



NORTHLAND POWER INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2022

February 23, 2023

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INTRODUCTION AND USE OF DEFINED TERMS

All capitalized terms used in this Annual Information Form (“**Annual Information Form**” or “**AIF**”) for Northland Power Inc. (“**Northland**” or the “**Company**”) have the meanings assigned to them under the heading “Glossary of Terms”, unless otherwise defined. All currency amounts in this AIF are in Canadian dollars unless otherwise indicated. Unless otherwise noted, the information contained in this AIF is given as at or for the year ended December 31, 2022.

FORWARD-LOOKING STATEMENTS

*This AIF contains statements that constitute “forward-looking information” within the meaning of applicable securities laws (“**forward-looking statements**”) that are provided for the purpose of presenting information about management’s current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland’s actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects,” “anticipates,” “plans,” “predicts,” “believes,” “estimates,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” These statements may include, without limitation, statements regarding future Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, respective per share amounts, dividend payments and dividend payout ratios, guidance, the completion of construction, acquisitions, dispositions, investments or financings and the timing thereof, attainment of commercial operations, the potential for future production from project pipelines, cost and output of development projects, litigation claims, plans for raising capital, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management’s current plans and its perception of historical trends, current conditions and expected future developments, the ability to obtain necessary approvals, satisfy any closing conditions, or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management’s current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors include, but are not limited to, risks associated with sales contracts, Northland’s reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for approximately 50% of its Adjusted EBITDA, counterparty risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, offshore wind concentration, natural gas and power market risks, operational risks, recovery of utility operating costs, Northland’s ability to resolve issues/delays with the relevant regulatory and/or government authorities, permitting, construction risks, project development risks, acquisition risks, financing risks, disposition and joint-venture risks, competition risks, interest rate and refinancing risks, liquidity risk, inflation risks, impacts of regional or global conflicts, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, reliance on information technology, labour relations, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, legal contingencies, and other factors described in this AIF and in the Management’s Discussion and Analysis (“**MD&A**”) included in Northland’s 2022 Annual Report (“**Annual Report**”), which can be found on SEDAR at www.sedar.com under Northland’s profile and on Northland’s website at northlandpower.com. 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. The forward-looking statements contained in this AIF are based on assumptions that were considered reasonable as at February 23, 2023. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.*

NON-IFRS FINANCIAL MEASURES

This AIF 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.

Readers should refer to the disclosure under "**Non-IFRS Financial Measures**" in *Section 1 and Section 5.5 and 5.6* of the MD&A included in the 2022 Annual Report, which sections are incorporated by reference herein, for an explanation of key non-IFRS measures and for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and a reconciliation of cash provided by operating activities under IFRS to reported Adjusted Free Cash Flow and Free Cash Flow.

CORPORATE STRUCTURE

Northland is a corporation governed by the *Business Corporations Act* (Ontario). The head and registered office of Northland is located at 30 St. Clair Avenue West, 12th floor, Toronto, Ontario, M4V 3A1.

The following is the list of Northland's principal subsidiaries, showing the jurisdiction where they were incorporated or otherwise established and Northland's direct or indirect voting interest. Certain subsidiaries have been excluded if the assets and revenues of the excluded subsidiaries did not individually exceed 10%, or in the aggregate exceed 20%, of the total consolidated assets or total consolidated revenues of Northland as at December 31, 2022. Further information on key operating facilities is provided in "Description of Northland's Business".

	Place of incorporation	% voting ownership as at Dec. 31, 2022
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 %
Hai Long projects (" Hai Long ") ⁽³⁾	Taiwan	60.0 %
Efficient Natural Gas ¹		
North Battleford Power L.P. (" North Battleford ")	Canada	100.0 %
Thorold CoGen L.P. (" Thorold ")	Canada	100.0 %
Onshore Renewable		
Northland Power Spain Holdings, S.L.U. (" Spanish portfolio ") ⁽²⁾	Spain	98.5 %
Nine solar facilities (" Solar ")	Canada	100.0 %
Utility		
Empresa de Energía de Boyacá S.A E.S.P (" EBSA ")	Colombia	99.4 %

(1) On April 7, 2022, Northland completed sale of its equity interest in Iroquois Falls and Kingston.

(2) On August 11, 2021, Northland acquired a Spanish operating portfolio of 33 onshore renewable sites comprised of onshore wind, solar photovoltaic and a concentrated solar, subsequently amalgamated under one subsidiary.

(3) Hai Long includes two separate joint ventures namely Hai Long 2 Offshore Wind Power Co. Limited and Hai Long 3 Offshore Wind Power Co. Limited.

OVERVIEW

Over the next decade, the global transition to renewable energy is expected to accelerate as de-carbonization efforts by the public and private sector increase and further electrification of the global economy gathers momentum. This is expected to result in significant opportunities for continued growth in renewable power generation and green infrastructure, especially in offshore wind. Countries with land constraints and high carbon energy usage are increasingly adopting offshore wind to support their de-carbonization objectives and their renewable energy targets. As a global developer with extensive expertise in developing offshore wind projects, Northland is strategically positioned to compete in this global transition and further grow its global portfolio and market share.

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.

Northland's vision: Our work is grounded in our vision to become a global leader in the development of sustainable infrastructure assets. We are pushing the energy sector forward by creating innovative solutions that seeks to 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.

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

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

- **Winning Business** - The global shift to renewable energy is accelerating as government de-carbonization and energy security policies and corporate net-zero targets are expected to drive significant growth in renewable development over the next decade. This creates significant opportunities for renewable energy developers, like Northland, who are seeking to accelerate the energy transition to help reduce greenhouse gas emissions and meet de-carbonization targets. Northland is well positioned through its business units and regional development offices to capture development opportunities that should help facilitate the global advancement of renewable energy targets. Northland develops, constructs, and operates sustainable infrastructure projects across a range of clean and green technologies, such as wind (offshore and onshore), solar, battery storage, as well as supplying energy through a regulated utility. Northland is focused on pursuing renewable growth opportunities in jurisdictions that meet its risk management criteria such as North America, Europe, Latin America, and Asia. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks.
- **Building Facilities** - Northland aims to increase Shareholder value by creating high-quality projects that earn recurring income from long-term sales contracts with creditworthy counterparties (i.e. government or corporate offtakers). Northland exercises judgment, discipline and acumen in its construction activities to ensure maximum success. Northland's successful record of project execution results from these core strengths and contributes to consistent investor returns.
- **Operating Facilities** - A core element of Northland's strategy is the optimization of sales and predetermined costs through sales contracts with creditworthy counterparties. For renewable power generation facilities, Northland does not incur an associated cost of sales, and generally enters into long-term operating and maintenance ("**O&M**") contracts with leading service providers at predetermined rates. For the efficient natural gas generation facilities, the key terms of our operating facilities' long-term power purchase agreements ("**PPA**") and fuel supply contracts are aligned such that revenues and cost escalations are substantially linked for each facility. Northland's utility asset operates under a regulatory framework with the vast majority of sales derived from its regulated methodology, which provides it with substantially fixed remuneration and pass-through of major costs to customers. This approach provides largely predictable operating income and cash flow, while ensuring ongoing environmental sustainability and the health and safety of stakeholders. Northland's management aims to maximize returns through a focus on efficient and effective facility operations; longer-term asset management; and structuring sales supply and maintenance agreements to maximize sales, while carefully managing risk. In addition, Northland applies an active approach to overall portfolio

management, which may result in optimizations from asset sales and financing/re-financing opportunities as part of its return objectives and funding strategy. With a commitment to continuous improvement, Northland's operations group shares its experiences with the development, engineering and construction groups on an ongoing basis, to ensure all knowledge gained is factored into the development and construction of any new project Northland undertakes.

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

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

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

Northland continues to position itself for future growth and expects its strategy will continue to generate growing Shareholder value over the coming years. The next growth phase for Northland offers the opportunity to deploy \$16 billion to \$19 billion of capital investment (\$6 billion to \$9 billion at Northland's share) into renewable projects over the next five years, anchored by identified offshore wind projects that are currently capitalized on the balance sheet and are in active development. These projects have the potential to more than double the Northland's Adjusted EBITDA at a compounded annual growth rate ("**CAGR**") of 7-10% from current levels, once commercially operational. In addition, Northland is targeting new opportunities in onshore renewables, utilities and energy storage as well as establishing a position in hydrogen. Northland aims to maintain solid and diversified cash flows thereby supporting a strong balance sheet and credit rating to fund expenditures related to securing and developing offshore wind development projects.

As of December 31, 2022, Northland owns or has a net economic interest in 2,616 megawatts ("**MW**") of power-producing facilities with a total operating capacity of approximately 3,026MW and a regulated utility. Northland's operating assets provide stable cash flow and are located in Canada, Germany, the Netherlands, Spain and Colombia. 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 regulated utility is a distributor and retailer of electricity compensated under a regulated framework. Northland's significant assets under construction and development are located in Canada, Mexico, Taiwan, Poland, Germany, Colombia and the United States.

As of December 31, 2022, Northland had 350MW of generating capacity under construction, representing La Lucha solar project ("**La Lucha**") in Mexico and the Ball Hill and Bluestone New York onshore wind projects in the United States. In addition, Northland has several projects in advanced development which are expected to achieve financial close within the next 24 months, including its 60% equity stake in the 1,044MW Hai Long project (Northland agreed to sell a 29.4% indirect equity interest in Hai Long pending transaction close and as discussed below) and its 49% stake in the 1,200MW Baltic Power offshore wind project, both of which are under development in Taiwan and Poland, respectively, the 433MW Nordsee Two and 225MW Godewind projects in Germany (49% ownership), the 130MW Suba project in Colombia (50% ownership) and the 250MW Oneida battery storage project (71% ownership) in Canada. Furthermore, Northland actively pursues projects in various stages of development in Europe, North America, Latin America and Asia.

GENERAL DEVELOPMENT OF THE BUSINESS

ESG at Northland

Northland's primary focus of its Environmental, Social and Governance ("**ESG**") strategy is to support a just transition towards a sustainable and carbon-free world. Northland's ability to achieve its objectives is based on its ability to safely

supply reliable, affordable, and clean energy while delivering long-term economic value for Shareholders. This has been Northland's commitment for over 35 years and continues to be core to how projects are developed, constructed, and operated.

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

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

Summary of Business Activities

To achieve its long-term growth objectives, Northland has established BUs with regional development offices to secure certain growth opportunities across the globe. The activity from these offices has generated a robust portfolio of projects at various stages of development and construction. The successful achievement of commercial operations of these projects is expected to deliver long-term, sustainable growth in the Company's Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow. The following provides updates on the progress being made on Northland's active development portfolio.

- In December 2022, Taiwan's Ministry of Economic Affairs (the "MOEA") announced the results of the first round of the country's Phase 3 Zonal Development offshore wind auction. Northland's CanWind project, a 100% owned early-stage development project, was awarded a total of 500MW of capacity under the auction. Northland is evaluating the viability of the project.
- The Dado offshore wind project has been awarded its Electricity Business License ("EBL") for 900MW of the 1,000MW capacity, providing exclusivity on the leases for the project. Northland's second project, the 600MW Bobae project, has been awarded EBLs for approximately 400MW and work continues on securing EBLs for the remaining 200MW. Northland is pursuing additional early-stage development opportunities located in South Korea's Wando County for multiple projects with the potential for up to 1.8GW of operating capacity.
- In December 2022, Northland entered into an agreement to acquire a majority interest in the Oneida Battery Storage Project, a late-stage, grid-connected battery energy storage project in southern Ontario, Canada. The Oneida Energy Storage Project is a 250MW/1GWh battery storage facility and is being developed in partnership with NRSstor Inc. and the Six Nations of the Grand River Development Corporation. The 1GWh is the total quantity of energy stored with 250MW of highest capacity rating/output at any given moment. The project will benefit from a 20-year fixed price contract for revenue payments with the Independent Electricity System Operator ("IESO") in Ontario for the majority of the capacity from the project. Financial close for the project is expected in 2023 with full commercial operations to commence in 2025.
- In December 2022, Northland acquired a development platform in Alberta, Canada, continuing its growth and leadership in renewable energy in Canada, which establishes Northland as a leading developer in the province. The acquisition adds a solar and battery energy storage pipeline encompassing over 1.6GW and 1.2GWh, respectively, of which the 220MW Jurassic Project could reach commercial operations as early as 2025.
- In July 2022, Northland announced the signing of a Corporate Power Purchase Agreement (the "CPPA") that covers 100 percent of the power generated from Hai Long 2B and 3, which have a combined capacity of 744MW. The agreement is with an investment grade counterparty (S&P: AA-) and is for a 20-year period at a fixed-price, commencing once Hai Long reaches full commercial operations in late 2026. The contracted price under the CPPA is more favourable than the fixed auction rate originally awarded in 2018 and is a key accomplishment as Northland progresses Hai Long towards financial close. In addition, the PPAs with Taipower are not affected by the signing of the CPPA and provide a backstop to the CPPA.

To date, the project has executed the majority of the key contracts with suppliers for various elements of the project including turbines, foundations, cable arrays and both the offshore and onshore substations. The project signed an agreement for the deployment of the Siemens 14MW turbine along with a 15-year service contract covering offshore wind logistics and operations and maintenance. The project also signed a jacket foundation fabrication and pin pile fabrication contract for the supply of foundations. Following the signing of the CPPA for Hai Long 2b and 3 in July, efforts have focused on securing non-recourse project level financing, which has garnered lender interest from various global and local financial institutions in lending to the project for the long term. While

the project continues to progress, delays in finalizing the CPPA, longer than expected negotiations relating to supply contracts and certain market conditions pushed back the launch of the project financing and slowed its initial progress. The project financing is progressing towards financial close in 2023, albeit at a slower pace and more challenging conditions than initially expected due to market specific factors (refer to the “*Financing*”, “*International Activities - Geopolitical Risks*” and “*Development Prospects and Advanced Stage Development Projects*” risks described in the “*Risk Factors*” section of this AIF). The delay in financial close is currently not expected to impact commercial operations for the project, which remain targeted for 2026-2027. On December 14, 2022, Northland signed a share purchase agreement (the “**Hai Long SPA**”) with Gentari International Renewables Pte. Ltd (“**Gentari**”) to sell 49% of Northland’s ownership interest in Hai Long, which upon closing, subject to various conditions, will result in Gentari holding a 29.4% indirect equity interest in Hai Long, with Northland holding a 30.6% interest. Pursuant to the Hai Long SPA, the completion of the sale to Gentari is expected to occur following the achievement of financial close of Hai Long and remains subject to receipt of customary regulatory approvals and satisfaction of all closing conditions pursuant to the terms of the Hai Long SPA.

- On April 7, 2022, Northland completed the sale of its Iroquois Falls and Kingston efficient natural gas facilities in Ontario. The two facilities had a combined operating capacity of 230MW, and the sale resulted in a 24% reduction in Northland’s gas-fired capacity. The sale repatriated capital to fund the growth of our renewable development projects around the globe. Both facilities had operated under long-term PPAs with the provincial system operator, which expired at the end of 2021 and 2017, respectively. The net proceeds from the sale have been recorded in Adjusted Free Cash Flow and Free Cash Flow for 2022.
- In January 2022, Northland announced that it was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340MW, comprised of one fixed foundation (840MW) and one floating foundation (1,500MW). Commercial operations are expected at the end of 2029/2030 for the fixed and early 2030s for the floating.
- In January 2022, Northland and its German partner, RWE, announced the formation of a 1,333MW Nordsee Offshore Wind Cluster partnership encompassing Nordsee Two (433MW), Nordsee Three (420MW), and Nordsee Delta (480MW). To further enhance the size and scale of the Cluster and to realize additional synergies, Northland and RWE agreed to include a fourth project, resulting in the total size of the Cluster growing to over 1.6GW. The fourth project, Godewind, will have production capacity of 225MW and is within proximity to the other projects. Development of the Cluster in Germany is progressing with the team working towards securing CPPA and preferred supplier agreements for key aspects of the offshore projects. In addition, two of the projects within the Cluster, Nordsee Two and Godewind, achieved a key regulatory milestone after receiving Conformity Statements required for operations under German offshore wind law. In July, Nordsee Two was pre-selected for funding by the EU Innovation Fund as a result of driving technological advancements. The project was awarded a grant of €95 million to demonstrate the technical and commercial feasibility of producing hydrogen at sea. Subject to the Cluster securing commercial offtake agreements and further assessment of the commercial viability of proceeding, the Cluster is expected to be developed and managed on a joint basis by Northland and RWE with commercial operations expected between 2026 and 2028. Northland holds a 49% interest in the Cluster and RWE holds a 51% interest.
- In November 2021, Northland, in partnership with EDF Renewables, a subsidiary of Électricité de France S.A. (EPA:EDF), successfully submitted a joint-bid into the renewables auction in Colombia and was awarded the right to build two solar projects with a total combined capacity of 130MW. The solar projects will benefit from a 15-year PPA with multiple energy distribution and commercial entities in Colombia, starting in 2023. The PPA will be denominated in Colombian pesos and will have annual indexation to the Colombian Producer Price index (“**PPI**”). In addition, the projects will receive a reliability charge in US dollars, which is expected to account for approximately 10% of total revenues of the projects. Development progress at the Suba projects continues. Certain environmental permits are needed to move the projects toward financial close and eventually commercial operations. Northland effectively holds a 50% of economic interest in Suba and its partner, EDF Renewables holds the remaining 50%.
- In September 2021, the Japanese government designated four new sea areas as “promising areas” for the development of offshore wind projects under its Round Three process. Included in these four areas was Isumi City, Chiba Prefecture, where Northland is progressing with the development of its Chiba offshore wind project, in consortium with Shizen Energy Inc. (“**Shizen Energy**”) and Tokyo Gas that could have a total productive capacity of up to 600MW when complete.

