

Interim Condensed Consolidated Financial Statements

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Interim Condensed Consolidated Statements of Financial Position

In thousands of Canadian dollars

<i>(Unaudited)</i>		
As at	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 1,533,904	\$ 673,692
Restricted cash	173,913	155,631
Trade and other receivables	416,405	383,308
Other current assets	91,542	77,950
Derivative assets (Note 9)	308,080	124,112
Total current assets	\$ 2,523,844	\$ 1,414,693
Property, plant and equipment (Note 3)	9,161,261	9,586,466
Contracts and other intangible assets	470,240	497,635
Goodwill	730,955	753,373
Finance lease receivable	127,315	131,280
Derivative assets (Note 9)	639,589	148,559
Long-term deposits	101,300	99,697
Deferred tax asset	29,925	60,931
Investment in joint ventures (Note 4)	180,294	131,134
Other assets	40,979	53,563
Total assets	\$ 14,005,702	\$ 12,877,331
Liabilities and equity		
Trade and other payables	\$ 743,001	\$ 504,583
Facility-level loans and borrowings (Note 5)	655,827	677,378
Dividends payable	25,081	24,946
Derivative liabilities (Note 9)	219,084	197,638
Total current liabilities	\$ 1,642,993	\$ 1,404,545
Facility-level loans and borrowings (Note 5)	6,481,947	6,914,836
Corporate credit facilities (Note 6)	—	41,825
Provisions and other liabilities	697,758	728,817
Derivative liabilities (Note 9)	124,142	290,651
Deferred tax liability	704,792	530,946
Total liabilities	\$ 9,651,632	\$ 9,911,620
Equity		
Common shares (Note 7.1)	\$ 4,720,673	\$ 4,005,462
Preferred shares	260,880	260,880
Contributed surplus	5,347	3,586
Accumulated other comprehensive income (loss)	(11,039)	(279,964)
Deficit	(902,912)	(1,233,085)
Equity attributable to shareholders	\$ 4,072,949	\$ 2,756,879
Non-controlling interests (NCI) (Note 8)	281,121	208,832
Total equity	\$ 4,354,070	\$ 2,965,711
Total liabilities and equity	\$ 14,005,702	\$ 12,877,331

See accompanying notes.

Interim Condensed Consolidated Statements of Income (Loss)

In thousands of Canadian dollars except per Share and Share information

<i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Sales				
Electricity and related products	\$ 443,614	\$ 352,007	\$ 1,417,679	\$ 1,263,556
Regulated electricity	110,151	80,427	385,436	186,626
Other	2,089	(356)	4,585	2,983
Total sales	\$ 555,854	\$ 432,078	\$ 1,807,700	\$ 1,453,165
Cost of sales				
Fuel purchases	50,527	31,903	140,086	102,925
Regulated electricity purchases	21,224	16,726	62,796	50,356
Total cost of sales	\$ 71,751	\$ 48,629	\$ 202,882	\$ 153,281
Gross profit	\$ 484,103	\$ 383,449	\$ 1,604,818	\$ 1,299,884
Expenses				
Operating costs	98,547	93,522	255,872	244,178
General and administrative (“G&A”) costs	18,997	14,983	58,651	45,744
Development costs	21,092	22,738	53,706	50,911
Depreciation of property, plant and equipment	132,416	166,962	424,445	457,399
Total expenses	\$ 271,052	\$ 298,205	\$ 792,674	\$ 798,232
Investment income	610	870	1,122	2,736
Finance lease income	2,805	2,904	8,491	8,782
Operating income	\$ 216,466	\$ 89,018	\$ 821,757	\$ 513,170
Finance costs, net (Note 11)	77,814	80,186	237,054	242,806
Amortization of contracts and other intangible assets	14,042	9,235	39,645	28,878
Impairment (Note 12)	—	—	—	29,981
Foreign exchange (gain) loss	(39,668)	5,858	27,281	51,889
Fair value (gain) loss on derivative contracts (Note 9)	43,146	(33,583)	(319,803)	(63,600)
Other (income) expense	(2,367)	5,011	(27,627)	9,401
Income (loss) before income taxes	\$ 123,499	\$ 22,311	\$ 865,207	\$ 213,815
Provision for (recovery of) income taxes				
Current	35,295	7,598	125,591	49,298
Deferred	12,115	19,381	108,081	24,166
Total income taxes	\$ 47,410	\$ 26,979	\$ 233,672	\$ 73,464
Net income (loss)	\$ 76,089	\$ (4,668)	\$ 631,535	\$ 140,351
Net income (loss) attributable to:				
Non-controlling interests (NCI) (Note 8)	(5,572)	(751)	82,700	54,685
Common shareholders	81,661	(3,917)	548,835	85,666
Net income (loss)	\$ 76,089	\$ (4,668)	\$ 631,535	\$ 140,351
Weighted average number of shares outstanding - basic and diluted (000s) (Note 10)	238,011	225,964	232,712	216,264
Net income (loss) per share - basic and diluted (Note 10)	\$ 0.33	\$ (0.03)	\$ 2.32	\$ 0.36

See accompanying notes.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

In thousands of Canadian dollars

<i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 76,089	\$ (4,668)	\$ 631,535	\$ 140,351
Items that may be re-classified into net income (loss):				
Exchange rate differences on translation of foreign operations	29,833	17,743	(40,823)	(94,164)
Change in fair value of hedged derivative contracts (Note 9)	198,581	10,789	475,972	123,011
Deferred tax recovery (expense)	(41,357)	(4,231)	(95,156)	(17,918)
Items that will not be re-classified into net income (loss):				
Re-measurement of pension obligation	1,676	(1,748)	3,593	(2,869)
Other comprehensive income (loss)	\$ 188,733	\$ 22,553	\$ 343,586	\$ 8,060
Total comprehensive income (loss)	\$ 264,822	\$ 17,885	\$ 975,121	\$ 148,411
Total comprehensive income (loss) attributable to:				
Non-controlling interests (Note 8)	41,674	3,154	157,361	66,148
Common shareholders	223,148	14,731	817,760	82,263
Total comprehensive income (loss)	\$ 264,822	\$ 17,885	\$ 975,121	\$ 148,411

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity

In thousands of Canadian dollars

<i>(Unaudited)</i>	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders'	Non- controlling interests	Total equity
December 31, 2021	\$ 4,005,462	\$ 260,880	\$ (1,233,085)	\$ 3,586	\$ (279,964)	\$ 2,756,879	\$ 208,832	\$ 2,965,711
Net income (loss)	—	—	548,835	—	—	548,835	82,700	631,535
Deferred tax recovery (expense)	—	—	—	—	(93,466)	(93,466)	(1,690)	(95,156)
Exchange rate differences on translation of foreign operations	—	—	—	—	(28,968)	(28,968)	(11,855)	(40,823)
Change in fair value of hedged derivative contracts (Note 9)	—	—	—	—	387,807	387,807	88,165	475,972
Re-measurement of pension obligation	—	—	—	—	3,552	3,552	41	3,593
Total comprehensive income (loss)	\$ —	\$ —	\$ 548,835	\$ —	\$ 268,925	\$ 817,760	\$ 157,361	\$ 975,121
Long term incentive plan (Note 7.1)	591	—	—	1,761	—	2,352	—	2,352
Non-controlling interest disposal (Note 8)	—	—	—	—	—	—	3,446	3,446
Additional contribution provided by NCI	—	—	—	—	—	—	289	289
Common shares issued, net of costs (Note 7.1)	649,581	—	—	—	—	649,581	—	649,581
Deferred tax on share issuance cost (Note 7.1)	1,863	—	—	—	—	1,863	—	1,863
Dividends to NCI (Note 8)	—	—	—	—	—	—	(88,807)	(88,807)
Common share and dividends declared (Note 7.1, 7.3)	63,176	—	(210,410)	—	—	(147,234)	—	(147,234)
Preferred share dividends (Note 7.2)	—	—	(8,252)	—	—	(8,252)	—	(8,252)
September 30, 2022	\$ 4,720,673	\$ 260,880	\$ (902,912)	\$ 5,347	\$ (11,039)	\$ 4,072,949	\$ 281,121	\$ 4,354,070

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity - continued

In thousands of Canadian dollars

<i>(Unaudited)</i>	Common shares	Preferred shares	Deficit	Contributed surplus	Accumulated other comprehensive income (loss)	Equity attributable to shareholders'	Non- controlling interests	Total equity
December 31, 2020	\$ 2,955,840	\$ 260,880	\$ (1,147,633)	\$ 3,225	\$ (279,418)	\$ 1,792,894	\$ 209,877	\$ 2,002,771
Net income (loss) (Note 10)	—	—	85,666	—	—	85,666	54,685	140,351
Deferred tax recovery (expense)	—	—	—	—	(17,565)	(17,565)	(353)	(17,918)
Exchange rate differences on translation of foreign operations	—	—	—	—	(85,867)	(85,867)	(8,297)	(94,164)
Change in fair value of hedged derivative contracts (Note 9)	—	—	—	—	102,881	102,881	20,130	123,011
Re-measurement of pension obligation	—	—	—	—	(2,852)	(2,852)	(17)	(2,869)
Total comprehensive income (loss)	\$ —	\$ —	\$ 85,666	\$ —	\$ (3,403)	\$ 82,263	\$ 66,148	\$ 148,411
Long term incentive plan (Note 7.1)	604	—	—	564	—	1,168	—	1,168
Additional contribution provided by NCI	—	—	—	—	—	—	6,873	6,873
Common shares issued, net of costs (Note 7.1)	949,597	—	—	—	—	949,597	—	949,597
Deferred tax on share issuance cost (Note 7.1)	10,140	—	—	—	—	10,140	—	10,140
Dividends to NCI (Note 8)	—	—	—	—	—	—	(92,576)	(92,576)
Common share and dividends declared (Note 7.3)	65,723	—	(196,199)	—	—	(130,476)	—	(130,476)
Preferred share dividends (Note 7.2)	—	—	(8,101)	—	—	(8,101)	—	(8,101)
September 30, 2021	\$ 3,981,904	\$ 260,880	\$ (1,266,267)	\$ 3,789	\$ (282,821)	\$ 2,697,485	\$ 190,322	\$ 2,887,807

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

In thousands of Canadian dollars

<i>(Unaudited)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating activities				
Net income (loss)	\$ 76,089	\$ (4,668)	\$ 631,535	\$ 140,351
Items not involving cash or operations:				
Depreciation of property, plant and equipment	132,416	166,962	424,445	457,399
Amortization of contracts and other intangibles	14,042	9,235	39,645	28,878
Impairment of goodwill	—	—	—	29,981
Finance costs, net	77,814	32,370	237,054	197,615
Fair value (gain) loss on derivative contracts (Note 9)	43,146	(33,583)	(319,803)	(75,489)
Unrealized foreign exchange (gain) loss	(13,240)	5,858	53,709	51,889
Deferred tax expense (recovery)	12,115	19,381	108,081	24,166
Other	(8,667)	6,455	(41,003)	14,624
	\$ 333,715	\$ 202,010	\$ 1,133,663	\$ 869,414
Net change in working capital related to operations	189,623	78,387	148,631	180,513
Cash provided by operating activities	\$ 523,338	\$ 280,397	\$ 1,282,294	\$ 1,049,927
Investing activities				
Purchase of property, plant and equipment	(114,493)	(116,554)	(307,351)	(262,781)
Acquisitions, net	—	(432,220)	—	(513,841)
Restricted cash utilization (funding)	(7,342)	35,805	1,436	(9,557)
Other	(44,992)	(116)	(11,942)	(2,383)
Cash used in investing activities	\$ (166,827)	\$ (513,085)	\$ (317,857)	\$ (788,562)
Financing activities				
Proceeds from borrowings, net of transaction costs	488,810	39,393	911,802	241,980
Repayment of borrowings	(472,041)	(22,711)	(1,155,467)	(916,878)
Interest paid	(57,618)	(26,948)	(219,613)	(180,055)
Restricted cash utilization (funding)	(22,063)	(9,492)	(26,755)	65,457
Common share dividends	(49,673)	(44,728)	(145,508)	(128,067)
Dividends to NCI (Note 8)	(31,549)	(34,297)	(88,807)	(92,576)
Preferred share dividends (Note 7.2)	(2,811)	(2,704)	(8,252)	(8,101)
Common shares issued, net of costs (Note 7.1)	354,898	—	649,581	949,597
Equity contribution by NCI	289	—	289	—
Other	2,175	1,132	4,203	(5,923)
Cash provided by (used in) financing activities	\$ 210,417	\$ (100,355)	\$ (78,527)	\$ (74,566)
Effect of exchange rate differences on cash and cash equivalents	24,209	2,449	(25,698)	(88,709)
Net change in cash and cash equivalents during the period	591,137	(330,594)	860,212	98,090
Cash and cash equivalents, beginning of period	942,767	863,673	673,692	434,989
Cash and cash equivalents, end of period	\$ 1,533,904	\$ 533,079	\$ 1,533,904	\$ 533,079

See accompanying notes.

Notes to the Interim Condensed Consolidated Financial Statements

1. Description of Northland's Business

Northland Power Inc. (“Northland”) owns or holds net economic interests, through its subsidiaries, in power-producing facilities and a power distribution utility as well as in projects under construction or in development phases. Northland’s facilities produce electricity from clean energy sources for sale primarily under long-term power purchase agreements (PPAs) or other revenue arrangements with creditworthy counterparties. Northland’s utility is a distributor and retailer of electricity compensated under a regulated framework. These operating assets provide stable cash flow and are primarily located in Canada, Germany, the Netherlands, Spain and Colombia. Northland’s significant assets under construction and development are located in Mexico, Taiwan, Poland, Germany, Colombia and the United States.

Northland is incorporated under the laws of Ontario, Canada with common shares (“Shares”), Series 1 cumulative rate reset preferred shares (“Series 1 Preferred Shares”), Series 2 cumulative floating rate preferred shares (“Series 2 Preferred Shares”) and Series 3 cumulative rate reset preferred shares (“Series 3 Preferred Shares”) that are publicly traded on the Toronto Stock Exchange (“TSX”). Northland is the parent company for the subsidiaries that operate Northland’s business. Northland’s registered office is located in Toronto, Ontario.

These unaudited interim condensed consolidated financial statements (“Interim Consolidated Financial Statements”) include the results of Northland and its subsidiaries, of which the most significant are listed in the following table:

	Geographic region ⁽¹⁾	% voting ownership as at Sep. 30, 2022 ⁽²⁾
Offshore Wind		
Buitengaats C.V. and ZeeEnergie C.V. (“Gemini”)	The Netherlands	60.0 %
Nordsee One GmbH (“Nordsee One”)	Germany	85.0 %
Northland Deutsche Bucht GmbH (“Deutsche Bucht”)	Germany	100.0 %
Onshore Renewable		
Nine solar facilities (“Solar”)	Canada	100.0 %
Northland Power Spain Holdings, S.L.U. (“Spanish portfolio”)	Spain	98.5 %
Efficient Natural Gas⁽⁴⁾		
Kirkland Lake Power Corp. (“Kirkland Lake”) ⁽³⁾	Canada	100.0 %
North Battleford Power L.P. (“North Battleford”)	Canada	100.0 %
Thorold CoGen L.P. (“Thorold”)	Canada	100.0 %
Utility		
Empresa de Energía de Boyacá S.A E.S.P (“EBSA”)	Colombia	99.4 %

(1) Geographic region corresponds to place of incorporation or, in the case of partnerships, registration, for all entities listed except North Battleford which is registered in Ontario, Canada.

(2) As at September 30, 2022, Northland’s economic interest remain unchanged from December 31, 2021. Northland owns 100% ownership interest in all the facilities within the Spanish Portfolio, except for one wind facility, where Northland’s ownership interest is at 66.2%.

(3) Northland holds a 68% controlling interest in Canadian Environmental Energy Corporation (CEEC), which holds 100% of the voting shares of Kirkland Lake. Northland's effective net economic interest in Kirkland Lake is approximately 87%.

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

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation and Statement of Compliance

These Interim Consolidated Financial Statements of Northland and its subsidiaries were prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*, utilizing the accounting policies Northland outlined in its December 31, 2021 audited annual consolidated financial statements. The accounting policies are in line with International Financial Reporting Standards (IFRS) guidelines. The Interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual consolidated financial statements and therefore should be read in conjunction with Northland’s 2021 audited annual consolidated financial statements.

These Interim Consolidated Financial Statements are presented in Canadian dollars and all values are presented in thousands except where otherwise indicated. Certain prior period disclosures have been reclassified for consistency with the current period presentation.

The Interim Consolidated Financial Statements for the three and nine months ended September 30, 2022 were approved by the Board of Directors on November 9, 2022.

2.2 Seasonality of operations

Northland’s power generation and utilities distribution assets can experience higher or lower demand in the summer or winter depending on the specific regional weather. Consequently, Northland’s interim operating results are subject to seasonal fluctuations and, thus, interim results are not necessarily indicative of annual results.

2.3 Basis of Consolidation

The Interim Consolidated Financial Statements comprise the financial statements of Northland and its subsidiaries as at and for the three and nine months ended September 30, 2022. Subsidiaries are fully consolidated on the date Northland obtains control and continue to be consolidated until the date that such control ceases. Control is achieved when Northland is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Northland reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statements of financial position and interim condensed consolidated statements of income (loss) from the date Northland gains control until the date control ceases. All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

2.4 New standards or amendments and forthcoming requirements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of Northland’s audited annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of the applicable new standards effective as of January 1, 2022, as noted in the audited annual consolidated financial statements of Northland.

Northland has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. Property, Plant and Equipment

As at	September 30, 2022	December 31, 2021
Property, plant and equipment (“PP&E”), net	\$ 8,043,274	\$ 8,812,225
Construction-in-progress	969,954	622,189
Lease right-of-use (ROU) asset	148,033	152,052
Total property, plant and equipment, net	\$ 9,161,261	\$ 9,586,466

As at September 30, 2022, construction-in-progress primarily relates to the capitalization of construction projects including the New York Wind projects in the United States, the Hai Long project in Taiwan, the La Lucha project in Mexico, and the Helios project in Colombia.

On April 7, 2022, Northland completed the sale of two efficient natural gas facilities in Ontario, Canada with a net book value of \$5 million as at the sale date.

4. Investment in Joint Ventures

Set out below are the significant joint ventures of Northland as at September 30, 2022. The entities have share capital consisting solely of ordinary shares, which are held directly or indirectly, by Northland. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business / country of incorporation	% of ownership Interest as of		Carrying Amount as of	
		Sep. 30, 2022	Dec. 31, 2021	Sep. 30, 2022	Dec. 31, 2021
Baltic Power	Poland	48.6 %	48.6 %	\$ 122,196	\$ 128,111
Others				\$ 58,098	\$ 3,023
Total investments in joint ventures				\$ 180,294	\$ 131,134

With respect to Baltic Power pursuant to a joint venture agreement executed in 2021, Northland has made purchase price commitments of \$45 million (€33 million) to be funded over the period until March 2023, of which \$35 million (€26 million) have been funded as of September 30, 2022. These commitments have been recognized within trade and other payables and provisions and other liabilities in the Interim Consolidated Financial Statements.

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

Summarized statement of financial position

	Current assets			Non-current assets	Current liabilities			Non-current liabilities		Net Assets
	Cash and cash equivalents	Other current assets	Total current assets		Financial liabilities*	Other current liabilities	Total current liabilities	Other non-current liabilities	Total non-current liabilities	
As of September 30, 2022										
Baltic Power	\$ 54,836	\$ 17,930	\$ 72,766	\$ 178,962	\$ —	\$ 12,631	\$ 12,631	\$ 1,840	\$ 1,840	\$ 237,257
As of December 31, 2021										
Baltic Power	\$ 52,520	\$ 42,399	\$ 94,919	\$ 177,719	\$ 15,414	\$ 147	\$ 15,561	\$ —	\$ —	\$ 257,077

* Financial liabilities exclude trade payables, which are included within the other liabilities.

Reconciliation to carrying amounts

	Opening Net assets	FV of net assets acquired	Equity contribution	Net income (loss) for the period	Currency translation gain (loss)	Closing Net assets	Northland's share in %	Northland's share in net assets	Other adjustments	Carrying amount
As of September 30, 2022										
Baltic Power	\$ 257,077	\$ —	\$ —	\$ 1,989	\$ (21,809)	\$ 237,257	48.6 %	\$ 115,212	\$ 6,984	\$ 122,196
As of December 31, 2021										
Baltic Power	\$ —	\$ 139,065	\$ 131,738	\$ (5,287)	\$ (8,439)	\$ 257,077	48.6 %	\$ 124,837	\$ 3,274	\$ 128,111

Summarized statement of comprehensive income

Six months ended	Interest income	Depreciation and amortization	Interest expense	Development expenses	Net income (loss)	Total comprehensive income (loss)
As of September 30, 2022						
Baltic Power	\$ 2,729	\$ (165)	\$ (236)	\$ —	\$ 1,989	\$ 1,989
As of September 30, 2021						
Baltic Power	\$ —	\$ —	\$ (951)	\$ (3,522)	\$ (2,158)	\$ (2,158)

In January 2022, