



Northland Power Announces 2023 Financial Guidance, Expands Canadian Development Portfolio and Establishes Its 2040 Net Zero Target

February 3, 2023

2023 Financial Guidance and Outlook Provides for Continued Execution on Growth and Operational Excellence

This news release constitutes a "designated news release" for the purposes of the Company's prospectus supplement dated September 7, 2022 to its short form base shelf prospectus dated June 16, 2021.

TORONTO, Feb. 03, 2023 (GLOBE NEWSWIRE) – Northland Power Inc. ("Northland" or the "Company") (TSX: NPI) is pleased to announce its 2023 financial outlook ahead of the previously announced annual Investor Day, which will be held at 10:00 am EST today. Members of the executive team will provide an update on recent growth activities, Northland's long-term plans and objectives.

Through its entrepreneurial drive and disciplined execution, Northland has established a track record of growth over its 35-year history. Its diversified portfolio of operating facilities continues to deliver strong performance. With 3 gigawatts (GW) of gross operating capacity and a robust development pipeline, the Company is well positioned for an accelerating global energy transition. Northland intends to be selective and pursue only the projects within its pipeline that meet its strategic objectives and targeted returns. With growth in offshore wind set to outpace all other renewables, Northland's leading position in offshore wind positions the Company to be a significant player in this segment through the decade. As the Company was with offshore wind, Northland intends to continue to be at the forefront of emerging renewable energy asset classes.

2022 Growth Activities

In 2022, the Company was successful in increasing its offshore wind development portfolio. In Scotland, Northland secured 2.3 GW of offshore wind leases and in Germany formed the 1.6 GW Nordsee Cluster. Progress was also made on advancing current projects towards financial close, including Hai Long and Baltic Power.

In onshore renewables, efforts focused on the Company's targeted markets in North America, and Europe as well as Colombia. At the end of 2022, through the acquisition of a 1.6 GW solar development portfolio, the Company established a presence in Alberta, currently the most prolific market within Canada for renewable development. Through this acquisition, Northland becomes the third largest renewable energy developer in the province, with the first project in the portfolio targeted to achieve commercial operations as early as 2025. In the United States, the Ball Hill and Bluestone onshore wind projects are under construction and are expected to achieve commercial operations in 2023. As part of its growth strategy in the United States, Northland has created a pipeline of nearly 700 megawatts (MW) of solar projects which will provide the Company the opportunity to bid the projects into future auctions at its discretion.

Executing on its strategy of establishing a presence in energy storage, in December 2022, Northland entered into an agreement to acquire a majority interest in a late-stage, grid-connected battery energy storage project in southern Ontario, Canada. The Oneida Energy Storage Project is a 250 MW/1,000-megawatt hour (MWh) battery energy storage facility being developed in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation.

Northland is also exploring the feasibility of green hydrogen to ammonia export projects along Canada's coasts.

In 2022, inflation, supply chain constraints and rising interest rates affected the global renewables sector. For Northland, the impact was felt on its most advanced projects where equipment and material costs increased from original expectations, as the Company moved to select suppliers and lock down contracts. From a global risk management perspective, on all projects, Northland has increased estimates for contingency amounts and schedule buffers in accordance with recent changes experienced. On the 1.2 GW Baltic Power project, amendments to the 25-year CfD offtake contract, principally the new option to denominate in Euros and the advancement of the indexation base year to 2022 (from 2023 previously), have restored original project economics. Corporate offtake sourcing for the 1.6 GW Nordsee Cluster has commenced in 2023 and Northland expects to contract at a higher price than had been assumed prior to the European energy crisis; this benefit, however, may be partially offset by increased capital costs. On the 1.0 GW Hai Long project, the 744 MW 20-year corporate PPA rate helped to partially offset some of the capital costs increases. The financing of the project is progressing, albeit slower and more challenging than expected due to market specific factors. The Company continues to look for opportunities to optimize returns and manage risk and despite these higher costs, believes the actions taken in combination with other offsets, including sell-downs, will keep overall average returns for its offshore wind portfolio in the targeted ranges.

