

Management's Discussion and Analysis of Northland Power's Financial Position and Operating Results

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SECTION 1: OVERVIEW

Introduction

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain the financial results of Northland Power Inc. ("Northland" or the "Company") and to assist the reader in understanding the nature and importance of changes and trends as well as the risks and uncertainties that may affect the operating results and financial position of the Company. This MD&A should be read in conjunction with Northland's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2024, and 2023, as well as its audited consolidated financial statements for the years ended December 31, 2023, and 2022 ("**2023 Annual Report**") and Northland's most recent Annual Information Form dated February 21, 2024 ("**2023 AIF**"). These materials are available on the Company's SEDAR+ profile at www.sedarplus.ca and on Northland's website at www.northlandpower.com.

This MD&A contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on August 14, 2024; actual results may differ materially. Certain prior period disclosures have been reclassified for consistency with the current period presentation. Northland's Audit Committee reviewed this MD&A and the associated unaudited interim condensed consolidated financial statements and notes, and its Board of Directors approved these documents prior to their release.

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

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on certain estimates and assumptions that were considered reasonable on August 14, 2024; actual results may differ materially. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, including respective per share amounts, dividend payments and dividend payout ratios, the timing for and attainment of the Hai Long and Baltic Power offshore wind and Oneida energy storage projects and other renewables growth activity, and the anticipated contributions therefrom to Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, the expected generating capacity of certain projects, guidance, anticipated dates of full commercial operations, forecasts as to overall project costs, the completion of construction, acquisitions, dispositions, whether partial or full, investments or financings and the timing thereof, the timing for and attainment of financial close and commercial operations for each project, the potential for future production from project pipelines, cost and output of development projects, the all-in interest cost for debt financing, the impact of currency and interest rate hedges, litigation claims, anticipated results from the optimization of the Thorold Co-Generation facility and the timing related thereto, future funding requirements, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland, its subsidiaries and joint ventures. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, the ability to obtain necessary approvals, satisfy any closing conditions, satisfy any project finance lender conditions to closing sell-downs or obtain adequate financing regarding contemplated construction, acquisitions, dispositions, investments or financings, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, risks associated with further regulatory and policy changes in Spain which could impair current guidance and expected returns, risks associated with merchant pool pricing and revenues, risks associated with sales contracts, the emergence of widespread health emergencies or pandemics, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for over 50% of its Adjusted EBITDA, counterparty and joint venture risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, wind and solar resource risk, unplanned maintenance risk, offshore wind concentration, natural gas and power market risks, commodity price risks, operational risks, recovery of

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

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

Non-IFRS Financial Measures

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

Adjusted EBITDA

Adjusted EBITDA represents the core operating performance of the business excluding leverage, income tax and non-core accounting items. Adjusted EBITDA is calculated as Northland's share of net income (loss) adjusted for the provision for (recovery of) income taxes; depreciation of property, plant and equipment; amortization of contracts and other intangible assets; impairment/write-off of capitalized growth projects; net finance costs; interest income from Gemini; fair value (gain) loss on derivative contracts; foreign exchange (gain) loss; (gain) loss on sale of operating or full divestiture of development facilities; exclusion of Northland's share of (profit) loss from equity accounted investees, net of sell-downs; including Northland's share of Adjusted EBITDA from equity accounted investees; including gain (loss) on dilution of controlled development assets; costs attributable to an asset or business acquisition and other adjustments as appropriate, such as management and incentive fees earned by Northland from non-wholly owned assets. For clarity, Northland's Adjusted

EBITDA reflects a reduction of its share of general and administrative costs during development and construction that do not qualify for capitalization.

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

Adjusted Free Cash Flow

Adjusted Free Cash Flow represents the cash generated from the business, before investment-related decisions (refer to *Section 4.3: Growth Expenditures*), and available to pay dividends. Adjusted Free Cash Flow is calculated as Northland's share of cash provided by operating activities adjusted for short-term changes in operating working capital; non-expansory capital expenditures; growth expenditures; interest incurred on outstanding debt (except for the interest on corporate-level debt raised to finance the capitalized growth project); scheduled principal repayments and net up financing proceeds; major maintenance and debt reserves; Northland's share of Adjusted Free Cash Flow from equity accounted investees; interest income from Northland's subordinated loan to Gemini ("**Gemini sub-debt**"); repayment of Gemini sub-debt; proceeds from government grants; preferred share dividends; gain (loss) from the sale of operating and development facilities and where net proceeds are received in respect of certain transactions entered in to generate cash flow as part of an active asset management strategy of the overall portfolio; and other adjustments as appropriate. Adjusted Free Cash Flow excludes pre-completion sales required to service debt and related operating costs for projects under construction and excludes costs attributable to an asset or business acquisition.

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

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

Free Cash Flow

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

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

For reconciliations of these non-IFRS financial measures to their nearest IFRS measure, refer to *Section 4.5: Adjusted EBITDA* for a reconciliation of consolidated net income (loss) under IFRS to reported Adjusted EBITDA and *Section 4.6: Adjusted Free Cash Flow and Free Cash Flow* for a reconciliation of cash provided by operating activities under IFRS to reported Adjusted Free Cash Flow and Free Cash Flow.

SECTION 2: NORTHLAND’S BUSINESS

As of June 30, 2024, Northland owns or has a net economic interest in 2,825 megawatts (“MW”) of power-producing facilities with a total gross operating capacity of approximately 3,233MW and a regulated utility. Northland’s facilities produce electricity from clean energy sources for sale, primarily under long-term PPAs or other revenue arrangements with creditworthy counterparties. Northland’s utility is a distributor and retailer of electricity, compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands, Spain, the United States of America, and Colombia. Northland’s significant assets under construction and development are located in Canada, Taiwan, South Korea, Poland, Scotland and the United States of America. Refer to the 2023 AIF for additional information on Northland’s key operating facilities as of December 31, 2023, and refer to *SECTION 8: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES* for additional information on Northland’s key development projects.

Northland’s MD&A and unaudited interim condensed consolidated financial statements include the results of its operating facilities, as summarized in the following table:

	Gross Production Capacity (MW) ⁽¹⁾	Net Production Capacity (MW) ^{(1) (2)}
Offshore Wind	1,192	902
Onshore Renewable		
Wind	1,057	968
Solar	262	247
Natural Gas	722	708
Utility	n/a	n/a
Total	3,233	2,825

(1) As at June 30, 2024, Northland’s economic interest changed from December 31, 2023, due to the sale transaction close of La Lucha solar facility (130MW) in June 2024, and grid connection capacity increase to approximately 260MW from 252MW at Deutsche Bucht offshore wind facility.

(2) Presented at Northland’s economic interest.

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

Project	Geographic Region	Technology	Gross Capacity (MW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Hai Long	Taiwan	Offshore wind	1,022	31% ⁽¹⁾	Under construction	30-year PPA ⁽²⁾	2026/2027
Baltic Power	Poland	Offshore wind	1,140	49%	Under construction	25-year CfD ⁽³⁾	2026
Oneida	Canada	Energy Storage	250	72%	Under construction	20-year capacity contract	2025
Total			2,412				
Identified Growth Projects							
Alberta Renewables	Canada	Solar	1,150	100%	Mid-stage		
ScotWind	Scotland	Offshore wind	2,340	76%	Early-stage		
Round 3 ⁽⁴⁾	Taiwan	Offshore wind	500	51%	Early-stage		
South Korea Renewables	South Korea	Offshore wind	3,450	100%	Early-stage		
Total			7,440				
Additional Pipeline							
Various ⁽⁵⁾		Various	1,734		Early-stage		TBD
Total Pipeline			11,586				

(1) Northland holds a 31% effective economic interest in the Hai Long offshore wind projects indirectly through a joint venture.

(2) Hai Long 2A (294MW) has a Feed-In-Tariff (“FIT”) for 20 years. Hai Long 2B (224MW) and Hai Long 3 (504MW) have a Corporate Power Purchase Agreement (“CPPA”) for 30 years.

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

(4) Gross capacity represents a portion of Round 3 development pipeline.

(5) Various include 1,734MW of other early-stage pipeline projects.

SECTION 3: CONSOLIDATED HIGHLIGHTS

3.1: Significant Events

Significant events during the first half of 2024 and through the date of this MD&A are described below. Refer to *SECTION 8: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES* of this MD&A for additional relevant information.

