using the effective interest method.

Tax Equity financing is settled over time through the following components:

Key Components	**Description**
ITCs	Allocation of ITCs to the tax-equity investor derived from the power generated by the respective renewables facility during the period and recognized as an offset against the cost of relate asset.
Taxable income (loss), including tax attributes such as accelerated tax depreciation	Allocation of taxable income (loss) and other tax attributes to the Tax-Equity Investor recognized in other income as earned.
Interest Expense	Interest expense using the effective interest rate method recognized in finance costs as incurred and as an increase in tax-equity financing.
Pay-go-contributions	Upon exceeding the annual production thresholds, the Tax-Equity Investor is required to contribute additional cash amounts. The cash amounts paid increase the value of the tax-equity financing.
Cash distributions	Cash distribution and projected ITCs allocated to tax-equity financing in lieu of cash discounted at the internal rate of return to its present value.

(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 Consolidated statements of financial position 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 upon the settlement all unfavourable outstanding contracts or the amount that would be received upon the settlement of all favourable contracts at the Consolidated statements of financial position date. 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 19.1.

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 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 financial instruments”.

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 financial instruments”. 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 periodically 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 24 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.

Renewable energy credits revenue is recognized at the time when the electricity is generated by the facility and delivered to the grid, when all performance obligations have been delivered. Revenues are based on actual output and contractual sale prices set forth in long-term contracts.

(b) Regulated revenue from electricity generation and utility

From electricity generation:

The revenue for each facility has four components:

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

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" or "Provisions and other liabilities", as the case may be, in the Consolidated statements 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 "Trade and other receivables" or "Other non-current assets", as the case may be, in the Consolidated statements of financial position. Collectively known as "Band adjustments" mechanism.

From utility distribution:

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 the work is performed.

(d) Interest income

Interest income is recognized as earned in accordance with the terms of the underlying financial contracts.

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

(a) Current income tax

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to tax authorities, based on the tax rates and tax laws that are enacted or substantively enacted at the Consolidated statements of financial position date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Consolidated statements of income (loss).

(b) Deferred income tax

Deferred income tax is determined using the asset and liability method at the Consolidated statements of financial position 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 Consolidated statements of financial position date.

Deferred income tax relating to items recognized directly in equity is recognized in equity, not the Consolidated statements 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.

(c) 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, located outside of Canada (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 United States Dollar, Pound Sterling, Euro, Mexican Peso, New Taiwan Dollar, Polish Zloty, Korean Won, and Colombian Peso.

The assets and liabilities of foreign operations are translated into Canadian dollars at the closing rates for Consolidated statements of financial position date 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 other comprehensive income (loss) in Consolidated statements of changes in equity. On disposal of a foreign operation, the cumulative amount recognized in equity relating to the foreign operation is recognized in the Consolidated statements 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, 2023:

- *Amendments to IAS 1, Presentation of Financial Statements* – These narrow-scope amendments to IAS 1 require entities to disclose their material accounting policy information, instead of significant accounting policies.
- *Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors* – 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.
- *Amendment to IAS 12, Income Taxes, Deferred tax related to assets and liabilities arising from a single transaction* – These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and temporary deductible differences.
- *Amendment to IAS 12, Income Taxes relating to international tax reform* – The amendments give entities a temporary exemption from accounting for the deferred tax impacts resulting from the jurisdictional implementation of Pillar Two model rules published by the Organization for Economic Co-operation and Development.

Northland adopted the above amendments as of January 1, 2023, and there has been no significant impact on the Consolidated Financial Statements as of and for the year ended December 31, 2023.

IASB has issued following new amendments to the standards before December 31, 2023, with an effective date for accounting periods ending on or after January 1, 2024:

- *Amendments to IAS 1, Presentation of Financial Statements (effective 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 7 and IFRS 7, Supplier Finance (effective on or after January 1, 2024)* – These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.
- Amendment to *IFRS 16, Leases on sale and leaseback (effective on or after January 1, 2024)* – These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- *Amendment to IAS 21, Lack of Exchangeability (effective on or after January 1, 2025)* – The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

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 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 the projects in early, mid and advanced stage development phases though a framework developed by its global Project Management Office. 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, which typically occurs during mid-to-advanced staged development. In contrast, early stage prospecting and development 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 17 for details on significant non-wholly owned subsidiaries and Note 8 for investment in joint ventures.

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, such as but not limited to goodwill. The carrying amounts of PP&E and intangible assets are analyzed in Notes 4 and Note 5, 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. Refer to 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. Refer to Note 19.1 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 22.

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. Property, plant and equipment

The following table summarizes movements in Northland's PP&E by category:

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	Construction-in-progress	Plant and operating equipment[3]	Land, buildings and leasehold improvements	Lease ROU asset	Other equipment [1]	Total
Cost						
January 1, 2022	$ 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 rates changes	52,841	10,694	10,282	3,995	(1,630)	76,182
Other movements [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
Additions	**375,632**	**56,684**	**10,960**	**46,521**	**665**	**490,462**
Transfer from CIP	**(1,024,683)**	**850,776**	**160,136**	**2,796**	**10,975**	**—**
Exchange rates changes	**36,222**	**162,486**	**8,438**	**600**	**2,293**	**210,039**
Other movements [2]	**(10,777)**	**(277,112)**	**(69)**	**(4,697)**	**(567)**	**(293,222)**
December 31, 2023	**$ 217,693**	**$ 10,702,808**	**$ 2,053,994**	**$ 235,744**	**$ 61,163**	**$ 13,271,402**
Accumulated depreciation						
January 1, 2022	$ —	$ 2,673,684	$ 630,808	$ 27,241	$ 34,015	$ 3,365,748
Exchange rates changes	—	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
Exchange rates changes	**—**	**33,355**	**4,492**	**13**	**1,707**	**39,567**
Depreciation	**—**	**422,904**	**151,819**	**17,039**	**3,838**	**595,600**
Disposals and others	**—**	**(20,372)**	**(4,793)**	**(420)**	**(4,652)**	**(30,237)**
December 31, 2023	**$ —**	**$ 3,234,516**	**$ 759,258**	**$ 57,169**	**$ 40,526**	**$ 4,091,469**
Net book value						
December 31, 2022	841,299	7,111,345	1,266,789	149,987	8,164	9,377,584
December 31, 2023	**$ 217,693**	**$ 7,468,292**	**$ 1,294,736**	**$ 178,575**	**$ 20,637**	**$ 9,179,933**

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

(2) Includes disposal and transfers of assets, adjustments related to ARO assets, and recognition of accruals, net of amounts paid, under the LTIP.

(3) Investment Tax Credits ("ITC") earned by the New York Wind projects, during the year, have been recorded as a reduction to the cost of plant and operating equipments and is included in the other movements line (Note 13.3).

(a) As at December 31, 2023, construction-in-progress primarily relates to Oneida Storage, and Thorold expansion projects in Canada and other routine capital maintenance work on certain operational projects in Canada, USA and Colombia.

(b) In 2022, Northland entered into a Contribution Agreement (the **"Grant Agreement"**) with Natural Resource Canada (**"NRCan"**), under which NRCan shall provide a contribution (the **"Grant"**) in the form of financial assistance to support the development and construction of lithium-ion battery energy storage project in southern Ontario, Canada (the "**Oneida Energy Storage Project**"). The total value of the Grant amounts to the lower of $50 million or 30% of the total project cost, to be disbursed in two tranches of $22 million in 2023 and $28 million in 2024. During the year ended December 31, 2023, first tranche of the Grant, amounting to $20 million (net of 10% hold back, $2 million) was received, which has been recognized as an offset to the carrying value of construction in progress and presented under the other movements line.

(c) For the year ended December 31, 2022, other movements includes derecognition of capitalized project cost of $91 million, which is contributed by Northland to the Hai Long project and recognized as an Investment in Joint Venture. Refer to (Note 8(a)).

(d) 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 other movements line above.

5. Contracts and other intangible assets

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

		2023		2022
Cost				
As at January 1	**$**	**723,522**	$	797,719
Acquired		**—**		37,771
Additions		**1,050**		32,780
Disposals		**(18,224)**		(148,925)
Exchange rates changes		**7,947**		4,177
December 31,	**$**	**714,295**	$	723,522
Accumulated Amortization				
As at January 1	**$**	**207,747**	$	300,084
Disposals		**—**		(148,882)
Amortization		**57,015**		53,611
Exchange rates changes		**2,663**		2,934
December 31,	**$**	**267,425**	$	207,747
Net book value	**$**	**446,870**	$	515,775

Acquired represents contracts assets capitalized, in 2022, as a part of the acquisition of a majority equity interest in the Oneida Energy Storage Project, and the acquisition of 100% equity interest in certain early to late-stage development projects in the Alberta, Canada (the "**Alberta Portfolio**").

6. 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, 2023, and December 31, 2022 are summarized below:

		2023		2022
Cost				
As at January 1	**$**	**820,699**	$	861,454
Exchange rates changes		**89,898**		(40,755)
December 31,	**$**	**910,597**	$	820,699
Accumulated Impairment				
As at January 1	**$**	**(108,081)**	$	(108,081)
Impairment (Note 22)		**(163,169)**		—
December 31,	**$**	**(271,250)**	$	(108,081)
Net Book Value	**$**	**639,347**	$	712,618

During the December 31, 2023, Northland recorded an impairment charge amounting to $163 million, representing full amount of goodwill relating to its Spanish portfolio, upon completing the required annual impairment test. Refer to Note 22 for additional information on impairment.

