



Northland Power Investor Presentation

November 2021





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This written and accompanying oral presentation contains certain forward-looking statements which 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, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. Forward-looking statements 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, free cash flow, adjusted free cash flow, dividend payments and dividend payout ratios; the construction, completion, attainment of commercial operations, cost and output of development projects; litigation claims; plans for raising capital; and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

This presentation contains forward-looking statements and information, within the meaning of Canadian securities laws and in any applicable Canadian securities regulations, concerning the business and operations of Northland Power Inc. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements in this presentation include statements regarding the quality of Northland's assets and the resiliency of the cash flow they will generate, Northland's anticipated financial performance and payout ratio, future commissioning of assets and expected returns from such assets, technology diversification, acquisition opportunities, expected completion of acquisitions, contract, contract counterparties, operating performance, variability of renewable resources and climate change, offshore wind concentration risk, market power prices, fuel supply, transportation and price, operations and maintenance, permitting, construction, development prospects and advanced stage development, financing and refinancing opportunities, certain information regarding the company's expected cash flow profile and liquidity, , liquidity, credit rating, currency fluctuations, variability of cash flows and potential impact on dividends, taxes, natural events, environmental, health and safety, government regulations and policy, international activities, relationship with stakeholders, reliance on information technology, reliance on third parties, labour relations, insurance, co-ownership, bribery and corruption, legal contingencies, future energy prices and demand for electricity, economic recovery, project development and capital expenditure costs, energy policies, economic growth, growth potential of the renewable asset class, the future growth prospects and distribution profile of Northland Power and its access to capital and the other factors described in Northland's 2020 Annual Report and 2020 Annual Information Form, which are both filed electronically at www.sedar.com and Northland's website www.northlandpower.com.

All figures are presented in Canadian dollars unless otherwise indicated. Unless otherwise indicated, the statistical and financial data in this presentation is presented as of September 30, 2021.

Northland Overview

Resilient Operations and a Global Platform

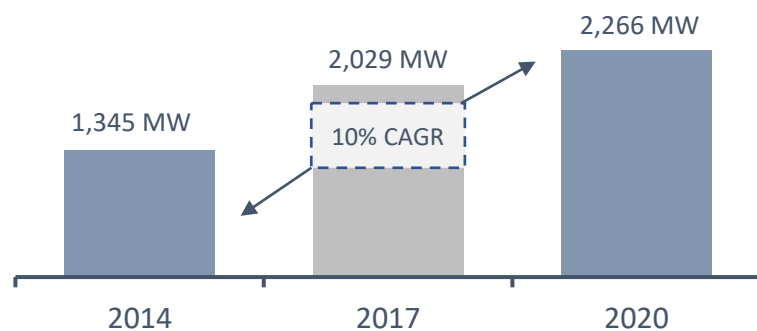


- **Northland Power is a leading global power producer dedicated to helping the clean energy transition**
- **Over 30 years of success** developing, constructing and operating power projects across a range of technologies
- Well-diversified portfolio of high-quality power infrastructure assets: over 3 GW of **operating capacity**
- **Approximately 95% of revenues** under long-term contracts with highly creditworthy government counterparties
- **Significant development opportunities** across multiple markets and technologies: **4-5 GW** of identified development projects
- **Significant depth of management experience** across a number of disciplines including renewables, project finance, construction and development, Human resources, and risk management
- **Strong environmental and health & safety record**

Evolution of Northland

Offshore Wind has Accelerated Our Growth

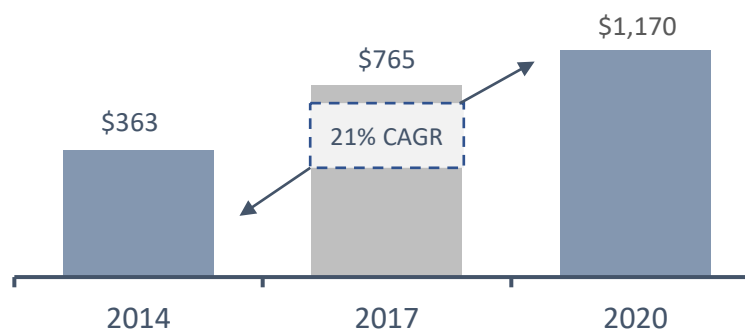
Net Capacity (MW)



0% → 40%

Offshore Wind
Contribution

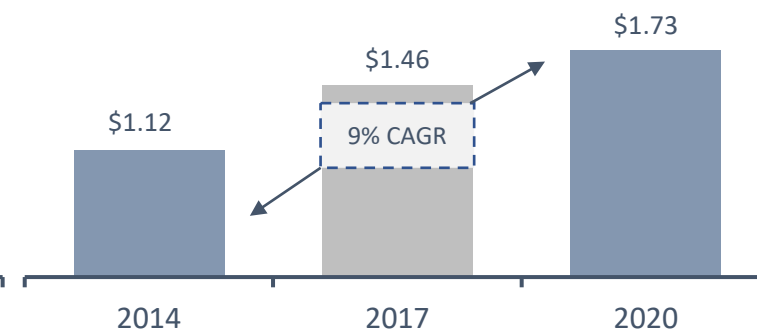
Adjusted EBITDA (\$Mln)