Balance Sheet:

La Lucha Solar Facility Sale

On June 28, 2024, Northland completed the sale of its 100% stake in the La Lucha solar facility to Cometa Energía, S.A. de C.V., wholly owned by Saavi Energía (“**Saavi**”) for approximately \$215 million in cash after taxes, transaction fees and other customary adjustments. La Lucha is a 130MW solar facility located in Durango, Mexico. The facility achieved commercial operations in June 2023.

A gain on disposal of \$20 million was recorded in Adjusted Free Cash Flow and Free Cash Flow, which primarily excludes the effect of fair value adjustment of \$44 million (recorded in the first quarter of 2024 upon classification of La Lucha as a disposal group held for sale) in accordance with Northland’s non-IFRS financial measures policy. The accounting gain from this sale transaction was recorded at \$64 million.

Renewables Growth updates:

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

Hai Long Offshore Wind Project

The Hai Long project continues to make progress with the fabrication of foundations, cables, and onshore and offshore substations. The onshore construction work has advanced well and is nearing mechanical completion. Offshore construction is advancing, with this quarter marking the completion of installation of offshore substation foundation jackets, the first offshore substation topside and continuing with pin piles installations at multiple turbine locations. Hai Long 2A and 2B pin pile installation is expected to be completed by the end of the third quarter. The pre-fabrication for the first batch of turbine components including towers, generators and nacelles is progressing well, with multiple parts en route to Taiwan. Full commercial operations are expected to commence in 2026/2027, according to schedule. Overall project cost is aligned with original expectations.

Baltic Power Offshore Wind Project

The Baltic Power project continues to make progress on fabrication of onshore and offshore substations, foundations, export cables, multiple turbine components and inter array cables. Construction of an onshore substation and the operations and management building are well underway. Major in-water offshore construction activity is expected to start in early 2025. Full commercial operations are expected to commence in the latter half of 2026, according to schedule. Overall project cost is aligned with original expectations.

Oneida Energy Storage Project

The Oneida project continues to make progress with its construction activities. All the battery packs and medium-voltage transformers have been delivered and cabling installation continues across the site. The high-voltage transformers arrived in Canada and are expected to arrive at site in the third quarter. Full commercial operations are expected to commence in 2025, according to schedule. Overall project cost is aligned with original expectations.

Other Growth Activity

Northland continues to make progress on its development activities in core markets for onshore renewables including Alberta, Ontario, and New York, and offshore wind including Scotland and South Korea. For example, Northland signed a 15-year bilateral offtake agreement for 100% of the battery energy storage capacity from the Jurassic Battery Energy Storage System (“**Jurassic BESS**”) project in Alberta with members of the Alberta Schools Commodities Purchasing Consortium. This

is the first offtake agreement of its kind in Canada for a battery storage project and is a key milestone in the advancement of Northland's Alberta portfolio.

3.2: Operating Highlights

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
FINANCIALS				
Sales	\$ 528,974	\$ 471,547	\$ 1,283,894	\$ 1,093,268
Gross profit	483,376	427,468	1,180,830	996,371
Operating income	152,025	102,625	498,194	375,167
Net income (loss)	262,356	21,662	411,653	128,799
Net income (loss) attributable to shareholders	246,090	4,341	321,693	74,235
Adjusted EBITDA (a non-IFRS measure) ⁽²⁾	268,190	232,255	722,056	583,954
Cash provided by operating activities	170,998	204,278	473,414	501,340
Adjusted Free Cash Flow (a non-IFRS measure) ⁽²⁾	68,594	62,703	294,325	242,773
Free Cash Flow (a non-IFRS measure) ⁽²⁾	51,389	41,289	268,796	195,981
Cash dividends paid	49,836	51,148	100,994	101,195
Total dividends declared ⁽¹⁾	\$ 77,061	\$ 75,749	\$ 153,760	\$ 151,065
Per Share				
Weighted average number of shares — basic and diluted (000s)	256,659	252,356	256,070	251,579
Net income (loss) attributable to common shareholders — basic and diluted	\$ 0.95	\$ 0.01	\$ 1.24	\$ 0.28
Adjusted Free Cash Flow — basic (a non-IFRS measure) ⁽²⁾	\$ 0.27	\$ 0.25	\$ 1.15	\$ 0.96
Free Cash Flow — basic (a non-IFRS measure) ⁽²⁾	\$ 0.20	\$ 0.16	\$ 1.05	\$ 0.78
Total dividends declared	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60
ENERGY VOLUMES				
Electricity production in gigawatt hours (GWh)	2,563	2,024	6,030	4,855

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

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above.

SECTION 4: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

Three months ended June 30,	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Electricity production (GWh)		Sales		Operating costs		Operating income		Adjusted EBITDA ⁽²⁾		Adjusted Free Cash Flow ^{(1) (2)(4)}	
Offshore Wind Facilities	893	781	\$ 241,035	\$ 221,096	\$ 65,081	\$ 52,681	\$ 75,907	\$ 70,052	\$ 130,927	\$ 121,033	\$ 8,916	\$ 7,745
Onshore Renewable Facilities												
North America ⁽³⁾	425	307	\$ 68,693	\$ 60,035	\$ 9,642	\$ 7,973	\$ 30,955	\$ 30,892	\$ 47,793	\$ 42,108	\$ 18,198	\$ 16,165
Spain	227	209	\$ 45,101	\$ 37,541	\$ 12,064	\$ 13,099	\$ 10,229	\$ 3,384	\$ 30,250	\$ 24,003	\$ 12,457	\$ (17,682)
	652	516	\$ 113,794	\$ 97,576	\$ 21,706	\$ 21,072	\$ 41,184	\$ 34,276	\$ 78,043	\$ 66,111	\$ 30,655	\$ (1,517)
Natural Gas Facilities												
Canada	913	727	\$ 75,800	\$ 76,008	\$ 9,403	\$ 9,173	\$ 38,415	\$ 36,996	\$ 50,058	\$ 48,835	\$ 23,148	\$ 23,976
Utilities												
Colombia	n/a	n/a	\$ 91,413	\$ 73,474	\$ 21,498	\$ 17,894	\$ 30,412	\$ 22,483	\$ 39,543	\$ 29,573	\$ 16,466	\$ 19,715
Six months ended June 30,	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Electricity production (GWh)		Sales		Operating costs		Operating income		Adjusted EBITDA ⁽²⁾		Adjusted Free Cash Flow ^{(1) (2)(4)}	
Offshore Wind Facilities	2,466	2,181	\$ 689,628	\$ 567,104	\$ 114,242	\$ 101,321	\$ 376,487	\$ 269,112	\$ 427,890	\$ 346,989	\$ 149,025	\$ 99,961
Onshore Renewable Facilities												
North America ⁽³⁾	932	633	\$ 134,426	\$ 110,766	\$ 21,079	\$ 15,527	\$ 59,513	\$ 52,853	\$ 91,147	\$ 73,773	\$ 32,843	\$ 27,753
Spain	532	503	\$ 103,687	\$ 102,161	\$ 23,319	\$ 24,917	\$ 36,374	\$ 35,387	\$ 75,394	\$ 75,287	\$ 36,784	\$ (8,510)
	1,464	1,136	\$ 238,113	\$ 212,927	\$ 44,398	\$ 40,444	\$ 95,887	\$ 88,240	\$ 166,541	\$ 149,060	\$ 69,627	\$ 19,243
Natural Gas Facilities												
Canada	1,920	1,538	\$ 164,425	\$ 170,840	\$ 18,991	\$ 18,015	\$ 81,633	\$ 83,168	\$ 104,783	\$ 105,140	\$ 49,944	\$ 57,379
Utilities												
Colombia	n/a	n/a	\$ 179,745	\$ 138,575	\$ 42,517	\$ 33,510	\$ 55,622	\$ 40,589	\$ 73,191	\$ 54,877	\$ 30,805	\$ 38,112

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

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above.

(3) Onshore Renewables Facilities – North American geographical segment excludes Mexican La Lucha solar project because Northland monitors the financial performance of La Lucha separately for its financial and operational decision-making. In June 2024, Northland completed the sale transaction of La Lucha. Please refer to Section 3.1: Significant Events for further information.

(4) During the first quarter, Northland reclassified how the effects of the foreign exchange rate hedges are recorded in Adjusted Free Cash Flow at the corporate level, rather than in the respective operating segment, primarily because these arrangements are undertaken at the corporate level and are not always asset-specific. Previously, the effect of these foreign exchange rate hedges were recorded in the operating segments' Adjusted Free Cash Flow. The total Adjusted Free Cash Flow for previously reported prior periods on a consolidated basis shall not change but instead will be re-allocated within the respective operating segment and corporate. Adjusted Free Cash Flow for the comparative period has been represented using the new approach.