- In August 2021, Northland completed the acquisition of the Spanish portfolio with a total combined net capacity of 551MW. The portfolio includes 33 operating assets comprised of onshore wind (435MW), solar photovoltaic (66MW), and a concentrated solar (50MW) located throughout Spain. Total cash consideration at closing was €348 million (\$511 million), including working capital amounts, with the assumption of debt totaling €766 million (\$1,124 million). The acquisition was funded using proceeds from Northland's Common Share offering completed on April 14, 2021.
- Construction activities at the 112MW Bluestone project progressed, with all turbines installed by the end of 2022. Interconnection and final commissioning are expected to follow in early 2023. At the 108MW Ball Hill project, delays in turbine delivery to the fourth quarter of 2022 have impacted the project's construction timeline. Commercial operations for both projects are expected in 2023. Northland expects to mitigate the impacts of these delays, wherever possible. The projects were previously awarded 20-year indexed REC agreements with the New York State Energy Research and Development Authority.

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

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

- Northland's 16MW Helios solar project in Colombia achieved full commercial operations in the fourth quarter of 2022. The project achieved financial close in 2021 and secured a 12-year PPA with EBSA, which, in turn, will secure offtake agreements with non-regulated customers.
- The 130MW La Lucha solar project in the State of Durango, Mexico, completed its activities relating to the physical construction in 2022. Northland continues to work to achieve commercial operations at its 130MW La Lucha solar project in Mexico. In January 2023, the relevant Mexican permitting authority approved extension of the generation permit for La Lucha. The Company is now coordinating with the appropriate regulatory authorities to initiate testing of the project in order to achieve commercial operations in the second half of 2023.
- In March 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project in the Polish Baltic Sea with a total capacity of 1,200MW of offshore wind generation, for total cash consideration of PLN 255 million (\$82 million). Progress continues with the signing of preferred supplier agreements for key elements of the project, including wind turbines, export cables and the offshore and onshore substations. In addition, agreements for the transport and installation of the turbines and for the foundations of all substation elements and offshore substations have been signed.

In June 2021, Baltic Power secured a 25-year CfD from Poland's Energy Regulatory Office under the Polish Offshore Wind Act at a guaranteed price of PLN 319.60 per MWh, which is adjusted to annual indexation by Poland's annual average consumer price index. The project's 25-year Contract for Difference ("CfD") offtake agreement, which was initially denominated in Polish Zloty will now be denominated in Euros at effectively the same rate and inflation indexation will commence with a base year of 2022 (from 2023 previously), providing offsetting benefits to the higher inflationary price pressures experienced. The project continues to advance towards financial close, expected in 2023. Northland holds a 49% interest in the project with PKN Orlen holding 51%. Upon successful achievement of all necessary approvals, construction of Baltic Power is expected to commence in 2023 following financial close, with commercial operations anticipated in 2026.

- In March 2021, Northland entered into an enhanced dispatch contract for its Kirkland Lake facility with Ontario's Independent Electricity System Operator. Effective July 2021, this contract succeeded the baseload PPA for the remainder of its term to 2030. The arrangement results in reduced greenhouse gas emissions and cost savings for Ontario electricity consumers while improving economics for Northland as a result of savings from reduced costs related to greenhouse gas emissions, maintenance, natural gas and gas transportation, as well as other variable cost savings.

- In July 2020, Northland finalized the purchase price for its acquisition of a 99.2% interest in a power distribution utility, EBSA, in Colombia for a total purchase price of COP 2,530 billion (\$1,007 million) including existing debt of COP 550 billion (\$219 million).

Summary of Corporate Activities

- In June 2021, after having received approval from Shareholders at the annual meeting held on May 19, 2021, Northland amended and restated its articles of amalgamation to, (i) change the range of directors presently in the articles from a minimum of three (3) and a maximum of nine (9) to a minimum of three (3) and a maximum of twelve (12), and (ii) remove all references in the articles to the Class A Shares, Class B Convertible Shares and Class C Convertible Shares and delete such shares from the authorized capital of the Corporation.
- In August 2020, Northland announced a change to the discount rate applicable to its DRIP, whereby holders of Common Shareholders may elect to reinvest their dividends in common shares of Northland, to a 3% discount, from the previous 0% discount. Additionally, Northland elected to issue shares from treasury for purposes of the DRIP, but continues to reserve the right to source shares through market purchases.
- In September 2020, as part of a large donation made by entities controlled by Mr. James C. Temerty to the University of Toronto, all of the Class A Shares held by Mr. Temerty were converted into Common Shares, following which no Class A Shares were outstanding. In April 2019, a secondary offering of 36,938,000 Common Shares held by entities controlled by James C. Temerty was completed. Northland did not receive any proceeds from this transaction.

Summary of Financing Activities

- On January 3, 2023, Northland redeemed all 4,800,000 of its issued and outstanding Cumulative Rate Reset Preferred Shares, Series 3 (the “**Series 3 Preferred Shares**”) at a price of \$25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of \$0.3175 per Series 3 Preferred Share for an aggregate total of \$121.5 million.
- In November 2022, Northland restructured the multiple long-term debt facilities of its Spanish portfolio in order to optimize the structure into a single facility-level loan as well as to optimize the tax structure. The restructuring resulted in the reduction in the size of the debt to €613 million from €675 million and extended the loan maturity date to 2042. The restructured loan continues to be denominated in Euros, with the all-in interest rate similar at 2.0% from 2.1% previously. The reduction in the loan size to €613 million resulted in a one-time principal payment upon the restructuring of €61 million (\$82 million) which reduced Adjusted Free Cash Flow and Free Cash Flow in the fourth quarter of 2022. Northland funded the principal payment from the cash flow realized from higher realized pool prices and consequently, the payment did not affect Northland’s available liquidity. The restructuring of the debt is expected to result in enhanced cash flows in the coming years primarily due to lower debt service costs and from tax optimizations, as well as enhanced project economics. The restructured debt qualifies as a green financing in accordance with Northland’s green financing framework.
- In November 2022, Northland’s corporate credit rating was reaffirmed at BBB (stable) by Fitch Ratings Inc., a global rating agency, in addition to S&P’s BBB (stable) rating which was reaffirmed in May 2022.
- In October 2022, Northland successfully restructured €1.6 billion of its senior and junior debt relating to Gemini. The key elements of the restructuring included: (i) partially replacing higher-cost junior debt with lower-cost senior debt; (ii) decreasing senior debt loan margins; (iii) replacing the cash Debt Service Reserve Account with a Debt Service Reserve Facility, resulting in additional liquidity of €32 million (\$30 million at Northland’s share); and (iv) accelerating repayment of the Northland junior debt portion. The restructuring will improve Adjusted Free Cash Flow to Northland over the next several years and reflects the strong and consistent operational and financial performance of Gemini. The restructured facility continues to be denominated in Euros, with the all-in interest rate at 3.5%. The restructuring reduced Adjusted Free Cash Flow and Free Cash Flow in 2022 by €72 million (\$68 million at Northland’s share), which was funded with available cash flow generated from higher energy prices and, accordingly, did not impact Northland’s available liquidity. The restructured debt qualifies as green financing in accordance with Northland’s green financing framework.
- On March 1, 2022, Northland established an at-the-market equity program (“**ATM program**”) that allowed Northland to issue up to \$500 million of common shares from treasury, at Northland’s discretion.

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

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

- On June 2, 2022, Northland restructured and upsized its Kirkland Lake credit facility (the "**Kirkland Lake facility**"), resulting in Northland receiving one-time management fee income of \$34 million, net of closing costs. The aggregate amount of the financing was upsized to \$47 million, and the Kirkland Lake facility maturity date was extended by eight years to March 31, 2030. The restructured Kirkland Lake facility continues to be denominated in Canadian dollars, with the applicable interest rate increasing to 4.2% (all-in interest rate) from the previous rate of 2.8%.
- In December 2021, Northland restructured and upsized EBSA's long-term, non-recourse financing (the "EBSA Facility"), resulting in \$84 million of incremental cash proceeds to Northland, net of closing costs. The aggregate amount of the financing was upsized to \$533 million, driven primarily by expected growth in EBSA's EBITDA. The EBSA Facility is structured as a \$521 million term loan and a \$12 million debt service reserve credit facility. The restructured EBSA Facility is denominated in Canadian dollars, and the principal amount is currently 100% hedged against the Colombian peso. The interest rate on the debt facility, before foreign exchange hedging costs is 3.7%. In addition, the EBSA Facility now has longer term (3 years compared to 2 years previously).
- In September 2021, Northland extended its \$1 billion revolving corporate credit facility with a syndicate of both Canadian and global financial institutions to 2026 (from 2024) and executed several amendments to increase liquidity available to fund growth. Concurrently, the Company implemented a Sustainability Linked Loan (SLL) overlay. The implementation of the SLL is an important milestone for Northland and is aligned with the Company's ESG initiatives and green financing framework introduced in February 2021. The SLL is based on achieving defined targets related to both increasing renewable generating capacity and reducing carbon emissions intensity and is expected to provide Northland with cost savings if the targets are met.
- In August 2021, Northland restructured and upsized the senior debt on a number of its Canadian solar facilities, resulting in one-time cash distributions to Northland totaling \$40 million. This refinancing constituted a green project financing supporting Northland's ESG initiatives.
- In June 2021, Northland filed a base shelf prospectus with the securities regulatory authorities in Canada to replace and increase the size of its expiring base shelf prospectus.
- In April 2021, Northland completed a bought deal equity offering of 22.5 million common shares for aggregate gross proceeds of \$990 million.
- In March 2021, Deutsche Bucht amended its debt facility agreement to reduce the interest rate on the facility's senior debt to 2.3% (from approximately 2.6%). The amendment also included the addition of a debt service reserve facility, which released €50 million (\$74 million) from funds previously restricted for debt service.
- In February 2021, Northland introduced its Green Financing Framework to allow the Company and its subsidiaries to issue green bonds, loans (corporate and project level) and other financing instruments for Eligible Green Projects. Northland successfully executed its first two green financings with its onshore wind projects in New York and the Helios solar project in Colombia; the latter being one of the first renewable project financings in the country.
- In June 2020, Northland entered into a \$465 million credit facility on behalf of EBSA, inclusive of a Canadian dollar tranche and a Colombian peso tranche.
- In May 2020, Northland completed the early redemption of all of its outstanding 4.75% extendible convertible unsecured subordinated debentures, Series C, due June 30, 2020. Holders converted approximately \$149 million of these debentures into 6.9 million Common Shares prior to the redemption date.

DESCRIPTION OF NORTHLAND'S BUSINESS

Northland develops, constructs, and operates sustainable infrastructure projects across a range of clean and green technologies, such as wind (offshore and onshore), solar, battery storage, as well as supplying energy through a regulated utility. Northland is focused on pursuing renewable growth opportunities in jurisdictions that meet its risk management criteria such as North America, Europe, Latin America, and Asia. Northland seeks to manage its development processes prudently by regularly balancing the probability of success against associated costs and risks.

Electricity Industry Overview

The following provides an overview of the electricity industry in each jurisdiction where Northland's operating facilities and projects under construction and in advanced development are located.

European Union ("EU")

In 2021, the European Commission released the long-awaited "Fit for 55" legislative reform proposal outlining an increased emissions reductions target for the EU of 55% (up from 37%) by 2030, relative to 1990 emissions levels. The revised targets build on Europe's Green Deal published in 2019, in which the European Commission committed to climate neutrality for the continent by 2050. Moreover, the European Union's Emissions Trading Scheme ("**EU ETS**") directive has since expanded the emissions reduction program to include buildings and transport, as well as the shipping sector. These changes are expected to enable an overall emissions reduction of 61% by 2030, according to the European Commission. Furthermore, the EU ETS program now includes a carbon border tax adjustment mechanism and contract for difference which effectively shifts the focus from power sector abatement to industrial decarbonization.

As part of the Fit for 55 packages, the EU released a Gas Markets and Hydrogen package in December 2021 further outlining the EU's plans to enable a pan-European energy transition towards cleaner fuels. The landmark legislation package is a comprehensive proposal which heavily impacts existing gaseous fuels in Europe. The proposal aims to reduce methane-related emissions and lays out an enabling framework for hydrogen ("**H2**") to be more fully integrated into existing European pipeline infrastructure by 2025. This legislation which is in final negotiations between the European Council and European Parliament before enactment paves the way for hydrogen infrastructure development opportunities across Europe in the coming decade. If it proceeds as planned, the EU estimates that ~65% of European natural gas demand will be met by renewables and low-carbon gaseous fuels, including hydrogen, by 2050.

The conflict in Ukraine has changed Europe in general and European energy policies. In particular, in the Spring of 2022, the European Commission published its response to the global energy market disruption caused by the conflict, the REPowerEU strategy. The plan aims to make Europe independent from Russian fossil fuels well before 2030 through energy savings, diversification of energy supplies, and accelerated roll-out of renewable energy. This includes a new legislation for faster permitting of renewables (ongoing), a reviewed regulatory framework for hydrogen and more ambitious renewables targets. In this context of war and urge for energy autonomy most of the EU Member States raised their renewables targets especially offshore wind targets.

An escalation in broader European natural gas and power prices have left contracted European renewables producers well-positioned. This is due to a combination of factors including reduced natural gas supply from Russia and an extended cold winter heating season last year, which depleted European natural gas storage inventories and had knock-on effects in European wholesale power markets.

In September 2022, in response to the surge in wholesale electricity markets, the EU Council established a cap on market revenues on renewable energy producers effective from December 1, 2022, to June 30, 2023 (the "**EU price cap**"). EU member states have flexibility to adapt the EU price cap for their markets.

In early February 2023, the European commission presented its answer to USA's IRA – the Green Deal Industrial Plan to enhance the competitiveness of Europe's net-zero industry (with the "**Net-Zero Industry Act**") and support the fast transition to climate neutrality. The Plan builds on previous initiatives and relies on the strengths of the EU Single Market, complementing ongoing efforts under the European Green Deal and REPowerEU; concrete legislative proposals will be published in the coming weeks.

In the context of the energy market crisis seen in 2022, EU heads of government called on the Commission to work swiftly on the structural reform of the electricity market, with the dual objective of securing European energy sovereignty and achieving climate neutrality. Key in this reform will be how to incentivize long-term commitments (PPAs, CfDs, CRMs) and ensure regulatory stability and long-term price signals are needed to foster future investments.

The Netherlands

The Dutch power fleet is the most carbon-intensive of all Western Europe, with 70% of power generation sourced from fossil fuels (55% from natural gas and 15% from coal). This is set to change over the decade as the Netherlands implements its 2030 coal phase-out, is expected to introduce a floor price of carbon, and moves away from burning natural gas.

Since the start of the conflict, the Dutch Government raised the climate ambitions set by the Dutch Climate Agreement (“**Klimaatakkoord**”) setting a national emissions reduction target of 55% by 2030, and a reduction of 95% by 2050, relative to 1990 emissions levels. This is an economy-wide target with significant impact on the electricity industry, transport sector, building heat, and other carbon-intensive industries. Support for renewable generation is provided through financial incentives, the most important being the subsidy under the Ministerial regulation Stimulation of Sustainable Energy Production (*Stimulerings Duurzame Energieproductie*; “**SDE**”).

The SDE subsidy will be expanded to provide an operating subsidy to sustainable energy beyond electricity generation, including hydrogen production, renewable natural gas production, and green fuels. The SDE subsidy plan will aim to deliver €985 million in funding to sectors including renewable power, biofuels and clean heating by 2030. Projects are also expected to be supported through corporate PPAs. Offshore wind is expected to be the largest contributor of new renewable energy in this market over the coming decade and supported by tenders.

Germany

The energy transition in Germany is laid out in the *Energiewende* Law, or the EEG, which sets economy-wide emission reduction targets. The government decided to increase these targets by doubling the share of renewable electricity to 80% by 2030, with its expansion to be defined as a “public interest” and given priority over other areas of environmental protection, such that, a wind farm cannot be objected to on environmental grounds.

To achieve its goal, the German government is targeting to phase out coal-burning generation of approximately 23GW by 2030, and it is targeting 80% of the nation’s electricity be sourced by renewable generation by 2030. In addition to reducing carbon emissions, the German government is committed to a phase out of nuclear power, and deemed indispensable for a transitional period, the government has given clean-burning natural gas a large role in replacing coal and nuclear. It is estimated that an additional 23GW of hydrogen-ready gas plants would be necessary to enable a 2030 coal exit. Furthermore, in 2021, the German government re-affirmed its commitment to net-zero emissions by 2045, five years sooner than the 2050 commitment made in 2019.

To that end, renewable generation has grown significantly in Germany making up 40% of Germany’s total electricity mix in recent years, with gas, coal, and nuclear generation supplying the rest. Onshore wind and solar capacity have grown the most over the past decade, increasing by 20GWs and 13GWs respectively.

To meet their climate goals over the coming decade, the new German government set ambitious deployment targets with a steep increase for solar, onshore and offshore wind. Offshore wind should increase from 7.8GW to 30GW by 2030, 40GW by 2035 and 70GW by 2045 (instead of previously 20GW by 2030 and 40GW by 2045). Solar should increase from 54GW today to 200GW by 2030. Finally, new private commercial buildings will be required to install rooftop solar. In 2022 amendments to both, the Offshore Wind Act (“**WindSeeG**”) and onshore one (“**Wind anLand Gesetz**”) which reserves 2% of German land area for onshore wind by 2032.

Germany has 7.8GW of installed offshore wind capacity and in 2020, the country added 219MW of capacity. The next auction for offshore wind (1.9GW) is ongoing and discussions regarding new auctions design from 2024 on has started within the Ministry for Energy and Climate (“**Industriestrompreisverordnung**”).

Poland

Poland’s power sector remains dominated by coal, with 63% of total installed Polish electricity capacity represented by hard coal and lignite in 2020 and wind and solar totaling a combined 20% capacity share. High carbon costs and low plant efficiencies have led to higher wholesale prices and Poland becoming a net electricity importer since 2016. Approximately 22GW of the coal capacity in Poland is over 30 years old and likely to be retired over this decade due to new environmental restrictions. Renewable energy development is one of the most economical options to reduce reliance on coal generation. Onshore wind capacity has grown significantly since 2010, reaching 6GW in 2019. In light of the conflict in Ukraine, the Polish government updated its Polish Energy Policy to 2040 (“**PEP 2040**”) which foresees the need to add 11GW of offshore wind capacity and an additional 2-4GW of onshore wind and 2-4GW of photovoltaic capacity by 2040. Also, efforts will be made to ensure that about half of the electricity production comes from renewable sources by 2040.

Additionally, Poland reconfirmed its ambitions to deploy 6GW of nuclear capacity by 2043 and outlined a maximum 56% share of coal in power generation by 2030. Given nuclear energy's cost and construction challenges, there may be incremental renewables deployment opportunities in Poland as the country's energy plan evolves over time. Furthermore, Poland has committed to reducing its GHG emissions by 30% relative to 1990 levels which will require a reduction of reliance on coal. An amendment of Poland's Renewable Energy Sources Act is under consideration to extend auctions through 2026 from 2021 currently. Corporate PPAs are also developing, giving renewable developers additional options to market power.

The country has a target of reaching 23% renewable energy in the gross final energy consumption by 2030 (of which at least 32% in electricity mainly wind and photovoltaic). In addition to explicit renewable energy targets, increased power demand and higher costs for an aging coal fleet are providing opportunities for renewables electricity to grow and displace thermal generation.

New renewable projects in Poland are supported through CfD awarded through auctions. The first auction was held in 2016 for onshore wind and photovoltaic projects. Since 2016 the "10h" distance rule excludes 98% of the Polish territory from new onshore wind farms (in practice 10h means around 2km). Earlier in 2023, Poland adopted a new regulation to relax this rule and introduced a minimum of 700 meters distance between wind turbines and housing – this means approximately 4GW of new onshore wind capacity by 2030.

The Offshore Wind Act was enacted in February 2021 and Phase I bilaterally awarded CfDs to Poland's first offshore wind projects (Phase I: a total of 5.9GW including Baltic Power) during 2021, which were then be subject to a further review stage by the relevant EU and domestic authorities by Q1 2023. The remainder Phase II sites of up to 5GW are currently procured via auctions in 2025 and 2027.

Spain

Spain's electricity sector operates under the regulatory body of the Comisión Nacional de Mercados y Competencia ("CNMC"). The CNMC regulates tariffs and advises on energy policy, energy law and regulations. Spain's electricity system is relatively diversified with a lower CO2 intensity and higher renewables penetration than many comparable power markets in Europe, with renewables accounting for 54% of total installed capacity. Recently, Spain decommissioned 5GW of coal-fired generation capacity and plans to continue decommissioning the remaining 4.3GW through the early 2020s. Additionally, the closure or lifetime extension (by 10 years) for nuclear power in Iberia has created additional opportunities for renewables project development. Under the latest Spanish nuclear plan, the seven remaining nuclear stations will be decommissioned between 2027-2035.

In 2019, the Spanish Government published its National Energy and Climate Change plan for 2030 ("NECP 2030") which aims to more than double the country's renewables and storage capacity by 2030. Spain's Law for Climate Change and Energy Transition ("LCCTE") targets 74% of electricity to be sourced from renewables by 2030, with 100% of electric power drawn from renewable sources by 2050. Spain announced in early 2021 its Strategy of Energy Storage, targeting 20GW of energy storage capacity by 2030 and 30GW by 2050. Additionally, the Spanish government announced they will award almost 20GW of renewable capacity by 2025 through auction processes. Looking ahead, the majority of retired generation capacity is anticipated to be replaced by wind and solar capacity which is likely to be enabled through the existing regulatory remuneration mechanism in Spain.

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

Canada

Northland's Canadian facilities primarily operate in the provinces of Ontario, Québec and Saskatchewan, each with different market dynamics and drivers.

In the fall of 2022, the government of Canada introduced investment tax credits ("ITCs") for clean energy technologies and clean hydrogen that are expected to help the transition to net-zero energy and make the country more competitive with the changes enacted in the United States under the Inflation Reduction Act. The clean-tech tax credits will be offered to entities that invest in net-zero technologies, battery storage, and clean hydrogen. These credits are intended to further

incentivize the adoption of clean energy technology to assist in achieving Canada's goal of a net-zero economy by 2050. The new 30% Canadian tax credit will apply to investments in renewable energy generation and storage, as well as in low-carbon heating and zero-emission industrial vehicles. The Canadian government is also planning a tax credit for hydrogen production, but the design of it has yet to be determined. The Clean Tech ITC is proposed to be available for property that is acquired and becomes available for use on or after the day the 2023 Budget is released.

In March 2022, the Government of Canada introduced the 2030 Emissions Reduction Plan that outlines a roadmap to how Canada will meet its enhanced Paris Agreement target to reduce emissions by 40-45% from 2005 levels by 2030. The 2030 Emissions Reduction Plan describes the many actions that are already driving significant reductions as well as the new measures that will ensure a reduction in emissions across the entire economy to reach the emissions reduction target. The Plan includes \$9.1 billion in new investments and reflects economy-wide measures such as carbon pricing and clean fuels, while also targeting actions sector by sector ranging from buildings to vehicles to industry and agriculture. This includes developing a carbon capture, utilization, and storage strategy; introducing an investment tax credit to incentivize the development and adoption of this important technology; and investing \$194 million to expand the Industrial Energy Management System to support ISO 50001 certification. Progress under the plan will be reviewed in progress reports produced in 2023, 2025, and 2027. Additional targets and plans will be developed for 2035 through to 2050.

Canada's carbon pricing system was adopted under the Greenhouse Gas Pollution Pricing Act in 2018; a major component of the act allows provinces to either create their own pricing system meeting minimum national stringency standards or to choose the federal pricing system. The federal government recently updated its schedule for minimum carbon pollution prices, which is set to rise from \$65/tonne CO₂e in 2023 to \$170/tonne CO₂e in 2030. This Act and other activities underlie Canada's commitment to net-zero emissions in 2050, reducing emissions by 40-45% from 2005 levels by 2030.

In Ontario, the IESO's latest resource outlook shows moderate growth in average demand driven by decarbonization and electrification through the 2020s and early 2030s as well as forecasted need for both energy and capacity due to the combined effect of nuclear retirements, ongoing nuclear refurbishment outages, and expiring supply contracts and commitments. Additionally, greenhouse growth, mining and industrial electrification are also creating pockets of demand throughout the province. Overall electricity demand from transportation electrification is forecast to grow from about 2 TWh in 2024 to 30 TWh in 2043, an average annual growth rate of 17%.

In Saskatchewan, conventional coal-fired units (representing 34% of the current supply mix) are expected to be phased out, through retirement or conversion to carbon capture and storage, by 2030 due to federal mandates. This provides a constructive environment for existing operational efficient burning natural gas-fired generation, as well as new opportunities for energy storage and renewables.

In Alberta, the market evolved to a fully deregulated, competitive, wholesale power market in 2001, with non-discriminatory system access which has attracted corporate off-takers and buoyed investment in renewable energy projects in the province, supported by corporate power purchase agreements. The wholesale electricity market in Alberta is currently an "energy-only" model, meaning that generators are only paid for the energy they produce. Each generator sells the energy they produce into the wholesale electricity market and the wholesale price of electricity is set each hour. The AESO also operates a separate ancillary services market where resources provide specific services that help maintain the reliability of the grid. Electricity is supplied by a variety of generators that are powered by coal, natural gas, wind, hydro, and biomass, and the supply is supplemented by imported power. Approximately 22% of the energy generated in Alberta in 2021 came from renewable energy sources and this level is predicted to rise sharply as solar projects currently under development in the province could be completed by the middle of the decade.

Northland's efficient natural gas facilities in Canada have not been financially affected by the federal carbon pricing program as a result of the structure of their respective PPAs.

USA

In the United States, the passage of the US Inflation Reduction Act, which was signed into law in August 2022, aims to make the United States a global leader in clean energy technology, manufacturing and innovation. The Act will direct about \$370 billion of new federal spending towards investments in clean energy solutions, domestic manufacturing capacity, encourage procurement of critical supplies domestically or from free-trade partners, and jump-start R&D and commercialization of leading-edge technologies such as carbon capture and storage and clean hydrogen. Federal funding will be directed to clean energy, with the goal of substantially lowering the nation's carbon emissions by the end of this decade. The funds will be delivered through a mix of tax incentives, grants, and loan guarantees. The Act also includes a 10-year extension of the ITC at 30% of the cost of the installed equipment, stepping down to 26% in 2033 and 22% in 2034. These are designed to catalyze private investment in clean energy, transport, and manufacturing. Many of the tax incentives in the bill are direct pay, meaning that an entity can claim the full amount even if its tax liability is less than the credit.

In New York State, the Climate Leadership and Consumer Protection Act (“**CLCPA**”) set economy-wide and electric sector carbon emission reduction targets for the State in 2019, putting the State on a path to reach net zero emissions by 2050. The CLCPA requires the State reach an economy-wide carbon emissions reduction of 40% by 2030 and 85% by 2050 (relative to 1990). 70% of the electricity industry is intended to be sourced from carbon-free energy by 2030, with 100% to be carbon-free by 2040 meaning New York has adopted the most ambitious climate targets of any state in the US. Clean energy is supported through long-term contracts with New York State Energy Research & Development (“**NYSERDA**”), as well as a liquid clean certificate market (e.g. renewables energy credits). New York operates a modern deregulated electricity industry with wholesale energy, capacity, and ancillary markets allowing independent generators numerous channels to market electricity.

Approximately 40% of total electricity generation in New York State is sourced from fossil fuels, the vast majority of which is from the State’s 23GW of natural gas capacity. Thermal energy is set to be replaced through the development of new renewable generation over the next two decades. Explicit goals have been set by the state government, including 9GW of offshore wind by 2035, 6GW of solar energy by 2025 and 6GW of energy storage by 2030. Transmission utilities are currently investing in the electricity grid to deploy 1GW of additional transfer capacity within the state to support onshore wind and solar development in upstate New York.

Colombia

The Colombian electricity industry is segmented into generation, transmission, commercialization, and distribution. The following is a brief overview of each sector:

- a. Generation: most of the energy is sold via contracts (although there’s a spot market, which price is set by an economic dispatch) and prices are determined between seller and buyer. Although the grid is currently powered mainly by reservoir hydro, the majority of future expansion is expected to come from renewables. The central government is incentivizing renewables deployment via long-term auctions, a mandatory 10% renewables target for commercialization firms to meet when serving final users, and large investments in transmission.
- b. Transmission (tension levels above 220kV): large investments are being made to better connect the wind potential in the northern tip of the country with load centers. Expansion is centrally planned, tendered, and remunerated via long-term USD-denominated contracts.
- c. Distribution (tension levels below 220kV): follows a rate-regulated model that provides a regulated return for companies that own and operate a distribution network. Revenue for distribution companies is set using a building block and revenue cap approach. The building block methodology is made of a set of underlying components that add up to the total revenue attributable to the distributor. The main components are: (i) the return on capital (i.e. profit); (ii) return of capital (i.e. investment recovery); and (iii) operating and maintenance allowance. The revenue cap regulatory mechanism guarantees an annual income to the distributor, irrespective of the electricity consumption volumes or prices. Capital investment plans are reviewed and approved by the Colombian energy and utility regulator (Comisión de Regulación de Energía y Gas, “**CREG**”) every few years.
- d. Commercialization: split between regulated and non-regulated markets. In the regulated segment, companies procure energy on behalf of clients in their service territory and manage billing and collection of all tariffs (i.e., generation, transmission, distribution, commercialization, and system charges). Rates are designed to be pass through of efficient procurement costs. In the non-regulated segment, sellers and buyers bilaterally negotiate the generation and commercialization charges.

Taiwan

Taiwan’s electricity industry is structured around Taiwan Power Company Limited, a state-owned public utility company under supervision of the MOEA and the Bureau of Energy. The market is open to independent power producers and several rounds of procurement have occurred for both renewable generation and thermal generation. Taiwan’s Renewable Energy Development Act (“**REDA**”) specifically promotes the development of renewable energy. The REDA authorizes the MOEA to set targets for the promotion of renewable energy and the target share of renewable installed capacity for various types of renewable energy for a period of 20 years from the effective date of the REDA and to offer incentive feed-in tariffs. Amendments to Taiwan’s Electricity Act and the REDA between 2017 and 2019 have further liberalized Taiwan’s electricity industry, allowing renewable generators to market energy directly to end users. These changes have also placed a requirement on certain large energy consumers to procure renewable energy. This has created an opportunity for renewable generators sell their power through corporate PPAs.

New energy demand is driven by a need to replace retiring nuclear and coal capacity as well healthy anticipated electricity demand growth. The industrial sector is the main driver of electricity demand in Taiwan, industrial demand accounts for 60% of total electricity consumption in Taiwan. With respect to installed generation capacity, 3.9GW of nuclear capacity is set to retire by 2025 to meet the Taiwan government's goal of being nuclear free by the middle of the current decade. Additionally, 3GW of coal plants are expected to retire over the same time frame. To meet the country's energy needs, the government has set a renewable energy target of 20% by 2025 and a renewable capacity target of 30GW by 2025. Specifically, the government is targeting processes to award 20GW of solar, 5.5GW of offshore wind by 2025, with a 1.5GW target per year after 2025, totaling 15GW of incremental offshore wind capacity awarded in Taiwan from 2025-35.

Japan

Japan's Agency of Natural Resources and Energy ("**ANRE**") published a draft of its energy plan in 2021, in which, it proposes to reduce GHG emissions by 46% by 2030 relative to 2013 levels, up from an earlier goal of 26%, with the possibility of additional measures to achieve a 50% reduction. Japan's Basic Energy Plan unveiled the country's ambitions to achieve net-zero greenhouse gas emissions by 2050, along with a call to more than triple renewables share of power generation to at least 50% vs current levels of 19%. To help support its net-zero ambitions, Japan is currently targeting renewables generation of 40% by 2030 and 50% by 2050. The plan also targets hydrogen and offshore wind, with offshore wind capacity expected to grow to as much as 45 GW by 2040. Furthermore, the plan targets consumption of approximately 20 million tons of hydrogen in 2050 and a reduction of coal-fired generation to 26% of total generation. Japan may need to accelerate its planned phase-out of coal-fired generation in order to achieve long-term aspirations to achieve net zero by 2050.

South Korea

In 2019, the Korean Government reaffirmed its commitment of shifting to green energy, planning to boost installed capacity of renewables to 33.7% by 2030, up from 13% in 2019. The plan targeted the closure of any coal-fired power plants which have reached a 30-year operating life by 2034. The plan focused exclusively on replacing coal and nuclear facilities with renewables, targeting offshore wind power's share to increase in parallel with onshore projects, given the scale of renewables site required to meet its net zero target by 2050 offshore wind will play a meaningful role in Korea's decarbonization.

A 2022 election brought a new administration to power, and announced a new energy directive in July 2022, with some pending details. The intent of the directive is, among other things, to set a practicably achievable energy mix and establish energy security. Directionally, the directive is expected to include a shift in the generation mixes more strongly towards nuclear with slower renewables deployment while still phasing out fossil fuel generation. The 10th Basic Plan has the renewables generation share increasing to 21.6% by 2030 and 30.6% by 2036. This represents a lowering of renewables ambitions from the previous administration, which had a 42% renewable energy target by 2034. As of 2021, renewables constituted 4.8% of South Korea's generation mix.

Operating Facilities

Northland's 2022 Annual Report includes the results of its operating facilities and the most significant power distribution facilities are listed in the section below.

	Gross capacity (MW)	Northland's economic interest % Capacity (MW)	PPA expiry	Remaining Contract term ⁽¹⁾	% of 2022 Adjusted EBITDA ⁽²⁾	
OFFSHORE WIND:						
Gemini	600	60%	360	2031	8.5	20%
Nordsee One	332	85%	282	2027	4.2	16%
Deutsche Bucht	252	100%	252	2032	9.4	16%
ONSHORE RENEWABLE:						
Canadian solar ⁽⁴⁾	130	88%	115	2033 - 2035	11.4	5%
Canadian onshore wind ⁽⁵⁾	394	80%	314	2029 - 2036	10.1	5%
Spanish solar	116	100%	116	2035 - 2042	18.0	5%
Spanish onshore wind ⁽⁶⁾	443	98%	435	2024 - 2032	7.0	10%
Colombian Solar	16	100%	16	2034	12.0	—%
EFFICIENT NATURAL GAS:						
Canadian portfolio ^{(3) (7)}	743	100%	726	2030 - 2036	10.4	16%
UTILITY:						
EBSA	n/a	99%	n/a	N/A	N/A	7%
Total or w. average	3,026		2,616		8.2	100%

(1) As at December 31, 2022. Weighted average based on contribution to 2022 Adjusted EBITDA from facilities.

(2) Represents the approximate percentage of reported Adjusted EBITDA from facilities for the respective year generated by each facility.

(3) Fees and dividends earned by Northland from Kirkland Lake are considered intercompany amounts and are eliminated on consolidation. However, in the calculation of reported Adjusted EBITDA, Northland includes those fees and dividends earned rather than the Adjusted EBITDA.

(4) The majority of Canadian solar facilities are wholly-owned and controlled by Northland, with one facility in which Northland has a 62% interest.

(5) Two of four Canadian onshore wind facilities are wholly-owned and controlled by Northland, with two facilities in which Northland has a 50% interest.

(6) The majority of Spanish onshore wind facilities are wholly-owned and controlled by Northland, with one facility in which Northland has a 66% interest.

(7) As at December 31, 2022, Northland's economic interest was changed from December 31, 2021 due to the sale of two efficient natural gas facilities in April 2022.

With the exception of Northland's regulated operating facilities, EBSA and the Spanish portfolio, all contract counterparties are government-backed Canadian or European entities of investment grade, as rated by one or more rating agencies.

Revenue by Segment

<i>(in millions)</i>	2022	2021
Offshore wind	\$ 1,259	\$ 1,107
Onshore renewable ⁽¹⁾	486	299
Efficient natural gas	426	434
Utility	270	225
Other ⁽²⁾	136	222
Inter-segment revenue ⁽³⁾	(128)	(194)
Total	\$ 2,449	\$ 2,093

(1) Include Spain and Canadian onshore wind and solar facilities.

(2) Includes management and operations fees, corporate energy marketing revenue, investment income, general and administrative and development expenditures.

(3) Inter-segment revenue is eliminated upon consolidation.

Offshore Wind Facilities

Northland's three offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities are subject to seasonality, and accordingly, tend to produce more electricity during winter due to denser air and higher winds compared to summer, the effect of which is reflected in the respective fiscal quarter's results. In addition, variability in offshore wind facilities results in similar fluctuations in quarter-to-quarter financial results. Factors such as exposure to market prices, and turbine or grid availability can also have a significant effect on financial results, though typically to a lesser extent than variability in wind resource. For the year ended December 31, 2022, Gemini, Nordsee One and Deutsche Bucht contributed approximately 20%, 16% and 16%, respectively, of Northland's reported Adjusted EBITDA from facilities.

The offshore wind facilities comprised \$1.3 billion of revenues and \$6.4 billion of assets representing 51% and 45%, respectively, of total revenues and total assets for the year ended and as at December 31, 2022.

Gemini Offshore Wind Facility

Gemini is a 600MW (360MW net Northland interest) facility owned by Northland (60%), Siemens Financial Services (20%), N.V. HVC (10%) and Alte Leipziger-Hallesche insurance group (10%).

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

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

Gemini has a long-term service agreement ("**LTSA**") to provide ongoing maintenance and service on the wind turbines with the original equipment manufacturer that results in stable and predictable wind turbine operating costs over the term of the agreement, which expires in 2036, as well as other long-term arrangements to cover the balance of operating services and costs.

During the three months ended December 31, 2022, Northland successfully restructured €1.6 billion of its senior and junior debt relating to Gemini. The restructuring will improve Adjusted Free Cash Flow to Northland over the next several years and reflects the strong and consistent operational and financial performance of Gemini. The restructuring reduced Adjusted Free Cash Flow in 2022 by €72 million (\$68 million at Northland's share), which was funded with available cash flow generated from higher energy prices and, accordingly, did not impact Northland's available liquidity. The restructured debt qualifies as green financing in accordance with Northland's green financing framework. As part of this amendment, Gemini paid off subordinated debt for the Danish pension fund portion. Northland holds €117 million of the subordinated loans as at December 31, 2022, that earns an interest rate of 5% annually.

Nordsee One and Deutsche Bucht Offshore Wind Facilities

Nordsee One and Deutsche Bucht are 332MW and 252MW facilities, respectively, located in the North Sea, in German territorial waters. Northland has an 85% ownership interest in Nordsee One with the remaining 15% ownership interest held by RWE and a 100% interest in Deutsche Bucht.

Each turbine at the German facilities is entitled to a FIT subsidy from the date of its commissioning under the German *Renewable Energy Sources Act*, which is added to the wholesale market rate, effectively generating a fixed unit price for energy sold for approximately 10 years for Nordsee One at €194/MWh and 13 years for Deutsche Bucht at approximately €184/MWh for 8 years and €149/MWh for the remainder. The subsidy is intended to compensate for certain production curtailments required by the system operator from time to time. Additionally, under the German *Renewable Energy Sources Act*, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours and is also subject to unpaid curtailments by the German system operator for grid repairs, at each facility, of up to 28 days annually, which can have a significant effect on earnings. The majority of the returns are expected to be earned during the FIT subsidy period, with the remainder of the expected returns earned in the later years from the German wholesale electricity market.

In 2020, Northland Power Europe (“NPE”), a subsidiary of Northland signed a service agreement with Nordsee One whereby NPE will provide turbine O&M services on behalf of Nordsee One. The agreement is effective through 2027.

Deutsche Bucht has a LTSA to provide ongoing maintenance and service on the wind turbines with the original equipment manufacturer that results in stable and predictable wind turbine operating costs over the term of the agreement, which expires in 2035, as well as other long-term arrangements to cover the balance of operating services and costs.

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

In September 2022, in response to the surge in wholesale electricity markets, the EU Council established a cap on market revenues on renewable energy producers effective from December 1, 2022, to June 30, 2023 (the “EU price cap”). EU member states have flexibility to adapt the EU price cap for their markets.

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

Onshore Wind Facilities

Northland owns and operates 394MW (314MW net Northland interest) of onshore wind facilities in Canada and 443MW (435MW net) in Spain. Onshore wind projects are similar in nature operationally to offshore wind; but generally have lower operating costs and lower equipment maintenance costs. Northland’s onshore wind facilities comprised \$305 million of revenues and \$2.3 billion of total assets, representing 12% and 16%, respectively, of total revenues and total assets for the year ended and as at December 31, 2022.

The four onshore wind facilities in Canada have PPAs with local government-backed system operators expiring between 2029 and 2036. Three of the four onshore wind facilities have LTSAs with the wind turbine original equipment manufacturer for terms lasting the term of the facility’s PPA, with the exception of one facility, who’s LTSA expires in May 2024.

Northland’s 14 onshore wind facilities in Spain operate under a regulated framework designed to ensure onshore renewable facilities operators a specified pre-tax rate of return (over the full regulatory life of the facility), irrespective of wholesale market prices or actual production. Under the regulatory framework, regulated revenues are adjusted at the start of every three years to offset the variability of spot wholesale market prices in prior regulatory semi-periods. Spanish sites are entitled to receive a guaranteed rate of return of approximately 7.4% until 2031. The Spanish onshore wind facilities have an average remaining regulatory life of 8 years, after which, power will be sold at prevailing wholesale pool prices.

Solar Facilities

Northland owns and operates 130MW of photovoltaic (115MW net Northland interest) solar facilities in Canada and 116MW in Spain, comprised of 66MW of photovoltaic and 50MW of concentrated solar. Solar power facilities have lower fixed operating costs per unit of capacity than other renewable power technologies. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the summer than in the winter. Northland’s solar facilities comprised \$181 million of revenues and \$1.4 billion of total assets, representing 7.4% and 10%, respectively, of total revenues and total assets for the year ended and as at December 31, 2022.

Thirteen solar installations in Canada have PPAs with the IESO expiring between 2033 and 2035. Operations and maintenance activities are performed in-house for Solar and long-term parts agreements are in place with the original equipment manufacturer of the inverters.

Northland's 18 photovoltaic solar facilities and one concentrated solar facility in Spain operate under the regulated framework described above. About half of Northland's Spanish solar sites are entitled to receive a guaranteed rate of return of approximately 7.1% until 2031 and half are entitled to 7.4% until 2026 after which, the rate of return is expected to be revised. The Spanish solar facilities have an average remaining regulatory life of 19 years, after which, power will be sold at prevailing wholesale pool prices.

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

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

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

Efficient Natural Gas Facilities

As at December 31, 2022, Northland owns and operates approximately 743MW (726MW net Northland interest) of efficient natural gas generation located in Canada.

Northland's efficient natural gas facilities generate electricity through the combustion of natural gas that spins turbines coupled to electrical generators. Natural gas is the cleanest-burning fossil fuel, resulting in lower atmospheric emissions of sulphur dioxide, small particulate matter, carbon monoxide, nitrogen oxide and GHG such as carbon dioxide, than the combustion of other fossil fuels.

The efficient natural gas facilities earn revenue by selling electricity and/or capacity (i.e. the availability of generation). For certain efficient natural gas facilities, revenues earned differ for on-peak vs. off-peak time periods, as defined by their PPA, and depending on market conditions, specifically prices for electricity and natural gas. The contractual structures of Northland's efficient natural gas facilities ensure each facility's gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under certain PPAs, the facility is reimbursed for certain costs of sales by the counterparty.

Operating efficient natural gas facilities purchase natural gas pursuant to supply contracts with creditworthy counterparties and/or from the market as required. The operating efficient natural gas facilities also have long-term gas turbine maintenance agreements, which include various provisions such as routine maintenance, repairs, upgrades and improvements.

Efficient natural gas facilities comprised \$426 million of revenues and \$1.2 billion of assets representing 17% and 8%, respectively, of total revenues and total assets for the year ended and as at December 31, 2022.

The following describes Northland's key operating efficient natural gas facilities:

North Battleford is a 260MW natural-gas-fired combined-cycle plant that sells electricity under its PPA with SaskPower, expiring June 2033, based on the facility's ability to deliver electricity during defined on-peak periods. The terms under the PPA are designed to cover all fixed costs, debt service and return on equity, and provides protection against changes in the market price of natural gas since all fixed fuel costs and most variable fuel costs are passed through to SaskPower.

Thorold is a 265MW natural gas-fired co-generation facility that sells electricity to the IESO under a 20-year PPA contract expiring March 2030. Thorold generally produces electricity only when market conditions are economical but has a contract structure designed to largely insulate it from volume risk and volatility in electricity and natural gas prices. Under its PPA, Thorold earns a fixed amount from the IESO intended to cover fixed operating costs, debt service and return on equity. The

structure ensures Thorold’s gross profit under the PPA is generally fixed and largely dependent on its ability to operate according to the contract parameters.

Northland is responsible for operating its natural gas facilities to achieve specified efficiency and reliability levels. The contractual structure of a facility’s PPA is designed to ensure predictable, stable and sustainable cash flows over the term of the PPA.

Utility

EBSA

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.

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

Key Business Drivers for Significant Facilities and Segments

Northland regularly monitors the performance of its operating facilities with a focus on the key business drivers that result in the most significant variation in financial results. Key business drivers vary by facility due to the nature of the power generation technology employed and the revenue and cost contracting structure and are outlined in the table below.

Significant drivers of variances in financial results			
	Primary	Secondary	Tertiary
Gemini	Wind resource	Market price compared to subsidy floor price	Equipment availability, operating and maintenance costs
Nordsee One & Deutsche Bucht	Wind resource	Unpaid curtailment from negative market prices for longer than six consecutive hours or grid unavailability	Equipment availability, operating and maintenance costs
Solar	Solar resource and weather events	Wholesale market pool price volatility for Spanish solar facilities	Effectiveness of snow removal
Onshore Wind	Wind resource and weather events	Wholesale market pool price volatility for Spanish onshore wind facilities	Instances of unpaid curtailment and permit related restrictions on operations
Efficient Natural Gas	Equipment availability	Gas transportation cost optimization	PPA rate escalation; operating and maintenance costs
EBSA	Regulatory changes and execution of capital investment plans	Growth in number of customers; for Adjusted Free Cash Flow, net proceeds from planned upfinancings, after expansionary	Operating costs relative to recovery of regulated efficient costs

Projects under Development or under Construction

Northland actively pursues new power development opportunities that encompass a range of clean technologies, including wind, solar and hydro, to provide a sustainable source of energy in various geographic regions and political jurisdictions.

Northland believes this diversified strategy mitigates the risk of adverse changes to local demographics or governmental policies.

During 2022, Northland continued to expand its earlier-stage development pipeline, pursuing opportunities that meet the Company's investment criteria in targeted markets including but not limited to, North America, Europe, Latin America and Asia. Northland's sustained focus is on purposefully advancing those development opportunities that align with its strategies.

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

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

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

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

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

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

For additional details relating to Northland's projects under construction and development, refer to the "Summary of Business Activities" section in this AIF.

Competitive Conditions

Northland operates power generation facilities and a power distribution utility, while also pursuing projects in various stages of development in North America, Europe, Latin America and Asia. The nature and extent of competition Northland faces varies from jurisdiction to jurisdiction. Within the renewable and clean energy markets, Northland primarily faces competition from large utilities, other independent power producers and in certain jurisdictions, competition from generators who utilize non-renewable sources to generate electricity including coal, nuclear and oil. Northland's power distribution utility, EBSA, competes with other utilities operating in the same region in serving customers as well as in competitive auction processes for grid expansion/improvement projects.

In every jurisdiction in which it operates, Northland depends primarily upon the sale of its power to credit-worthy counterparties under long-term PPAs, rate-regulated frameworks or similar revenue stability mechanisms. Such counterparties include European government entities or utilities, provincial agencies or utilities in Canada, such as the IESO and SaskPower, as well as rate-regulator in Colombia. Long-term PPAs are generally the result of a competitive request for proposals or a FIT program established by the relevant agencies or utilities in which Northland's competitors may also participate.

Globally, competitive auction processes are increasingly demonstrating that developers are willing to accept significant merchant price risk in order to secure power projects. Should this industry trend continue, Northland may increasingly choose to enter into PPAs with commercial and industrial customers, accept greater merchant revenue volatility, enter into shorter term contracts, enter into new geographical markets, pursue projects at an earlier stage of development or a combination thereof.

The cost to construct and operate a project, and the type and characteristics of governmental programs to support clean and renewable power projects or infrastructure improvements are important drivers of pricing and competition in most international markets. Numerous factors may affect governmental policy in these areas, which in turn can affect the availability of opportunities to develop new power projects.

Northland manages the risk posed by competitive conditions through its ongoing strategic planning process, geographically and technologically diverse portfolio, disciplined approach to project development, strategic partnerships, energy marketing and hedging programs, proven track-record, in-market presence, financial structuring and the experience of its management team.

Maintenance of Capacity

To maintain its production capacity, defined as electricity production measured in MW or a facility's availability to operate, Northland (i) invests in durable assets that have a long physical life; (ii) undertakes regular predictive and preventive maintenance; and (iii) makes improvements to major equipment when economically viable.

For renewable facilities, onshore and offshore wind turbines are generally maintained by original suppliers and/or service providers under contract. For offshore wind facilities, maintenance of the balance of plant is undertaken by various contractors. In 2020, following the insolvency of the original turbine O&M provider, NPE, a subsidiary of Northland, signed a service agreement with Nordsee One whereby NPE provides turbine O&M services. Inverters at the solar sites are covered under long-term warranties and parts agreements with the original equipment manufacturer. The cost of parts and maintenance under these contracts is included in operating expenses.

For most of the efficient natural gas facilities, gas turbines are maintained through long-term maintenance contracts that include provisions for routine inspections, maintenance and repairs, as well as major overhauls at periodic intervals. Overhauls of hot gas path components occur at intervals equivalent to approximately three operating years. Major turbine overhauls occur at intervals of approximately six operating years. Since overhaul intervals are based on operating hours, the interval period is typically longer for facilities that operate less frequently. These overhauls return the gas turbines to essentially as-new condition.

For utility equipment, maintenance, repair and replacement work on electrical lines and substations is performed by qualified employees and contractors. Maintenance and replacement schedules take into consideration the age of the equipment relative to its useful life, results from routine inspections and the potential impact of failure.

Environmental Matters

Northland's facilities are subject to environmental laws and regulations and must maintain licenses, permits and approvals established by governmental authorities and regulatory agencies in good standing. Northland is also required to comply with local and municipal approvals and actively works to establish and maintain positive relationships with the communities in which its facilities are located.

Each facility is designed, constructed and operated to meet or exceed environmental standards for air emissions, sound, and use of water and other resources. Northland has internal processes and procedures to monitor environmental conditions, changes in regulations, and to ensure each facility remains in compliance with applicable laws, codes, standards and industry practices. Changes in regulation are monitored and adjustments are made, as required, to address non-conformance.

Employees

As at December 31, 2022, Northland has 1,339 (2021 - 1,186) permanent full-time employees. The increase in employee headcount from December 31, 2021, was primarily due to the integration of Spanish portfolio upon its acquisition in August 2021, as well as additions to Northland's development and corporate teams to support project development and growth.

CAPITAL STRUCTURE

The Company's amended and restated articles of amalgamation authorize it to issue the following classes of shares:

- an unlimited number of Common Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which:
 - 6,000,000 have been designated as 3.20% **Series 1 Preferred Shares**; and
 - 6,000,000 have been designated as 6.12% **Series 2 Preferred Shares**.

As at December 31, 2022, Northland had outstanding 250,017,357 Common Shares (2021 - 226,882,751 Common Shares), 4,762,246 **Series 1 Preferred Shares**, 1,237,754 **Series 2 Preferred Shares** and 4,800,000 **Series 3 Preferred Shares**. On January 3, 2023, Northland redeemed all 4,800,000 of its issued and outstanding Cumulative Rate Reset Preferred Shares, Series 3 (the "**Series 3 Preferred Shares**") at a price of \$25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of \$0.3175 per Series 3 Preferred Share for an aggregate total of \$121.5 million. As of December 31, 2022, Series 3 Preferred Shares had been reclassified from equity to current liabilities.

The following is a summary of the rights, privileges, restrictions and conditions attached to Northland's outstanding securities:

Description of the Common Shares

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the holders of Common Shares. Subject to the rights of holders of Preferred Shares or any series thereof ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors at its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof rank in priority to the Common Shares, the holders of the Common Shares are entitled to the balance of the assets of Northland upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its Shareholders.

Description of the Preferred Shares

Issuance in Series

The Board of Directors may from time to time issue preferred shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of preferred shares.

Voting

Subject to applicable corporate law, all Preferred Shares shall be non-voting and not entitled to receive notice of any meeting of shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the preferred shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of preferred shares shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

Dividends

Payments of dividends and other amounts in respect of the preferred shares will be made by Northland to Canadian Depository for Securities (“CDS”), or its nominee, as the case may be, as registered holder of the preferred shares. As long as CDS, or its nominee, is the registered holder of the preferred shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the preferred shares for the purposes of receiving payment on the preferred shares.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Income Tax Act (Canada) and the regulations (the “Tax Act”) thereunder, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Preferred Shares will not be required to pay tax under Part VI.1 of the Tax Act on dividends received on such 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 the fixed quarterly dividends on cumulative rate reset preferred shares, series 1 (“**Series 1 Preferred Shares**”) will be payable at an annual rate of 3.2% (\$0.2001 per share per quarter) until September 29, 2025.

Holders of Series 1 Shares and the cumulative rate reset preferred shares, series 2 (“**Series 2 Preferred Shares**”) had the right, at their option to convert all or part of their Series 1 Shares or Series 2 Shares, as applicable, on a one-for-one basis, into shares of the other series, effective September 30, 2020. Consequently, Northland now has 4,762,246 Series 1 Preferred Shares and 1,237,754 Series 2 Preferred Shares outstanding.

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

Series 3 Preferred Shares

In 2012, Northland issued 4,800,000 Series 3 Preferred Shares at a price of \$25.00 per share, for gross proceeds of \$120 million. The annual dividend rate resets every five years at a rate equal to the then five-year Government of Canada Bond yield plus 3.46%. The holders of the Series 3 Preferred Shares are entitled to fixed cumulative dividends, payable quarterly, as and when declared by the Board of Directors.

On January 3, 2023, Northland redeemed all 4,800,000 of its issued and outstanding Cumulative Rate Reset Preferred Shares, Series 3 (the “**Series 3 Preferred Shares**”) at a price of \$25.00 per Series 3 Preferred Share together with all accrued and unpaid dividends of \$0.3175 per Series 3 Preferred Share for an aggregate total of \$121.5 million. As of December 31, 2022, Series 3 Preferred Shares have been reclassified from equity to current liabilities.

DIVIDENDS

Sustainability of Dividends

The Board and management are confident that Northland has adequate access to funds to meet its dividend commitment, including operating cash flows and corporate funds.

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.

Under the DRIP, shareholders may elect to reinvest their dividends in Common Shares. In 2020, Northland announced a change to the discount rate applicable to its DRIP, whereby holders of Common Shares may elect to reinvest their dividends in common shares, to a 3% discount, from the previous 0% discount. Additionally, Northland elected to issue shares from treasury for purposes of the DRIP but continues to reserve the right to source shares through market purchases. The net result has been a reinvestment of cash dividends into Northland, thus contributing to the funding of growth initiatives.

History of Dividends

The following table shows per Common Share cash dividends declared monthly for the past three years.

	2022	2021	2020
January	\$0.1000	\$0.1000	\$0.1000
February	0.1000	0.1000	0.1000
March	0.1000	0.1000	0.1000
April	0.1000	0.1000	0.1000
May	0.1000	0.1000	0.1000
June	0.1000	0.1000	0.1000
July	0.1000	0.1000	0.1000
August	0.1000	0.1000	0.1000
September	0.1000	0.1000	0.1000
October	0.1000	0.1000	0.1000
November	0.1000	0.1000	0.1000
December	0.1000	0.1000	0.1000
	\$1.2000	\$1.2000	\$1.2000

The following table shows per Series 1 Preferred Share dividends declared quarterly for the past three years.

	2022	2021	2020
March	\$0.2001	\$0.2001	\$0.2196
June	0.2001	0.2001	0.2196
September	0.2001	0.2001	0.2196
December	0.2001	0.2001	0.2001
	\$0.8004	\$0.8004	\$0.8589

The following table shows per Series 2 Preferred Shares dividends declared quarterly for the past three years.

	2022	2021	2020
March	\$0.1806	\$0.1794	\$0.2774
June	0.2132	0.1789	0.2767
September	0.2697	0.1834	0.1928
December	0.3856	0.1878	0.1859
	\$1.0491	\$0.7295	\$0.9328

The following table shows per Series 3 Preferred Share dividends declared quarterly for the past three years.

	2022	2021	2020
March	\$0.3175	\$0.3175	\$0.3175
June	0.3175	0.3175	0.3175
September	0.3175	0.3175	0.3175
December	0.3175	0.3175	0.3175
	\$1.2700	\$1.2700	\$1.2700

CREDIT RATINGS

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating or a stability rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

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

A credit rating is a forward-looking opinion about an obligor's overall creditworthiness, focusing on the obligor's capacity and willingness to meet its financial commitments as they come due. Rating methodologies consider a number of factors, including but not limited to: Northland's business and financial risks, actual and projected financial ratios, corporate liquidity and debt levels, corporate and project financing strategies, the quality and diversity of cash flows and track record of operations and construction.

Northland pays fees to S&P and Fitch for its issuer credit rating and preferred shares rating along with the annual review thereof.

MATERIAL CONTRACTS

Northland does not have any material contracts as defined under National Instrument 51-102 that remain in effect as at December 31, 2022.

MARKET FOR SECURITIES

The table below presents the reported monthly high and low trading prices and trading volumes (in thousands) of the Common Shares on the TSX during 2022:

Common Shares (TSX: "NPI")	High	Low	Volume
January	\$37.90	\$34.95	12,115,855
February	\$40.39	\$34.98	12,418,256
March	\$42.75	\$40.28	16,206,607
April	\$42.49	\$38.54	16,476,207
May	\$39.83	\$37.25	11,904,435
June	\$40.28	\$36.17	14,803,040
July	\$42.71	\$38.01	13,731,243
August	\$47.13	\$41.42	17,305,814
September	\$45.56	\$39.88	17,712,140
October	\$43.18	\$36.59	13,494,859
November	\$41.60	\$36.56	17,146,984
December	\$40.40	\$36.88	15,216,230

The tables below present the monthly reported high and low trading prices and trading volumes of each series of Preferred Shares on the TSX during 2022:

Series 1 Preferred Shares (TSX: "NPI.PR.A")	High	Low	Volume
January	\$20.82	\$19.69	28,561
February	\$20.60	\$19.01	31,309
March	\$20.50	\$18.77	45,072
April	\$20.47	\$17.67	24,359
May	\$19.00	\$17.99	14,937
June	\$19.52	\$18.25	35,240
July	\$18.40	\$17.10	26,513
August	\$17.55	\$16.99	85,421
September	\$17.87	\$16.33	34,371
October	\$16.66	\$15.75	55,069
November	\$16.45	\$15.02	45,854
December	\$16.25	\$15.26	61,189

Series 2 Preferred Shares (TSX: "NPI.PR.B")	High	Low	Volume
January	\$20.15	\$18.08	6,601
February	\$20.69	\$19.61	8,160
March	\$20.15	\$19.40	10,450
April	\$20.20	\$18.54	1,151
May	\$19.25	\$18.90	3,700
June	\$20.00	\$19.25	5,700
July	\$19.00	\$17.98	5,631
August	\$19.00	\$18.00	9,689
September	\$19.50	\$18.40	4,283
October	\$18.65	\$18.00	5,050
November	\$18.41	\$17.80	3,498
December	\$18.74	\$18.10	6,500

Series 3 Preferred Shares (TSX: "NPI.PR.C")	High	Low	Volume
January	\$25.42	\$25.00	52,256
February	\$25.50	\$24.60	38,768
March	\$25.73	\$24.88	33,468
April	\$25.97	\$22.80	49,001
May	\$25.00	\$23.20	71,949
June	\$25.48	\$23.65	97,444
July	\$24.40	\$23.61	56,373
August	\$25.00	\$23.67	27,614
September	\$24.99	\$24.00	40,221
October	\$24.25	\$21.76	236,371
November	\$25.20	\$22.60	168,579
December	\$25.31	\$25.19	195,435

RISK FACTORS

Northland is subject to a number of risks and uncertainties, the most relevant of which are discussed in more detail below. The actual effect of any event on the Company's business could be materially different from what is anticipated or discussed below. In addition, there could be other, unknown risks not discussed below that could affect the Company's business. All risk factors herein may be interrelated to some degree and should be read and considered together; the cumulative impact of multiple risk factors being realized in the same time period is an additional risk that should be considered.

The following information is only a summary of such risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF and the MD&A included in the 2022 Annual Report.

Related to Ownership and Operation of Assets

Contracts

The majority of Northland's consolidated revenue is generated under long-term PPAs or revenue subsidy contracts at its facilities, with initial terms of 10 to 25 years, although the remaining PPA terms for certain facilities are considerably shorter.

As the facilities' PPAs expire, Northland may or may not be able to extend them or enter into new contracts or other revenue arrangements in the same or new markets. The renegotiation of certain contract provisions could entail capital investments for plant modifications and/or result in reduced facility profitability due to lower sales volumes, different operating modes or reduced margins. This may result in a higher proportion of our revenue generation being exposed to merchant market risk as existing PPAs expire.

Contract Counterparties

For the majority of Northland's revenue, the amount of cash flow received by Northland is dependent upon the counterparties to Northland's long-term contracts fulfilling their contractual obligations and energy market system operators fulfilling their regulatory obligations. In particular, because electricity sales provide nearly all of the revenue generated by Northland's facilities, the failure of a counterparty or system operator to meet its contractual or regulatory obligations would have an adverse effect on cash flow. For Northland's regulated utility, EBSA, the counterparty is the end-customer, however, as demonstrated during the COVID-19 pandemic, the regulator ensured that utilities such as EBSA were virtually fully assured of their revenue by way of a deferral payment program for select customers that ultimately had an immaterial effect on EBSA's business.

Northland's operating facilities generally contract with third-party equipment maintenance and service providers, primarily related to gas turbine and wind turbine inspections as well as equipment service and maintenance. The failure of a provider to meet its obligations could cause that equipment to experience downtime or increased maintenance costs which could reduce cash flows.

Northland and its subsidiaries engage contractors and third-party suppliers for equipment and services during the construction of new facilities. The failure of a supplier to meet its obligations could cause Northland to experience construction delays and/or cost overruns. Failure could also prevent those projects from meeting obligations under PPAs or financing agreements. Multiple physical and contractual interfaces may also increase the risks to the facility from an overall project management perspective. Increase in risks related to multiple physical and contractual interfaces include risks pertaining to coordination, compatibility errors, liability caps, warranties on an individual work package basis, delays, cost overruns, performance failures and litigation.

Northland and its subsidiaries contract with partners to collaborate on development projects, including sharing development costs in agreed upon ratios. The failure of a partner to meet its obligations could cause Northland to take on additional credit exposure or make additional development expenditures to maintain the development project's status.

Financial counterparty risk arises primarily from holding cash and cash equivalents at banks and financial institutions; counterparty exposure arising from derivative financial instruments with banks, financial institutions and other derivative providers; unfunded credit commitments from banks and financial institutions; claims receivables due from insurance providers and receivables due from customers and other counterparties. The maximum financial exposure to counterparty risk, other than for unfunded credit commitments, is equal to the carrying value of the financial assets. The inability of a

financial counterparty to perform under agreements with Northland could have a material impact on Northland's assets, liabilities, earnings and/or cash flow.

Operating Performance

The contractual structure of the revenue agreements at, or the regulated framework applicable to, Northland's operating facilities requires them to operate based on certain contractual parameters, for example when requested by the offtaker or at minimum output or availability levels. If facilities are unable to operate according to their contractual parameters this could result in penalties or other financial impacts that could negatively impact financial results and cash flow.

There are no minimum production obligations at the Gemini, Nordsee One and Deutsche Bucht offshore wind facilities. Production obligations at Canadian efficient natural gas facilities are not significant to Northland's overall business.

North Battleford's PPA provides a monthly capacity-based payment that may be affected if North Battleford is unable to deliver minimum levels of electricity based on ambient temperatures specified. SaskPower can terminate the PPA in certain circumstances in the event that North Battleford fails to perform certain of its obligations under the contract and claim damages in respect thereof.

EBSA's rate-regulated revenues earned for delivering electricity to customers are not subject to minimum operating performance metrics; however, poor performance on key service reliability indicators may negatively impact EBSA's reputation or future rate applications, reducing future cash flows. Key reliability indicators include System Average Interruption Frequency Index ("SAIFI") and System Average Interruption Duration Index ("SAIDI"), which measure the frequency and duration, respectively, of interruptions in the power supply to customers.

Competition

Northland operates in a number of jurisdictions affected by competition ranging from large utilities to small producers, international conglomerates, and traditional energy and technology firms. In addition, potential customers may look to deploy their own capital to self-supply their own electricity needs. Some competitors have significantly greater financial and other resources than we do. Such competition could have a material adverse effect on our business. Emerging technology affecting the demand, generation, distribution or storage of electricity may also significantly impact our business and ability to compete. Furthermore, older facilities may over time be unable to compete with newer more efficient facilities utilizing improvements to existing power technologies and cost-efficient new technologies. Climate change will drive innovation and transformation of the power generation sector, including energy production and consumption.

Variability of Renewable Resources

The wind and solar resources at Northland's wind and solar farms will vary. Although management believes that the resource surveys and historical production data collected demonstrate that the sites are economically viable, historical data and technical predictions could prove not to reflect accurately the strength and consistency of the resources in the future.

Offshore Wind Concentration

Northland's consolidated financial results reflect profits and cash flows generated by a number of subsidiaries. Northland's consolidated results are significantly driven by the performance of its offshore wind facilities, with over 50% of Adjusted EBITDA and Adjusted Free Cash Flow generated by Gemini, Nordsee One and Deutsche Bucht. This will further increase with the acquisition of offshore development projects and development and construction of Hai Long and Baltic Power.

Power Market Prices

Northland has market price risk exposure primarily at its offshore wind facilities and at the Spanish portfolio. Gemini, Nordsee One and Deutsche Bucht are exposed to a degree of market price (merchant) risk to the extent the annual average day-ahead spot electricity price in their respective markets falls below the contractual floor price for Gemini or below zero for longer than six hours for Nordsee One and Deutsche Bucht. If this pricing differential remains for an extended period, it could negatively affect financial results and cash flow. Additionally, production in excess of the annual Gemini Subsidy Cap earns revenue at wholesale market prices.

The Spanish government enacted an exceptional update to the regulatory framework for both 2022 and the next regulatory semi-period 2023-2025, that will progressively increase the merchant risk exposure at Northland's Spanish facilities, that will keep earning the pool prices but will be compensated based on the ex-ante forward prices.

Globally, competitive auction processes are increasingly demonstrating that developers are willing to accept significant merchant price risk in order to secure power projects. Northland has typically sought contracted cash flows. Should this industry trend continue, Northland may increasingly choose to enter into PPAs with commercial and industrial customers,

accept greater merchant revenue volatility, enter into shorter term contracts, enter into new geographical markets, pursue projects at an earlier stage of development or a combination thereof.

Natural Gas Fuel Supply, Transportation and Price

Certain natural-gas-fired facilities owned or managed by Northland may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. Although these facilities attempt to match fuel cost setting mechanisms in supply agreements to PPA energy payment formulas, increases in fuel costs or insufficient fuel supply can nonetheless adversely affect the profitability of the facilities.

The ability to produce energy at certain facilities is highly dependent on the ability to procure and transport fuel to the facility. Such facilities depend on suppliers fulfilling their contractual obligations under natural gas fuel supply and transportation agreements. The loss of significant fuel supply could have an adverse impact on the facilities' ability to produce electricity, reducing expected cash flow. To the extent possible, Northland's gas-fired facilities attempt to contract with creditworthy counterparties and/or source gas through index-based pricing from liquid trading hubs with potential alternate suppliers.

Upon the expiry or termination of existing fuel supply agreements, Northland will be required to either renegotiate these agreements or source fuel from other suppliers. Northland may not be able to renegotiate these agreements or enter into new agreements on similar or otherwise desirable terms.

Operations and Maintenance

Northland's power generation and utility facilities are subject to operational risks that could have an adverse effect on cash flow, including premature wear or failure of major equipment due to defects in design, material or workmanship or due to more stressful operating conditions. For EBSA, retirement of distribution equipment prior to the end of its rate regulated useful life reduces the rate base on which rate regulated revenues are calculated.

Operating Costs

EBSA's ability to recover the actual costs of providing service and earn the allowed weighted average cost of capital depends on EBSA realizing the cost forecasts approved in the rate-setting process. Actual costs could exceed the approved forecasts if, for example, EBSA incurs operations, maintenance, administration, capital and financing costs above those included in EBSA's approved revenue requirement. EBSA may not be able to recover significant differences between forecast and actual costs, adversely affecting EBSA's financial results. In addition, EBSA's current revenue requirements are based on cost and other assumptions that may not materialize.

The regulated revenue EBSA earns on its rate base is inflation indexed per the established Colombian PPI. There is the potential for reductions in the Colombian producer price index to have a negative impact on future cash flows.

Other Northland facilities and projects are in contracts indexed to the Canadian or local consumer price indices.

Insurance

Northland procures insurance to address material insurable risks such as property damage, business interruption and liability. Insurance coverage decisions are based on what Northland believes would be maintained by a prudent manager/owner/operator of similar facilities or projects and certain contractual obligations. Northland reviews and benchmarks its insurance program annually, or as regularly required, to ensure terms and limits are at or above industry standards which is also required by lenders to our non-recourse project level financings. Northland's insurance is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions. Such insurance may not continue to be available or available at economically feasible costs. Some events that could give rise to a loss or liability may not be insurable, and the amounts of insurance may not be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the facilities, projects or Northland. Insurance coverage of project assets and facilities may be prescribed by project financing agreements and/or PPAs.

Reliance on Third Parties

In the normal course of business, and in addition to the reliance upon counterparties as described under the heading "Contract Counterparties" above, Northland routinely relies on third parties with respect to construction services and subsequently, operations and maintenance services during the operating phase of the project.

Reliance on Transportation and Distribution Infrastructure

Northland's operations rely on assets such as transmission and distribution grids, towers and substations owned and operated by third-parties. These assets may be adversely affected by acute or chronic weather events, mismanagement, and other factors, which Northland has little ability to control. Failure of transportation and distribution infrastructure on which Northland relies may prevent Northland from delivering electricity to contract counterparties, reducing cash flows.

Terrorism and Security

Northland's physical and technological assets may be subject to acts of terrorism, vandalism or sabotage that prevent Northland from meeting its operational and contractual commitments, negatively affecting financial results. Additional expenditure may be required to restore damaged assets.

International Activities - Geopolitical Risks

Northland's activities outside of Canada are subject to risks inherent in undertaking international activities. These risks could involve, among other things, matters arising out of the policies of foreign governments, imposition of special taxes or similar charges by government bodies, restrictions on carrying on business or the revocation or non-issuance of licenses to carry on business by a foreign government, difficulties in obtaining financing, foreign exchange fluctuations and controls, civil disturbances and deprivation or unenforceability of contract rights or the taking of property without fair compensation. The Company's foreign properties, operations and investments may be adversely affected by local political, geopolitical, sociopolitical and economic developments, including nationalization, political instability, increased political tension between countries, laws affecting foreign ownership, acts or threats of terrorism or other hostilities, actions taken by other governments in response thereto, military actions or threats, cybersecurity incidents, government participation, royalties, duties, rates of exchange, exchange controls, currency fluctuation, taxation and new laws or policies imposed by governmental authorities, as well as by laws and policies of Canada affecting foreign trade, investment and taxation and other risks present in the jurisdictions in which we, our customers, our suppliers, and/or our partners operate.

The Company cannot accurately predict the impact that the ongoing conflict in Ukraine and/or the increased political tensions between China, Taiwan and the United States may have on its financial position or assets. The Company regularly monitors ongoing macroeconomic, political, financial market and government changes in all of the markets in which it operates to assess the potential for adverse effects on the Company's business, assets, investments, PPAs, operations and/or its financial results.

Construction

There is a risk that delays and/or material cost overruns will be incurred in the course of the construction of Northland's current and future development or expansion/upgrade projects. There is also a risk that a project under construction could be stopped or canceled and/or a contractor could fail to complete its contractual obligations. There is further risk that the projects, once constructed, will not immediately perform as intended. Any significant delays in construction, cost overruns, project cancellations, or project shortfalls as a result of construction activities may have an adverse impact on Northland's operations and financial performance. For EBSA, delays in executing the capital investment projects approved in its rate application are factored into the calculation of future regulated rate revenues.

Development Prospects and Advanced Stage Development Projects

Northland incurs early-stage development costs before it can determine whether a prospective project is technically and financially feasible and before Northland has rights or ownership of the project. The nature of some of these expenditures is speculative. Northland may also be required to advance funds, enter into commitments and/or post performance bonds, parental guarantees or other security in the course of acquiring or developing prospects. There are a number of factors that could cause a prospective development project to fail, including: inability to secure favourable sites; inability to secure PPAs; failure to obtain permits, consents, licenses and approvals; increases in interest rates, commodity prices or unfavourable currency fluctuations; inability to acquire suitable equipment and construction services at a favourable price; inability to attract adequate project financing, and the inability to mitigate other critical risks. Significant costs related to prospective development projects may be incurred in preparation for the associated bidding process and such costs may not be recovered if Northland fails to win the bid.

Northland pursues earlier-stage development prospects which are inherently riskier than late-stage developments. In addition, increased competition in the industry and changes in the ways Northland's customers procure power require the acceptance and management of increasing amounts of merchant price risk, technology development risk, and construction risks. If these risks manifest in a material manner, overall project returns could be adversely affected.

Projects may fail to reach financial close, and all investments, cost commitments and credit support provided up to that point, which could be material, may be lost or unrealizable. Factors that could cause an advanced stage development project to fail include: (i) failure to obtain permits, consents, licenses and approvals; (ii) increases in interest rates or adverse changes in foreign exchange rates; (iii) inability to finalize equipment and construction contracts or services or financing agreements at economically viable levels; (iv) inability to obtain financing; (v) the inability to mitigate other critical risks; and/or, (vi) failure of a partner to meet its obligations with respect to the project.

Acquisitions

Northland's growth strategy includes potential acquisitions of assets or companies. These acquisitions may not result in the anticipated benefits to Northland due to changes in performance compared to those on which due diligence assessments were based, reliance on information provided by the seller, loss of key members of the acquired company's management team, identification of unexpected costs or liabilities of the acquired company, difficulties integrating the new assets or companies and other factors.

Climate-related

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

Northland considers climate-related risks across its business over the short-, medium- and long-term. Scenario analysis is used to understand the impact of these risks and opportunities on a per project basis across the project lifecycle relevant to market, policy and legal, reputational, technology, product and services, resilience as well as physical climate risks.

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 view the climate-related risks as being associated with the variability of results risks from chronic weather changes on its physical assets. If there is reduced wind or solar resources, the underlying financial projections regarding the amount of electricity to be generated by the renewable farms may not be met, and cash flow and the ability to meet debt service obligations could be adversely affected.

Research on the impact of climate on wind and solar patterns in areas of concentrated renewable power production, though growing, remains in early stages. Under high emissions scenarios, in the long-term, it is not expected that there will be a significant change in mean wind speeds in the areas where Northland currently operates, but increased variability is possible. Thus, Northland's concentration of offshore wind facilities in the North Sea presents a performance and operating risk. Over the long-term, the effects of climate and severe weather events may also change energy demand patterns and market prices in the regions where Northland operates to the benefit or detriment of Northland's financial results. This risk is being addressed primarily through regional and asset diversification including the growth of offshore wind in Asia, as well as growth of onshore renewables including storage, in select markets including North America, Europe and Colombia.

Northland also recognizes the risks from acute natural events and chronic weather changes on its physical assets. Northland's facilities and projects are exposed to various hazards today that are expected to increase in the future under various climate scenarios, including temperature extremes, heat waves, drought, extreme precipitation, flooding (sea and river), forest fires and extreme wind. Extreme weather conditions and natural disasters can cause downtime, construction delays, production losses and/or damage to equipment. Natural events may also make it impossible for operations and maintenance crews to access the disabled equipment to deliver parts and provide services.

Northland is exposed to weather risk and subsurface risk during the construction and operation of its offshore wind facilities. Northland attempts to mitigate these risks through the purchase of insurance and/or the inclusion of provisions under applicable construction agreements with contractors. However, insurance policies and/or construction agreements may not provide coverage for certain events, or coverage may be insufficient to compensate for all of the losses suffered by a project. Such insurance may not continue to be available at all or at economically feasible cost. As such these potential risks are included in planning and construction design as well to help mitigate the impact of such events on operations.

Finally, Northland recognizes the potential for increased costs due to more stringent regulatory and policy requirements related to emissions (e.g., carbon taxes or price of carbon) on its operations and the impact it may have on supply chains. Although, Northland is not currently significantly impacted by these regulations through current PPAs, growing public commitments and increasing carbon prices through fuel or taxes may impact renewable assets as well as natural gas sites

(e.g., diesel prices for offshore vessels). See the section under Environmental, Health & Safety and Government Regulations and Policies.

Northland will outline the detail risk and opportunity analysis and the metrics used as well as performance of scope 1, scope 2 and material scope 3 emissions in Northland's 2022 Sustainability Report, 2022 ESG Performance Index and 2022 Climate Report.

Health and Safety of Employees, Contractors, and the Public

Northland's activities with respect to the construction, operation, and maintenance of power generation and related facilities, including its high voltage transmission and distribution infrastructure, can present a risk to the health and safety of employees and the public. Particularly in Colombia, EBSA's distribution systems cover an extensive area, including highly populated and rural areas, where EBSA cannot always fully control public access to its assets. EBSA is required to operate and maintain its electric distribution system in a manner that enables the provision of safe and reliable utility service to customers and that will ensure the safety of employees, contractors and the general public.

The work environment of offshore wind farms is challenging due to the remote locations, the physical demands of scaling the wind turbines and the marine environment. During the development, execution and operation of the offshore wind farms, Northland implements safety management systems, a structured approach to identify hazards and manage risks through processes and tools aligned with international and industry best practices.

Northland's facilities, construction projects and operations are exposed to potential interruption resulting from public health crises, such as pandemics and epidemics. A significant incident that may impact the health, safety, and well being of its employees may impact its human capital strategy, which may lead to negatively affect Northland's reputation, loss of revenue, future opportunities, key employees, or customers.

Pandemics, Epidemics or Other Public Health Emergencies

Northland's business, financial condition, cash flows and results of operation can be adversely affected by pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic. The current COVID-19 pandemic has affected businesses throughout the world resulting in various shutdowns, work from home programs and many individuals and companies impacted by lost workdays as a result of illness. The impact of any pandemic, including COVID-19 on the Corporation will depend on a variety of facts, including the overall severity and duration of such events. These factors are highly uncertain and cannot be predicted. Risks of COVID-19 and other health emergencies include, but are not limited to: more restrictive directives of government and public health authorities, including the introduction of new legislation, policies, rules or regulations; reduced labour availability; construction delays; impacts on Northland's ability to realize its growth goals, including sourcing new acquisitions; decreases in short-term and/or long-term electricity demand and lower power pricing; increased costs resulting from Northland's efforts to mitigate the impact of the pandemic; financial markets that could limit the Company's ability to obtain external financing to fund its operations and growth expenditures; a higher rate of losses on accounts receivables due to credit defaults; and disruptions to our supply chain.

Related to Financing

Financing

Northland expects to employ non-recourse project financing to fund material portions of investments, refinancing, capital expenditures or expansion projects. However, there may not be sufficient capital available on acceptable terms. In addition, if a non-recourse loan at a Northland subsidiary is in default, Northland could lose its investment in the project.

Most of Northland's facilities and projects have financing arrangements in place with various lenders. These financing arrangements are typically secured by project assets and contracts, as well as Northland's equity interests in the project operating entity. The terms of these financing arrangements generally impose many covenants and obligations on the part of the material project operating entity and other borrowers, guarantors and sponsors. In many cases, a default by any party under a project operating agreement (such as a PPA) will also constitute a default under the project's loan or other financing arrangement. Failure to meet certain financial covenants, to comply with the terms of loans or financing arrangements, or the occurrence of an event of default, may prevent cash distributions by the project or the project operating entity and may entitle the lenders to demand repayment and enforce their security against project assets. In addition, if an event of default occurs, lenders are entitled to take possession of the equity interests in project operating entities that have been pledged to such lenders by the sponsors. The interruption of cash distributions from a project or the loss of an equity interest in a project could have a material impact on Northland's financial results and cash flow.

Northland has historically financed its equity investment in new projects through a combination of one or more of: cash-on-hand, cash flow from operations, borrowings under its corporate credit facilities, and issuance of capital markets instruments. Depending on market conditions and other factors, some of which may be outside of Northland's control, sufficient capital may not be available on acceptable terms, if at all, to fund future investments when required and the expected availability of capital for certain projects may vary. Capital raised through additional equity could result in dilution to current Shareholders. An increase in corporate leverage may result in a higher risk of a default if Northland is unable to comply with covenants and obligations required under the corporate financing documentation. Further, if capital is raised through debt, Northland could be subject to covenants and other obligations that could impact its operations.

For EBSA, if the weighted average cost of capital realized through its financing arrangements exceed the weighted average cost of capital determined by the regulator to be reflective of the typical Colombian utility, EBSA's regulated revenues may not fully recover its cost of capital.

Interest Rates, Refinancing and Loan Margins

The risk of interest rates is of particular concern to a capital-intensive industry such as the electricity infrastructure business. This is particularly acute during periods when many central banks are exercising fiscal and monetary policy tools to curb high levels of inflation.

Northland typically utilizes fixed-rate debt or hedges 100% of interest rate exposure on its non-recourse project financings, with hedges entered into shortly before or upon those projects reaching financial close. Northland does not typically hedge interest rates on shorter-term borrowings under its revolving credit facility. A significant rise in interest rates may materially increase the cost of Northland's development projects. This may potentially prevent certain opportunities from proceeding because the economics may no longer be feasible at higher rates, possibly resulting in asset impairment.

Most of Northland's projects have financing arrangements with terms that are matched to the underlying project revenue stream, which removes refinancing risk. Northland is exposed to refinancing risk on certain facility-level loans and its corporate credit facilities, which are expected to be extended on an annual basis. The ability to refinance, renew or extend debt instruments is dependent on the capital markets at the time of maturity, and the condition and prior performance of the asset, which may affect the availability, pricing or terms and conditions of replacement financing.

Although interest exposure can be effectively hedged, there is no ability to mitigate the loan margin beyond an initial loan term. The loan margin could increase materially at loan maturity, thus reducing a project's cash flow.

Liquidity

Liquidity risk arises through an excess of financial obligations over available financial assets at any point in time. Impairments in Northland's asset values or cash flows could result in Northland not having sufficient funds to settle a transaction on a due date; Northland could be forced to sell financial assets at a value that is less than what they are worth; or Northland could be unable to settle or recover a financial asset at all. Liquidity limitations may also prevent Northland from pursuing favourable development projects.

Northland is also subject to internal liquidity risk since it conducts its business activities through separate legal entities (subsidiaries, joint ventures and other affiliates) and is dependent on receipts of cash from those entities to defray its corporate expenses (including corporate debt interest and principal payments) and to make dividend payments to Shareholders.

Credit Rating

Northland is currently rated BBB with a stable outlook by S&P and Fitch rating agencies. Certain projects with non-recourse project bonds have credit ratings by Dominion Bond Rating Service. There is a risk that Northland's credit ratings may be adversely affected by changes in ratings criteria or methodology, by adverse financial or operational performance, or by other factors. Any downgrade of or other adverse rating action affecting Northland could adversely affect the trading price of Northland securities or the trading markets for Northland securities, or Northland's ability to obtain or maintain secured and/or unsecured credit with various parties.

Currency Fluctuations

Northland receives payments in Euros in respect of its three offshore wind facilities and Spanish portfolio, and in Colombian Pesos from EBSA. Northland also has payment obligations in U.S. dollars, primarily related to the service agreements for gas turbines. Certain development expenses may also be denominated in U.S. dollars or other currencies, including the Euro, Pound Sterling, New Taiwan dollar, Colombian peso, Mexican peso, Korean won, Japanese yen, and Polish Zloty. Northland

also continues to explore new geographies which introduce additional currency exposures. Exchange rate fluctuations between these foreign currencies and the Canadian dollar may affect Northland's financial results and cash flow.

Northland's development, construction and operating activities may utilize equipment and/or commodities purchased from foreign suppliers. Northland's risk management approach is to hedge such foreign exchange risks and commodities where economically feasible. However, fluctuations in exchange rates relative to the Canadian dollar could have a material impact on the cost of this equipment and thus have a negative impact on the feasibility of one or more of the projects. In addition, projects Northland is developing may require expenditures, advances, equity investments or provide project distributions that are denominated in foreign currencies. Fluctuations in foreign exchange rates relative to the Canadian dollar could have a material impact on the amount of equity investment required or the Canadian dollar equivalent of project distributions which may have a negative impact on the feasibility of one or more development projects.

Commodity Price Fluctuations

Northland has commodity price exposure at its development projects which have construction costs that are dependent on the price of certain raw materials as an input, notably steel and base metals. A portion of project construction costs relate to price of steel and other base metals whose prices can be volatile. The market price for steel and other base metals can be affected by numerous factors beyond our control, including levels of supply and demand for a broad range of industrial products, imposition or increase in tariffs, substitution of new or different products, expectations with respect to the rate of inflation, the relative strength of the foreign currencies, interest rates, speculative activities, global or regional political or economic crises and sales of steel by holders in response to such factors. Increases in the price of steel and other base metals could have a material impact on the cost, value and return of a project. In addition, increased commodity price fluctuations could impact the amount of equity required which may have a negative impact on the feasibility of one or more development projects. If commodity prices should decline below the cash costs of production for our main suppliers and remain at such levels for any sustained period, the producer could determine that it is not economically feasible to continue commercial production and as a result, curtail or suspend operations.

Variability of Cash Flow and Potential Impact on Dividends

The actual amount of cash flow to service dividends to Shareholders will depend on numerous factors, including the financial performance of Northland's subsidiary operations, ability to meet debt covenants and obligations, working capital requirements, future capital requirements, participation in the DRIP and tax related matters.

The payment and the amount of dividends declared, if any, are at the discretion of the Board and will depend on the Board's assessment of Northland's outlook for growth, capital expenditure requirements, funds from operations, potential opportunities, debt position and other conditions that the Board may consider relevant at such future time, including applicable restrictions that may be imposed under Northland's credit facilities and on the ability of Northland to pay dividends. The amount of future cash dividends, if any, could also vary depending on adverse impacts from a variety of factors, including fluctuations in energy prices, capital expenditure requirements, debt service requirements, operating costs and foreign exchange rates. The market value of the Common Shares may decline if Northland's cash dividends decline in the future and that market value decline may be material.

Inflation

General inflationary pressures may affect labour and other operating costs, as some of Northland's existing PPAs are fixed price contracts and have no mechanism to offset any potential impacts from higher costs due to inflation. These inflationary pressures could have a material adverse effect on Northland's financial condition, results of operations and the capital expenditures required to advance Northland's business plans. There can be no assurance that any governmental action taken to control inflationary or deflationary cycles will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on Northland's business, results of operations, cash flow, and financial condition.

Taxes

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 is also subject to various uncertainties concerning the interpretation and application of domestic and international tax laws that could affect its profitability and cash flows.

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

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

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

Related to Regulations and Compliance

Environmental, Health and Safety

Northland's facilities are subject to numerous and significant laws, including statutes, regulations, bylaws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual materials, such as chemicals; the prevention of releases of hazardous or other unsuitable materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on- and off-site; land use and zoning matters; workers' and public health and safety matters; and matters relating to the protection of migratory birds and endangered species. The operation of the facilities carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the facilities being involved from time to time in administrative and judicial proceedings relating to such matters, which could have a materially adverse effect on Northland's business, financial condition and results of operations.

All of Northland's combustion generating equipment is designed to produce air contaminant emissions below applicable permit limits. As the greenhouse effect's impact on climate change has raised environmental concern, certain jurisdictions have implemented legislation or regulations to regulate GHG emissions. Ontario's emissions performance standards place a limit on emissions by industrial facilities. Saskatchewan also has restrictions on GHG emissions, but the electricity sector is excluded from its main program. In the absence of a provincial GHG program, the Canadian government imposes a federal GHG program. Regardless of which provincial or federal GHG program is applicable, the financial exposure at most of Northland's efficient natural gas facilities is minimal either because it has been reduced by restructuring the PPAs to allow a pass through of compliance costs as part of the daily electricity price bid for facilities or because the existing PPAs allowed for recovery of compliance costs from the counterparty.

All of Northland's facilities (both under construction or in operations) are required to maintain permits issued by governments and agencies that govern overall facility construction or operations and place limits on the discharge or use of air, noise, water and emissions, and other permitted parameters. If Northland is unable to renew existing permits or enter into new permits, then there may be adverse effects, such as loss of revenue and/or capital expenditures to enable long-term operations, potentially under different operating profiles.

Although management believes the operation of each of the facilities is currently in compliance with applicable environmental laws, licenses, permits and other authorizations required for the operation of the facilities and although there are environmental monitoring and reporting systems in place with respect to all facilities, more stringent laws or regulations may be imposed, there may be more stringent enforcement of applicable laws or that such systems may fail, which may result in material expenditures or fines. Failure by the facilities to comply with any environmental, health or

safety requirements or increases in the cost of such compliance, which could be a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could possibly result in additional expenses, capital expenditures, restrictions and delays in the facilities' activities, the extent of which cannot be predicted.

Reliability and Market Compliance

Northland continuously works to maintain its compliance with regulators such as the North American Electric Reliability Corporation ("**NERC**") and regional market operators (e.g. the IESO). Compliance with regulatory standards and regional market rules may cause modest increases in facility operating costs to maintain compliance. Instances of significant non-compliance could result in a financial penalty, and, in worst case scenarios, removal from the power system until the violation has been remedied.

As of December 31, 2022, Northland remains in good standing with market regulators regarding its compliance with the various market rules and regulations.

Government Policy, Legislation and Regulations

Northland and its development and construction projects, and operating facilities are subject to policies, laws and regulations, established by various levels of government and government agencies in the various jurisdictions in which we operate. These are subject to change by the governments or the courts and are administered by agencies and regulators that may have discretion in their interpretation. Future legislative and regulatory changes or interpretations may have a material effect on Northland, its development prospects, and construction projects as well as its operating facilities.

With the growing scrutiny of environmental impacts of business activities, Northland faces the risk of increased costs for regulatory compliance maintenance of air and water quality standards, limiting GHG emissions and costs of compliance during the construction phase.

Northland continually monitors the political and policy landscape in all of our active markets and acts to manage and mitigate any related financial and business risks associated with government court or agency actions in local jurisdictions.

Utility Rate Regulation

As a rate-regulated utility, EBSA's revenues are based on rate application decisions made by the local regulator, CREG. EBSA is subject to the risk that CREG will not approve rate-regulated tariffs requested by EBSA in future applications. Withheld or unfavourable rate application decisions may limit EBSA's ability to reinvest capital through approved investment projects that grow rate base or prevent recovery of all costs incurred in operations, negatively affecting future cash flow.

CREG approves and periodically changes the rate-setting models and methodology for the utility businesses. Changes to the application type, filing requirements, tariff-setting methodology, or revenue requirement determination may have a negative effect on EBSA's revenue and net income.

Cybersecurity, Data Protection and Reliance on Information Technology

Northland's business activities rely to a high degree on information technology and operational technology systems for business operations, remote monitoring and controlling of assets, communicating with regulatory agencies, energy markets and customers, financial management and human resource systems, amongst others.

A system failure, loss of data, cybersecurity incident or breach could result in disruption of business activities, operational delays and downtimes, information losses, significant remediation costs, increased cybersecurity costs, lost revenues, diminished competitive advantage, penalties for non-compliance with privacy and critical infrastructure protection laws, effectiveness of controls over financial reporting, litigation and reputational harm affecting customer, employee and investor confidence, which could materially adversely affect Northland's business, financial condition, and operating results. Losses may be incurred related to these factors beyond the limits or coverage of current insurance and existing provisions for such losses may not be sufficient to cover the ultimate loss or expenditure.

Northland must comply to the data privacy laws in each of the jurisdictions it operates in, such as Canadian privacy laws including the Personal Information Protection and Electronic Documents Act ("**PIPEDA**") and Freedom of Information and Protection of Privacy Act ("**FIPPA**"), General Data Protection Regulation ("**GDPR**") in the European Union as well as many other such data privacy legislations around the world. These data privacy laws have expanded in recent years, leading to increased obligations, and fines for breaches of privacy laws have increased. Northland may incur additional costs to maintain compliance or significant financial penalties in the event of a breach.

Northland's Audit Committee is responsible for the oversight of the Company's cybersecurity and data protection protocols and implementation as related to the business and operational systems. Under the Audit Committee's supervision,

management maintains a disaster recovery plan, technical and process controls, enforcement and comprehensive monitoring of systems and networks designed to prevent, detect and respond to unauthorized activity in the Company's systems. Protocols are also in place for regular awareness training for all employees on security and data privacy, while access to personal data is controlled through physical and logical security mechanisms. The efficacy of these controls is continually assessed and improved, when necessary.

Northland's customers, counterparties, business partners, employees and suppliers also face risks of unauthorized access to their information systems that may contain information related to the Company. Northland has not experienced a cybersecurity attack of a material nature to date. However, considering the growing sophistication of attacks, the complexity and evolving nature of the threats, current geopolitical threats, as well as the unpredictability of timing, nature and scope of disruptions from such threats, measures taken by Northland may be insufficient to counter any such unauthorized access to information systems, or that measures are sufficient to avoid, or mitigate the impact of, a system failure.

Related to Organization and Structure

Relationship with Stakeholders

The Company is sometimes required through the permitting and approval process to notify, consult and/or accommodate and obtain consent from various community groups, including landowners, fishing communities, Indigenous communities and/or governments and municipalities. Any unforeseen delays or issues in this process may negatively impact Northland's ability to complete any given project on time or at all.

Employee Retention and Labour Relations

Northland's senior management and other key employees play a significant role in its success. The loss of the services of any of these persons for any reason could negatively impact Northland's business and operations. Further, the loss of any key employees could be negatively perceived in the capital markets. Recruiting and retaining qualified personnel is critical to Northland's success. Management may not be able to retain these personnel on acceptable terms given the competition among companies for similar personnel.

In the event of a labour disruption such as a strike or lockout, the ability of Northland's facilities to generate income may be impaired. Employees at Kirkland Lake are unionized. A large portion of EBSA employees are also unionized but do not have the right to strike. In the event of a strike or lock-out, the ability of the affected facilities to operate may be limited and their ability to generate cash available for distribution may be impaired, negatively affecting Northland's results. Employees at Northland's other facilities are not unionized.

Reputation

Northland's reputation is important to its continued success. There is a risk that events could occur, or be alleged to have occurred, that could affect how the general public, governments, counterparties, employees or other stakeholders of Northland perceive the Company. Negative impacts from a weakened or compromised reputation could result in loss of revenue, loss of future opportunity or loss of key employees, any of which could adversely affect Northland.

The actions of employees, when not sanctioned or expressly contrary to Northland policies, could harm Northland's reputation, and result in potential liability for Northland.

Co-ownership

Northland relies on other investors in its non-wholly owned subsidiaries, including Gemini, Nordsee One, Kirkland Lake, Grand Bend, McLean's and Cochrane, to fulfill their commitments and obligations in respect of the project/facility. There is a risk that one or more other investors will be unable or unwilling to fulfill its obligations in respect of the project/facility. In such a case, the facility's operations may be adversely affected and therefore Northland's cash flows from the project could be negatively affected.

Certain joint venture and other equity partners with which Northland has arrangements may have, or may develop, interests or objectives which are different from or even in conflict with those of Northland. Any such differences could lead to development, construction or operations issues that could negatively impact the success of Northland's projects and its reputation.

Bribery and Corruption

Northland's activities are subject to risks associated with potentially unauthorized payments to government officials (domestic or foreign) in order to obtain an expedited or a favourable outcome to a permit, approval, action or similar requirement of a government official. All such unauthorized payments to government officials (domestic or foreign) would be in contravention of Northland's anti-corruption/anti-bribery policy ("**ABAC Policy**"). The ABAC Policy includes ongoing employee and contractor education and training, due diligence on third-party service providers and business partners, and anti-corruption and anti-bribery contract provisions with third-parties as a condition of doing business with Northland.

Legal Contingencies

Northland and its subsidiaries may be named as a defendant in various claims and legal actions. Refer to "Legal Proceedings and Regulatory Actions" for further information.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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.

BOARD OF DIRECTORS AND OFFICERS OF THE COMPANY

The following table presents the members of the Board of Directors, their principal occupations during the five preceding years and the year they first became Directors. Each Director is appointed to serve until the next annual meeting of Common Shareholders or until his or her successor is elected or appointed.

Name and residence	Positions held at Northland	Director since	Principal occupation(s) during the past five years
John W. Brace Ontario, Canada	Chair and Director	2018	Corporate Director; <i>prior to August 2018</i> , Chief Executive Officer of Northland
Russell Goodman ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾ Québec, Canada	Lead Independent Director	2014	Corporate Director; <i>formerly</i> Partner at PricewaterhouseCoopers LLP
Linda L. Bertoldi ⁽¹⁾ Ontario, Canada	Director	2010	Corporate Director; <i>formerly</i> Partner, Borden Ladner Gervais LLP
Lisa Colnett ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁷⁾ Ontario, Canada	Director	2020	Corporate Director; <i>formerly</i> Senior Vice President, Human Resources and Corporate Services, Kinross Gold Corporation
Kevin Glass ⁽¹⁾⁽²⁾⁽⁴⁾ Ontario, Canada	Director	2021	Corporate Director; <i>formerly</i> Senior Executive Vice President and CFO, CIBC
Keith Halbert ⁽¹⁾⁽²⁾⁽⁴⁾ Ontario, Canada	Director	2019	Corporate Director; <i>formerly</i> Chief Financial Officer of Clearstream Energy Services
Helen Mallovy Hicks ⁽¹⁾⁽²⁾⁽³⁾ Ontario, Canada	Director	2021	Corporate Director; <i>formerly</i> Partner and Global Valuation Leader of PricewaterhouseCoopers LLP
Ian Pearce ⁽¹⁾⁽²⁾⁽³⁾⁽⁶⁾ Ontario, Canada	Director	2020	Corporate Director; <i>formerly</i> Chief Executive Officer, Xstrata Nickel
Eckhardt Ruemmler ⁽¹⁾⁽⁸⁾ Germany	Director	2022	Corporate Director; <i>formerly</i> Chief Operating Officer and Chief Sustainability Officer of Uniper

(1) Independent Director.

(2) Member of the Audit Committee.

(3) Member of Governance and Nominating Committee.

(4) Member of the Human Resources and Compensation Committee.

(5) Chair of Audit Committee.

(6) Chair of the Governance and Nominating Committee

(7) Chair of Human Resources and Compensation Committee.

(8) Mr. Ruemmler joined the Board effective January 31, 2022.

The following table presents Northland's executive officers, their positions held with the Company and their principal occupations during the past five years.

Name and residence	Position held	Principal occupation(s) during the past five years
Mike Crawley Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer of Northland; <i>prior to August 2018</i> , Executive Vice President, Development of Northland
Pauline Alimchandani Ontario, Canada	Chief Financial Officer	Chief Financial Officer of Northland; <i>prior to April 2020</i> , Executive Vice President and Chief Financial Officer of Dream Unlimited Corp.
Rachel Stephenson Ontario, Canada	Chief People Officer	Chief People Officer; <i>prior to January 2021</i> , Global HR Leader of Signify (formerly Phillips Lighting)
Wendy Franks Ontario, Canada	Executive Vice President, Strategy and Investment Management	Executive Vice President, Strategy and Investment Management of Northland, <i>prior to June 2020</i> , Senior Principal, Relationship Investments in Active Equities at Canada Pension Plan Investment Board
David Povall Ontario, Canada	Executive Vice President, Development	Executive Vice President, Development of Northland; <i>prior to October 2019</i> , Chief Executive Officer of Acacia Renewables; <i>prior to January 2017</i> , Chief Executive Officer of RES Asia-Pacific
Calvin MacCormack Ontario, Canada	Executive Vice President, Natural Gas & Utility	Vice President, Operations at Northland.
Michelle Chislett Ontario, Canada	Executive Vice President, Onshore Renewables	Managing Director, Canada & US Development at Northland; <i>prior to October 2018</i> , Country Manager at Northland.
Yonni Fushman Ontario, Canada	Chief Legal Officer and Executive Vice President Sustainability	Chief Legal Officer, Aecon Group Inc.

Share Ownership

As of February 1, 2023, 910,848 Common Shares, representing 0.4% (February 1, 2022 - 0.4%) of the total outstanding Common Shares, were beneficially owned, directly or indirectly, or controlled by the Directors and executive officers of the Company.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Northland and other than as described below, none of the directors or executive officers of Northland: (a) is, as at the date of this AIF, or has been, within the 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that: (i) was subject to a cease trade order (or similar order) issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order (or similar order) issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

To the knowledge of the Company, none of the Directors or executive officers of Northland, nor any Shareholder holding a sufficient number of securities of Northland to affect materially the control of Northland: (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed in this AIF, none of the Directors or executive officers of Northland, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Northland's outstanding voting securities, or any associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Northland.

AUDIT COMMITTEE

The Board has established an Audit Committee composed of Messrs. Goodman, Halbert, Pearce, Glass and Ms. Malloy Hicks, all of whom are independent, as defined in the National Instrument 52-110 *Audit Committees* (the "**Audit Committee Rule**"). The Audit Committee meets with representatives of management to discuss internal controls, financial reporting issues, risk management, and auditing matters related to Northland. The Board has adopted an Audit Committee Charter which sets out terms of reference for the Audit Committee consistent with the requirements of National Instrument 52-110. The Audit Committee Charter is attached as Schedule "A" to this Annual Information Form.

All of the members of the Audit Committee are financially literate and the Board has determined that all members of the Audit Committee are independent. The relevant experience of each of the Audit Committee members is as follows:

Russell Goodman ("Chair") - Mr. Goodman is Lead Independent Director and Chair of the Audit Committee of Northland Power. He is also a director and chair of the Audit Committee of Metro, and former chair of the Audit and Finance Committees of Gildan Activewear and Whistler Blackcomb Holdings. Mr. Goodman spent his business career at PricewaterhouseCoopers LLP where he was Managing Partner of various business units in Canada and for the Americas and held global leadership roles in the services and transportation industry sectors. Mr. Goodman is a Fellow Chartered Professional Accountant.

Keith Halbert - Mr. Halbert is a former CFO of ClearStream Energy Services Inc. (formerly Tuckamore Capital Management Inc.) and has an extensive background in the environmental, oil and gas, technology, and financial services sectors. Mr. Halbert is a Chartered Professional Accountant and a member of the Institute of Corporate Directors.

Kevin Glass - Mr. Glass held the position of Senior Executive Vice President and CFO at CIBC from 2011 to 2019, prior to which, Mr. Glass was CFO for Revera Inc., Atlas Cold Storage Income Trust, Vitran Corporation Inc. and others. Currently, Mr. Glass is a Director of Spin Master Corp. (TSX: TOY) and is on the Advisory Board of the Rotman Global Advancement Board. Mr. Glass is a Fellow Chartered Professional Accountant, holds an MBA from the University of Toronto and a Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand in South Africa.

Helen Malloy Hicks - Previously, as a partner with PricewaterhouseCoopers LLP, Ms. Malloy Hicks was the Global Valuation Leader. Currently, Ms. Malloy Hicks is a director, Audit Committee and Risk Committee member of the Sun Life Financial Inc., a director and Audit & Risk Committee member of the Princess Margaret Cancer Foundation, a Director and Vice-Chair and Chair of the Finance Audit & Risk Committee at the Canadian Partnership Against Cancer. Ms. Malloy Hicks is a Fellow Chartered Business Valuator and Fellow Chartered Professional Accountant and holds a Bachelor of Commerce from the University of Toronto.

Ian Pearce - Mr. Pearce held progressively senior engineering and project management roles with Fluor Inc., including managing numerous significant development projects in the extractive sector. He also held executive roles at Falconbridge Limited, including Chief Operating Officer and subsequently served as CEO of Xstrata Nickel, a subsidiary of Xstrata plc. Mr. Pearce holds a Higher National Diploma in Engineering (Mineral Processing) and a Bachelor of Science degree from the University of the Witwatersrand in South Africa.

The Audit Committee is required to approve all audit services and pre-approve all non-audit services provided to Northland by its external auditor. Fees paid by Northland to its external auditors, Ernst & Young LLP are disclosed below. The Audit Committee discusses fee changes with the external auditor. Audit fees increased in 2022 compared to 2021 due to additional corporate activity, acquisitions and audit services related to prospectus filings.

The Audit Committee is involved in assessing the qualifications of the external auditor and their work quality as well as selecting the lead audit partner. To assess the quality of the external audit and auditor, the Audit Committee carries out a detailed annual assessment, which includes evaluations and audit quality measures relating to:

- independence;
- team member competencies and experience;
- objectivity;
- industry knowledge;
- professional skepticism;
- direct oversight of audit services carried out by non-Canadian affiliates of the auditor;
- extent of challenge of management estimates and assumptions;
- content, timeliness and practicality of communications with both management and the Audit Committee;
- adequacy of information provided on accounting issues, audit issues and applicable regulatory developments;
- timeliness, accuracy and completeness of services;
- management feedback;
- audit firm reputation;
- results of regulatory reviews;
- timely rotation of key audit team members to ensure a mix of new members and members with continuity of relevant experience; and
- lead partner performance.

The Audit Committee considers the materiality of any non-audit fees and services when assessing auditor independence.

During the year ended December 31, 2022, in addition to the matters set out in the Audit Committee charter in Appendix “A”, the Audit Committee focused on the following topics:

Financial reporting of Northland’s various business segments;

- Internal controls over financial forecasting models;
- Oversight of the accounting, financial disclosure and forward-looking disclosures relating development projects and acquisitions;
- Non-IFRS measures;
- Cyber security and privacy;
- Capital adequacy; and
- Enterprise risk management.

A copy of the Audit Committee Charter is included as Schedule “A” and is filed on SEDAR under Northland’s profile.

AUDITORS

Ernst & Young LLP, Chartered Professional Accountants, EY Tower, 100 Adelaide Street West, PO Box 1, Toronto, Ontario are the auditors of Northland. Ernst & Young LLP is independent within the meaning of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Audit and Other Fees

For the years ended December 31, 2022 and 2021, Ernst & Young LLP were paid by Northland and its subsidiaries, approximately \$4.9 million and \$3.3 million, respectively, as detailed below, for services to the Company and its wholly owned subsidiaries.

For year ended December 31,	2022	2021
<i>in thousands</i>		
Assurance and related services fees	\$ 4,855	\$ 3,325
All other fees ⁽¹⁾	34	21
Total	\$ 4,889	\$ 3,346

(1) Includes fees for translation services.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares, Series 1 Preferred Shares, Series 2 Preferred Shares and Series 3 Preferred Shares of Northland is Computershare, Trust Company of Canada, 100 University Avenue, Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to Northland may be found on SEDAR under Northland's profile. Information on directors' and officers' remuneration and indebtedness and principal holders of Common Shares is contained in Northland's Management Information Circular filed in connection with the Annual Meeting of Common Shareholders currently scheduled for May 18, 2023.

Additional financial information is provided in the 2022 Annual Report, including the MD&A therein.

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

“**Adjusted EBITDA**” means earnings before interest, taxes, depreciation and amortization, as adjusted.

“**Adjusted Free Cash Flow**” means Free Cash Flow excluding growth-related expenditures.

“**Annual Information Form**” or “**AIF**” means Northland’s annual information form for the year ended December 31, 2022.

“**Annual Report**” means Northland’s annual report for the year ended December 31, 2022.

“**Board of Directors**” or “**Board**” means the board of directors of Northland.

“**Common Shareholders**” means the holders of the Common Shares.

“**Common Shares**” means the common shares in the capital of Northland.

“**Deutsche Bucht**” means the 252 MW offshore wind facility located approximately 100 km west of the city of Emden in German territorial waters.

“**DRIP**” means the Company’s dividend reinvestment plan.

“**financial close**” means full equity commitment by Northland and debt commitment by the project debt lenders.

“**FIT**” means Feed-in Tariff.

“**Free Cash Flow**” means the cash generated from the business that management believes is representative of cash available to pay dividends, while preserving the long-term value of the business.

“**Gemini Offshore Wind Facility**” or “**Gemini**” means the 600 MW offshore wind facility located 85 km off the North East coast of the Netherlands.

“**GHG**” means greenhouse gas.

“**IESO**” means the Independent Electricity System Operator for Ontario.

“**La Lucha**” means the 130 MW solar project located in the State of Durango, Mexico.

“**LTSA**” means a long-term service agreement for the ongoing maintenance and service on wind turbines and related equipment typically with the original equipment manufacturer primarily at onshore wind facilities.

“**MW**” means 1,000 kilowatts of electrical energy.

“**MWh**” means 1,000 kilowatt hours of electrical energy.

“**Nordsee One**” means the 332 MW (282 MW net interest to Northland) offshore wind facility located in the North Sea, 40 km north of Juist Island in German territorial waters.

“**North Battleford**” means the 260 MW electricity generating facility located near North Battleford, Saskatchewan and owned by North Battleford LP.

“**Preferred Shares**” means collectively Series 1 Preferred Shares, Series 2 Preferred Shares and Series 3 Preferred Shares.

“**SaskPower**” means Saskatchewan Power Corporation.

“**SDE**” means *Stimulerende Duurzame Energieproductie* in Dutch, which subsidizes the difference between the production costs of ‘green’ energy and ‘grey’ energy for 5, 12 or 15 years depending on the technology, in the form of a subsidy per kilowatt-hour of energy produced.

“**Series 1 Preferred Shares**” means the cumulative rate reset preferred shares, series 1 in the capital of Northland.

“**Series 2 Preferred Shares**” means the cumulative floating rate preferred shares, series 2 in the capital of Northland.

“**Series 3 Preferred Shares**” means the cumulative rate reset preferred shares, series 3 in the capital of Northland.

“**Shareholders**” means Common Shareholders and holders of Preferred Shares.

“**Solar**” includes nine ground-mounted solar facilities in Eastern and Central Ontario, which are fully-owned by the Company.

“Thorold” means the 265 MW cogeneration facility owned by Thorold LP located in Thorold, Ontario, 120 kilometres southwest of Toronto near the US border.

“TSX” means the Toronto Stock Exchange.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

SCHEDULE “A”

Audit Committee Charter of Northland Power Inc.

Purpose of the Audit Committee

The Audit Committee (the “**Audit Committee**”) is appointed by the Board of Directors (the “**Board**”) to assist the Board in fulfilling its oversight responsibilities for Northland Power Inc. (the “**Corporation**”) with respect to the accounting and financial reporting requirements, the systems of internal controls, management information systems, financial risks and risk management, the external audit, and monitoring compliance with laws and regulations applicable to the Corporation, any other corporations, trusts, partnerships or other entities which may be owned or controlled by the Corporation (the “**Entities**”), and any other duties as set out in this Charter or delegated to the Audit Committee by the Board.

The Audit Committee shall also report the results of its activities to the Board, as well as report its recommendations to the Board with respect to the financial statements and other certifications and filings of the Corporation, the appointment of auditors and the compensation of the auditors.

Meetings and Procedures

The Audit Committee shall meet at least four times a year or more frequently if necessary and shall observe and adhere to the composition framework and meeting procedures for Committees set out in the Mandate of the Board of Directors.

The Audit Committee will hold in camera sessions without management present, including with internal and external auditors, as may be deemed appropriate by the Audit Committee.

Audit Committee Responsibilities

- Review of Financial Statements and Other Filings

The Audit Committee shall review the Corporation’s financial statements, management’s discussion and analysis, annual, interim earnings press releases and other press releases disclosing financial information, prospectuses, and disclosures of forward-looking financial information, and shall determine whether to recommend approval thereof to the Board before such documents are publicly disclosed by the Corporation.

The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, financial forecasts, and must assess the adequacy of such procedures on an annual basis.

- *Annual Review of Audit Committee Charter*

The Audit Committee shall maintain this Committee Charter which sets out the Audit Committee’s mandate and responsibilities, and review at least annually this Charter to ensure that it conforms to the requirements of National Instrument 52-110 (the “**Audit Committee Rule**”) and the requirements of any other relevant securities regulations.

- *The External Auditor*

Management is responsible for the preparation of the financial statements of the Corporation and, as applicable, the Entities. The external auditor is responsible for auditing those financial statements.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report, or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting any restrictions on the scope of the external auditor’s activities or on access to requested information. The Audit Committee must recommend to the Board:

- the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation and the Entities; and
- the compensation of the external auditor.

The Audit Committee shall require the external auditor to report directly to the Audit Committee and shall monitor the independence and performance of the external auditor of the Corporation through annual assessments. Based upon the annual assessments, the Audit Committee shall recommend the re-appointment or replacement of the auditors to the Board. The Audit Committee must review and approve the hiring policies, as applicable, of the Corporation and the Entities

regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

▪ *Pre-Approval of All Audit and Non-Audit Services*

The Audit Committee shall approve all audit and pre-approve all non-audit services to be provided to the Corporation and, as applicable, the Entities by the Corporation's external auditor. The Audit Committee satisfies the pre-approval requirement if it adopts specific policies and procedures for the engagement of the non-audit services, provided that: (a) the pre-approval policies and procedures are detailed as to the particular service; (b) the Audit Committee is informed of each non-audit service; and (c) the procedures do not include delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate to one or more of its members the authority to pre-approve all non-audit services, provided that such pre-approval must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee satisfies the pre-approval requirement if: (i) the aggregate amount of non-audit services that were not pre-approved is reasonably expected to be no more than 5 per cent of total fees paid to the external auditor during the fiscal year in which the services are provided; (ii) the services were not recognized as non-audit services by the Corporation at the time of the engagement; and (iii) the services are immediately brought to the attention of the Audit Committee and approved, prior to the completion of the audit.

▪ *Internal controls and integrity of financial statements and processes*

The Audit Committee shall oversee the Corporation's systems of internal controls, including IT systems and information security risk management, and shall monitor the integrity of the financial statements, including any confidential or other disclosures of potential fraud. The Audit Committee is responsible for:

- Reviewing the adequacy and effectiveness of the accounting and internal control policies and procedures, including internal controls over financial reporting, and the extent to which the scope of the internal and external audit plans can be relied upon to detect material weaknesses in internal controls and material fraud or other illegal acts.
- Review the effectiveness of procedures for the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters, and review any complaints raised by employees or others regarding accounting, internal controls, financial reporting, auditing matters or otherwise relating to matters within the Audit Committee's mandate.
- Review management's periodic reports on the adequacy and effectiveness of the disclosure control policies and procedures of the Corporation.

▪ *Review of Financial Matters*

The Audit Committee will review management's plans and strategies around treasury risk management, corporate finance and financial capital allocation, including reviewing financing transactions at the corporate and project development level, such as offerings of debt and equity securities and obtaining, amending or extending credit facilities, and recommending the same to the Board.

▪ *Compliance with Laws Regulations and Code of Business Conduct and Ethics*

The Audit Committee shall review management's reports with respect to compliance with taxation laws and regulations, other laws and regulations, and the Corporation's Anti-Bribery and Anti-Corruption Policy and Code of Business Conduct and Ethics.

▪ *Complaints and "Whistle Blowers"*

The Audit Committee shall establish procedures for:

- the receipt, retention and treatment of complaints received by the Corporation and the Entities regarding accounting, internal accounting controls, or auditing matters; and
- the confidential, anonymous submission by employees of the Corporation or of the Entities of concerns regarding questionable financial reporting, accounting or auditing matters.

▪ *Financial Risk Management and Insurance*

The Audit Committee shall review and report to the Board at least annually significant financial risks, financial and market risk management strategies, and financial and market risk management policies for the Corporation and the Entities in the following areas and such other areas as the Audit Committee may deem appropriate from time to time:

- financial and market risk management exposures, strategies, policies and board reporting, including foreign currency, interest rate, liquidity and commodity hedging risks; and
- insurance coverage.

Composition of the Audit Committee

(i) *Number of Members*

As stated in the Mandate of the Board of Directors, the Audit Committee shall be composed of at least three directors of the Corporation, appointed by the Board from time to time.

(ii) *Financial Literacy*

Every member of the Audit Committee must be financially literate. At least one member must have experience as a certified public accountant, chief financial officer, corporate controller, or demonstrably meaningful experience overseeing such financial functions as a senior executive officer. A Committee member who is not financially literate may be appointed to the Audit Committee, provided that such a member becomes financially literate within a reasonable period of time following his or her appointment.

“Financially literate” means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

(iii) *Independence*

Each member of the Audit Committee must be a director who is independent for the purpose of the Audit Committee Rule, that is a director who has no direct or indirect material relationship with the Corporation or the Entities, as applicable, other than interests and relationships arising from the holding of shares of the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. Appendix I to this Charter describes in greater detail the requirements under the Audit Committee Rule and other applicable securities laws in effect as at the date of this Charter concerning the circumstances in which an individual is considered to have a material relationship with an issuer.

(iv) *Position Description - Audit Committee Chair*

The fundamental responsibility of the Chair of the Audit Committee is to effectively manage the duties of the Audit Committee with respect to the Corporation:

Key Responsibilities of the Chair

- 1 ensures that the Audit Committee is properly organized, functions effectively and meets its obligations and responsibilities
- 2 establishes the frequency of Committee meetings and reviews such frequency from time to time, as considered appropriate, or as requested by the Board or the Audit Committee
- 3 presides at Committee meetings
- 4 establishes the agenda and related matters for Committee meetings
- 5 liaises and communicates with the Chair of the Board as necessary to co-ordinate input from the Audit Committee for Board meetings
- 6 liaises and communicates with the Corporation’s external auditors, internal auditors and internal control service providers as necessary
- 7 on behalf of the Audit Committee, reports to the Board on Committee meetings
- 8 serves as a person to whom confidential disclosures, including possible fraud, may be made under the Corporation’s Financial Integrity Policy

Authority and Resources of the Committee

The Audit Committee has the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties. For greater certainty the Audit Committee has the authority to retain, at the Corporation's expense, special legal, accounting or such other advisors, consultants or experts it deems necessary in the performance of its duties;
- (b) set and pay the compensation for any advisors employed by the Audit Committee. The Corporation or the Entities shall at all times make adequate provisions for the payment of all fees and other compensation, approved by the Audit Committee, to the external auditor in connection with the issuance of its audit report, or to any consultants or experts employed by the Audit Committee;
- (c) communicate directly with the internal and external auditors and external internal control service providers; and
- (d) conduct any investigation which it considers appropriate, and to communicate directly with and have direct access to the internal and external auditor as well as officers and employees of the Corporation and the Entities, as applicable.

This Charter will be reviewed on an annual basis.

Confirmed by the Board of Directors on December 8, 2022.

APPENDIX I to Schedule “A”

MEANING OF INDEPENDENCE

Part A: Meaning of Independence

1. An Audit Committee member is independent if he or she has no direct or indirect material relationship with the issuer.
2. For the purposes of subsection (1), a “**material relationship**” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
3. Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual;
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
4. For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
5. For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
6. Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

7. For the purpose of Part A, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Part A: Meaning of Independence

1. Despite any determination made under Part A, an individual who
 - a. accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - b. is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
2. For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - a. an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - b. an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
3. For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.