0% → 60%

Offshore Wind
Contribution

Free Cash Flow/Share



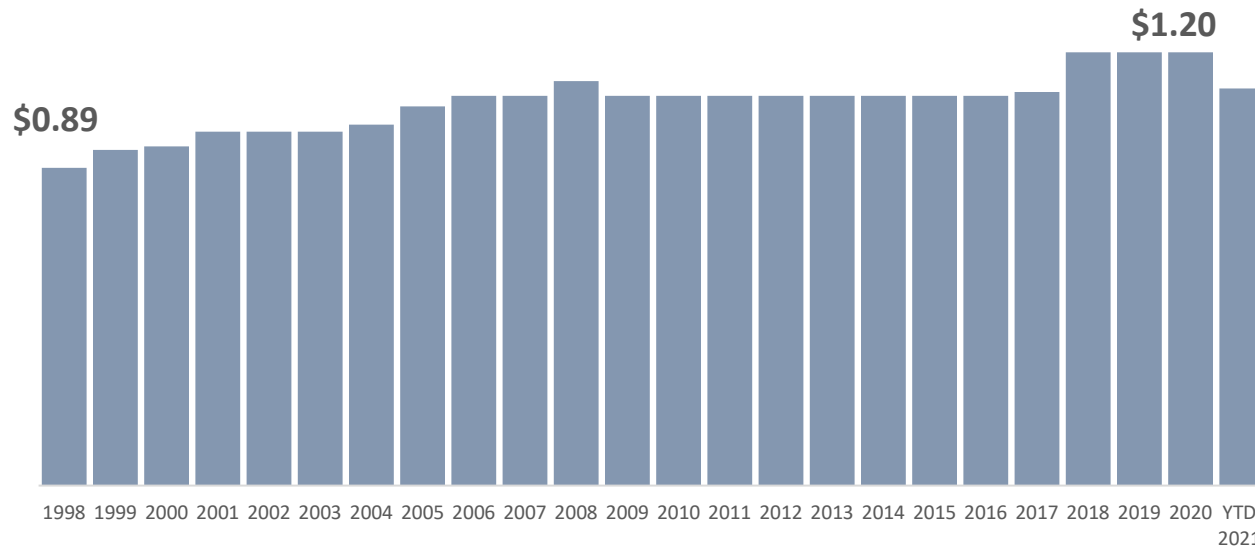
0% → 50%

Offshore Wind
Contribution

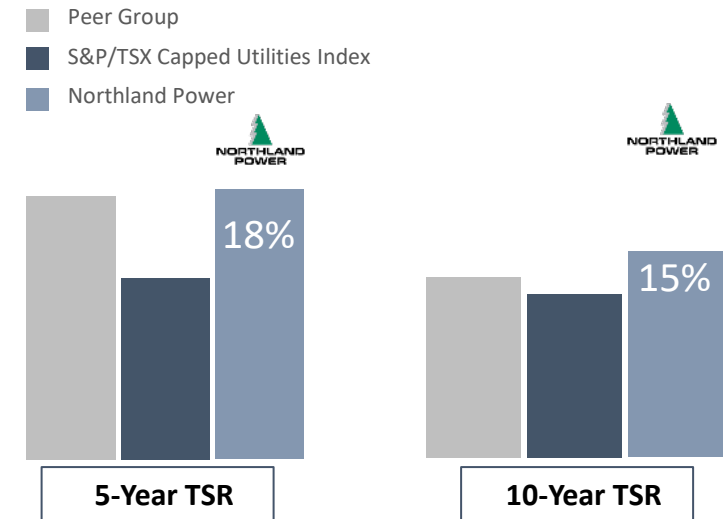
Shareholder Returns

Track Record of Strong Returns to Shareholders

Annual Dividends (Distributions) per share



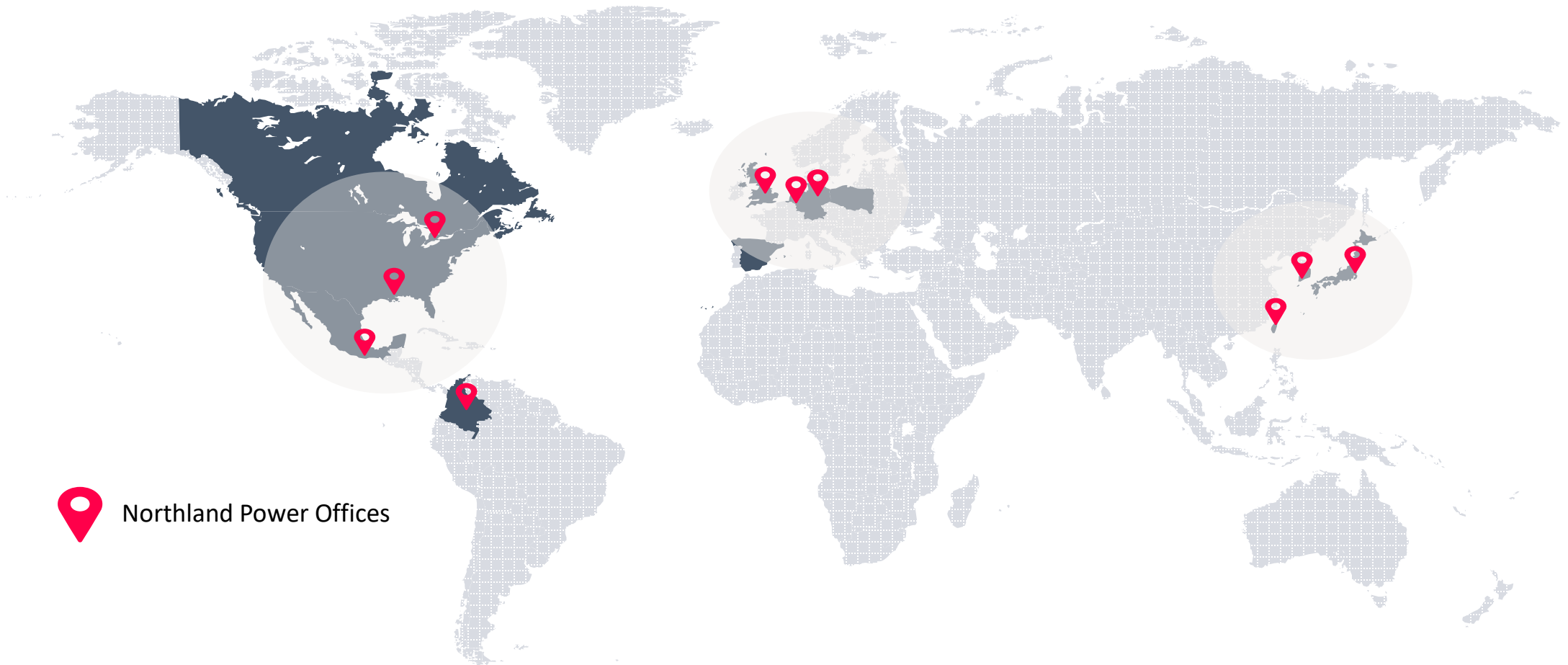
Total Shareholder Returns



1. Canadian IPP Peer Group includes Algonquin Power, Boralex, Brookfield Renewable, Capital Power, Innergex, and TransAlta.
2. As at November 16, 2021.

Global Competitive Position

Northland is on the Ground in Key Markets



Northland Power Offices

Global Competitive Position

The Talent to Win



REGIONAL DEVELOPMENT OFFICES

| | |
|-------------|-----------|
| Toronto | Houston |
| Mexico City | Bogota |
| London | Amsterdam |
| Seoul | Tokyo |



OFFSHORE WIND

Offshore wind engineering and
construction management

Hamburg

Taipei



ONSHORE RENEWABLES

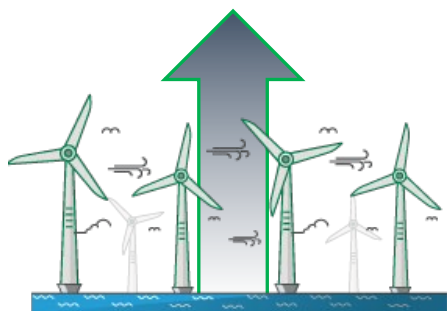
Onshore wind, solar and
construction management

Toronto

Accelerating Growth

Northland's Capital Allocation is Focused on Renewable Growth

Northland has the following major business segments



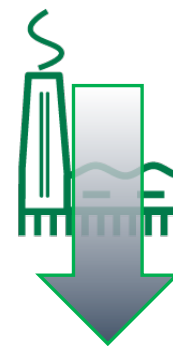
Offshore Wind
Increase Exposure



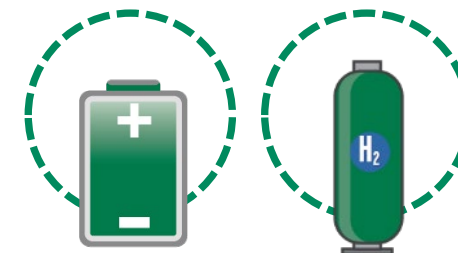
Onshore Renewables
Increase Exposure



Utilities
Increase Exposure



Efficient Natural Gas
Reduce Exposure



New Technologies
Establish Position

Our Renewables segments are growing in line with our capital allocation strategy, and we intend to establish initial positions in new technologies such as energy storage and renewable green fuels

Accelerating Growth

Balancing Long-term Growth with Near-term Cash Flow

2021 - 2025



- Development of onshore renewable projects with shorter incubation periods
- M&A to augment immediate cash flow

2026 - 2030



- Offshore wind drives significant growth in capacity and cash flow
- New initiatives to drive additional growth

Evolution of Northland

Doubling the Company (again) by ~2030

Significant offshore wind platform of operating and development projects position Northland as a global leader in offshore wind development

4-5 GW

Identified Development Projects¹

\$15-20+ Billion

Potential capital investment over next 5 years,
anchored by Offshore Wind development
(\$10-14 billion net Northland ownership interest)



More projects being initiated and through M&A

1. Details for the Identified Development Projects have been provided later in the presentation which includes projects that are owned and active that Northland has publicly disclosed.

Sustainability

Our Commitment to Sustainable Growth

Aligning our values with the United Nations Sustainability Development Goals

Our Planet



De-carbonization and footprint minimization

Our Community



A positive and contributing community partner

Our People



A safe, healthy, inspired and empowered workforce

Our Company



Responsible and transparent governance and sustainable value creation



Sustainability

Our Commitment to Develop a Carbon Free World

E



4-5 GW
of additional energy
generation from
renewable sources



**65%
Reduction**
Carbon intensity
across our portfolio

S



**highest
standards of
Health & Safety**



A positive and
contributing
**community
partner**

G



30%
of female
representation on
**Board of Directors/
Executive Office**



Continuing emphasis
on Corporate
**Governance best
practices**

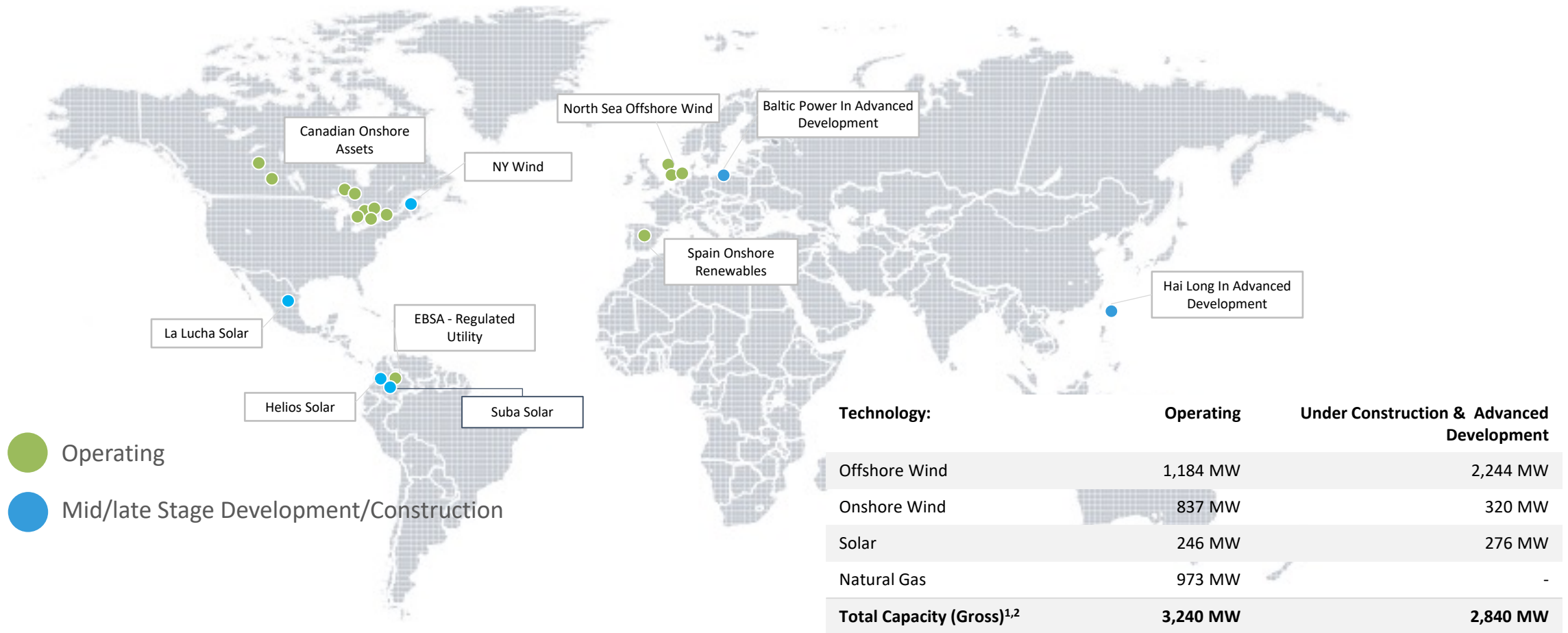


Portfolio Overview

Northland Power

Diversified Asset Portfolio

Significant Operating and Development Portfolio



1. As at August 11, 2021. Includes Spain Portfolio acquisition
 2. Includes Hai Long, La Lucha, NY Wind, Baltic Power and Suba

Northland Operating Assets

| Project | Technology | Location | Gross Capacity | Ownership | Expiry PPA Term | Construction (On-time/on-budget) |
|------------------------------|---------------------------------------------|-------------|----------------|-----------------------------|-----------------|----------------------------------|
| Gemini | Offshore Wind | Netherlands | 600 MW | 60% | 2032 | ✓ |
| Nordsee One | Offshore Wind | Germany | 332 MW | 85% | 2027 | ✓ |
| Deutsche Bucht | Offshore Wind | Netherlands | 252 MW | 100% | 2031 | ✓ (Base Plant) |
| Mont Louis | Onshore Wind | QC, CA | 100 MW | 100% | 2031 | ✓ |
| Jardin d'Éole | Onshore Wind | QC, CA | 134 MW | 100% | 2029 | ✓ |
| McLean's Mountain | Onshore Wind | ON, CA | 60 MW | 50% | 2034 | ✓ |
| Grand Bend | Onshore Wind | ON, CA | 100 MW | 50% | 2036 | ✓ |
| Ground-Mount Solar | Solar | ON, CA | 130 MW | 100% (90 MW) 63% (40 MW) | 2033-2035 | ✓ ✗ |
| Thorold | Efficient Natural Gas | ON, CA | 265 MW | 100% | 2030 | ✓ |
| Iroquois Falls | Efficient Natural Gas | ON, CA | 120 MW | 100% | 2021 | ✓ |
| Spy Hill | Efficient Natural Gas | SK, CA | 86 MW | 100% | 2036 | ✓ |
| North Battleford | Efficient Natural Gas | SK, CA | 260 MW | 100% | 2033 | ✓ |
| Kirkland Lake | Efficient Natural Gas | ON, CA | 132 MW | 68% ¹ | 2030 | ✓ |
| EBSA | Regulated Distribution Utility | Colombia | n/a | 99% | Perpetual | n/a |
| Spain Portfolio ² | Onshore Wind/Solar/Concentrated Solar Power | Spain | 560 MW | 99% | 2031 | n/a |

1. Northland has an effective 77% residual economic interest

2. Closed August 11, 2021

Operations

Wide Breadth of Generation and Utility Experience

- Offshore Wind, Onshore Wind, Solar, Gas Turbine, Electricity Transmission, Distribution and Marketing Activities In-House
- Industry-leading Generation availability factors and Utility reliability rates across the fleet despite COVID-19
- Perform all balance of plant operations (substations, transmission) at most of our facilities
- Operators and Technicians fully certified in plant operations and leveraging shared best practices to ensure cost efficiency and economies of scale by technology
- Operating teams provide Due Diligence services to Development Teams to ensure lessons learned and best practices in assessing new opportunities



The image shows a large offshore wind farm with several white wind turbines with red accents on their nacelles, situated in a dark blue sea under a cloudy sky. A semi-transparent dark blue banner is positioned at the bottom of the image, containing the text 'Offshore Wind' on the left, a thin vertical orange line in the center, and 'Northland Power' on the right.

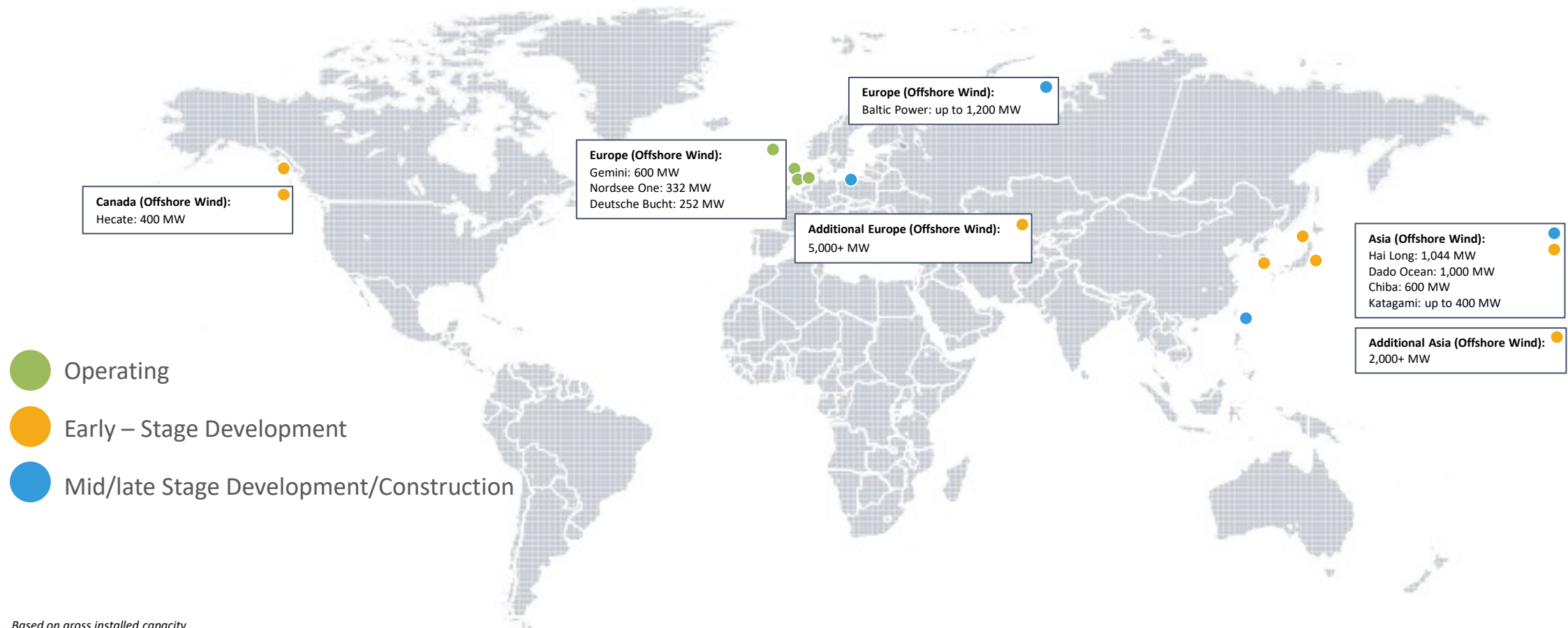
Offshore Wind

Northland Power

Growth Strategy

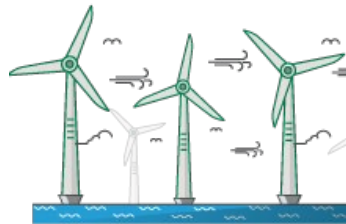
Offshore Wind Platform to Anchor Northland's Growth

Significant offshore wind platform of operating and development projects position Northland as a global leader in offshore wind development



Europe

Established Offshore Wind Platform in North Sea



1.2 GW¹

Offshore wind
in-operation

| ① Deutsche Bucht | |
|--------------------|--------|
| COD: | 2020 |
| Capacity: | 252 MW |
| Ownership: | 100% |
| PPA Expiry: | 2032 |

① Deutsche Bucht

② Gemini

| ② Gemini | |
|--------------------|--------|
| COD: | 2017 |
| Capacity: | 600 MW |
| Ownership: | 60% |
| PPA Expiry: | 2031 |

Nordsee One

③

| ③ Nordsee One | |
|--------------------|--------|
| COD: | 2017 |
| Capacity: | 332 MW |
| Ownership: | 85% |
| PPA Expiry: | 2027 |

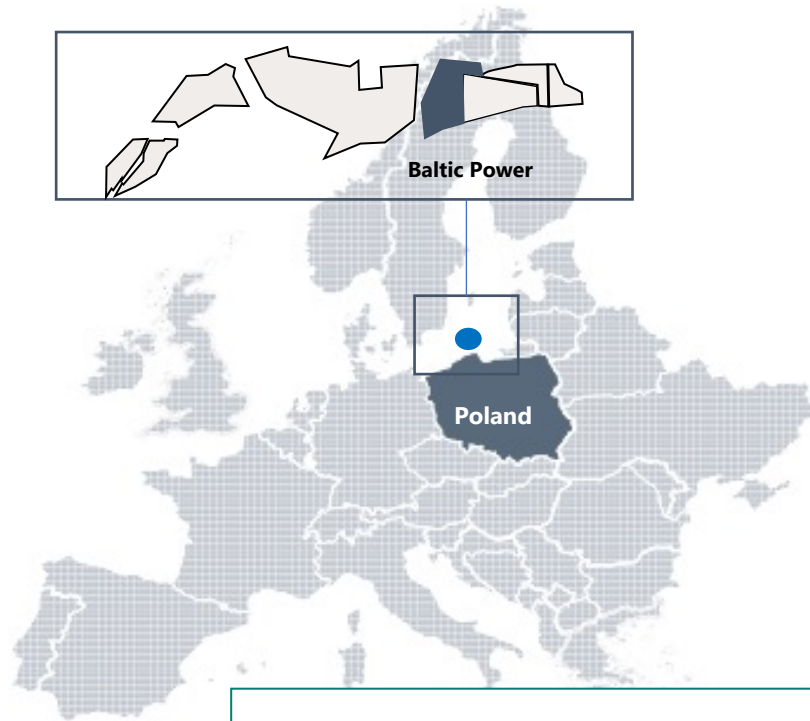
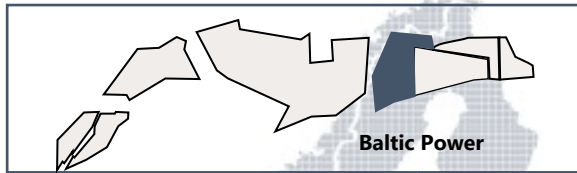
Netherlands

Germany

1. Represents total gross operating capacity .

Poland

Expanded Portfolio with Baltic Power Offshore Wind Project



- Acquired 49% interest in mid-stage offshore wind development project with potential for up to 1.2 GW of capacity
- Continuation of Northland's strategy of leveraging its top ten sector position globally to expand offshore wind portfolio
- Project will benefit from long-term, 25-year CfD revenue contract
- Market entry with strategic partner PKN Orlen, Poland's largest company; synergy between Orlen's significant local presence and Northland's offshore wind expertise

Timeline For Baltic Power Development



Secured CfD



Achieve Financial
Close



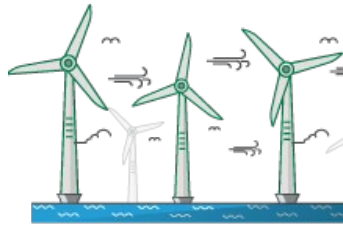
Expect to start
Construction



Expected
Commercial
Operations

Asia

Growth leading from the anchor project across the region



4.5 GW+¹

Offshore wind
in-development

Taiwan

Hai Long
1,044 MW

Japan

Chiba
600 MW

Katagami
up to 400 MW

South Korea

Dado Ocean
Up to 1,000 MW

Asia Growth

Additional projects
2,000+ MW

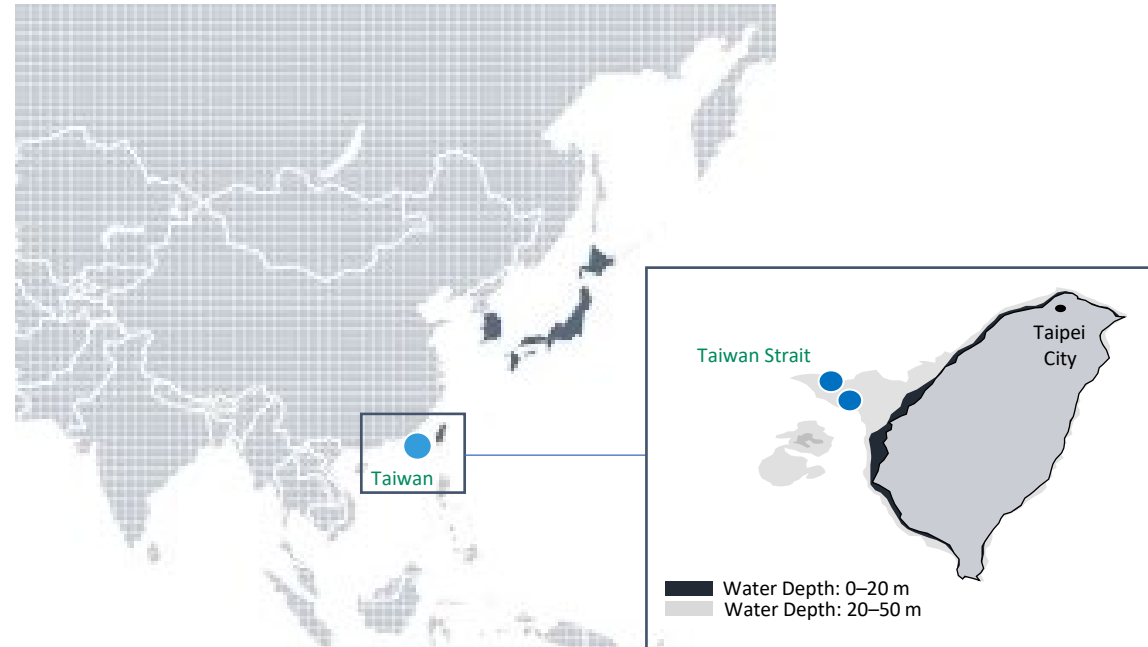


Taiwan Offshore Wind

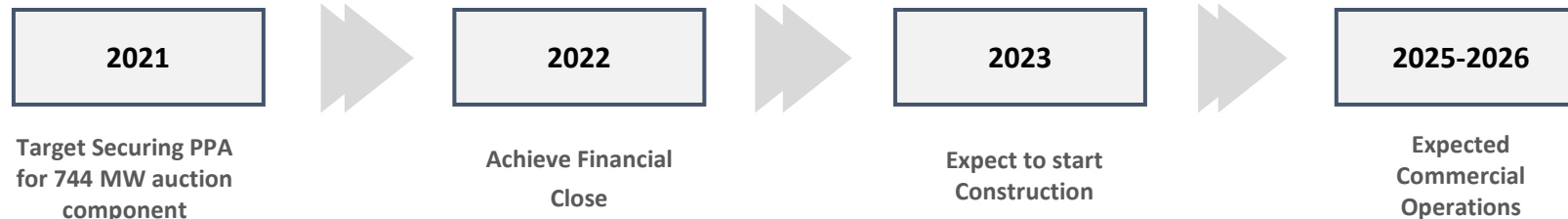
Hai Long

Key Project Highlights

| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Status: | Advanced Development |
| Location: | <ul style="list-style-type: none">• 40-50 km off the west coast of Taiwan, in Taiwan Straits, located in Changhua County• Water depth between 35 and 50 meters• 10 m/s average wind speed |
| Capacity: | 1,044 MW (gross) |
| Contract: | Signed 20-year PPA under FIT (300 MW); pursuing PPA for remaining (744 MW) with Taipower with possibility for corporate PPA |
| Technology: | Offshore wind |
| Ownership: | Northland Power: 60% |



Timeline For Hai Long Development

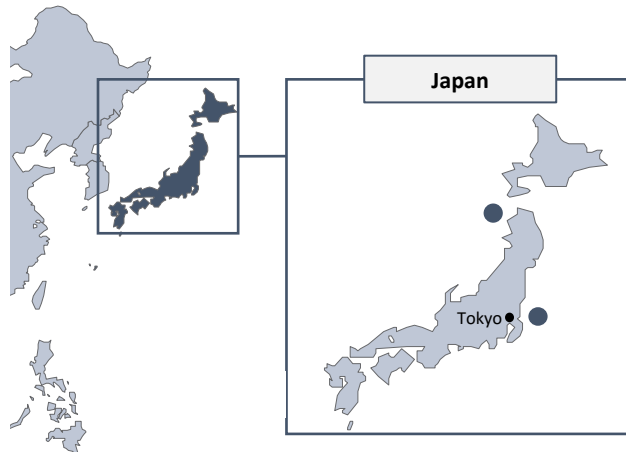


Japan and South Korea

Developing local partnerships to facilitate opportunities for future offshore wind

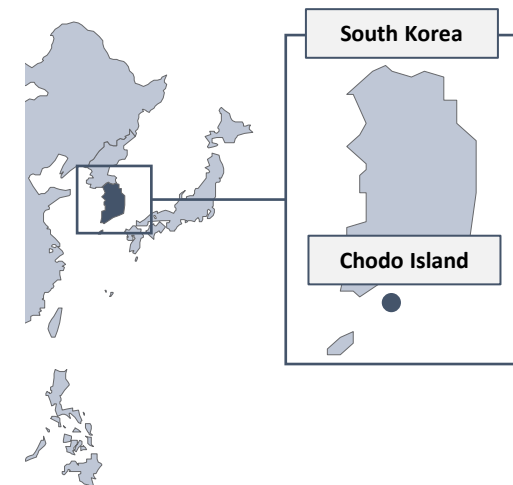
Japan

- Announced entry into Japanese market in 2019 with Chiba project
- Recently announced membership in consortium to develop Katagami project
- Both are early-stage development projects with potential for 600 MW (Chiba) and up to 400 MW (Katagami) of offshore wind capacity



South Korea

- Acquired Dado Offshore Wind Corp. in February 2020
- Multiple early-stage development opportunities near Chodo Island
- Early-stage development projects with potential for 1,000 MW of offshore wind