"The accelerating energy transition and energy security concerns are creating attractive development and investment opportunities for Northland Power and an improved market environment for our operating facilities", said Mike Crawley, Northland's President and Chief Executive Officer. "At the same time, macro-economic and geo-political headwinds of the last year require even more focus on disciplined and prudent project execution. A robust development pipeline not only positions Northland well in several key renewable energy markets but, as importantly, it allows the company to be selective in where it deploys its capital."

BUSINESS ALIGNMENT

Northland has implemented a new organizational structure that allows the Company to scale, create clearer accountability and bring even better focus to project execution and operational excellence. Effective January 2023, Northland formally commenced operating under a business unit (BU) structure focused by technology. The BU's encompass Offshore Wind, Onshore Renewables, Efficient Natural Gas and Utilities and Hydrogen/Renewable Fuels. The offshore BU accounts for 1.2 GW of operating assets and 12 GW of development assets in Europe and Asia. The onshore BU accounts for 1.1 GW of operating assets and nearly 8 GW of development assets in North America, Colombia and Europe, while the natural gas and utility BU accounts for 0.7 GW of operating assets.

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

Net Zero Target - Scope 1, 2 and 3

As part of the Company's purpose to help build a carbon free world, it is establishing a net zero initiative that aims to achieve zero emissions across its operations by 2040. Efforts will focus on reducing GHG emissions intensity from Scope 1 & 2 by 65% by 2030 (from a 2019 baseline) while targeting a science-aligned net zero over all emissions scopes by 2040.

EXECUTING ON OUR DEVELOPMENTS IN 2022

Hai Long Partnership

At Hai Long, the project secured a 20-year corporate offtake agreement for the 744 MW Hai Long 2B and 3A projects, executed all material contracts with suppliers. The project has commenced with early construction works including starting the fabrication of key components. The project also announced a strategic partnership with Gentari International Renewables Pte. Ltd, who will acquire 49% of Northland's interest in the project. Upon closing, the transaction will result in Gentari holding a 29.4% indirect equity interest in the Project, with Northland holding a 30.6% interest. Northland will continue to take the lead role in the construction and operation of the project. In addition, the two companies signed an exclusivity agreement for further potential partnerships in Taiwan.

Baltic Power Update

At Baltic Power, preferred supplier agreements for key elements of the project, including wind turbines, export cables and the offshore and onshore substations have been signed as well as agreements for the transport and installation of the turbines and for the foundations of all substation elements and offshore substations. The project continues to advance towards financial close, expected in 2023.

South Korea Update

In South Korea, the Dado Ocean offshore wind project has been awarded Electricity Business Licenses (EBLs) for approximately 900 MW of the 1,000 MW capacity, providing exclusivity on the leases for the project. The project is expected to advance to mid-stage development and will begin progressing engineering surveys and securing grid capacity. Northland has also been developing a second project, the 600 MW Bobae project. The project has been awarded EBLs for approximately 400 MW and work continues to secure EBLs for the remaining capacity. Northland is pursuing additional early-stage development opportunities located in Wando County for multiple projects with the potential for up to 1.8 GW of operating capacity.

Suba Update

Development progress at the 130MW Suba solar projects in Colombia continues. As previously communicated, commercial operations are now expected to occur in 2024 as certain environmental permits are needed to move the projects towards financial close.

La Lucha Update

Northland continues to work to achieve commercial operations at its 130 MW La Lucha solar project in Mexico. In January 2023, the Company, along with other Canadian private power producers met with the Mexican government in a bid to find a resolution to certain activities that have caused a delay in the energization and subsequent commercial operations. Following that meeting, the relevant Mexican permitting authority approved extension of the generation permit for La Lucha. The company is now coordinating with the appropriate regulatory authorities to initiate testing of the project in order to achieve commercial operations, with the exact target date to be defined in a few weeks. While timelines remain uncertain, Northland is optimistically targeting commercial operations at La Lucha in 2023.