4.1: Operating Results

Offshore Wind Facilities

Northland's three operating offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany, respectively. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities are subject to seasonality, and accordingly, tend to produce more electricity during the first and fourth quarters due to denser air and higher winds compared to the second and third quarters, the effect of which is reflected in the respective fiscal quarter's results. In addition, variability in offshore wind facilities results in similar fluctuations in quarter-to-quarter financial results. Factors such as exposure to market prices, and turbine or grid availability can also have a significant effect on financial results. For the six months ended June 30, 2024, Gemini, Nordsee One and Deutsche Bucht contributed approximately 24%, 16% and 16%, respectively, to Northland's reported Adjusted EBITDA from facilities.

Variability within Operating Results

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

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

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

- The SDE is subject to an annual contractual floor price (the "**SDE floor**"), thereby exposing Gemini to market price risk if the Dutch wholesale market price ("**APX**") falls below the effective annual SDE floor of €51/MWh. As of June 30, 2024, the APX price for the year was estimated to be approximately €75/MWh.
- The SDE fixes the revenue at €169/MWh for 2,385GWh of generation, but due to the settlement's formula, it is paid on the first 1,908GWh. As a result, typically the revenue per MWh reported is higher in the first three quarters and lower in the last quarter of the year. However, it is only a matter of timing and the revenue averages to €169/MWh on an annual basis.
 - If the facility produces more than 2,385GWh in the year, the additional volume produced earns the yearly average captured price ("**CP**").
 - If the facility produces less than 2,385GWh in the year, the asset effectively receives the subsidy for a volume higher than the actual volume produced.

The subsidy received on 1,908GWh is equal to $[(€169 * 1.25) - (CP * 1.25)]$. This calculation is applicable for every MWh up to 1,908GWh. The yearly average CP is effectively calculated by reducing the APX with the Profile and Imbalance ("**P&I**") factor, that accounts for the profile of the generation and the costs associated with grid balancing. The annual P&I factor is adjusted quarterly based on Gemini's own data. The final P&I factor number is officially published by the Netherlands Enterprise Agency in the subsequent year.

- Under the EEG mechanism, the tariff compensates for most of the production curtailments the system operator requires. However, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours ("**negative prices**").
- Under the EEG, the facilities are also subject to unpaid curtailments by the German system operator for scheduled and unscheduled grid repairs ("**grid outages**") of up to 28 days annually at each facility, which can significantly affect earnings depending on the season in which the outages occur.

Operating Performance

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

	Three months ended June 30,				
	2024 ⁽¹⁾	2023 ⁽¹⁾	Historical Average ⁽²⁾	Historical High ⁽²⁾	Historical Low ⁽²⁾
Electricity production (GWh)					
Gemini	498	433	446	498	385
Nordsee One	207	188	190	220	150
Deutsche Bucht	188	160	165	188	141
Total	893	781			

	Six months ended June 30,				
	2024 ⁽¹⁾	2023 ⁽¹⁾	Historical Average ⁽²⁾	Historical High ⁽²⁾	Historical Low ⁽²⁾
Electricity production (GWh)					
Gemini	1,318	1,177	1,170	1,318	1,053
Nordsee One	608	536	544	609	462
Deutsche Bucht	540	468	487	540	444
Total	2,466	2,181			

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

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

In June 2024, one of Gemini's two export cables was damaged and taken out of service. The subsea repair of the cable has commenced and completion is expected in the third quarter. Gemini's production continued via the second export cable. This event occurred during the lower production season and is expected to have an immaterial impact, net of the anticipated insurance proceeds, to Northland's full year results.

Electricity production for the three months ended June 30, 2024, increased 14% or 111GWh compared to the same quarter of 2023, primarily due to a higher wind resource across all offshore wind facilities, partially offset by higher unpaid curtailments related to negative prices and grid outages at our German facilities. Electricity production for the six months ended June 30, 2024, increased 13% or 286GWh compared to the same period of 2023, primarily due to same factors as above.

Sales of \$241 million for the three months ended June 30, 2024, increased 9% or \$20 million, compared to the same quarter of 2023, primarily due to higher production across all offshore wind facilities by \$28 million, partially offset by a \$5 million P&I factor adjustment and \$3 million related to various other items. Sales of \$690 million for the six months ended June 30, 2024, increased 22% or \$123 million compared to the same period of 2023, primarily due to higher production across all offshore wind facilities by \$78 million, \$29 million P&I factor adjustment and \$15 million related to various other items. Further details are set forth in the table below.

Operating costs of \$65 million for the three months ended June 30, 2024, increased 24% or \$12 million, compared to the same quarter of 2023, primarily due to higher maintenance costs at offshore wind facilities during 2024. Operating costs of \$114 million for the six months ended June 30, 2024, increased 13% or \$13 million compared to the same period of 2023, primarily due to same factor as above.

Operating income and Adjusted EBITDA of \$76 million and \$131 million, respectively, for the three months ended June 30, 2024, increased 8% or \$6 million and 8% or \$10 million compared to the same quarter of 2023, due to the same factors as noted above. Operating income and Adjusted EBITDA of \$376 million and \$428 million, respectively, for the six months ended June 30, 2024, increased 40% or \$107 million and 23% or \$81 million compared to the same period of 2023, due to the same factors as above.

Revenue per MWh of each facility

For the three and six months ended June 30, 2024, the revenue per MWh from the offshore wind facilities was in line with the expectations:

- The revenue per MWh on Nordsee One and Deutsche Bucht was stable for the non-curtailed production.
- The revenue per MWh for Gemini averaged to approximately €169/MWh annually. However, as described above, due to the timing of the subsidy payment, the revenue per MWh was higher in the first and second quarters of this year.

The following table summarizes operating results by facility:

Three months ended June 30, 2024		Total	Gemini	Nordsee One	Deutsche Bucht
Production	GWh	893	498	207	188
Non-curtailed production	GWh	816	480	171	165
Revenue per MWh ^{(1) (2)}	€/MWh	190	191	192	182
From market	€/MWh	101	81	135	123
From subsidy	€/MWh	89	110	57	59
Six months ended June 30, 2024					
Production		Total	Gemini	Nordsee One	Deutsche Bucht
	GWh	2,466	1,318	608	540
Non-curtailed production	GWh	2,311	1,294	522	495
Revenue per MWh ^{(1) (2)}	€/MWh	191	194	193	182
From market	€/MWh	93	65	134	123
From subsidy	€/MWh	98	129	59	59
Subsidy price	€/MWh		169	194	184

(1) Revenue from non-curtailed production only.

(2) Revenue from curtailed production amounted to €10 million (\$15 million) and €25 million (\$36 million) for the three and six months ended June 30, 2024, respectively, which factors in the effect of unpaid curtailment due to negative prices and grid outages in Germany.

Onshore Renewable Facilities

Northland's onshore renewables comprise 1,215MW (at Northland's share) of onshore wind and solar facilities located in Canada, the United States of America and Spain. Onshore wind facilities are similar in nature operationally to offshore wind; however, with lower operating costs and generally lower wind resource. Solar power facilities have lower fixed operating costs per unit of capacity than other renewable power technologies. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the second and third quarters than in the first and fourth quarters. For the six months ended June 30, 2024, Northland's onshore renewable facilities in North America and Spain contributed approximately 12% and 10%, respectively, to Northland's reported Adjusted EBITDA from facilities.

Spain revenue structure and regulatory changes

Northland's Spanish portfolio is comprised of onshore wind (435MW), solar photovoltaic (66MW), and concentrated solar (50MW) assets located throughout Spain. The Spanish portfolio operates under a regulated asset base framework that guarantees a specified pre-tax rate of return of 7.4% for 20 sites and 7.1% for 12 sites, over the full regulatory life of the facilities, regardless of settled wholesale power price ("**pool price**"). During the first quarter, the regulatory period of one 50MW onshore wind facility ended which resulted in the facility receiving the merchant revenue. Management is assessing options for a future revenue mechanism, considering that the open position is currently not deemed material.

The revenue for each facility has four components:

- The return on investment ("**Ri**"), sized to complete the target return based on the market revenue assumed ex-ante (the "**posted price**");
- The return on operations ("**Ro**"), sized to compensate a facility when its operating costs are higher than its market revenues. To note, Ro is not being received in the current environment;

- The market revenue, at pool prices; and
- The “**band adjustments**”, which are an ex-post positive or negative settlement to compensate for the difference between the market revenue, at pool prices and the revenue at the regulatory posted price. If the pool price is lower than the regulatory posted price, the band adjustment mechanism adds the additional revenue to achieve a reasonable return. Conversely, if the pool price is higher than the posted pool price, the band adjustment mechanism reduces revenues in the period.