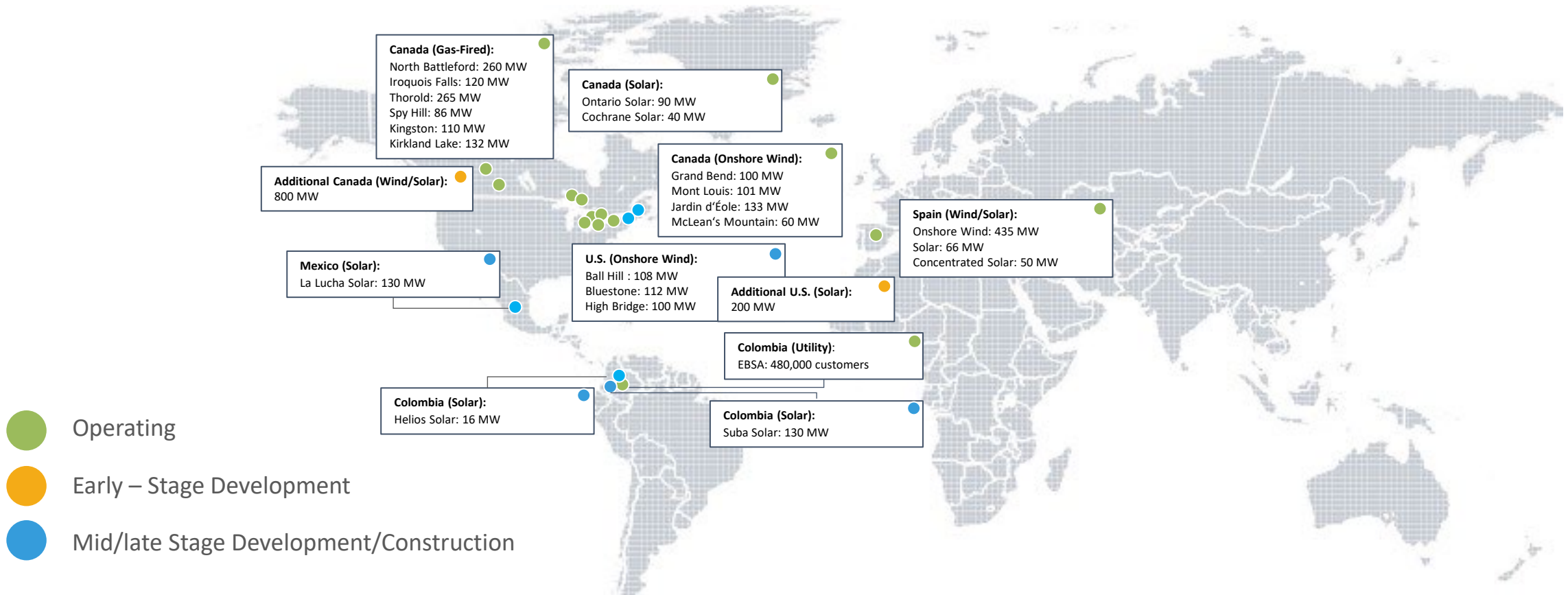
Onshore Renewables

Northland Power

Growth Strategy

Onshore Renewables to Support Near-term Growth

Targeted Approach to Developing Onshore Renewables



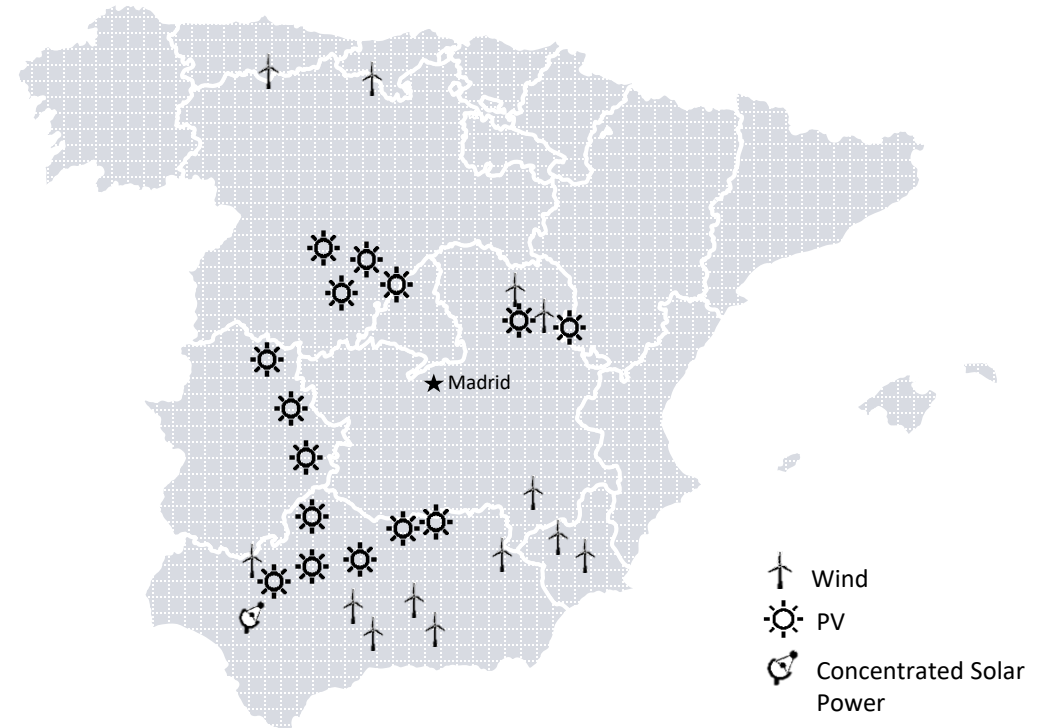
1. Based on gross installed capacity.

Spain

A Leading Onshore Renewables Portfolio

- Acquired a portfolio of 551 MW (net) of onshore renewables with a regulated tariff
 - ~80% of the portfolio consists of onshore wind assets, with the balance comprising solar PV and Concentrated Solar Power (CSP)
- Positions Northland as top 10 owner of operating onshore renewables in Spain and provides better access to growth opportunities locally and elsewhere in Europe
- Assets are supported with a regulated tariff with more than 13 years remaining of regulatory life
- Immediate cash flow contribution to further support offshore development strategy/initiatives
- Portfolio benefits from a diversified mix of equipment suppliers and OEM providers, mitigating exposure to any single manufacturer or service provider

| | Onshore Wind | Solar PV | Concentrated Solar Power |
|-------------------|--------------|----------|--------------------------|
| Net Capacity | 435 MW | 66 MW | 50 MW |
| Project(s) | 14 | 18 | 1 |
| Average Asset Age | 11 Years | 10 Years | 10 Years |
| Fully Regulated | Yes | Yes | Yes |



Operating portfolio supplies
over 270,000 of households with energy

Mexico

La Lucha Solar

- Solar project located in State of Durango, Mexico; ~78 km from the city of Torreon
- 130 MW solar project with 100% Northland ownership
- First step in Mexico strategy that will focus on commercial and industrial market with a diversified generation portfolio
- EPC contract with Grupo Ortiz who will provide first two years of O&M services
- Will target to secure commercial offtake contracts for the project's output after commercial operations



Timeline For La Lucha Development

2019

Final Investment
Decision



2019

Start of
Construction

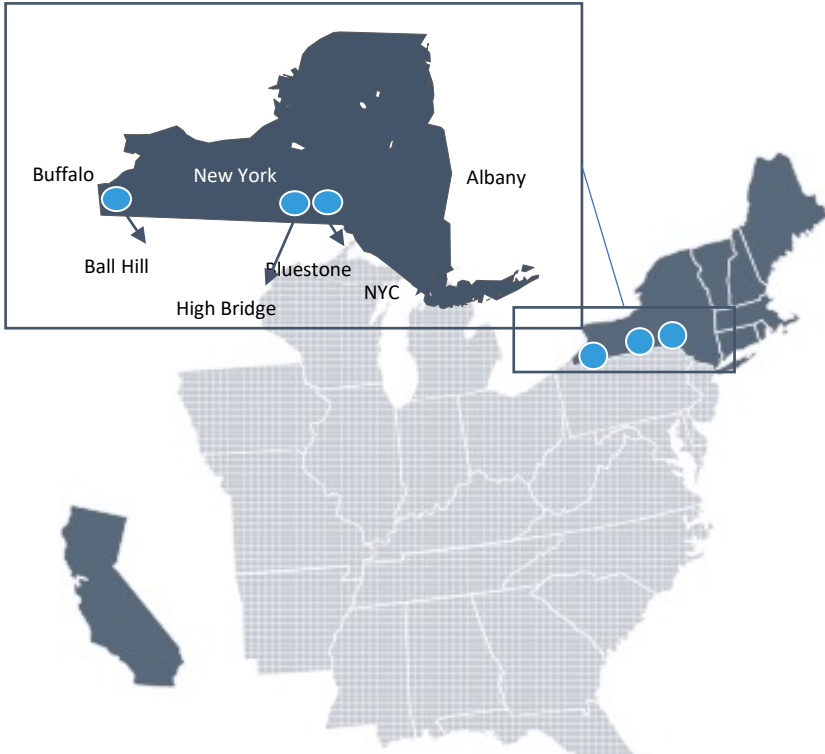


2022

Expected
Commercial
Operations

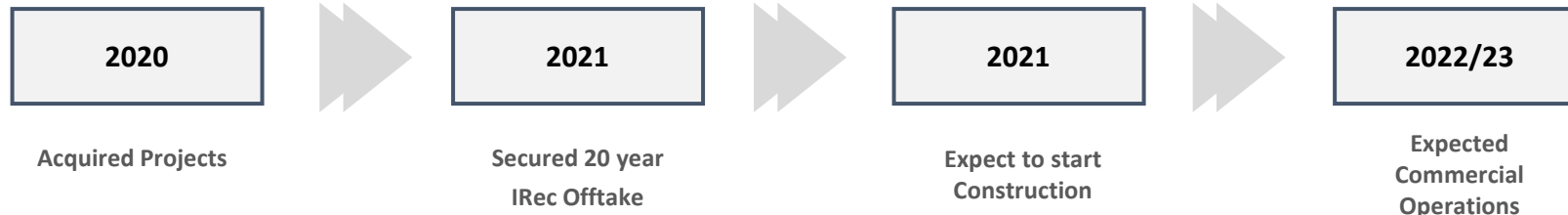
United States

New York Onshore Wind Project Overview



- Acquired three New York onshore wind development projects in 2020. Projects expand Northland's North American portfolio by providing investment opportunities into the US renewables market
- Well positioned from a competitive standpoint relative to the state's wind development pipeline
- USD cash flows from stable and high demand market
- 320 MW potential capacity (Bluestone, High Bridge and Ball Hill)
- Secured 20-year indexed REC contract (CfD all-in PPA) with the New York State Energy Research and Development Authority
- Achieved financial close on Ball Hill and Bluestone in Q2 2021 and actively developing Highbridge