7. Leases

7.1 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, 2023, finance lease income of $11 million (2022 - $11 million) was recognized in the Consolidated statements of income (loss).

The amounts receivable under finance lease accounting are as follows:

As at	December 31, 2023				December 31, 2022			
Minimum lease payments		**Minimum lease payments**		**Present value of minimum lease payments**		**Minimum lease payments**		**Present value of minimum lease payments**
Within one year	**$**	**16,183**	**$**	**5,800**	$	16,188	$	5,343
After one year but not more than five years		**64,806**		**28,753**		64,749		26,410
More than five years		**125,258**		**91,438**		141,445		99,528
	$	**206,247**	**$**	**125,991**	$	222,382	$	131,281
Less: Unearned finance income		**(80,256)**		**—**		(91,101)		—
Total finance lease receivable	**$**	**125,991**	**$**	**125,991**	$	131,281	$	131,281
Current portion (Note 9)				**5,800**				5,343
Long-term			**$**	**120,191**			$	125,938

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.

7.2 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 up to 50 years.

The amount of the lease ROU asset and associated depreciation by type of underlying asset as at December 31, 2023 are as follows:

	Land	Vehicle	Equipment	Building	Total
January 1, 2022	$ 123,871	$ 912	$ 13,363	$ 13,906	$ 152,052
Additions	4,668	655	2,034	4,195	11,552
Other movements [1]	(673)	(3)	(427)	(191)	(1,294)
Depreciation expense	(7,277)	(1,833)	(4,810)	(1,741)	(15,661)
Exchange rates changes	3,265	(68)	127	14	3,338
December 31, 2022	$ 123,854	$ (337)	$ 10,287	$ 16,183	$ 149,987
Additions	**29,523**	**1,406**	**—**	**15,592**	**46,521**
Other movements [1]	**67**	**5,096**	**(5,047)**	**(1,597)**	**(1,481)**
Depreciation expense	**(9,912)**	**(1,727)**	**(1,807)**	**(3,593)**	**(17,039)**
Exchange rates changes	**313**	**188**	**36**	**50**	**587**
December 31, 2023	**$ 143,845**	**$ 4,626**	**$ 3,469**	**$ 26,635**	**$ 178,575**

(1) Other movements include disposal and transfers of leased assets.

The lease ROU asset balance is included in PP&E 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, 2023, lease expense of $7 million (2022 - $6 million) was recognized and presented within the G&A and operating costs lines in the Consolidated statements of income (loss).

The following table summarizes the movements in Northland's lease liabilities:

	2023	2022
As at January 1	**$ 155,212**	$ 150,982
Additions	**46,521**	11,552
Accretion of interest (Note 21)	**4,073**	3,382
Payments	**(19,613)**	(14,834)
Exchange rates changes	**1,033**	4,130
December 31,	**$ 187,226**	$ 155,212
Current	**16,141**	16,748
Non-current	**171,085**	138,464
Total lease liabilities (Note 15)	**$ 187,226**	$ 155,212

8. Investment in joint ventures

Below are Northland's significant joint ventures as at December 31, 2023 and 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	Carrying Amount as at		Share of profit (loss) for the year ended	
	December 31, 2023	**December 31, 2022**	**December 31, 2023**	**December 31, 2022**
Baltic Power (Note 8.1)	**$ 360,747**	$ 128,341	**$ (220,490)**	$ (966)
Hai Long (Note 8.2)	**526,282**	280,668	**(42,877)**	—
Others (Note 8.3, 8.4 and 8.5)	**12,856**	32,556	**(16,482)**	(1,891)
Total	**$ 899,885**	$ 441,565	**$ (279,849)**	$ (2,857)

The place of business / country of incorporation of Baltic Power and Hai long is Poland and Taiwan, respectively. As of December 31, 2023, Northland's ownership percentage in Baltic Power and Hai Long stands at 49% and 51% (2022: 49% and 60%), respectively.

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

a) Reconciliation to equity investments carrying amounts

	Opening net assets	Equity contribution	Net income (loss) for the period	Currency translation gain (loss)	Fair value adjustments*	Closing net assets	Northland's share in %	Northland's share in net assets	Other adjustments	Carrying amount at Northland's share
As at December 31, 2023										
Baltic Power	**$ 254,814**	**$ 903,951**	**$ (451,268)**	**$ 30,830**	**—**	**$ 738,327**	**49%**	**$ 360,747**	**$ —**	**$ 360,747**
Hai Long	**329,858**	**1,117,024**	**(71,461)**	**3,142**	**(346,637)**	**1,031,926**	**51%**	**526,282**	**—**	**526,282**
Total	**$ 584,672**	**$ 2,020,975**	**$ (522,729)**	**$ 33,972**	**$ (346,637)**	**$ 1,770,253**		**$ 887,029**	**$ —**	**$ 887,029**
As at December 31, 2022										
Baltic Power (a)	$ 257,077	$ —	$ (1,691)	$ (572)	—	$ 254,814	49%	$ 123,738	$ 4,603	$ 128,341
Hai Long (b)	—	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

* This represents fair value adjustment, recognized during the year as a result of change in ownership interest of Northland into the Hai Long joint venture (Note 8.2).

(a) The other adjustments in the carrying amount of Baltic Power primarily represent Northland's higher share of equity investment contributed during the year ended December 31, 2022.

(b) The other adjustments in the carrying amount of Hai Long, include an amount of $91 million, representing capitalized development cost contributed to Hai Long by Northland during the year ended December 31, 2022.

In addition to the above, Northland's share in commitments and contingencies in relation to its joint ventures are summarized in Note 8(d).

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

b) Summarized statement of financial position, at 100%

	Current assets					Non-current liabilities			
	Cash and cash equivalents	Other current assets	Total current assets	Non-current assets	Current liabilities	Financial liabilities	Other non-current liabilities	Total non-current liabilities	Net Assets
As at December 31, 2023									
Baltic Power	**$ 276,359**	**$ 189,411**	**$ 465,770**	**$ 1,805,022**	**$ 344,679**	**$ 1,187,786**	**$ —**	**$ 1,187,786**	**$ 738,327**
Hai Long	**1,417**	**425**	**1,842**	**1,438,150**	**208,274**	**199,792**	**—**	**199,792**	**1,031,926**
Total	**$ 277,776**	**$ 189,836**	**$ 467,612**	**$ 3,243,172**	**$ 552,953**	**$ 1,387,578**	**$ —**	**$ 1,387,578**	**$ 1,770,253**
As at December 31, 2022									
Baltic Power	$ 44,358	$ 20,137	$ 64,495	$ 211,118	$ 18,813	$ —	$ 1,986	$ 1,986	$ 254,814
Hai Long	107,152	3,373	110,525	262,931	42,967	—	631	631	329,858
Total	$ 151,510	$ 23,510	$ 175,020	$ 474,049	$ 61,780	$ —	$ 2,617	$ 2,617	$ 584,672

c) Summarized statement of comprehensive income, at 100%

	Interest income	G&A	Depreciation and amortization	Fair value changes	Income tax expense	Net income (loss)
Year ended December 31, 2023						
Baltic Power	**$ 4,396**	**$ (3,560)**	**$ (483)**	**$ (451,621)**	**$ —**	**$ (451,268)**
Hai Long	**—**	**4,659**	**—**	**(75,188)**	**(932)**	**(71,461)**
Total	**$ 4,396**	**$ 1,099**	**$ (483)**	**$ (526,809)**	**$ (932)**	**$ (522,729)**
Year ended December 31, 2022						
Baltic Power	$ 920	$ —	$ (224)	$ (61)	—	$ (1,691)
Hai Long	—	—	—	—	—	(28)
Total	$ 920	$ —	$ (224)	$ (61)	$ —	$ (1,719)

d) Letters of credit and parental guarantees issued by Northland

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

As at	December 31, 2023	December 31, 2022
Baltic Power	**$ 32,145**	$ 203,696
Hai Long (a)	**830,429**	328,268
Other joint ventures	**2,626**	120,171
Total	**$ 865,200**	$ 652,135

(a) This represents letters of credit issued by Northland, for its share, as a sponsor of the Hai Long project to support the credit obligations associated with the construction of the Hai Long projects.

8.1 Baltic Power offshore wind project

Northland holds a 49% interest in the Baltic Power offshore wind project (the **"Baltic Power"**) in the Baltic Sea. Baltic Power is structured as a standalone legal entity, and Northland has an interest in the net assets of Baltic Power. Accordingly, Northland has classified its interest in Baltic power as a joint venture, accounted for under the equity method in accordance with *IAS 28 (Investment in Associates and Joint venture)*.

During the year ended December 31, 2023, upon Baltic Power securing the Contract for Differences (**CfD**) contract from the Polish government and signing of credit agreement (financial close), Northland made an additional contribution of $129 million (€88 million) into the Baltic Power JV. This additional contribution has been recognized as a part of the carrying amount of investment in the joint venture, representing Northland's share in the fair value of identified contract asset.