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

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

	Three months ended June 30,			Six months ended June 30,		
		2024	2023		2024	2023
Ri revenue	€	9,948	€ 10,245	€	19,709	€ 20,490
Market revenue		6,388	13,365		16,158	36,076
Band adjustment		14,293	2,070		34,762	13,580
Total revenue	€	30,629	€ 25,680	€	70,629	€ 70,146
Regulated Posted price per MWh	€	109	€ 109	€	109	€ 109
Market Revenue per MWh	€	28	€ 64	€	30	€ 72
Production (GWh)		227	209		532	503

	Three months ended June 30,			Six months ended June 30,		
		2024	2023		2024	2023
Ri revenue	\$	14,648	\$ 14,977	\$	28,934	\$ 29,842
Market revenue		9,406	19,538		23,721	52,541
Band adjustment		21,047	3,026		51,032	19,778
Total revenue	\$	45,101	\$ 37,541	\$	103,687	\$ 102,161

Electricity production at the onshore renewable facilities for the three months ended June 30, 2024, was 26% or 136GWh higher than the same quarter of 2023, primarily due to the contribution from the New York onshore wind projects that achieved commercial operations in October 2023, and higher wind and solar resource at the Spanish onshore renewable facilities, partially offset by lower wind and solar resource at the Canadian onshore renewable facilities. Electricity production for the six months ended June 30, 2024, was 29% or 326GWh higher than the same period of 2023, primarily due to the contribution from the New York onshore wind projects and higher wind resource at the Canadian and Spanish wind facilities, partially offset by lower solar resource across all onshore solar facilities.

Sales of \$114 million for the three months ended June 30, 2024, increased 17% or \$16 million compared to the same quarter of 2023, primarily due to the contribution from the New York onshore wind projects and higher revenue from the Spanish portfolio. *Sales* of \$238 million for the six months ended June 30, 2024, increased 12% or \$25 million compared to the same period of 2023, primarily due to the contribution from the New York onshore wind projects.

Operating income and *Adjusted EBITDA* of \$41 million and \$78 million, respectively, for the three months ended June 30, 2024, increased 20% or \$7 million and 18% or \$12 million, respectively, compared to the same quarter of 2023, due to the same factors as above. *Operating income* and *Adjusted EBITDA* of \$96 million and \$167 million, respectively, for the six months ended June 30, 2024, increased 9% or \$8 million and 12% or \$17 million, respectively, compared to the same period of 2023, primarily due to the same factors as above.

Natural Gas Facilities

The contractual structures of Northland’s natural gas facilities ensure each facility’s gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under certain revenue agreements, the facility is reimbursed for certain costs of sales by the counterparty. For the six months ended June 30, 2024, Northland’s natural gas facilities contributed approximately 14% of reported Adjusted EBITDA from facilities, with the two largest facilities, North Battleford and Thorold accounting for approximately 12%.

Electricity production for the three months ended June 30, 2024, increased 26% or 186GWh, compared to the same quarter of 2023, mainly due to higher market demand for dispatchable power. Electricity production for the six months ended June 30, 2024, increased 25% or 383GWh compared to the same period of 2023, primarily due to the same factor as above.

Sales of \$76 million for the three months ended June 30, 2024, were largely in line with the same quarter of 2023. Sales of \$164 million for the six months ended June 30, 2024, decreased 4% or \$6 million compared to the same period of 2023, primarily due to lower natural gas prices resulting in lower energy rates.

Adjusted EBITDA of \$50 million for the three months ended June 30, 2024, was largely in line with the same quarter of 2023. Adjusted EBITDA of \$105 million for the six months ended June 30, 2024, was largely in line with the same period of 2023.

Utility

Empresa de Energía de Boyacá S.A E.S.P (“**EBSA**”) holds the sole franchise rights for electricity distribution in the Boyacá region of Colombia and is an electricity retailer for the regulated residential sector in the region. EBSA owns and operates an extensive distribution network, serving about half a million customers. EBSA’s net sales are almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business. For the six months ended June 30, 2024, EBSA contributed approximately 9% of reported Adjusted EBITDA from facilities.

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

Sales of \$91 million for the three months ended June 30, 2024, increased 24% or \$18 million compared to the same quarter of 2023, primarily due to the higher market demand, rate escalations and foreign exchange gains as a result of the strengthening of the Colombian peso. Sales of \$180 million for the six months ended June 30, 2024, increased 30% or \$41 million compared to the same period of 2023, primarily due to the same factors as above.

Gross profit of \$65 million for the three months ended June 30, 2024, increased 29% or \$14 million compared to the same quarter of 2023, primarily due to the same factors as above. Gross profit of \$122 million for the six months ended June 30, 2024, increased 31% or \$29 million compared to the same period of 2023, primarily due to the same factors as above.

Operating income and *Adjusted EBITDA* of \$30 million and \$40 million, respectively, for the three months ended June 30, 2024, increased 35% or \$8 million and 34% or \$10 million respectively, compared to the same quarter of 2023, primarily due to the same factors as above. Operating income and Adjusted EBITDA of \$56 million and \$73 million, respectively, for the six months ended June 30, 2024, increased 37% or \$15 million and 33% or \$18 million, respectively, compared to the same period of 2023, primarily due to the same factors as above.

4.2: General and Administrative Costs

The following table summarizes Northland’s general and administrative (“**G&A**”) costs:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Corporate G&A	\$ 19,101	\$ 21,320	\$ 41,665	\$ 36,121
Operations G&A ⁽¹⁾	6,298	10,037	13,846	18,262
Total G&A costs	\$ 25,399	\$ 31,357	\$ 55,511	\$ 54,383

(1) Operations G&A is included in the respective segment’s Adjusted EBITDA and Adjusted Free Cash Flow presented in *Section 4.1: Operating Results*.

Corporate G&A costs of \$19 million for the three months ended June 30, 2024, were 10% or \$2 million lower compared to the same quarter of 2023, primarily due to lower payroll costs and non-recurring expenditures. Corporate G&A costs of \$42 million for the six months ended June 30, 2024, were 15% or \$6 million, higher, compared to the same period of 2023, primarily due to higher one-time personnel and other costs relating to realignment of operating and corporate functions.

Operations G&A costs of \$6 million and \$14 million for the three and six months ended June 30, 2024, were 37% or \$4 million and 24% or \$4 million, lower, respectively, compared to the same periods of 2023, primarily due to the timing of expenditures.

4.3: Growth Expenditures

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Business development ⁽⁴⁾	\$ 3,874	\$ 10,965	\$ 665	\$ 20,704
Project development	2,018	4,461	3,077	7,729
Development overhead	11,112	12,651	21,106	23,918
Acquisition costs ⁽¹⁾	137	137	274	272
Development costs	\$ 17,141	\$ 28,214	\$ 25,122	\$ 52,623
Joint venture project development costs ⁽²⁾	567	782	1,244	1,886
Growth expenditures ⁽³⁾	\$ 17,205	\$ 28,859	\$ 25,529	\$ 54,237
Growth expenditures on a per share basis			\$ 0.10	\$ 0.22

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

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

(3) Excludes acquisition costs but includes share of project development costs incurred by joint ventures. Excludes non-controlling portion of the development costs for the three and six months ended June 30, 2024 of \$0.4 million and \$0.6 million, respectively.

(4) During the first quarter, Northland was reimbursed for business development costs relating to certain early-stage development activity from prior years.

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

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

Business development costs are incurred to identify and explore prospective business and development opportunities, which are expected to result in identifiable development projects intended to be pursued to completion. These may include costs incurred for projects that ultimately may not be pursued to acquisition or to completion. Business development costs for the three and six months ended June 30, 2024, were lower compared to 2023, primarily due to lower growth activities in the onshore renewables business as a result of focused market strategy and reimbursement for business development costs relating to certain early-stage development activity from prior years.

Project development costs are attributable to identified early- to mid-stage development projects that are likely to generate cash flow over the long-run, though do not yet meet capitalization criteria under IFRS. For the three and six months ended June 30, 2024, project development costs were lower than 2023, primarily due to focused spending on development activities and timing of the expenditures. Development costs incurred included activities mainly related to offshore and onshore renewable power opportunities being pursued. Refer to *SECTION 8: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES* for additional information on identified development projects.

Development overhead primarily relates to personnel, rent and other office costs not directly attributable to specific development projects. Development overhead reflects Northland's resources and development offices in key target jurisdictions focused on securing long-term growth opportunities in those jurisdictions. Development overhead costs for the three and six months ended June 30, 2024, were lower than 2023, primarily due to lower personnel and other costs.

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

4.4: Consolidated Results

The following discussion of the significant factors contributing to the consolidated financial results should be read in conjunction with Northland's unaudited interim condensed consolidated financial statements for the six months ended June 30, 2024.

Second Quarter

Sales of \$529 million increased 12% or \$57 million compared to the same quarter of 2023, primarily due to higher wind resource across all offshore wind facilities, contribution from the New York onshore wind projects that achieved commercial operations in October 2023 and higher revenue from EBSA due to higher market demand and rate escalations. This increase was partially offset by lower revenue generated from the Canadian solar facilities due to lower solar resource.

Gross profit of \$483 million increased 13% or \$56 million compared to the same quarter of 2023, due to the same factors affecting sales.

Operating costs of \$121 million increased 12% or \$13 million compared to the same quarter of 2023, primarily due to higher maintenance costs at offshore wind facilities, higher business expenses at EBSA, and contribution from the New York onshore wind facilities.

Corporate and Operational G&A costs of \$25 million decreased 19% or \$6 million primarily due to lower payroll costs and non-recurring expenditures.

Development costs of \$17 million decreased 39% or \$11 million compared to the same quarter of 2023, primarily due to focused spending on development activities and timing of the expenditures.

Finance costs, net (primarily interest expense) of \$98 million increased 20% or \$16 million compared to the same quarter of 2023, primarily due to the issuance of the Green Subordinated Notes ("**Green Notes**") in June 2023, partially offset by scheduled repayments on facility-level loans.

Fair value gain on financial instruments was \$82 million, primarily due to net movement in the fair value of derivatives related to interest rate and foreign exchange contracts.

Foreign exchange loss of \$6 million was primarily due to unrealized loss from fluctuations in the closing foreign exchange rates.

Other income was \$35 million higher than the same quarter of 2023, primarily due to the gain on disposal of La Lucha solar facility, partially offset by lower gains associated with the sale of two offshore wind assets in Europe in 2023.

Net income of \$262 million in the second quarter of 2024 compared to \$22 million in the same quarter of 2023, was primarily as a result of the factors described above.

Year to date

Sales of \$1,284 million increased 17% or \$191 million compared to the same period of 2023, primarily due to higher wind resource across all offshore wind facilities, contribution from the New York onshore wind projects, and higher revenue from EBSA due to higher market demand and rate escalations.

Gross profit of \$1,181 million increased 19% or \$184 million compared to the same period of 2023, primarily due to the same factors affecting sales in the period.

Operating costs of \$225 million increased 12% or \$24 million compared to the same period of 2023, primarily due to higher maintenance cost across offshore operating facilities, higher business expenses at EBSA, and contribution from the New York onshore wind facilities.

Corporate and Operational G&A costs of \$56 million was largely in line with the same period of 2023.

Development costs of \$25 million decreased 52% or \$28 million compared to the same period of 2023, primarily due to focused spending on development activities and timing of the expenditures.

Finance costs, net (primarily interest expense) of \$187 million increased 18% or \$28 million compared to the same period of 2023 primarily due to the issuance of the Green Subordinated Notes ("**Green Notes**") in June 2023, partially offset by scheduled repayments on facility-level loans.

Fair value loss on financial instruments was \$3 million compared to a \$68 million loss in the same period of 2023, primarily due to net movement in the fair value of derivatives related to interest rate and foreign exchange contracts.

Foreign exchange loss of \$2 million was primarily due to unrealized loss from fluctuations in the closing foreign exchange rates.

Other income was \$38 million higher than the same period of 2023, primarily due to the gain on disposal of La Lucha solar facility, partially offset by lower gains associated with the sale of two offshore wind assets in Europe in 2023.

Fair value adjustment relating to disposal group classified as held for sale was \$44 million due to a fair value adjustment upon classification of the La Lucha solar facility as a disposal group held for sale. Please refer to *Section 3.1: Significant Events* for further information.

Net income of \$412 million in the six months ended June 30, 2024 compared to \$129 million in the same period of 2023 primarily as a result of the factors described above.

4.5: Adjusted EBITDA

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income (loss)	\$ 262,356	\$ 21,662	\$ 411,653	\$ 128,799
Adjustments:				
Finance costs, net	76,585	71,064	149,024	138,278
Gemini interest income	1,860	4,163	3,709	6,262
Provision for (recovery of) income taxes	51,070	37,169	131,617	76,024
Depreciation of property, plant and equipment	155,967	145,882	310,028	291,057
Amortization of contracts and intangible assets	14,496	14,342	28,827	28,042
Fair value (gain) loss on derivative contracts	(83,962)	(17,936)	(8)	63,003
Foreign exchange (gain) loss	5,549	4,526	1,665	(24,648)
Fair value adjustment relating to disposal group classified as held for sale	—	—	43,884	—
Elimination of non-controlling interests	(53,719)	(54,042)	(163,914)	(133,009)
Finance lease (lessor)	(1,175)	(1,511)	(2,409)	(2,969)
Share of (profit) loss from joint ventures	(94,644)	15,327	(133,452)	16,469
Others ⁽¹⁾	(66,193)	(8,391)	(58,568)	(3,354)
Adjusted EBITDA ⁽²⁾	\$ 268,190	\$ 232,255	\$ 722,056	\$ 583,954

(1) Others primarily include Northland's share of Adjusted EBITDA from equity accounted investees, gain on sale of La Lucha solar facility and other expenses (income).

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above.

Gemini interest income reflects 5% interest earned on Northland's €102 million subordinated debt to Gemini. Under the terms of the Gemini debt amendment completed in the fourth quarter of 2022, semi-annual principal payments to Northland commenced in December 2022 until maturity in 2031. Northland consolidates the financial results of Gemini and, as a result, Northland's loan balances, investment income, and interest expense are eliminated upon consolidation. Gemini interest income is included in Northland's consolidated Adjusted EBITDA because it reflects returns generated from an investment in core assets.

Second Quarter

Adjusted EBITDA of \$268 million for the three months ended June 30, 2024, increased 15% or \$36 million compared to the same quarter of 2023. The significant factors increasing Adjusted EBITDA include:

- \$10 million increase in operating results at the offshore wind facilities, primarily due to higher wind resource, as described above;
- \$10 million increase in operating results at EBSA, as described above;
- \$17 million decrease in development expenditures and G&A costs, as described above;

- \$9 million increase due to the contribution of New York Wind onshore wind facilities; and
- \$6 million increase in the contribution from the Spanish renewables portfolio, primarily due to higher market revenue, as described above.

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

- \$23 million in gains from partial asset sell-down in 2023.

Year to date

Adjusted EBITDA of \$722 million for the six months ended June 30, 2024, increased 24% or \$138 million compared to the same period of 2023. The significant factors increasing Adjusted EBITDA include:

- \$81 million increase in operating results at the offshore wind facilities, primarily due to higher wind resource, as described above;
- \$26 million decrease in development expenditures, partially offset by higher G&A costs, as described above;
- \$18 million increase due to the contribution of New York Wind onshore wind facilities; and
- \$18 million increase in operating results at EBSA, as described above.

4.6: Adjusted Free Cash Flow and Free Cash Flow

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash provided by operating activities	\$ 170,998	\$ 204,278	\$ 473,414	\$ 501,340
Adjustments:				
Net change in non-cash working capital balances related to operations	114,124	55,170	298,975	135,025
Non-expansory capital expenditures	(1,326)	(414)	(1,639)	(899)
Restricted funding for major maintenance, debt and decommissioning reserves	(7,677)	(6,811)	(12,165)	(2,653)
Interest	(82,366)	(97,345)	(144,415)	(139,610)
Scheduled principal repayments on facility debt	(270,503)	(274,157)	(329,062)	(325,642)
Funds set aside (utilized) for scheduled principal repayments	102,073	104,016	(7,874)	(8,166)
Preferred share dividends	(1,553)	(1,521)	(3,111)	(3,003)
Consolidation of non-controlling interests	(15,741)	(16,670)	(83,591)	(61,653)
Investment income ⁽¹⁾	6,617	9,755	13,222	17,270
Others ⁽²⁾	36,743	64,988	65,042	83,972
Free Cash Flow ⁽³⁾	\$ 51,389	\$ 41,289	\$ 268,796	\$ 195,981
Add Back: Growth expenditures	17,205	28,859	25,529	54,237
Less: Historical growth expenditures' recovery due to sell-down	—	(7,445)	—	(7,445)
Adjusted Free Cash Flow ⁽³⁾	\$ 68,594	\$ 62,703	\$ 294,325	\$ 242,773

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

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

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above.

Adjusted Free Cash Flow is a supplementary non-IFRS cash flow measure including associated per share amounts and payout ratios. Adjusted Free Cash Flow is calculated by excluding growth-related expenditures and adjusting for historically incurred growth expenditures' recovery due to sell-down, from Free Cash Flow. Management believes this measure provides a relevant presentation of cash flow generated from the business before investment-related decisions (refer to *Section 4.3: Growth Expenditures* for additional information). Management believes Adjusted Free Cash Flow is a

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

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

Select Scheduled Principal Repayments (at Northland's share)	2024		2023	
Gemini	€	96,383	€	88,497
Nordsee One		88,119		86,767
Deutsche Bucht		78,853		78,071
Spanish portfolio		47,524		63,854
Total	€	310,879	€	317,189

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Adjusted EBITDA ⁽²⁾	\$ 268,190	\$ 232,255	\$ 722,056	\$ 583,954
Adjustments:				
Scheduled debt repayments	(137,551)	(144,207)	(276,803)	(283,543)
Interest expense	(57,844)	(54,744)	(96,788)	(99,160)
Current taxes	(36,368)	(17,694)	(106,120)	(64,690)
Non-expansory capital expenditure	(1,189)	(413)	(1,461)	(720)
Utilization (funding) of maintenance and decommissioning reserves	(7,302)	(6,347)	(10,979)	(2,645)
Lease payments, including principal and interest	(317)	(1,464)	(3,381)	(4,529)
Preferred dividends	(1,553)	(1,521)	(3,111)	(3,003)
Foreign exchange hedge gain (loss)	(3,086)	6,830	12,891	30,288
Others ⁽¹⁾	28,409	28,594	32,492	40,029
Free Cash Flow ⁽²⁾	\$ 51,389	\$ 41,289	\$ 268,796	\$ 195,981
Add back: Growth expenditures	17,205	28,859	25,529	54,237
Less: Historical growth expenditures' recovery due to sell-down	—	(7,445)	—	(7,445)
Adjusted Free Cash Flow ⁽²⁾	\$ 68,594	\$ 62,703	\$ 294,325	\$ 242,773

(1) Others mainly include repayment of Gemini subordinated debt, gain on sale of La Lucha solar facility, interest rate and foreign currency hedge settlements, and interest received on third-party loans to partners.

(2) See Forward-Looking Statements and Non-IFRS Financial Measures above.

Second Quarter

Adjusted Free Cash Flow of \$69 million for the three months ended June 30, 2024, was 9% or \$6 million higher than the same quarter of 2023.

The significant factors increasing Adjusted Free Cash Flow were:

- \$32 million increase in Adjusted EBITDA (gross of growth expenditures) primarily due to the factors described above; and
- \$20 million increase from gain on disposal of La Lucha solar facility.

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

- \$19 million increase in current taxes as a result of higher operating results;
- \$22 million decrease from foreign exchange and interest rate hedges, and other settlements; and
- \$11 million decrease from gain from sales of offshore wind development assets in Europe in 2023.

Free Cash Flow, which is reduced by growth expenditures, totaled \$51 million for the three months ended June 30, 2024, and was \$10 million higher than the same quarter of 2023, due to the same factors as Adjusted Free Cash Flow.

Year to date

Adjusted Free Cash Flow of \$294 million for the six months ended June 30, 2024, was 21% or \$52 million higher than 2023.

The significant factors increasing Adjusted Free Cash Flow were:

- \$117 million increase in Adjusted EBITDA (gross of growth expenditures) primarily due to the factors described above; and
- \$20 million increase from gain on disposal of La Lucha solar facility.

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

- \$41 million increase in current taxes as a result of higher operating results;
- \$35 million decrease from foreign exchange and interest rate hedges, and other settlements;
- \$11 million decrease from gain from sales of offshore wind development assets in Europe in 2023; and
- \$8 million increase in funds set aside for maintenance reserves.

Free Cash Flow, which is reduced by growth expenditures, totaled \$269 million for the six months ended June 30, 2024, and was 37% or \$73 million higher than the same period of 2023, due to the same factors as Adjusted Free Cash Flow.

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash dividends paid to shareholders	\$ 49,836	\$ 51,148	\$ 100,994	\$ 101,195
Adjusted Free Cash Flow payout ratio — cash dividends ^{(1) (3)}			37 %	58 %
Free Cash Flow payout ratio — cash dividends ^{(1) (3)}			41 %	79 %
Total dividends paid to shareholders ⁽²⁾	\$ 76,938	\$ 75,667	\$ 153,526	\$ 150,788
Adjusted Free Cash Flow payout ratio — total dividends ^{(1) (2) (3)}			56 %	84 %
Free Cash Flow payout ratio — total dividends ^{(1) (2) (3)}			62 %	115 %
Weighted avg. number of shares — basic and diluted (000s)	256,659	252,356	256,070	251,579
Per share (\$/share)				
Dividends paid	\$ 0.30	\$ 0.30	\$ 0.60	\$ 0.60
Adjusted Free Cash Flow — basic and diluted ⁽³⁾	\$ 0.27	\$ 0.25	\$ 1.15	\$ 0.96
Free Cash Flow — basic and diluted ⁽³⁾	\$ 0.20	\$ 0.16	\$ 1.05	\$ 0.78

(1) On a rolling four-quarter basis.

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

(3) See Forward-Looking Statements and Non-IFRS Financial Measures above.

At June 30, 2024, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio improved to 37% and 41%, respectively, calculated on the basis of cash dividends paid, compared to 58% and 79% for the same period ending June 30, 2023. At June 30, 2024, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio improved to 56% and 62%, respectively, calculated on the basis of total dividends paid, compared to 84% and 115% for the same period ending June 30, 2023. The improvement in both net payout ratios was due to higher reported Adjusted Free Cash Flow and Free Cash Flow.

SECTION 5: CHANGES IN FINANCIAL POSITION

The following table provides a summary of account balances derived from the unaudited interim condensed consolidated statements of financial position as at June 30, 2024 and December 31, 2023.

As at	June 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 749,701	\$ 740,244
Restricted cash	77,839	73,257
Trade and other receivables	550,979	396,014
Other current assets	98,588	97,468
Property, plant and equipment, net	9,093,703	9,179,933
Contracts and other intangible assets, net	419,529	446,870
Derivative assets	439,390	388,997
Deferred tax asset	31,119	44,726
Investment in joint ventures	1,094,180	899,885
Other assets ⁽¹⁾	1,580,643	1,358,904
	\$ 14,135,671	\$ 13,626,298
Liabilities		
Trade and other payables	\$ 389,484	\$ 449,461
Loans and borrowings	7,248,319	7,065,534
Derivative liabilities	171,061	127,895
Deferred tax liability	592,121	590,259
Other liabilities ⁽²⁾	1,050,755	910,425
	\$ 9,451,740	\$ 9,143,574
Total Equity	4,683,931	4,482,724
	\$ 14,135,671	\$ 13,626,298

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

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

Significant changes in Northland's unaudited interim condensed consolidated statements of financial position were as follows:

- *Cash and cash equivalents* increased by \$9 million primarily due to proceeds from sale of La Lucha solar facility, partially offset by investments in Hai Long offshore wind projects.
- *Trade and other receivables* increased by \$155 million primarily due to higher revenue at the offshore wind facilities.
- *Property, plant and equipment* decreased by \$86 million primarily due to a depreciation expense and sale of the La Lucha solar facility, partially offset by construction-related activities.
- *Net derivative assets* increase by \$7 million from a net derivative asset at December 31, 2023, primarily due to the effect of interest rates in Canada, the US and Europe, and the net movement in Euro and COP exchange rates against the Canadian dollar.
- *Investment in joint ventures* increased by \$194 million primarily due to the investment in Hai Long offshore wind project.
- *Other assets* increased by \$222 million, primarily due to long-term shareholder loans provided to Hai Long offshore wind project.
- *Loans and borrowings* increased by \$183 million, mainly due to the construction related drawdowns, partially offset by the scheduled principal repayments on facility-level loans.