Timeline For NY Wind Development



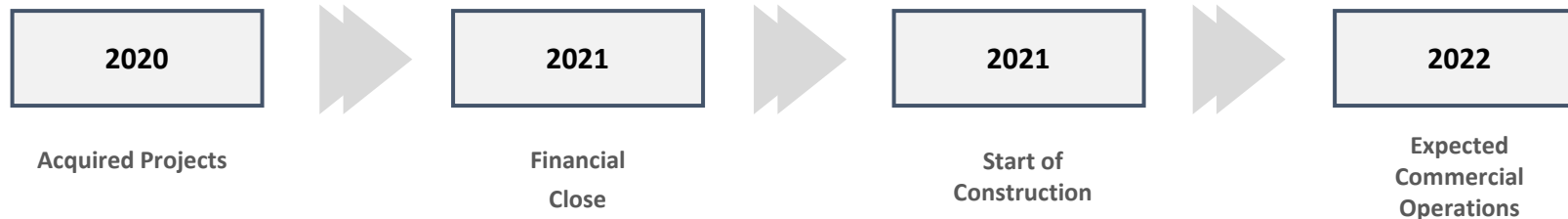
Colombia

Helios Solar Project Overview



- 16 MW Solar project in Colombia
- First development project in Colombia to capitalize on EBSA's grandfathered rights, allowing it to expand into the energy generation market in Colombia
- Aim is to service the power needs of non-regulated municipal, commercial and industrial (C&I) customers
- Secured 12-year Power Purchase Agreement with EBSA
- Achieved financial close in Q2 2021

Timeline For Helios Solar Development

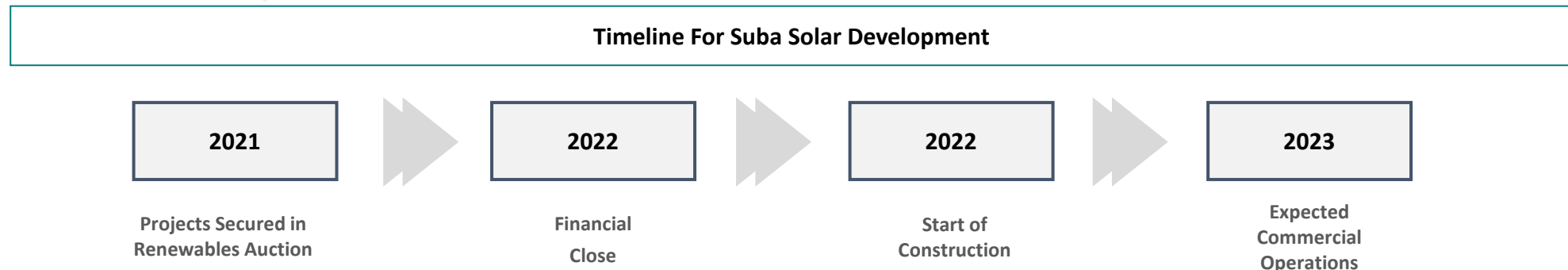


Colombia

Suba Solar Project Overview



- Secured two solar projects in Colombian renewables auction with a combined capacity of 130 MW
- Developing in partnership with EDF Renewables through 50/50 joint venture
- Projects underpinned by 15-year Power Purchase Agreements with high quality Colombian energy distribution and commercial entities
- The PPAs will be denominated in Colombian pesos and will have annual indexation to the Colombian Producer Price index.
- In addition, the projects will receive a reliability charge in US dollars, which will account for approximately 10% of total revenues of the projects.



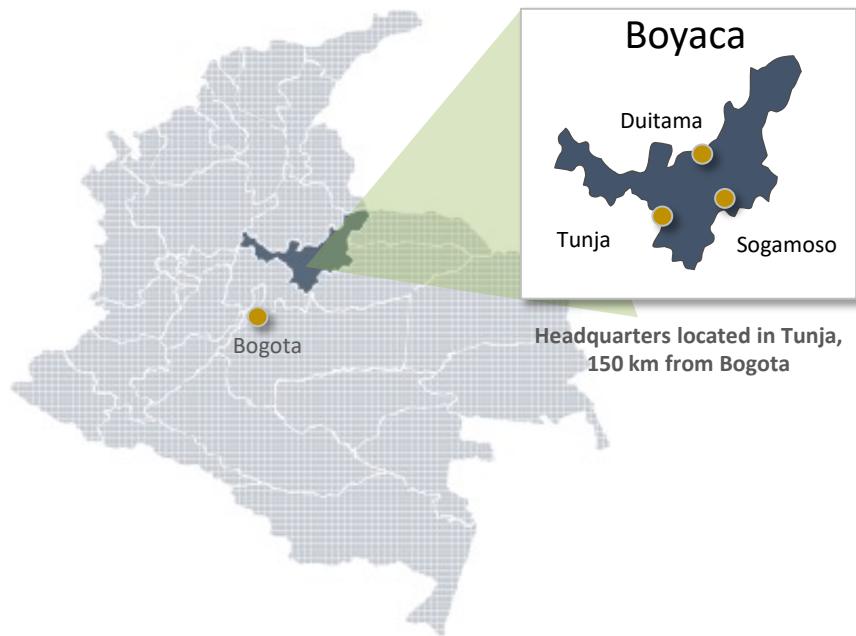


Utilities

Northland Power

Latin America

EBSA Utility



- EBSA provided strategic value to existing asset portfolio
 - Sole distributor to a population of over 1.3 million; proven management team with local expertise
 - Operates under regulatory framework with an average approved WACC of approximately 11.5%
 - RAB is expected to grow at a rate in excess of inflation
 - Other key regulatory features including RAB inflation indexation, a five-year planning cycle and limited to no demand risk
 - Provided a measure of stability and predictability to Free Cash Flow
 - Reduced concentration risk as well as exposure to re-contracting and merchant power price risk
- Provided Northland with a platform to drive future opportunities in Colombia and Latin America
 - EBSA is one of a few energy companies in Colombia with favourable grandfathered rights allowing for vertical integration across all segments of the electricity market

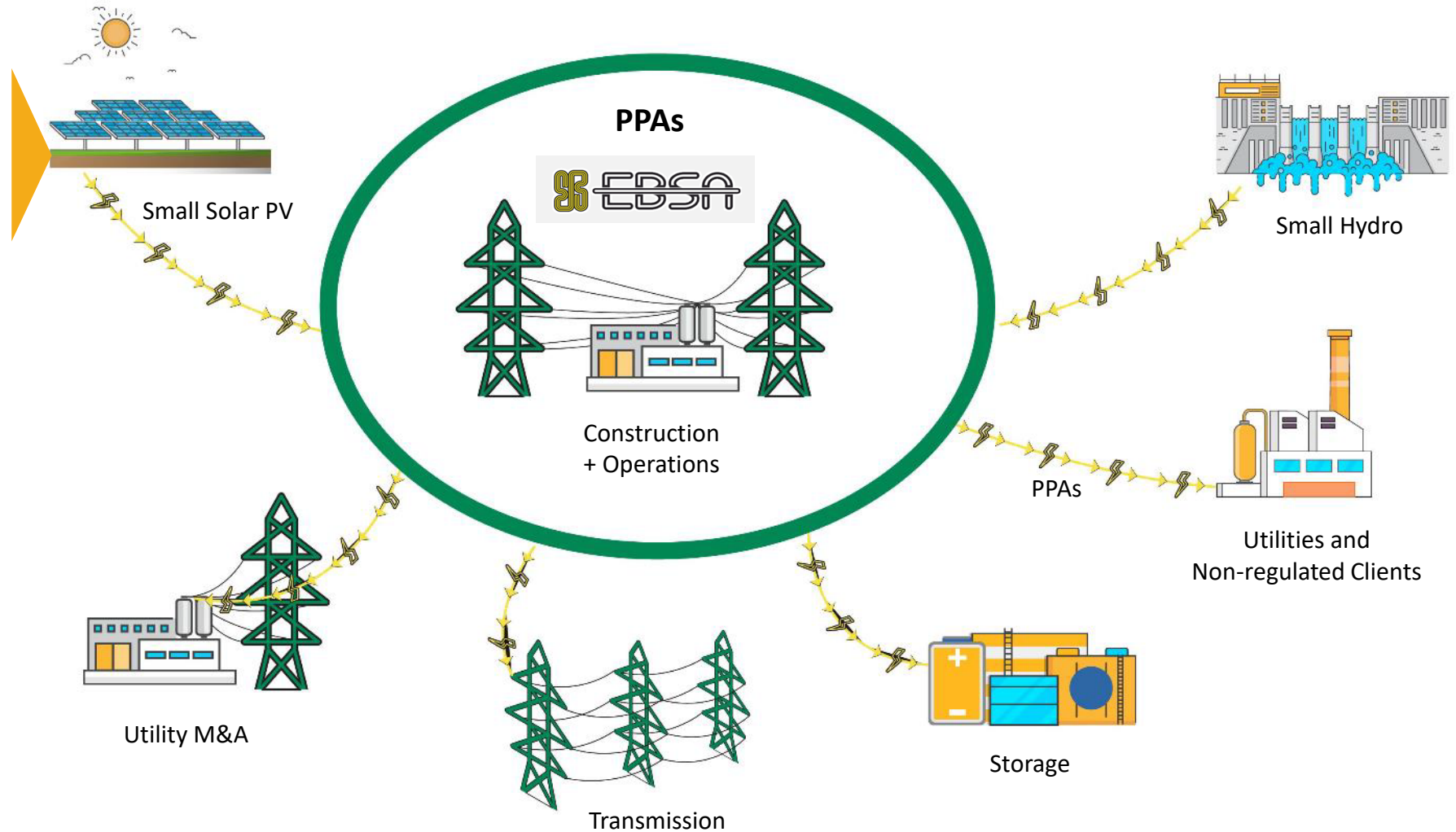
Key Operating Metrics

| | | |
|----------------------------------------|---------------------------------------|--------------------------------------|
| 34,035 km Distribution Lines | COP 1,670 Bn RAB (C\$ 622M) | 1.7 TWh Energy Distributed |
| 105 Substations | | |
| 503,000 Regulated Clients | 573 Full Time Employees | 915 MVA 220kV/115kV |

| | |
|-------------------|---------------------------------------------------------------------------------------------------------------------|
| Distribution | Regulated revenue subject to revenue cap and five-year tariff review process – No volume risk |
| Commercialization | Power retailer for 100% of regulated clients in Boyacá and 44% market share of commercialization segment |
| Transmission | Operator of 790km of national and regional transmission lines and 18 substations; fixed annual revenue for 25 years |

Latin America

Additional Growth Opportunities





Financial Overview

Northland Power

2021 Financial Guidance

Adjusted EBITDA and Free Cash Flow

Adjusted EBITDA

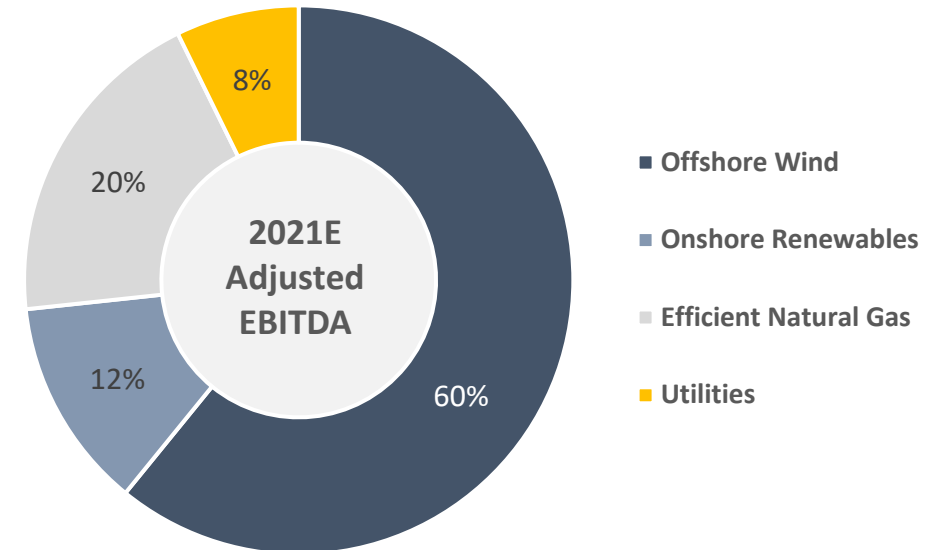
**\$1.1 to \$1.2
Billion**

Free Cash Flow (incl. growth expenditures)

**\$1.30 to \$1.50
Per Share**

Adjusted Free Cash Flow (excl. growth expenditures)

**\$1.60 to \$1.70
Per Share**



New for 2021, Northland plans to report on Adjusted Free Cash Flow before all growth-related expenditures

Financial Overview

Funding Plan to Support Growth and Maintain Discipline

Identified Development
Projects Gross Capital
Investment Plan
Next 5 Years¹

Green and maintain
investment grade balance
sheet to support growth

Significant growth in adj. EBITDA
expected on completion of
Identified Development projects

\$15B to
\$20B+²

BBB
(Stable)

X2
(Double)

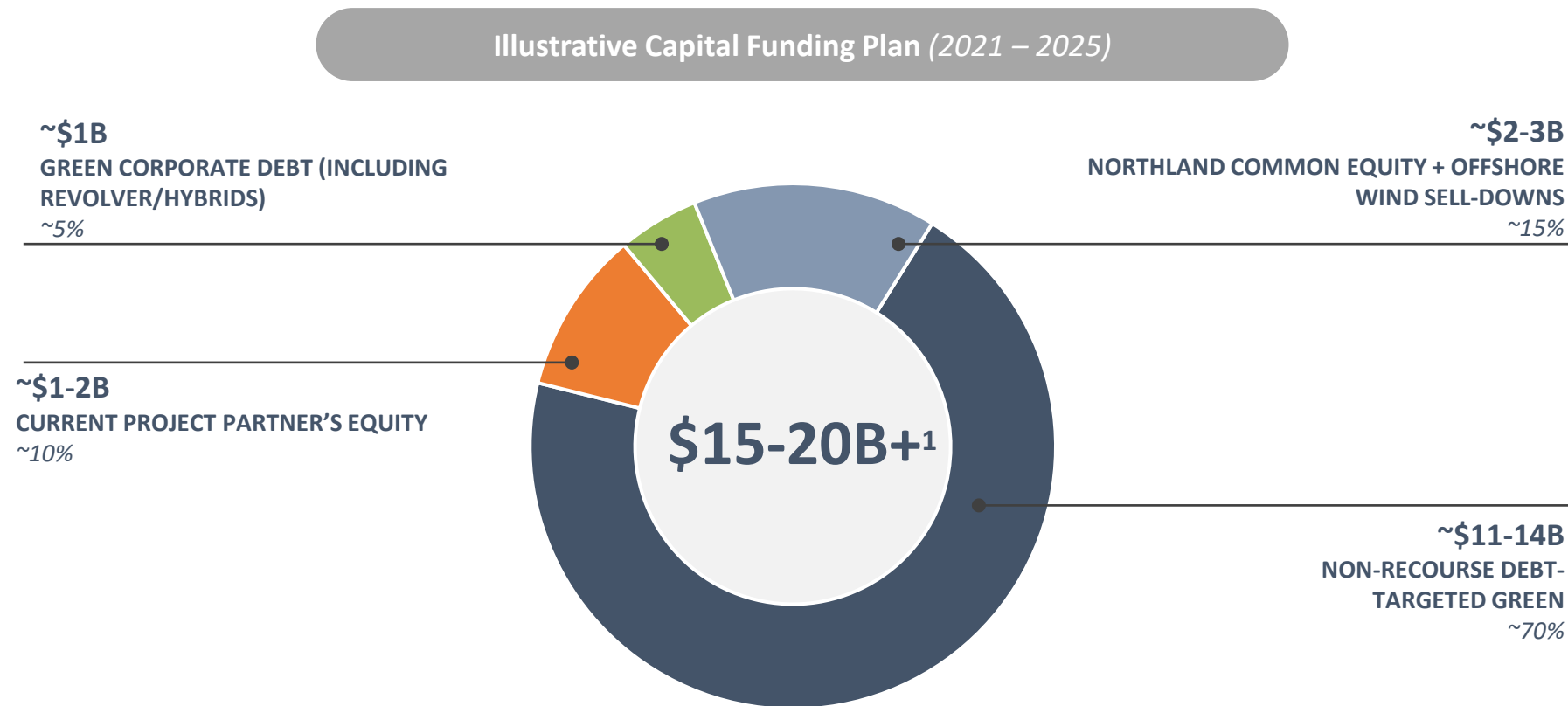
Maintaining flexibility, adding corporate funding tools to diversify sources of capital, preserving low cost of capital and investment grade balance sheet are key to the successful growth execution of Northland

1. Represents the total gross capital costs of the 4-5 GW visible development projects.

2. \$10B to \$14B net represents Northland's current ownership interest in Identified Development Projects

Strong Balance Sheet will Support Growth

Illustrative Capital Funding Plan of Identified Development Project Over Next Five Years



1. The capital funding plan is based on recent estimates of total capital costs for Identified Development Projects, that Northland has publicly disclosed. The chart illustrates potential sources of funding that is subject to change/update.

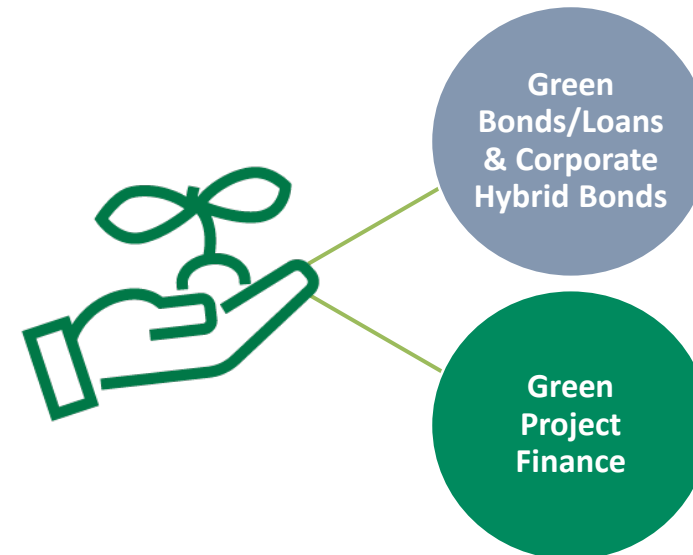
Green Financing Framework

Adding Financial Optionality to Portfolio

Green Financing Framework allows Northland to diversify and optimize additional sources of capital to fund growth plan

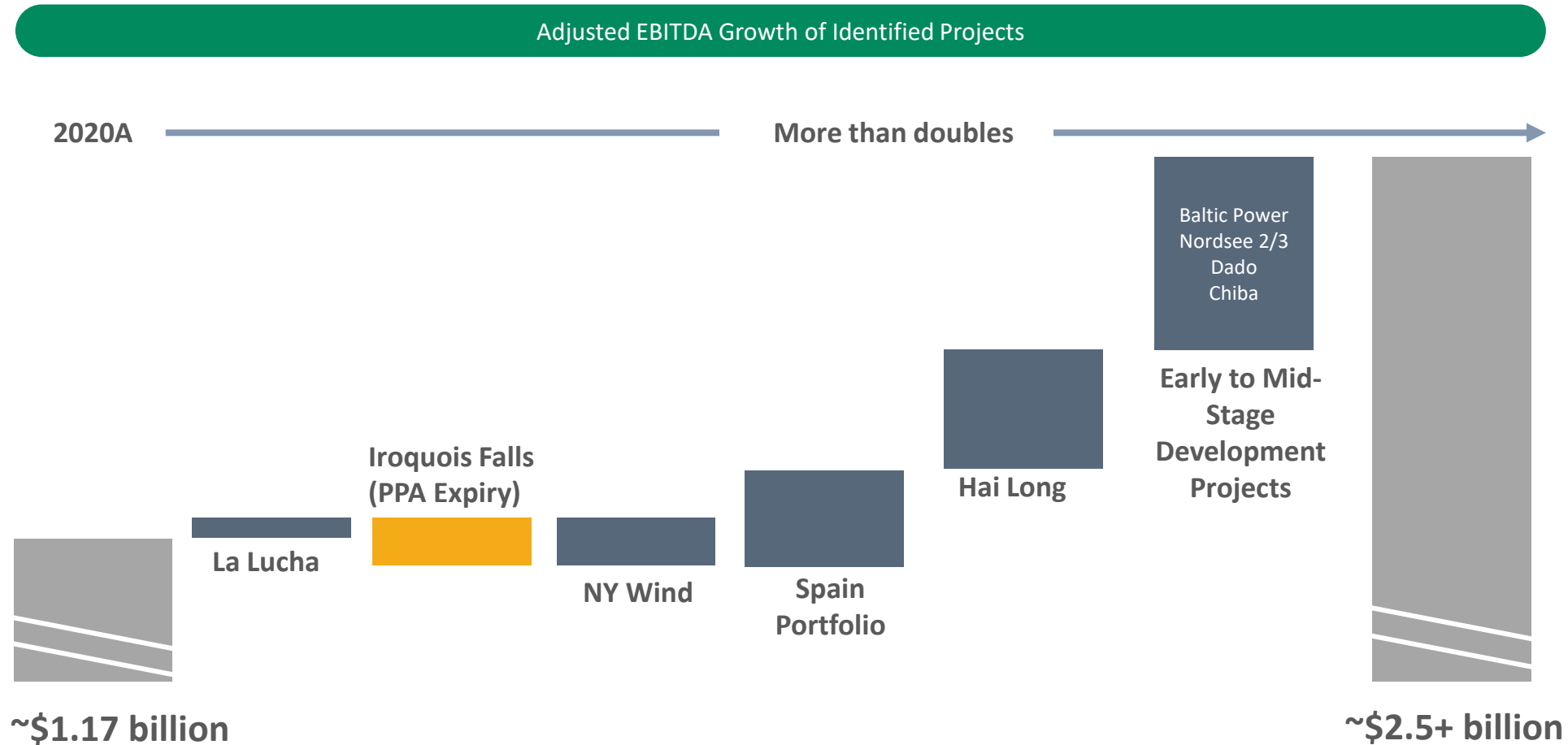
- Northland has advanced several capital markets initiatives to diversify and optimize our sources of capital
- Green the balance sheet
 - Introduced Sustainability Linked Overlay on \$1.0 bn Corporate credit facilities
- Increase our available liquidity
- Capitalize on strong investor demand
- Our Green Financing Framework allows Northland to issue green bonds and corporate hybrids at any point in the future
- Key benefits:
 - Lower cost than traditional unsecured senior debt
 - Enhanced ESG positioning
 - Access to European debt capital markets
 - Strong Euro base allows to better match tenor and currency
 - Very strong demand/subscription levels for green products
 - Favourable treatment by lenders and S&P for corporate hybrids

Allows the issuance of green debt instruments that benefit from lower margins and a new pool of investors



Adjusted EBITDA Growth Outlook

Identified Projects Alone Expected to Double Adjusted EBITDA





Evolution of Northland

Key Priorities Over the Next five Years

01

Leverage Strong Position in Offshore Wind

Press strong position in offshore wind by sourcing and advancing large scale projects as the sector grows and new markets open up

02

Near-term Growth

Secure near-term growth through onshore renewables and Transmission and Distribution assets in select markets

03

Positioned for New Wave of Global De-carbonization

Targeting further growth from storage and renewable fuels



Appendix

Northland Power

Market Summary

Key Metrics¹

| | |
|-------------------------------------------------|-----------------------|
| Recent Share Price (TSX: NPI) | \$39.48 |
| Shares (Common) | 226 million |
| Annual Dividend | \$1.20 |
| 2021 EBITDA Guidance | \$1.1 – \$1.2 Billion |
| 2021 FCF/sh Guidance | \$1.30 – \$1.50 |
| 2021 Adjusted FCF/sh Guidance | \$1.60 - \$1.70 |
| Total Debt, Net of Cash ² | \$7.1 billion |
| Preferred Shares (NPI.PR.A, NPI.PR.B, NPI.PR.C) | \$247 million |
| Market Capitalization (Common) | \$8.9 billion |
| Enterprise Value | \$14.9 billion |
| Credit Rating (S&P) ³ | BBB Stable |
| Fitch Rating ⁴ | BBB Stable |

1. Market data as at November 17, 2021 unless stated otherwise.

2. As at September 30, 2021.

3. Reaffirmed in March 2021

4. Received in September 2021

European Offshore Wind

Facility Details

| | Gemini | Nordsee One | Deutsche Bucht |
|--------------------------------|----------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|
| Capacity | 600 MW | 332 MW | 252 MW |
| Distance to Shore | 85km | 40km | 95km |
| Wind Turbines | 150 x Siemens 4 MW | 54 Senvion x 6.15 MW | 31 x MHI Vestas 8MW |
| Turbine Foundation | Monopile | Monopile | Monopile |
| Water Depth | 28m to 36m | 26m to 29m | 39m to 41m |
| Total Project Costs | €2.8 Billion | €1.2 Billion | €1.5 Billion |
| Revenue Contract Type | Contract for Differences (CFD) (FiT-Type) | Feed in tariff | Feed in tariff |
| Revenue Contract Term | 15 years | ~10 years | ~13 years |
| Revenue Contract Price | ~€169/MWh [No escalation] | €194/MWh for 8 years, €154/MWh for 1.5 years [No escalation] | €184/MWh for 8 years, €149/MWh for 4.7 years [No escalation] |
| Grid Connection Responsibility | Gemini responsible for connection to shore | Tennet responsible for connection to shore | Tennet responsible for connection to shore |
| NPI Ownership | 60% | 85% | 100% |

Reporting of Non-IFRS Financial Measures

This investor presentation includes references to Northland's adjusted EBITDA and free cash flow, measures not prescribed by International Financial Reporting Standards (**IFRS**). Adjusted EBITDA and free cash flow, as presented, may not be comparable to other similarly-titled measures presented by other publicly-traded companies, as these measures do not have a standardized meaning under IFRS. These measures should not be considered in isolation or as alternatives to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. These measures are also not necessarily indicative of operating income or cash flows from operating activities as determined under IFRS. Rather, these measures are provided to complement IFRS measures in the analysis of Northland's results of operations and are used by management to evaluate the performance of the company for internal assessment purposes. Management believes that adjusted EBITDA and free cash flow are widely-accepted financial indicators used by investors to assess the performance of a company. These measures provide investors with additional information to assist them in understanding these critical components of the company's financial performance, including its ability to generate cash through its current operations. These measures have been applied consistently for all periods presented in this document.

Adjusted EBITDA

Adjusted EBITDA provides investors with an indication of Northland's capacity to generate income from operations and investments before taking into account management's financing decisions and the costs of consuming tangible and intangible capital assets, which vary according to asset type and management's estimate of their useful lives.

Adjusted EBITDA is calculated as income (loss) before income taxes adjusted for depreciation of property, plant and equipment, amortization of contracts and other intangible assets, net finance costs, Gemini subordinated debt earned by Northland, fair value losses (gains) on derivative contracts, unrealized foreign exchange losses (gains), elimination of non-controlling interests and finance lease and equity accounting.

Free cash flow

Free cash flow is calculated as cash flow provided by operating activities adjusted for net change in non-cash working capital balances, capital expenditures, interest paid, scheduled principal repayments on term loans, funds set aside for scheduled principal repayments and for asset purchases, restricted cash (funding) for major maintenance, write-off of deferred development costs, consolidation of managed facilities, income from equity accounted investments, proceeds from sale of assets, and preferred share dividends. This measure, along with cash flow provided by operating activities, is considered to be a key indicator for investors to understand Northland's ability to generate cash flow from its current operations.

Adjusted Free Cash Flow

Commencing with the 2020 Annual Report, Northland introduced Adjusted Free Cash Flow, a supplementary non-IFRS Free Cash Flow measure, and associated per share amounts and payout ratios. Adjusted Free Cash Flow is calculated by excluding growth-related expenditures from Free Cash Flow. Management believes this measure provides a relevant presentation of cash flow generated from the business before investment-related decisions (refer to Section 4.3: Growth Expenditures for additional information). Management believes Adjusted Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to reinvest in growth and fund dividend payments. The Free Cash Flow and adjusted payout ratios, calculated using Free Cash Flow and Adjusted Free Cash Flow, respectively, 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.

Readers should refer to our MD&As accompanying our financial statements for an explanation of adjusted EBITDA and free cash flow, and for a reconciliation of Northland's reported adjusted EBITDA to its consolidated income (loss) before taxes and a reconciliation of Northland's free cash flow to its cash provided by operating activities. These are filed from time to time on our company's website www.northlandpower.com

Northland Power

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