Additionally, during the year ended December 31, 2023 Baltic Power signed and closed a credit agreement to secure 20-year long-term non-recourse project financing amounting to $5.2 billion.

Northland has provided a long-term shareholder loan amounting to $193 million to the Baltic Power. The loan carries interest at the rate of EURIBOR plus 3.8%. The loan has a contractual maturity of 26 years with repayments commencing upon Baltic Power Projects achieving commercial operations and will be made in semi-annual installments, due in February and August each year. The carrying value of this shareholder loan approximates its fair value. In the Consolidated statements of financial position, this loan, including accrued interest, is classified as non-current and presented under Other non current assets (Note 10.1).

For the year ended December 31, 2023, Northland recharged expenses, including staff costs of $11 million (2022 - $14 million), to Baltic Power (Note 25.2).

8.2 Hai Long offshore wind project

Northland holds 31% (2022: 60%) economic interest in the Hai Long Offshore Wind Projects (the "**Hai Long Project**"), through a 51% (2022: 100%) direct shareholding in NP Hai Long Holding BV ("**Hai Long**").

Formation of Joint Venture:

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. As per the SHA terms, Northland and YECL established Special Purpose Vehicles with ownership interests of 60% and 40%, respectively in the Hai Long Project. Per the contractual terms of SHA, certain key activities of the Hai Long Project are jointly controlled by Northland (through a then wholly owned subsidiary, NP Hai Long Holding BV- an intermediate holding company of the Hai Long Project) and YECL, as defined under *IFRS 11 "Joint Arrangements"*. Consequently, Northland recognized its investment in the Hai Long Project as a jointly controlled investment and, accounted for using the equity method.

Sell–down:

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 NP Hai Long Holding BV, for an aggregate consideration of $693 million, net of transaction cost of $17 million. This transaction, completed in December 2023, resulted in Gentari becoming a 49% shareholder in NP Hai Long Holding BV, holding a 29% indirect economic interest in the downstream Hai Long Project, previously jointly owned by Northland and Mitsui at 60% and 40%, respectively. Northland's effective ownership in the Hai Long Project has now been reduced to 31%, whereas Mitsui continues to retain its 40% interest in the Hai Long Project.

Following the ownership change, a control assessment under *IFRS 3 "Business Combinations"* determined that Northland, Gentari, and Mitsui jointly control the Hai Long Project. Consequently, Northland de-consolidated NP Hai Long Holding BV and recognized its remaining 51% ownership (or 31% effective ownership in the Hai Long Project) as an investment in the joint venture per IFRS 11. The remaining 51% ownership in NP Hai Long Holding BV (or 31% effective ownership in the Hai Long Project) was fair valued, resulting in a gain on the sell-down of $192 million. The gain on disposal has been included under the Other (income) expense line within the Consolidated statements of income (loss).

During year ended December 31, 2023, Hai Long project signed and closed a credit agreement to secure a $5 billion (NTD $117 billion) 20-year long-term non-recourse project financing.

Northland has provided a long-term shareholder loan amounting to $202 million to the Hai Long Project. The loan carries interest at the rate of 6% per annum. The loan has a contractual maturity of 20 years with repayments commencing upon Hai Long Project achieving commercial operations and will be made in semi-annual installments, due on 30 June and 31 December each year over. The carrying value of this shareholder loan approximates its fair value. In the Consolidated statements of financial position, this loan, including accrued interest, is classified as non-current and presented under Other non current assets (Note 10.1).

For the year ended December 31, 2023, Northland recharged expenses, including staff costs of $26 million (2022 - $10 million), respectively to the Hai Long Project (Note 25.2).

8.3 Nordsee cluster offshore wind projects

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

8.4 Suba solar project

During the year ended December 31, 2023, after an in-depth evaluation, Northland and EDF Renewables have jointly elected not to proceed with the development of the Suba solar project. As a result of this decision, an expense of $15 million, relating to the carrying value of equity accounted investment (Joint venture) in Suba solar project has been recognized as an impairment charge in the Consolidated statements of income (loss) and has been included under the Share of (profit) loss from equity accounted investees.

8.5 NorthWind and CanWind offshore wind projects

During the year ended December 31, 2023, Northland completed the sale of its 49% stake in CanWind and NorthWind, two early-stage offshore wind development projects in Taiwan (collectively referred to as the **"Taiwan Round 3 Projects"**) to Gentari. Pursuant to the investment agreement, Gentari acquired 49% indirect equity interest in the Taiwan Round 3 Projects whereas, Northland retained the remaining 51%.

The contractual terms of agreement, requires a joint decision making in relation to certain key activities of Taiwan Round 3 Projects, during the construction and the operation stages. Accordingly, management concluded Northland's investment in Taiwan Round 3 Projects as a jointly controlled investment and, therefore, accounted for using the equity method. This transaction resulted in a recognition of investments in joint ventures with an initial carrying value of $8 million and gain on derecognition of investments in subsidiaries, amounting to $19 million. The gain on disposal has been included under the Other (income) expense line within the Consolidated statements of income (loss).

9. Trade and other receivables

As at	December 31, 2023	December 31, 2022
Trade receivables	**$ 298,221**	$ 292,152
Indirect taxes receivable	**58,923**	32,639
Income taxes receivable	**16,165**	—
Finance lease receivable (current portion) (Note 7.1)	**5,800**	5,343
Short term deposits with bank (a)	**—**	146,524
Others	**16,905**	72,979
Total	**$ 396,014**	$ 549,637

(a) As at December 31, 2022, short term deposits with bank includes 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 16.3) 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. Other non-current assets

As at	December 31, 2023	December 31, 2022
Loan receivable from joint ventures (Note 10.1)	**$ 405,368**	$ —
Long-term deposits (a)	**133,620**	114,789
Trade receivables - Non current portion	**20,490**	76
Receivable related to terminated derivative contracts	**20,031**	32,608
Prepaid expenses - Non current portion	**5,336**	7,765
Tax receivable on Band adjustments	**3,899**	7,125
Other [(1)]	**10,622**	7,424
Total	**$ 599,366**	$ 169,787

(1) Other include deferred financing cost amounting to $5 million (2022 - $3 million), associated with the syndicated revolving facility (Note 14).

(a) Long-term deposits include decommissioning deposits relating to offshore wind facilities, amounting to $123 million (2022: $122 million).

Additionally, in connection with the decommissioning deposits, 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 $59 million (2022 - $57 million), held by project lenders in a money market fund with the maturity in 2042 and earns interest at a rate of 6-month EURIBOR plus 0.8%.

10.1 Loan receivable from joint ventures

As at	December 31, 2023	December 31, 2022
Baltic (Note 8.1)	**$ 197,293**	$ —
Hai Long (Note 8.2)	**208,075**	—
Total (Note 25.2)	**$ 405,368**	$ —

The above loan receivable balances, from Hai Long and Baltic, also include accrued interest amounting to $6 million and $4 million, respectively, as of December 31, 2023.

11. Trade and other payables

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

As at	December 31, 2023	December 31, 2022
Trade payables	**$ 161,638**	$ 153,572
Tax payable	**88,365**	130,742
SDE subsidy payable (a)	**25,756**	327,519
Short-term loan payable to joint ventures (b)	**14,999**	—
Provision for redemption of Series 3 Preferred Shares	**—**	121,524
Current portion of provision for additional equity contributions	**—**	11,464
Other payables and accrued liabilities (c)	**158,703**	214,392
Total	**$ 449,461**	$ 959,213

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

(b) The short-term loan payable to the joint ventures, carries interest at an annual rate of 3 month EURIBOR plus 1.1% and has a contractual maturity date of April 2024 (Note 25.2).

(c) Other payables and accrued liabilities include accruals in relation to development and other operational costs amounting to $103 million (December 31, 2022 - $119 million), deposit received amounting to nil (December 31, 2022 - $58 million), and accrued interest amounting to $26 million (December 31, 2022 - $18 million).

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 13 and 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.

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, New York Wind 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.

As at December 31, 2023, total managed capital was $11.7 billion (2022 - $11.7 billion), comprising equity of $4.5 billion (2022 - $4.7 billion), non-recourse facility-level loans and borrowings totaling $7.2 billion (2022 - $7.0 billion) and corporate credit facilities totaling $116 million (2022 - nil).

Changes in loans and borrowings (Note 13) and corporate credit facilities (Note 14) are summarized in the table below:

Year ended December 31, 2023	Project level borrowings	Tax equity financing[2]	Green Subordinated Notes	Corporate credit facilities[3]	Total
Total, beginning of the year	$ 6,971,722	$ —	$ —	$ (2,817)	$ 6,968,905
Financings, net of fees	331,326	287,003	490,016	1,106,632	2,214,977
Repayments	(879,285)	—	—	(996,047)	(1,875,332)
Other non-cash [1]	65,426	(243,498)	1,033	1,918	(175,121)
Exchange rate differences	42,337	(546)	—	1,304	43,095
Total, end of the year	**$ 6,531,526**	**$ 42,959**	**$ 491,049**	**$ 110,990**	**$ 7,176,524**

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

(2) Other non-cash adjustments for Tax Equity Financing also include a reduction in the Tax Equity liability, as a result of allocation of ITC to the tax equity partner (Note 13.3).

(3) The balance of corporate credit facilities, as of December 31, 2023, is represented by the deferred financing cost amounting to $5 million (2022 - $3 million) associated with the syndicated revolving facility. This is included within the other assets in the Consolidated statements of financial position (Note 10 and 14).

Year ended December 31, 2022	Project level borrowings	Corporate credit facilities	Total
Total, beginning of the year	$ 7,592,214	$ 41,825	$ 7,634,039
Financings net of fees paid	2,029,252	770,021	2,799,273
Repayments	(2,681,275)	(815,033)	(3,496,308)
Other non-cash [1]	8,753	80	8,833
Foreign exchange	22,778	290	23,068
Total, end of the year	**$ 6,971,722**	**$ (2,817)**	**$ 6,968,905**

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

13. Loans and borrowings

Northland's loans and borrowings, excluding the corporate credit facilities, as disclosed in Note 14, are comprised of the following:

As at	December 31, 2023	December 31, 2022
Project level borrowing (Note 13.1)	**$ 6,531,526**	$ 6,971,722
Tax equity financing (Note 13.3)	**42,959**	—
Loans and borrowings at the project level	**$ 6,574,485**	$ 6,971,722
Green Subordinated Notes, Series 2023-A (Note 13.2)	**491,049**	—
Total loans and borrowings	**$ 7,065,534**	$ 6,971,722
Less: Current portion of loans and borrowings	**744,812**	793,881
Non-current portion of loans and borrowings	**$ 6,320,722**	$ 6,177,841

The estimated fair value of loans and borrowings, including Tax Equity Financing and Green Subordinated Notes, as at December 31, 2023 is $7.2 billion (2022 - $7.0 billion).

As at and for the year ended December 31, 2023, and as at the approval date of these Consolidated Financial Statements, Northland has complied with all the applicable financial covenants under the respective credit agreements.

13.1 Project level non-recourse borrowing

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:

Name of the Projects	Rate [1]	Maturity	Amount drawn as at December 31, 2023 [2]	Amount drawn as at December 31, 2022 [2]
New York Wind [3]	2.0%	2025	**$ 241,556**	$ 327,059
Nordsee One [3]	2.3%	2026	**397,458**	535,382
EBSA (NPCDI) [3]	4.2%	2026	**716,618**	518,847
Jardin [3]	6.0%	2029	**61,741**	65,796
Thorold [3]	6.4%	2030	**199,337**	206,980
Kirkland Lake[3]	4.2%	2030	**44,235**	45,955
Gemini [3]	3.6%	2031	**1,750,305**	1,919,470
Deutsche Bucht [3]	2.4%	2031	**933,017**	1,028,411
Mont Louis	6.6%	2031	**54,346**	58,482
North Battleford [3]	5.0%	2032	**483,730**	502,797
Solar Phase I [3][4]	4.4%	2032	**135,028**	148,763
Solar Phase II [4]	4.5%	2034	**100,060**	108,187
McLean's	6.0%	2034	**93,419**	100,143
Helios [5]	15.0%	2034	**—**	9,767
Grand Bend	4.2%	2035	**264,074**	281,136
Cochrane Solar [3]	4.6%	2035	**139,195**	149,261
Spy Hill [3]	4.1%	2036	**114,229**	119,584
Spanish Portfolio [3]	2.0%	2042	**788,178**	845,702
Oneida Storage [3]	6.4%	5.1 (d)	**15,000**	—
Weighted average and total	**3.4%**		**$ 6,531,526**	$ 6,971,722
Current			**744,812**	793,881
Long-term			**$ 5,786,714**	$ 6,177,841

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

(2) Amounts drawn as at December 31, 2023 and 2022, exclude letters of credit secured by the facilities or project-level credit agreements.

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

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

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

(a) As at December 31, 2023, $115 million of letters of credit secured by facility or project-level credit agreements was outstanding (December 31, 2022 -$104 million).

(b) On March 30, 2023, Northland restructured EBSA’s long-term loan (“**EBSA Loan**”) resulting in an extension of the maturity date of EBSA Loan to March 2026 from the previous maturity date of December 2024. In addition to this, certain covenants were amended to allow EBSA more flexibility to pursue growth opportunities into the generation business. The aggregate amount of EBSA Loan and the applicable interest remained unchanged. Based on the terms of the amended loan agreements, Northland assessed EBSA Loan restructuring as a modification of a loan as defined under IFRS 9. Accordingly, gain on modification amounting to $1 million was recognized and is presented under the “Finance Cost” line in the Consolidated statements of income (loss).

Subsequently, on December 18, 2023, Northland undertook a restructuring and upsizing of the EBSA-related credit facility, increasing it by an additional $190 million, net of transaction cost to a total of $711 million. The facility's maturity date was extended to December 18, 2026, accompanied by an increase in the applicable all-in annual rate to 4.20%, from the previous rate of 3.70%. Based on the terms of the amended loan agreements, Northland assessed the second restructuring of the EBSA Loan as an Extinguishment of loan as defined under IFRS 9. Accordingly, loss on extinguishment amounting to $2 million was recognized and is presented under the “Finance Cost” line in the Consolidated statements of income (loss).

(c) On April 24, 2023, Northland restructured and upsized the commercial bank tranche of its loan related to the Thorold facility ("**Thorold Loan**"). The restructuring resulted in (i) additional debt of $26 million to finance the upgrade to the Thorold facility; (ii) a decrease in all-in rate from 6.7% to 6.4%; and (iii) reduction of certain LC requirements. The loan maturity date remains unchanged as March 2030. Based on the terms of the amended loan agreements, Northland has assessed Thorold Loan restructuring as modification of loan as defined under IFRS 9. Accordingly, loss on modification amounting to $1 million was recognized and is presented under the "Finance Cost" line in the Consolidated statements of income (loss).

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

(e) On December 21, 2023, Northland amended its Spanish Portfolio debt agreement, allowing Northland to better manage its cash flows and debt servicing ability. Key amendments include modifying the repayment schedule (including deferring the scheduled repayments of $33 million due in Q4 2023 to a later period), introducing additional cash sweep payments in 2024 and 2025 to manage the potential interim volatility in merchant pricing, adjusting debt sizing ratios for wind assets post-2025 and implementing a pool price rebalancing mechanism. The overall debt size, pricing, and tenure remain unchanged. Northland assessed the above amendments as modification of a loan, as defined under IFRS-9, recognizing a modification loss of $25 million, which is presented under the "Finance Cost" line in the Consolidated statements of income (loss). Transaction costs of $1 million were treated as deferred costs offsetting the revised carrying value of debt.

13.2 Green Subordinated Notes, Series 2023-A

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

13.3 Tax-equity financing

During the year ended December 31, 2023, the funding of tax-equity financing, in relation to the New York Wind, was completed and as a result the project received $287 million, net of transaction cost of $10 million, representing 100% of the total tax equity commitment. Tax-equity financing is denominated in US Dollar and the implied interest cost on this financing reflects the agree targeted rate of return with the tax equity investor. The maturity date by which the tax equity investor is expected to achieve the agreed targeted rate of return, is estimated to be in June 2029.

Upon achieving the commercial operations, during the year ended December 31, 2023, management determined that the ITCs are deemed to have been earned as of December 31, 2023 and therefore the tax equity liability was reduced by the ITC amount of $239 million (Note 12) with a corresponding reduction in property, plant and equipment (Note 4).

14. Corporate credit facilities

The corporate credit facilities are summarized in the table below:

	Facility size	Amount drawn as at December 31, 2023	Outstanding letters of credit [5]	Available capacity	Maturity	Amount drawn as at December 31, 2022
Sustainability linked loan (**SLL**) syndicated revolving facility [1]	$ 1,000,000	$ 115,656	$ 361,057	$ 523,287	Sep. 2028	$ —
Bilateral letter of credit facility	150,000	—	133,746	16,254	Sep. 2024	—
Export credit agency backed Letter of Credit ("**LC**") facility [2]	200,000	—	89,291	110,709	Mar. 2025	—
Export credit agency backed LC facility [3]	200,000	—	42,168	157,832	n/a	—
Hai Long Related credit A LC Facility	500,000	—	475,936	24,064	Sep. 2027	—
Total	**$ 2,050,000**	**$ 115,656**	**$ 1,102,198**	**$ 832,146**		**$ —**

(1) The amount drawn under the syndicated revolving facility is denominated in Canadian Dollars amounting to $25 million and Euro amounting to €62 million (CAD equivalent of $91 million, converted at the period-end exchange rates) and the maturity date was extended to September 2028.

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

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

(4) Deferred financing cost, as at December 31, 2023, associated with the syndicated revolving facility amounting to $5 million (December 31, 2022 - $3 million) is included within the other assets in the Consolidated statements of financial position (Note 10).

(5) As at December 31, 2023, outstanding letters of credit include LCs issued in favor of joint ventures amounting to $833 million (Note 8 (d)).

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

15. Provisions and other liabilities

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

As at	**December 31, 2023**	**December 31, 2022**
Decommissioning liabilities (Note 15.1)	**$ 429,165**	$ 372,747
Lease liability (Note 7.2)	**187,226**	155,212
Band adjustments	**66,648**	121,523
Loan payable to minority shareholder of a subsidiary (a)	**43,498**	57,228
Pension and benefits (Note 15.2)	**34,654**	22,565
Others	**7,428**	8,905
Total provisions and other liabilities	**$ 768,619**	$ 738,180
Less: Current portion of provisions and other liabilities	**(28,236)**	(32,793)
Long term portion of Provisions and other liabilities	**$ 740,383**	$ 705,387

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

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. Under the terms of the leases, upon expiration or termination of leases, Northland is obligated to restore the leased lands to near to their original condition and remove all wind 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. No decommissioning liabilities are recognized for utility and the efficient natural gas facilities until the time Northland determines that the facility will no longer be operated or maintained and should be decommissioned.

As of December 31, 2023, the gross undiscounted total decommissioning liabilities aggregates to $656 million (2022 - $489 million). Northland estimated the discounted value of its total decommissioning liabilities to be $429 million (2022 - $373 million), based on an estimated total future liability. A long term discount rate of 2.2% to 4.1% (2022 - 0.5% to 3.9%) and a long term inflation rate, where applicable, of 2.2% to 4.1% (2022 - 2% to 3.9%) was used to calculate the discounted value of the decommissioning liabilities.

The following table reconciles the movements in Northland's total decommissioning liabilities:

Year ended December 31,		**2023**		**2022**
Total, beginning of year	**$**	**372,747**	$	357,621
Additions [(1)]		**46,139**		8,431
Accretion		**7,131**		3,820
Exchange rates changes		**3,148**		2,875
Total, end of year	**$**	**429,165**	$	372,747

(1) Additions during the year, primarily reflects the periodic updates in the cost estimate for renewable facilities and annual revision in the inflation and discount rates for all the facilities.

15.2 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, 2023, together with the adjustments of actuarial gains or losses not recognized. The actuarial gains and losses are recorded against the net equity in Consolidated statements of comprehensive income (loss), 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, was as follows:

Year ended December 31,		**2023**		**2022**
Total, beginning of year	**$**	**22,565**	$	30,675
Interests net cost		**2,297**		2,013
Actuarial adjustments		**6,474**		(4,764)
Payments made directly by the Company		**(2,838)**		(2,731)
Foreign exchange		**6,156**		(2,628)
Total, end of year	**$**	**34,654**	$	22,565

16. Equity

16.1 Common shares

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

	December 31, 2023		December 31, 2022	
	Shares	**Amount**	**Shares**	**Amount**
Shares outstanding, beginning of year	**250,017,357**	**$ 4,945,983**	226,882,751	$ 4,005,462
Shares issued under equity offering	**1,210,537**	**40,908**	20,894,982	851,610
Shares issued under the LTIP	**10,286**	**279**	14,974	591
Shares issued under the DRIP	**3,701,642**	**97,904**	2,224,650	85,424
Change in deferred taxes [1]	**—**	**313**	—	2,896
Total common shares outstanding, end of year	**254,939,822**	**$ 5,085,387**	250,017,357	$ 4,945,983

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

Dividend Reinvestment Plan

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

Share-based Compensation

Northland's share-based compensation plans provides for a maximum of 3,100,000 shares to be reserved and available for grant to employees of Northland and its subsidiaries. As at December 31, 2023, 1,153,043 Shares remain available for future issuance under the share-based compensation plans. Shares may be awarded based on development profits, which arise from new projects or acquisitions. The costs recognized for Development LTIP in the period depend on management's best estimate of a project's expected development profit and expected timing of project milestones.

For the year ended December 31, 2023, Northland expensed $2.8 million (2022 - $5.7 million), respectively of costs under the share-based compensation plans. No forfeitures are assumed to occur. The balance of accrued awards related to the Development LTIP is included in other payables and accrued liabilities since these awards are expected to be settled in cash.

For the year ended December 31, 2023, settlements under the compensation plans are summarized below, all of which were settled in cash.

	Year ended December 31,	
	2023	**2022**
Deferred rights	**$ 1,372**	$ 1,377
Restricted share units	**1,054**	1,680
Development LTIP	**635**	2,029
Performance Share Units	**542**	992
Deferred Shares Units	**460**	789
Total	**$ 4,063**	$ 6,867

Deferred Rights include amount of $0.3 million (2022 - $0.6 million), which were settled in Northland's Shares, during the year ended December 31, 2023, respectively.

16.2 Equity offering

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

During the year ended December 31, 2023, Northland issued 1,210,537 Shares, under the ATM program at an average price of $34.43 per Share, for gross proceeds of $42 million (net proceeds $41 million).

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

16.3 Preferred shares

As at December 31, 2023, Northland's preferred shares balance contains Series 1 and Series 2 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 had the right, at their option to convert all or part of their Series 1 Shares, on a one-for-one basis, into shares of the other series. Accordingly, effective September 30, 2020, 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, 2022). 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, 2023 there were 4,762,246 (2022 - 4,762,246) Series 1 Preferred Shares outstanding, representing equity of $114 million (2022 - $114 million).

As at December 31, 2023 there were 1,237,754 (2022 - 1,237,754) Series 2 Preferred Shares outstanding, representing equity of $31 million (2022 - $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, with annual dividend rate reset 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 were 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 its intention to redeem all of its 4,800,000 issued and outstanding Series 3 Preferred Shares on January 3, 2023 (the "Redemption Date") at a price of $25.00 per share together with all accrued and unpaid dividends of $0.32 per share for an aggregate redemption value of $122 million (Note 9). Accordingly, during the year ended December 31, 2023, all issued and outstanding Series 3 Preferred Shares were redeemed on the Redemption Date.

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

	Year ended December 31,	
	2023	2022
Series 1	**$ 3,812**	$ 3,811
Series 2	**2,291**	1,299
Series 3	**—**	6,096
Total	**$ 6,103**	$ 11,206

16.4 Dividends

Dividends declared per share and in aggregate were as follows:

	Year ended December 31,	
	2023	2022
Dividends declared per Share	**$ 1.20**	$ 1.20
Aggregate dividends declared		
Dividends in cash	**205,828**	196,523
Dividends in shares	**97,641**	88,059
Total	**$ 303,469**	$ 284,582

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

17. Non-controlling interests

Non-controlling interests (**NCI**) 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 GMS Solar (37.5%). Summarized financial information for subsidiaries with material non-controlling interests in the Consolidated statements of financial position (representing 100% ownership) is as follows:

As at December 31, 2023	Current assets [1]	Long-term assets	Current liabilities	Long-term liabilities
Gemini	**$ 415,334**	**$ 2,558,225**	**$ 588,368**	**$ 1,834,117**
Nordsee	**147,020**	**1,223,466**	**194,260**	**767,631**
GMS Solar	**208,403**	**216,681**	**189,903**	**156,887**
Other [2]	**258,790**	**1,605,210**	**160,853**	**663,592**
Total	**$ 1,029,547**	**$ 5,603,582**	**$ 1,133,384**	**$ 3,422,227**

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]	173,486	1,261,110	95,759	634,940
Total	$ 1,035,180	$ 5,523,963	$ 992,503	$ 3,772,096

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

(2) Other includes subsidiaries with NCI that are not individually material to Northland's Consolidated Financial Statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), EBSA (0.6%), Oneida (27.6%), ScotWind Projects (24.5%) and Elecdey Lezuza, S.A under the Spanish portfolio (33.8%).

The change in material NCI during the year ended December 31, 2023, and 2022 is as follows:

	Gemini	Nordsee [3]	GMS Solar	Other [2]	Total
As at January 1, 2023	**$ 267,869**	**$ 57,172**	**$ 33,081**	**$ (25,031)**	**$ 333,091**
Increase in NCI arising on dilution of interest in subsidiaries (a)	**—**	**—**	**—**	**29,808**	**29,808**
Net income (loss) attributable [1]	**69,233**	**11,605**	**1,505**	**(3,281)**	**79,062**
Dividends and distributions [1]	**(106,737)**	**—**	**(4,250)**	**(8,956)**	**(119,943)**
Allocation of other comprehensive income (loss) [1]	**(10,856)**	**(842)**	**(1,434)**	**(589)**	**(13,721)**
Disposal or other adjustments [4]	**—**	**—**	**(10,128)**	**(622)**	**(10,750)**
As at December 31, 2023	**$ 219,509**	**$ 67,935**	**$ 18,774**	**$ (8,671)**	**$ 297,547**

	Gemini	Nordsee [3]	GMS Solar	Other	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 [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 or other adjustments [4]	—	3,446	—	—	3,446
As at December 31, 2022	$ 267,869	$ 57,172	$ 33,081	$ (25,031)	$ 333,091

(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 NCI that are not individually material to Northland's Consolidated Financial Statements, including: McLean's (50%), Grand Bend (50%), CEEC (61.6%), EBSA (0.6%), Oneida (27.6%), ScotWind Projects (24.5%) and Elecdey Lezuza, S.A under the Spanish portfolio (33.8%).

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

(4) Disposal of NCI relates to de-recognition of NCI interest of Energia in 2023 and Nordsee Two and Nordsee Three due to formation of Nordsee Offshore Wind Cluster partnership in 2022.

(a) On May 9, 2023, Northland signed a partnership agreement with the ESB, a leading Irish utility company for a 24.5% interest in the ScotWind Projects, while retaining 75.5% ownership. Based on management's assessment, it is concluded that Northland continues to retain the control over the ScotWind projects and thereby, will continue to consolidate the assets and liabilities of the ScotWind Projects as per *IFRS 10 – Consolidated Financial Statements*. Additionally, as a result of the introduction of a new shareholder and a decrease in Northland's ownership interest below 100%, the fair value of the net assets, amounting to $8 million, representing minority shareholders interest in the ScotWind Project was recognized as NCI. The remaining increase in the NCI is represented by additional contributions by NCI shareholders in ScotWind and Oneida Energy Storage Project during the year ended December 31, 2023.

18. 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, noting that these risks can be impacted by geopolitical or regulatory uncertainties. Northland manages financial risks by identifying, evaluating and mitigating in compliance with internal policies and external requirements under non-recourse project financing arrangements. Northland uses derivative financial instruments to manage certain financial risks but does not engage in speculative activity. Material financial risks are monitored and reported regularly to the Audit Committee of the Board of Directors. The risks associated with Northland's financial instruments and Northland's policies for mitigating these risks are described below.

18.1 Market Risk

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

(i) Interest rate risk

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

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

For the year ended December 31, 2023, 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 $233 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, US dollar, Colombian peso, Taiwan dollar, Polish Zloty, and to a lesser degree, other currencies on construction projects with expenses in currencies different than the funding currency, or development expenses on early-stage projects in other jurisdictions. Primary exposure to Northland arises from the Euro-denominated financial statements and cash distributions at Gemini, Nordsee One, Deutsche Bucht, and the Spanish Portfolio, and Colombian peso-denominated financial statements and cash distributions from EBSA, and development spending at the pipeline projects. Management manages this risk by hedging material net foreign currency cash flows to the extent practical and economical to minimize material cash flow fluctuations.

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, 2023, 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 $2 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 $96 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 $31 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; (v) the value of a financial instrument or cash flows associated with the instrument fluctuates due to changes in commodity prices; or (vi) the price of a component in a supply agreement is linked to the price of one or several commodities.

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

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

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

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, 2023, two wind assets in the Spanish Portfolio have already earned their guaranteed pre-tax rate of return, so are directly exposed to Spanish electricity market prices.

18.2 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. 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, 2023, approximately 53.5% (2022 - 46.3%) of Northland's consolidated trade receivables, excluding third-party partner loan receivable, were receivable from creditworthy government-related entities.

In 2023, approximately 66.9% (2022 - 51.8%) 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, 2023.

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

18.3 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, 2023, Northland and its subsidiaries were holding cash and cash equivalents of $642 million (2022 - $1,300 million), including $65 million held corporately (2022 - $335 million), and had available borrowing capacity under the syndicated revolving facility of $523 million.

The contractual maturities of Northland's financial liabilities at December 31, 2023 are as follows:

	2024	2025-2026	2027-2028	>2028	Total
Derivative contracts					
Euro foreign exchange contracts	$ 480,969	$ 278,425	$ 575,524	$ 1,161,213	$ 2,496,131
Colombian peso foreign exchange contracts	634,290	—	—	—	634,290
US dollar foreign exchange contracts	652,901	114,401	9,112	7,111	783,525
Taiwan dollar foreign exchange contracts	—	—	214,897	296,689	511,586
Interest-bearing loans and borrowings					
Outstanding principal	738,522	2,394,048	1,272,830	2,350,255	6,755,655
Interest, including interest rate swaps	271,873	442,396	245,106	274,922	1,234,297
Corporate credit facilities, including interest	5,583	8,074	123,989	—	137,646
Green Subordinated Notes, including interest	—	—	208,125	500,000	708,125
Leases	18,562	35,519	33,872	193,485	281,438
Total	**$ 2,802,700**	**$ 3,272,863**	**$ 2,683,455**	**$ 4,783,675**	**$ 13,542,693**

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.

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

19. Financial instruments

19.1 Financial instrument classification and fair value hierarchy

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. The carrying values of financial instruments as at December 31, 2023 and 2022, along with the respective fair value hierarchy are as follows:

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3 [(3)]**	**Total**
Financial assets at amortized cost [(1)]	**$ 813,501**	**$ 1,031,248**	**$ —**	**$ 1,844,749**
Financial assets at fair value through profit and loss	**—**	**238,476**	**26,106**	**264,582**
Financial assets at fair value through OCI	**—**	**124,415**	**—**	**124,415**
Financial liabilities at fair value through profit and loss	**—**	**(118,379)**	**—**	**(118,379)**
Financial liabilities at fair value through OCI	**—**	**(9,516)**	**—**	**(9,516)**
Financial liabilities at amortized cost [(2)]	**$ —**	**$ (7,841,242)**	**$ —**	**$ (7,841,242)**

As at December 31, 2022	**Level 1**	**Level 2**	**Level 3 [(3)]**	**Total**
Financial assets at amortized cost [(1)]	$ 1,459,975	$ 797,833	$ —	$ 2,257,808
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)]	$ —	$ (8,069,772)	$ —	$ (8,069,772)

(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 New York Wind projects.

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$ 40.51 to US$ 40.82	5% increase / (decrease) in Average forward energy prices	22,233

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

Year ended December 31,	**2023**	**2022**
Income (expense) on financial assets at amortized cost	**$ 10,899**	$ 11,794
Expense (income) on financial liabilities at amortized cost	**376,197**	332,810
Expense (income) on net financial liabilities at fair value through profit and loss	**$ 303,898**	$ (460,704)

19.2 Derivative financial instruments

The derivative financial instruments consist of the following:

As at December 31, 2023	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Total
Derivatives designated for hedge accounting					
Interest rate contracts	**$ 48,045**	**$ (1,222)**	**$ 39,687**	**$ (8,168)**	**$ 78,342**
Foreign exchange contracts	**2,671**	**(33)**	**34,012**	**(93)**	**36,557**
Derivatives not designated for hedge accounting					
Interest rate contracts	**69,275**	**(229)**	**116,292**	**(29,504)**	**155,834**
Foreign exchange contracts	**13,241**	**(25,872)**	**35,551**	**(49,078)**	**(26,158)**
Cross currency interest rate contracts	**4,117**	**—**	**—**	**(13,696)**	**(9,579)**
Embedded derivatives [1]	**2,362**	**—**	**23,744**	**—**	**26,106**
Total	**$ 139,711**	**$ (27,356)**	**$ 249,286**	**$ (100,539)**	**$ 261,102**

(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 New York Wind projects.

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
Cross currency interest rate 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 New York Wind projects.

The change in derivative financial instruments for the year ended December 31, 2023 and 2022 is as follows:

	Balance as at Dec. 31, 2022 asset (liability)	Designated in hedge relationships		Fair value changes on derivatives not designated in hedge relationships [2]	Foreign exchange gain (loss)	Balance as at Dec 31, 2023 asset (liability)
		Changes in fair value recognized in OCI [1]	Fair value changes [2]			
Interest rate contracts	**$ 454,668**	**$ (101,461)**	**$ 11,915**	**$ (126,694)**	**$ (4,252)**	**$ 234,176**
Foreign exchange contracts	**185,604**	**(62,743)**	**3,753**	**(116,349)**	**134**	**10,399**
Commodity contracts	**(8,811)**	**—**	**—**	**8,979**	**(168)**	**—**
Cross currency interest rate contracts	**—**	**—**	**—**	**(9,578)**	**(1)**	**(9,579)**
Embedded derivatives	**14,539**	**—**	**—**	**11,567**	**—**	**26,106**
Total	**$ 646,000**	**$ (164,204)**	**$ 15,668**	**$ (232,075)**	**$ (4,287)**	**$ 261,102**

(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 financial instruments” 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, 2023. Realized gains and losses are recorded in “Finance costs, net” for interest rate contracts and “Foreign exchange (gain) loss” for foreign exchange contracts”.

(3) Derivative contracts include cash and accrued payments amounting to $18 million and realized fair value loss amounting to $109 million, relating to the contracts that were settled / terminated during the year ended December 31, 2023.

	Balance as at Dec. 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 Dec. 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	130,139	47,484	(2,297)	10,278	—	185,604
Commodity contracts	(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 financial instruments” 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 financial instruments” for power forward contracts.

(3) Derivative contracts include cash received amounting to $18 million and realized fair value gain amounting to $54 million, relating to the contracts that were settled / terminated during the year ended December 31, 2022.

(a) Foreign exchange forward contracts, designated for hedge accounting

	December 31, 2023	December 31, 2022
Carrying amount (asset/(liability))	**$ 36,557**	$ 95,549
Notional amount - EUR	**327,286**	707,287
Notional amount - COP	**—**	5,060,402,566
Maturity date	**January 2024 - August 2032**	December 2023 - August 2032
Hedge ratio [1]	**1:1**	1:1
Change in discounted spot value of outstanding hedging instruments since January 1	**$ (6,145)**	$ (2,617)
Change in value of hedged item used to determine hedge effectiveness	**$ (652)**	$ (1,153)
Weighted average hedged rate for the year (including forward points):		
EUR foreign exchange forward contracts	**€0.6080:CAD$1**	€0.6112:CAD$1
COP foreign exchange forward contracts	**—**	COP$2,874: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 2022	$ (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 statements 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**
Add: Costs of hedging deferred during the year in OCI	**(56,266)**	**—**	**189**	**—**	**(56,077)**
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	**—**	**4,116**	**—**	**(1,225)**	**2,891**
Less: Re-classified to the Consolidated statements of income (loss)	**(12,972)**	**—**	**(14)**	**—**	**(12,986)**
Less: Deferred Tax	**—**	**1,050**	**—**	**2,378**	**3,428**
Total, end of the year 2023	**$ (30,992)**	**$ 11,560**	**$ (572)**	**$ 8,517**	**$ (11,487)**

(1) The deferred tax recovery amounting to $24 million (2022 - $12 million), applicable to the foreign exchange hedge reserve has been recognized in OCI.

The hedge ineffectiveness recognized in “fair value (gain) loss on financial instruments” in the Consolidated statements of income (loss) related to foreign currency contracts (cash flow and net investment hedges) for the year ended December 31, 2023, was $26.2 million (2022 - $1.9 million).

(b) Interest rate swaps, designated for hedge accounting

	December 31, 2023	December 31, 2022
Carrying amount (asset/(liability))	**$ 78,342**	$ 172,140
Notional amount - CAD	**355,801**	382,776
Notional amount - EUR	**1,766,261**	1,917,273
Notional amount - COP	**—**	29,272,480
Maturity date	**January 2024 - March 2035**	April 2023 - March 2035
Hedge ratio (1)	**1:1**	1:1
Change in fair value of outstanding hedging instruments since January 1	**$ (109,949)**	$ 415,317
Change in value of hedged item used to determine hedge effectiveness	**$ 169,003**	$ (433,924)

(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 2022	$ (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 statements of income (loss)	1	(1,459)	(1,458)
Total, end of the year 2022	$ 16,927	$ 156,595	$ 173,522
Add: Change in fair value of hedging instrument recognized in OCI for the year (effective portion)(1)	**(7,296)**	**(91,220)**	**(98,516)**
Less: Re-classified to the Consolidated statements of income (loss)	**—**	**(3,468)**	**(3,468)**
Total, end of the year 2023	**$ 9,631**	**$ 61,907**	**$ 71,538**

(1) The deferred tax recovery amounting to $16 million (2022 - $86 million), applicable to the interest rate hedge reserve has been recognized in OCI.

The hedge ineffectiveness recognized in "fair value (gain) loss on financial instruments" in the Consolidated statements of income (loss) related to interest rate contracts (cash flow hedges) for the year ended December 31, 2023 was $1 million (2022 - $4 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, 2023		December 31, 2022
Cash flow hedge – interest rate risk	$	(38,059)	$	(207,062)
Net investment hedge – foreign currency risk	$	5,448	$	6,100

20. Net income (loss) per share

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

		Year ended December 31,		
		2023		2022
Net income (loss) during the year attributable to the shareholders	$	(175,194)	$	827,733
Less: preferred share dividends, net (Note 16.3)		(6,103)		(11,206)
Net income (loss) attributable to common shareholders for basic and diluted earnings	$	(181,297)	$	816,527

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

	Year ended December 31,	
	2023	2022
Weighted average number of shares outstanding, basic and diluted	252,710,386	236,156,878

21. Finance costs (income), net

Net finance costs consist of the following:

		Year ended December 31,		
		2023		2022
Interest on debt, borrowings and bank fees	$	339,101	$	305,111
Amortization of deferred financing costs		33,023		24,317
Accretion of decommissioning liabilities (Note 15.1)		7,131		3,820
Lease interest (Note 7.2)		4,073		3,382
Finance costs, gross	$	383,328	$	336,630
Less: Finance income		(61,516)		(13,521)
Finance costs, net	$	321,812	$	323,109

For the year ended December 31, 2023, $13.5 million of finance costs (2022 - $5.5 million), were incurred from project financing related to facilities under construction were capitalized in construction-in-progress.

22. Impairment of non-financial assets

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 is most sensitive to the following assumptions:

- Growth rate - 3.03% - 7.37% (2022 - 3.10% - 5.57%) 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, 2023	October 1, 2022
Applicable to PPA cash flows:	**6.0% - 9.3%**	6.0% - 8.7%
Applicable to other cash flows [(1)]:	**6.0% - 11.3%**	6.0% - 10.7%

(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. Except for goodwill relating to the Spanish portfolio, which is discussed below, Northland did not identify any impairments of goodwill or reversals of prior impairments as a result of this review.

Spanish Portfolio

During the year, a new Royal Decree-Law ("RDL") was enacted, introducing certain regulatory framework changes, that resulted in the deferral of cash flows to beyond 2025. Consequently, upon completing the required annual impairment test, the recoverable amount of the Spanish Portfolio decreased, prompting management to recognize an impairment charge of $163 million, representing all of the goodwill related to the Spanish Portfolio.

23. Income taxes

23.1 Tax expense and temporary difference

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

Year ended December 31,		2023		2022
Current taxes				
Based on taxable income of current year	**$**	**141,113**	$	198,894
Tax on dividend payments		**2,441**		4,482
Total current taxation expense	**$**	**143,554**	$	203,376
Deferred taxes				
Deferred tax on origination and reversal of temporary differences	**$**	**(108,064)**	$	99,288
Deferred tax due to changes in tax rates		**2,245**		270
Prior-year under (over) provision		**1,394**		1,728
Total deferred tax expense (recovery)	**$**	**(104,425)**	$	101,286
Total income tax expense (recovery)	**$**	**39,129**	$	304,662

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

Year ended December 31,		2023		2022
Deferred taxes related to change in fair value of hedged derivative contracts	$	(39,875)	$	97,314
Deferred taxes related to pension expense		(1,788)		1,523
Deferred taxes related to foreign exchange		21,950		(393)
Total income tax expense (recovery) in OCI	$	(19,713)	$	98,444
Deferred taxes related to origination and reversal of temporary differences related to issuance of shares (Note 16.1)		(313)		(2,896)
Total income tax expense (recovery) in equity	$	(20,026)	$	95,548

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

Year ended December 31,		2023		2022
Income (loss) before income taxes	$	(57,003)	$	1,260,119
Combined basic Canadian federal and provincial income tax rate		26.5 %		26.5 %
Income tax expense (recovery) based on statutory rate		(15,106)		333,933
Items giving rise to differences between accounting and tax expense				
Minority interest		(18,071)		(30,970)
Benefit not recognized		(12,750)		12,151
Manufacturing and processing rate reduction		555		(2,717)
Deferred tax expense (recovery) relating to changes in tax rates or change in legal structure		2,245		270
Tax expense associated with payment of preferred share dividends		2,441		4,482
Rate difference related to temporary differences in foreign jurisdictions		13,227		8,885
Adjustment for non-deductible (taxable) expenses and incentives		62,502		(27,322)
Other		4,086		5,950
Total income tax expense (recovery)	$	39,129	$	304,662

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% (2022 - 26.5%), Germany 30.1% (2022 - 30.1%), Netherlands 25.8% (2022 - 25.8%), Luxembourg 24.9% (2022 - 24.9%), Mexico 30.0% (2022 - 30.0%), Colombia 35.0% (2022 - 35.0%), United States 26.1% (2022 - 26.1%), and Spain 25.0% (2022 - 25.0%).

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

As at December 31,		2023		2022
Deductible (taxable) temporary differences				
Property, plant and equipment	$	(580,402)	$	(525,057)
Contracts		(98,595)		(121,172)
Derivative financial instruments		(41,059)		(121,616)
Fair value debt increments		(1,376)		1,362
Tax credits		2,359		5
Canadian renewable conservation expense		6,052		5,973
Financing fees		20,064		24,020
Losses available for carryforward		53,706		18,447
Interest available for carryforward		84,825		42,778
Other		8,893		4,924
Total (net) deferred tax asset (liability)	$	(545,533)	$	(670,336)

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

As at December 31,	2023	2022
Opening balance, net deferred tax liability	**$ 670,337**	$ 470,015
Tax expense (recovery) recognized in income statement	**(104,425)**	101,286
Tax expense (recovery) in OCI	**(41,663)**	98,837
Effect of foreign exchange recognized in OCI	**21,950**	(393)
Tax expense (recovery) recognized in equity	**(313)**	(2,896)
Deferred tax asset disposed on sale	**—**	3,488
Other	**(353)**	—
Ending net, deferred tax liability	**$ 545,533**	$ 670,337

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

Year ended December 31,	2023	2022
Non-capital losses carried forward	**$ 113,471**	$ 91,313
Net capital loss	**188,702**	106,828
Fair value change in debt instrument	**3,018**	80,461
Non-deductible interest carried forward	**—**	174,734
Other deductible temporary differences	**3,386**	3,846
Total deductible temporary differences	**$ 308,577**	$ 457,182

Northland has operating losses available for carry forward in Canada, Mexico, Spain, United Kingdom and Korea which are expected to expire beginning in 2026 as follows:

	Canada	UK	Korea	Mexico	Spain
2025 – 2028	$ —	$ —	$ —	$ 2,527	$ —
2029 – 2033	202	—	—	148,451	—
2034 – 2038	2,604	—	27,958	—	—
2039 – 2043	14,316	35,398		—	63,614
Total	**$ 17,122**	**$ 35,398**	**$ 27,958**	**$ 150,978**	**$ 63,614**

23.2 Temporary differences associated with Northland investments

The temporary difference associated with investments in Northland's subsidiaries is $275 million (2022 - $256 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.