SECTION 6: EQUITY, LIQUIDITY AND CAPITAL RESOURCES

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

Dividends

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

DRIP

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

Equity

The change in shares during 2024 and 2023 was as follows:

As at	June 30, 2024	December 31, 2023
Common shares		
Shares outstanding, beginning of year	254,939,822	250,017,357
Equity offering	—	1,210,537
Shares issued under the LTIP	—	10,286
Shares issued under the DRIP	2,331,535	3,701,642
Total common shares outstanding, end of period	257,271,357	254,939,822

Preferred shares outstanding as at June 30, 2024, and December 31, 2023 were as follows:

As at	June 30, 2024	December 31, 2023
Preferred shares outstanding		
Series 1	4,762,246	4,762,246
Series 2	1,237,754	1,237,754
Total	6,000,000	6,000,000

In their most recent report issued in June 2024, Standard & Poor's reaffirmed Northland's corporate credit rating of BBB (Stable). In May 2023, Northland received corporate credit rating reaffirmation at BBB (stable) by Fitch.

At June 30, 2024, Northland had 257,271,357 common shares outstanding (as at December 31, 2023 - 254,939,822) with no change in preferred shares Series 1 and Series 2 outstanding from December 31, 2023.

As of August 14, 2024, Northland has 257,653,360 common shares outstanding with no change in preferred shares Series 1 and Series 2 outstanding from June 30, 2024.

Liquidity and Capital Resources

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash and cash equivalents, beginning of period	\$ 697,664	\$ 1,056,060	\$ 740,244	\$ 1,364,309
Cash provided by (used in) operating activities	170,998	204,278	473,414	501,340
Cash provided by (used in) investing activities	(155,410)	(281,536)	(520,121)	(766,413)
Cash provided by (used in) financing activities	39,118	142,833	52,373	21,330
Effect of exchange rate differences	(2,669)	(49,175)	3,791	(48,106)
Cash and cash equivalents, end of period	\$ 749,701	\$ 1,072,460	\$ 749,701	\$ 1,072,460

Year to date

Cash and cash equivalents for the six months ended June 30, 2024, increased \$9 million due to cash provided by operations of \$473 million and \$52 million by financing activities, partially offset by \$520 million of cash used in investing activities.

Cash provided by operating activities for the six months ended June 30, 2024, was \$473 million comprising:

- \$555 million in non-cash and non-operating items such as depreciation and amortization, finance costs, changes in fair value of financial instruments and deferred taxes; and
- \$412 million of net income.

Factors partially offsetting cash provided by operating activities include:

- \$299 million in changes in working capital due to the timing of payables, receivables and deposits; and
- \$133 million share of profit from equity accounted investees.

Cash used in investing activities for the six months ended June 30, 2024, was \$520 million, primarily comprising:

- \$310 million used mainly for the investment in the Hai Long offshore wind projects; and
- \$456 million used for the purchase of property, plant and equipment mainly for construction at Oneida energy storage project.

Factors partially offsetting cash used in investing activities include:

- \$36 million mainly from interest income and other investing activities; and
- \$215 million from the sale proceeds of La Lucha solar facility.

Cash provided by financing activities for the six months ended June 30, 2024, was \$52 million, primarily comprising:

- \$475 million of draws on project level debt primarily for construction of Oneida energy storage project; and
- \$203 million of net drawdown on syndicated revolving facility.

Factors partially offsetting cash provided by financing activities were:

- \$161 million in interest payments;
- \$329 million in scheduled principal repayments on the facility-level debt; and
- \$126 million of common and preferred share dividends as well as dividends to non-controlling interest.

Movement of foreign currencies, including primarily the Euro, U.S. dollar and Colombian peso, against the Canadian dollar increased cash and cash equivalents by \$4 million for the six months ended June 30, 2024. Northland aims to mitigate the effects of exchange rate fluctuations through a variety of mechanisms, including foreign exchange hedges and natural hedges by corporate debt denominated in USD or Euro for operating expenditures.

Property, Plant and Equipment

The following table provides a continuity of the cost of property, plant and equipment for the six months ended June 30, 2024:

	Balance as at Jan 1, 2024	Additions	Provisions, disposals, transfers and other ^{(1) (3)}	Exchange rate differences	Balance as at Jun 30, 2024
Operations:					
Offshore wind	\$ 6,821,288	\$ 362	\$ (2,542)	\$ 14,771	\$ 6,833,879
Onshore renewable	4,159,680	6,927	(264,034)	25,721	3,928,294
Natural gas ⁽²⁾	1,327,528	1,297	—	—	1,328,825
Utility	692,306	15,795	7,996	(34,974)	681,123
Construction:					
Onshore renewable	143,453	426,666	3,464	—	573,583
Corporate	127,147	2,472	6,649	97	136,365
Total	\$ 13,271,402	\$ 453,519	\$ (248,467)	\$ 5,615	\$ 13,482,069

(1) Includes amounts accrued under the long-term incentive plan ("LTIP").

(2) Excludes Spy Hill lease receivable accounting treatment.

(3) Includes \$262 million relating to sale of La Lucha solar facility completed in June 2024.

Debt

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

The following table provides a continuity of Northland's debt for the six months ended June 30, 2024:

	Balance as at Jan 1, 2024	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Others	Balance as at Jun 30, 2024
Operations:							
Offshore wind	\$ 3,080,780	\$ —	\$ (190,151)	\$ 10,682	\$ 7,908	\$ —	\$ 2,909,219
Onshore renewable ⁽²⁾	1,915,250	—	(78,281)	4,498	11,171	(580)	1,852,058
Natural gas	846,839	13,361	(53,093)	1,388	—	—	808,495
Utility	716,618	11,104	(7,538)	—	(472)	956	720,668
Construction:							
Onshore renewable	15,000	450,800	—	—	—	—	465,800
Corporate:							
Green Notes	491,049	—	—	1,033	—	—	492,082
Corporate Credit Facilities ⁽¹⁾	110,988	349,111	(146,027)	1,266	—	(658)	314,680
Total	\$ 7,176,524	\$ 824,376	\$ (475,090)	\$ 18,867	\$ 18,607	\$ (282)	\$ 7,563,002

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

(2) As at June 30, 2024, Onshore renewable - Operations includes tax equity financing in relation to New York onshore wind projects amounting to \$46 million.

Additionally, as at June 30, 2024, \$509 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

Debt Covenants

Northland generally conducts its business activities indirectly through separate subsidiary legal entities and is dependent on the distribution of cash from those subsidiary entities to fund development expenses, defray its corporate expenses, repay corporate debt and pay cash dividends to its shareholders. Most operating subsidiaries hold non-recourse debt, which typically prohibits distributions if the loan is in default (notably for non-payment of principal or interest) or if the entity fails to achieve a benchmark debt service coverage ratio, which is the ratio of EBITDA to scheduled principal and interest payments over a specified time period. As of June 30, 2024, Northland and its subsidiaries were in compliance with all financial covenants under the applicable credit agreements, with the exception of an administrative breach affecting certain corporate credit facilities, which has been remedied as of the issuance date of this MD&A.

Corporate Credit Facilities and Letters of Credit

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

As at June 30, 2024	Facility size	Amount drawn ⁽²⁾	Outstanding letters of credit ⁽³⁾	Available capacity	Maturity date
Sustainability linked syndicated revolving facility	\$ 1,000,000	\$ 317,829	\$ 86,045	\$ 596,126	Sep. 2028
Bilateral letter of credit facility	150,000	—	133,898	16,102	Jun. 2026
Export credit agency backed letter of credit facility I	200,000	—	77,413	122,587	Mar. 2025
Export credit agency backed letter of credit facility II ⁽¹⁾	200,000	—	136,720	63,280	n/a
Hai Long related letter of credit facility	500,000	—	463,908	36,092	Sep. 2027
Total	\$ 2,050,000	\$ 317,829	\$ 897,984	\$ 834,187	

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

(2) Deferred financing cost, as at June 30, 2024, associated with the syndicated revolving facility amounting to \$3 million (December 31, 2023 - \$5 million) is included within the other current assets in the interim condensed consolidated statements of financial position.

(3) As at June 30, 2024, outstanding letters of credit include LCs issued in favor of joint ventures amounting to \$644 million.

Of the \$898 million of corporate letters of credit issued as at June 30, 2024, \$711 million relates to projects under advanced development or construction.