STRATEGIC GROWTH IN CANADA

Oneida Storage Project

Delivering on its strategic objective of establishing a presence in energy storage, Northland entered into an agreement to acquire a majority interest in a late-stage grid-connected battery energy storage project in southern Ontario, Canada. The Oneida Energy Storage Project is a 250 MW/1,000 MWh battery energy storage facility and is being developed in partnership with NRStor Inc. and the Six Nations of the Grand River Development Corporation. Upon closing of the transaction, Northland will be the majority owner of the Project and will take the lead role in its construction, financing and operation. Financial close for the Project is expected in 2023 with full commercial operations targeted to commence in 2025.

Alberta Portfolio

The Company continued its growth and leadership in renewable energy in Canada through the acquisition of a leading renewable power development platform from Greengate Power Corporation, which provides a robust development pipeline of solar projects in Alberta. Alberta is an attractive market for renewable development, being Canada's only deregulated electricity market, offering clear pricing to generators and strong consumer and industrial demand for offtake. The acquisition adds a solar and storage pipeline encompassing over 1.6 GW and 1.2 GWh, respectively, of which the 220 MW Jurassic Project could reach commercial operations as early as 2025. The projects are expected to be accretive to Free Cash Flow per share as they reach commercial operation. All projects will be funded with non-recourse debt, in accordance with Northland's typical investment-grade financing approach. As part of the transaction, key members of the development team originating the portfolio will be joining Northland to help execute development of the current portfolio and also accelerate growth in Alberta and across Canada.

2023 FINANCIAL TARGETS

Adjusted EBITDA

For 2023, management expects Adjusted EBITDA to be in the range of \$1.2 billion to \$1.3 billion compared to the revised 2022 guidance range of \$1.25 to \$1.35 billion, with the major factors contributing to the year over year change in Adjusted EBITDA including (all amounts approximate):

- Higher contribution from the Spanish onshore portfolio primarily due to a higher regulated posted price for the solar and some of the wind assets (\$80 million); and
- Higher overall contribution from onshore renewables including the New York Wind projects, which are expected to achieve commercial operations in 2023 (\$20 million).

Factors offsetting the increase in 2023 Adjusted EBITDA include:

- Lower contribution from offshore wind facilities primarily due to lower forecasted wholesale power prices compared to 2022 and completion of the NER300 subsidy at Nordsee One in the fourth quarter of 2022 (\$45 million)
- Non-recurrence of a one-time asset management income from a natural gas facility in 2022 (\$35 million);
- Lower expected contribution from the efficient natural gas facilities due to higher levels of dispatch in 2022 and other items (\$25 million); and
- Higher expected growth expenditures to advance Northland's increased number of secured projects as well as higher platform costs to support this growth and a larger operating fleet (\$35 million).

Adjusted Free Cash Flow and Free Cash Flow

In 2023, management expects Adjusted Free Cash Flow to be in the range of \$1.70 to \$1.90 per share, compared to the guidance range of \$1.85 to \$2.05 in 2022. The major factors contributing to the year over year change in Adjusted Free Cash flow include (all amounts approximate):

- Higher contribution from the Spanish onshore portfolio (\$110 million), net of re-profiled debt service payments following completion of the refinancing in 2022.

Factors more than offsetting the aforementioned increases include:

- Lower expected contribution from offshore wind facilities (\$30 million);
- Lower proceeds from the annual refinancing of the EBSA debt facility compared to 2022 (\$45 million);

- Non-recurrence from a one-time asset management income from a natural gas facility, as a result of financing and other optimizations, net of tax (\$25 million); and
- Higher expected enabling platform costs to support growth and a larger operating fleet as well as a higher expected corporate tax expense (\$30 million).

For Free Cash Flow, which includes growth expenditures, management expects a range of \$1.30 to \$1.50 per share, compared to a range of \$1.40 to \$1.60 per share in 2022. The significant factors affecting Free Cash Flow are as described above for Adjusted Free Cash Flow but include approximately \$100 million (approximately \$0.40 per share) in growth expenditures. These growth expenditures are expected to support secured projects including: Scotwind, Nordsee 3 and Delta within the Nordsee Cluster, the Korean projects, the recently acquired Alberta solar portfolio, in addition to other Canadian and US opportunities. These early-stage development investments will reduce near-term free cash flow until the projects achieve commercial operations but are expected to deliver accretive long-term, growth in earnings and free cash flow.

In addition, any gains from the future sell-down of ownership interests in development assets would be included in Free Cash Flow and Adjusted Free Cash Flow as they relate to capturing development profits at key milestones. Currently, the 2023 guidance for Free Cash Flow and Adjusted Free Cash Flow does not incorporate any sell-down proceeds and as such, net proceeds would increase reported Free Cash Flow in the event they occur in 2023.

LONG-TERM OUTLOOK

Northland remains in a strong position to achieve substantial growth in Adjusted EBITDA by 2027, with over 3.5 GW of projects in construction and/or scheduled for financial close and commencement of construction within the next two years. Once these projects are complete, Northland's total gross capacity will nearly double to more than 6.5 GW by 2027. Longer-term, the Company continues to advance a pipeline of up to 15 GW encompassing its identified projects and additional opportunities to support the sustained growth of the Company.

Table 1. Northland's Current Project Pipeline (under construction and development)

Project	Location	Technology	Size (Up to or Approximate)	Northland Current Ownership	Status	Contract Type ²	Est. COD
Construction Projects							
Ball Hill	United States	Onshore Wind	108MW	100%	Under Construction	20-yr PPA	2023
Bluestone	United States	Onshore Wind	112MW	100%	Under Construction	20-yr PPA	2023
La Lucha	Mexico	Solar	130MW	100%	Under Construction	TBD	2023
Total Construction Projects			350MW				
Capitalized Growth Projects							
Hai Long	Taiwan	Offshore Wind	1,044MW	60%	Late-Stage Development	20-yr PPA	2026/2027
Baltic Power	Poland	Offshore Wind	1,200MW	49%	Late-Stage Development	25-yr CfD	2026
Nordsee Two	Germany	Offshore Wind	433MW	49%	Mid-Stage Development	TBD ¹	2026
Godewind	Germany	Offshore Wind	225MW	49%	Mid-Stage Development	TBD ¹	2026
Highbridge	United States	Onshore Wind	100MW	100%	Mid/late-Stage Development	20-yr PPA	2024
Suba	Colombia	Solar	130MW	50%	Late-Stage Development	15-yr PPA	2024
Oneida	Canada	Battery Storage	250MW	Majority	Mid/Late-Stage Development	TBD	2025
Total Capitalized Projects			3,382MW				
Identified Projects							
Jurassic	Alberta	Solar	220 MW	100%	Mid-late Stage Development		2025
Alberta Solar	Alberta	Solar	1,400MW	100%	Mid-late Stage Development		
Nordsee Three	Germany	Offshore Wind	420MW	49%	Mid-Stage Development		
Nordsee Delta	Germany	Offshore Wind	480MW	49%	Mid-Stage Development		
Chiiba	Japan	Offshore Wind	600MW	50%	Early/Mid-Stage Development		
Dado Ocean	South Korea	Offshore Wind	Up to 1,000MW	100%	Early/Mid-Stage Development		
Scotwind	Scotland	Offshore Wind	2,340MW	100%	Early-Stage Development		COD 2027 – 2030+
Hecate	Canada	Offshore Wind	400MW	100%	Early-Stage Development		
CanWind	Taiwan	Offshore Wind	500MW	100%	Early-Stage Development		
Bobae	South Korea	Offshore Wind	600MW	100%	Early-Stage Development		
Wando	South Korea	Offshore Wind	Up to 1,800MW	100%	Early-Stage Development		
Total Identified Projects			9,760MW				
Additional Pipeline							
Various			~6,800MW		Early-Stage Development		TBD
Total Pipeline (Under construction Capitalized + Identified + Additional)			~20,000MW				

1. Nordsee Two and Godewind have secured grid interconnection rights for zero subsidy bid, with intention to secure a long-term corporate power purchase contract
2. PPA – Power Purchase Agreement; CfD – Contracts for Difference

To support the development of its capitalized growth opportunities, Northland intends to utilize non-recourse project level financing as the primary source of funding, supported with other funding tools including proceeds from development asset sell-downs; partner equity; equity issuances via its At-the-Market program; as well as corporate hybrid debt. Northland's investor day materials will provide more details on its growth ambitions including an illustration of its funding plan and specific project milestones achieved since last year that are expected to create value for shareholders over the long-term.

Northland's Investor Day Conference

Management will host a hybrid investor conference today at 10:00 a.m. ET. The conference will be webcast live and can be accessed through Northland's website at <https://investorsday.northlandpower.com/>.

Details of the webcast:

When: Friday, February 3, 2023
10:00 a.m. ET
Webcast: [Registration Link](https://investorsday.northlandpower.com/)

Presentations and supporting materials will be posted on Northland's website at <https://investorsday.northlandpower.com/>

A webcast replay will be available after the conclusion of the conference and posted to Northland's website on February 6, 2023.

All dollar amounts in this press release are in Canadian dollars, unless otherwise stated.

ABOUT NORTHLAND POWER

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

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

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

NON-IFRS FINANCIAL MEASURES

This press release 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.

FORWARD-LOOKING STATEMENTS

This press release contains statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements") that are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, the events anticipated by the forward-looking statements may or may not transpire or occur. Forward-looking statements include statements that are not historical facts and are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future Adjusted EBITDA, Adjusted Free Cash Flow and Free Cash Flow, respective per share amounts, dividend payments and dividend payout ratios, guidance, the timing for the completion of construction, acquisitions, dispositions, investments or financings, attainment of commercial operations, the potential for future production from project pipelines, cost and output of development projects, litigation claims, plans for raising capital, and the future operations, business, financial condition, financial results, priorities, ongoing objectives, strategies and the outlook of Northland and its subsidiaries. These statements are based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans and its perception of historical trends, current conditions and expected future developments, as well as other factors, estimates and assumptions that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors include, but are not limited to, risks associated with sales contracts, Northland's reliance on the performance of its offshore wind facilities at Gemini, Nordsee One and Deutsche Bucht for approximately 50% of its Adjusted EBITDA, counterparty risks, contractual operating performance, variability of sales from generating facilities powered by intermittent renewable resources, offshore wind concentration, natural gas and power market risks, operational risks, recovery of utility operating costs, Northland's ability to resolve issues/delays with the relevant regulatory and/or government authorities, permitting, construction risks, project development risks, acquisition risks, financing risks, disposition and joint-venture risks, interest rate and refinancing risks, liquidity risk, inflation risks, impact of regional or global conflicts, credit rating risk, currency fluctuation risk, variability of cash flow and potential impact on dividends, taxation, natural events, environmental risks, health and worker safety risks, market compliance risk, government regulations and policy risks, utility rate regulation risks, international activities, reliance on information technology, labour relations, reputational risk, insurance risk, risks relating to co-ownership, bribery and corruption risk, legal contingencies, and the other factors described in the "Risks Factors" section of Northland's Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2021, which can be found at www.sedar.com under Northland's profile and on Northland's website at northlandpower.com. Northland has attempted to identify important factors that could cause actual results to differ materially 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 release 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.

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