23.3 International tax reforms – Introduction of Pillar Two model rules

As of December 31, 2023, Pillar Two legislation has been enacted or substantively enacted in jurisdictions where Northland operates. In compliance with recent IAS 12 amendments, management has assessed Northland's potential exposure to Pillar Two model rules. Management's assessment is based on the available information relating to Northland's current and prior year's financial performance. However, it is not necessarily predictive of future circumstances and does not serve as a forecast of future profits. The effective tax rates under Pillar Two in all relevant jurisdictions exceed 15%, and management is unaware of any circumstances likely to change this. Consequently, based on the assessment, management does not anticipate additional tax exposure under the Pillar Two model rule.

24. 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, 2023	External sales	Inter company sales [1]	Total sales	Cost of sales	Operating costs	G&A costs [2]	Depreciation and amortization	Other income [3]	Operating income	Finance costs, net
Offshore wind facilities	**$ 1,140,015**	**$ —**	**$ 1,140,015**	**$ —**	**$ 201,187**	**$ 14,081**	**$ 384,010**	**$ —**	**$ 540,737**	**$ 131,116**
Onshore renewable facilities										
North America[4]	**217,938**	**—**	**217,938**	**—**	**33,331**	**1,818**	**91,239**	**—**	**91,550**	**53,756**
Spain	**216,963**	**—**	**216,963**	**—**	**50,830**	**872**	**85,875**	**(375)**	**79,761**	**19,480**
	$ 434,901	**$ —**	**$ 434,901**	**$ —**	**$ 84,161**	**$ 2,690**	**$ 177,114**	**$ (375)**	**$ 171,311**	**$ 73,236**
Efficient natural gas facilities										
Canada	**339,848**	**—**	**339,848**	**105,299**	**49,943**	**406**	**46,625**	**(10,899)**	**148,474**	**46,312**
Utilities										
Colombia	**302,241**	**—**	**302,241**	**106,439**	**70,013**	**8,638**	**29,144**	**—**	**88,007**	**(794)**
Other [1] [4]	**15,774**	**97,942**	**113,716**	**—**	**3,518**	**203,531**	**15,722**	**375**	**(109,430)**	**71,942**
Elimination	**—**	**(97,942)**	**(97,942)**	**—**	**—**	**—**	**—**	**—**	**(97,942)**	**—**
Total	**$ 2,232,779**	**$ —**	**$ 2,232,779**	**$ 211,738**	**$ 408,822**	**$ 229,346**	**$ 652,615**	**$ (10,899)**	**$ 741,157**	**$ 321,812**

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

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) North American geographical segment excludes the Mexican La Lucha Solar Project. Northland monitors the financial performance of the La Lucha separately for its financial and operating decision-making accordingly, the operating results of the La Lucha Project is currently included in Others.

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	$ 1,259,247	$ —	$ 1,259,247	$ —	$ 169,756	$ 11,862	$ 374,150	$ —	$ 703,479	$ 173,150
Onshore renewable facilities										
North America[4]	216,495	—	216,495	—	31,013	840	83,900	—	100,742	50,359
Spain	269,251	—	269,251	—	42,832	4,635	78,076	—	143,708	20,534
	$ 485,746	$ —	$ 485,746	$ —	$ 73,845	$ 5,475	$ 161,976	$ —	$ 244,450	$ 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] [4]	8,558	127,708	136,266	9,451	394	138,223	12,067	—	(23,869)	32,017
Elimination	—	(127,708)	(127,708)	—	—	—	—	—	(127,708)	—
Total	$ 2,448,815	$ —	$ 2,448,815	$ 270,426	$ 351,995	$ 162,180	$ 624,701	$ (11,271)	$ 1,050,784	$ 323,109

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

(2) General and administrative costs include development costs.

(3) Other income includes finance lease income.

(4) North American geographical segment excludes the Mexican La Lucha Solar Project. Northland monitors the financial performance of the La Lucha separately for its financial and operating decision-making accordingly, the operating results of the La Lucha Project is currently included in Others.

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

As at December 31, 2023	PP&E, net	Contracts and other intangibles, net [1]	Goodwill	Investment in joint ventures	Total assets
Offshore wind facilities	**$ 4,637,980**	**$ 322,852**	**$ —**	**$ —**	**$ 5,497,680**
Onshore renewable facilities					
North America[2]	**1,392,555**	**6,506**	**54,741**	**—**	**1,704,882**
Spain	**1,406,339**	**—**	**—**	**—**	**1,628,503**
	$ 2,798,894	**$ 6,506**	**$ 54,741**	**$ —**	**$ 3,333,385**
Efficient natural gas facilities					
Canada	**700,454**	**35,803**	**120,229**	**—**	**1,142,259**
Utilities					
Colombia	**550,434**	**6,694**	**464,377**	**—**	**1,171,011**
Other[1] [2]	**492,171**	**75,015**	**—**	**899,885**	**2,481,963**
Total	**$ 9,179,933**	**$ 446,870**	**$ 639,347**	**$ 899,885**	**$ 13,626,298**

(1) Other includes $28 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.

(2) North American geographical segment excludes the Mexican La Lucha Solar Project. Northland monitors the financial performance of the La Lucha separately for its financial and operating decision-making accordingly, the operating results of the La Lucha Project is currently included in Others.

As at December 31, 2022	PP&E, net	Contracts and other intangibles, net [1]	Goodwill	Investment in joint ventures	Total assets
Offshore wind facilities	$ 4,899,741	$ 367,412	$ —	$ —	$ 6,381,260
Onshore renewable facilities					
North America	1,151,725	—	54,741	—	1,108,590
Spain	1,448,339	—	158,825	—	1,974,257
	$ 2,600,064	$ —	$ 213,566	$ —	$ 3,082,847
Efficient natural gas facilities					
Canada	728,730	41,411	120,229	—	1,174,181
Utilities					
Colombia	431,144	5,800	378,823	—	936,634
Other	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 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.

Geographical Information

Northland has operations in multiple geographic locations across the world. The following table presents consolidated sales and property plant, and equipment spread across various significant geographic locations:

Sales

	Year ended December 31,	
	2023	**2022**
Netherlands	**$ 589,128**	$ 645,743
Germany	**550,887**	613,504
Canada	**548,428**	642,178
Spain	**218,411**	269,651
Colombia	**302,241**	269,692
Others	**23,684**	8,047
Total	**$ 2,232,779**	$ 2,448,815

Property, plant and equipment, net

As at	December 31, 2023	December 31, 2022
Netherlands	**$ 2,419,327**	$ 2,615,028
Germany	**2,218,653**	2,284,713
Canada	**1,750,106**	1,687,973
Spain	**1,406,339**	1,448,339
United States	**538,465**	653,124
Colombia	**567,807**	445,465
Others	**279,236**	242,942
Total	**$ 9,179,933**	$ 9,377,584

25. Related-party disclosures

25.1 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, 2023, and 2022 is outlined in the table below. In 2023, 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,	2023	2022
Salaries and short-term employee benefits	**$ 11,437**	$ 9,643
Share-based compensation - shares issued under the LTIP (Note 16.1)	**279**	591
Share-based compensation - cash component	**3,654**	4,382
Total	**$ 15,370**	$ 14,616

25.2 Transactions with joint ventures

Summarized below are the material transactions and balances with the joint ventures as at and for the year ended December 31, 2023:

As at	**December 31, 2023**	**December 31, 2022**
Loan receivable from joint ventures (Note 10.1)	**$ 405,368**	$ —
Loan payable to joint ventures (Note 11)	**14,999**	—

Year ended December 31,	**2023**	**2022**
Cost recharges to joint ventures (Note 8)	**$ 36,472**	$ 23,739
Interest income from joint ventures (Note 10.1)	**9,600**	—

26. 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.

26.1 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, 2023, Northland's best estimate of the future contingent payments is approximately $142 million of milestone payments under its development project arrangements. These contingent payments were not recognized in the Consolidated statements of financial position.

26.2 Contingencies and commitments

The following is a summary of the material commitments that Northland and its subsidiaries have entered into as at December 31, 2023, in addition to the commitments outlined in the above notes.

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

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

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

Under certain circumstances, Northland provides parental guarantees to third-parties in respect of its subsidiaries. As at December 31, 2023, outstanding parental guarantees issued totaled $334 million (2022: $229 million) and related primarily to the development and construction of Oneida and New York Wind projects.

Northland's share of contingencies and commitments in relation to its joint ventures are disclosed in (Note 8 (d)).

26.3 Capital commitments

In the normal course of operations, as at December 31, 2023, Northland has committed to future spending of approximately $507 million (2022: $69 million) on capital projects, primarily relating to the construction of Oneida Storage, and Thorold expansion projects in Canada and other routine capital maintenance work on certain operational projects in Canada, USA and Colombia.

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

Ms. Ellen Smith

Executive Officers

Mr. Mike Crawley
President and Chief Executive Officer

Ms. Pauline Alimchandani
Chief Financial Officer

Ms. Rachel Stephenson
Chief People Officer

Mr. Yonni Fushman
Chief Administrative & Legal Officer and
Corporate Secretary

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

Ms. Michelle Chislett
Executive Vice President, Onshore Renewables

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

General Information

Registrar and Transfer Agent

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario, Canada
M5J 2Y1
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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