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

Northland had access to \$821 million of available liquidity at June 30, 2024, including \$225 million of cash on hand and approximately \$596 million of capacity on its corporate revolving credit facilities.

SECTION 7: SUMMARY OF QUARTERLY CONSOLIDATED RESULTS

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

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

<i>In millions of dollars, except per share information</i>	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Total sales	\$ 529	\$ 755	\$ 626	\$ 513	\$ 472	\$ 622	\$ 641	\$ 556
Operating income ⁽¹⁾	152	346	220	146	103	273	270	202
Net income (loss)	262	149	(268)	43	22	107	324	76
Adjusted EBITDA	268	454	389	267	232	352	353	290
Cash provided by operating activities	171	294	136	148	204	297	551	523
Adjusted Free Cash Flow	69	226	191	64	63	180	41	66
Free Cash Flow	\$ 51	\$ 217	\$ 191	\$ 36	\$ 41	\$ 155	\$ 16	\$ 45
Per share statistics								
Net income (loss) attributable to common shareholders — basic	\$ 0.95	\$ 0.29	\$ (1.13)	\$ 0.14	\$ 0.01	\$ 0.27	\$ 1.12	\$ 0.33
Net income (loss) attributable to common shareholders — diluted	0.95	0.29	(1.13)	0.14	0.01	0.27	1.12	0.33
Adjusted Free Cash Flow — basic	0.27	0.88	0.75	0.25	0.25	0.72	0.16	0.28
Free Cash Flow — basic	0.20	0.85	0.75	0.14	0.16	0.62	0.06	0.19
Total dividends declared	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30

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

SECTION 8: CONSTRUCTION, DEVELOPMENT AND ACQUISITION ACTIVITIES

Summarized below are Northland’s most significant projects under construction and under development:

Hai Long Offshore Wind Project

Since 2016, Northland has developed, financed and is currently in the process of constructing the 1,022MW offshore wind project in Taiwan with its partners. Hai Long is owned 60% by Northland and Gentari International Renewables Pte. Ltd., and 40% by Mitsui & Co. Ltd., and Enterprize Energy Group.

The project was allocated a total of 1,022MW (313MW net to Northland) by the Bureau of Energy of Taiwan under a FIT program and an auction process in 2019. Key aspects of the Hai Long project are presented in the following table:

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

(1) Northland holds a 31% effective economic interest in the Hai Long offshore wind projects indirectly through a joint venture.

Hai Long 2B and 3, which have a combined capacity of up to 744MW, signed a CPPA that covers 100% of the power generated. The agreement is with an investment grade counterparty (S&P: AA-) and is for a 30-year period at a fixed-price, commencing once Hai Long reaches full commercial operations. The contracted price under the CPPA is more favourable than the fixed auction rate originally awarded in 2018 and is a key accomplishment. In addition, the PPAs with Taipower are not affected by the signing of the CPPA and provide a backstop to the CPPA.

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

Please refer to *Section 3.1: Significant Events* for further information.

Baltic Power Polish Offshore Wind Project

In March 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project in the Polish Baltic Sea with a total capacity of 1,140MW of offshore wind generation. Northland continues to hold a 49% ownership interest in Baltic Power, with its partner Orlen S.A. holding the remaining 51%.

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

Please refer to *Section 3.1: Significant Events* for further information.

Oneida Energy Storage Project

The Oneida Energy Storage Project is a 250MW/1GWh energy storage facility located in Ontario, Canada. Northland is the majority owner and taking the lead role in its construction, financing and operation.

On December 21, 2022, the project successfully executed a 20-year Energy Storage Facility Agreement (“ESFA”) with the Independent Electricity System Operator (“IESO”) that offers monthly capacity payments. The remainder of the revenue will come from operating on the wholesale market. The project also finalized a battery supply agreement, and a long-term service agreement with Tesla Inc., to supply key components and services, and an EPC agreement with Aecon Group Inc. for designing, engineering and constructing the facility.

Northland currently owns 72% of the project, which is being developed in partnership with NRStor Inc., Six Nations of the Grand River Development Corporation and Aecon Group Inc.

Please refer to *Section 3.1: Significant Events* for further information.

Thorold upgrade

In the second quarter of 2023, as part of the Ontario government’s energy transition and security policies, and consistent with Northland’s strategy to optimize existing operating facilities to enhance value and performance, Northland secured an amended PPA for the Thorold Co-Generation facility in Ontario, Canada for increased electricity generating capacity of 23MW. The optimization will result in improvement in the facility’s heat rate which is expected to decrease overall emissions intensity at the facility without impacting Northland’s 2040 net zero targets and provide an additional fixed contract revenue stream for Northland from 2030 to 2035. Northland continues to advance the upgrade.

South Korean Offshore Wind Projects

Electricity Business Licenses (“EBLs”) for up to 1,270MW capacity at Dado have been secured, providing exclusivity over the development areas. In addition, Northland’s second project, the 690MW Bobae project, has also been awarded the requisite EBLs. Development activities for the projects are continuing to advance. Northland is pursuing additional early-stage development opportunities located in South Korea’s Wando County for multiple projects with the potential for up to 1,875MW of operating capacity.

ScotWind Offshore Wind Project

Northland was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340MW in 2022. The two leases, one fixed foundation (840MW) and one floating foundation (1,500MW), will extend Northland’s development runway into the next decade, with commercial operations expected at the end of 2029/2030 for the fixed and early 2030s for the floating. In April 2022, Northland entered into an Option Lease Agreement with the Scottish government which provides the Company with development exclusivity over the two awarded sites for a period of up to 10 years. In 2023, Northland signed a partnership agreement with ESB, a leading Irish energy company, for a 24.5% interest in the two offshore wind projects. The partnership with ESB demonstrates a strong interest in ScotWind and in developing offshore wind in Scotland and provides an opportunity to bring in a strong, long-term partner to share in the costs and help advance the development process.

Alberta Portfolio

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

Jurassic BESS project

Please refer to *Section 3.1: Significant Events* for further information.

SECTION 9: OUTLOOK

Northland's outlook is underpinned by its commitment to operational excellence, prudent growth in key global markets and focus on the Company's three major renewable construction programs, ensuring their successful execution.

To prepare for further growth, the Company also continues to be active in pursuing various development opportunities in its core markets. The Company has allocated \$60 million of development expenditures in 2024 towards advancing the 9GW of development opportunities in markets including Alberta, New York, Ontario, Scotland, South Korea and other select jurisdictions.

As of August 14, 2024, management's 2024 financial outlook remains unchanged from prior guidance. This outlook reflects Northland's commitment to strong operational performance with key financial projections for 2024 including expected Adjusted EBITDA in the range of \$1.2 billion to \$1.3 billion and Adjusted Free Cash Flow per share to be in the range of \$1.30 to \$1.50. Furthermore, projected Free Cash Flow per share for 2024 is expected to be in the range of \$1.10 to \$1.30, reflecting the Company's commitment to prudent financial management. Due to strong operating results experienced in the first half of 2024, management is currently projecting the financial outlook for 2024 to be at the higher end of the disclosed guidance range.

It is important to note that while Northland is confident in its outlook, it remains subject to the Forward-Looking Statements disclosed earlier in this MD&A as well as the Risk Factors outlined in the 2023 AIF.

SECTION 10: LITIGATION, CLAIMS AND CONTINGENCIES

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland. Refer to Note 16 of the unaudited interim condensed consolidated financial statements for additional information including any contingencies arising as a result of completed acquisitions.

SECTION 11: FUTURE ACCOUNTING POLICIES

Management assesses each new IFRS or amendment to determine whether it may have a material impact on Northland's consolidated financial statements. As at June 30, 2024, there have been no accounting pronouncements by the International Accounting Standards Board expected to materially affect Northland's consolidated financial statements beyond those described in Note 2.18 of the 2023 Annual Report and Note 2.4 of the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2024.

SECTION 12: FINANCIAL RISKS AND UNCERTAINTIES

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

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

SECTION 13: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

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

Disclosure Controls and Procedures

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

Northland has filed certifications as required under NI 52-109, signed by its CEO and Interim CFO certifying certain matters with respect to the design of disclosure controls and procedures, and the design of internal controls over financial reporting including the appropriateness of the financial disclosures in its annual filings and the effectiveness of such disclosure controls and procedures as of June 30, 2024.

Internal Controls over Financial Reporting

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

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

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

Changes In Internal Control over Financial Reporting

There were no changes in the internal controls over financial reporting in the second quarter of 2024 that have materially affected, or are reasonably likely to materially affect, Northland’s internal controls over financial reporting.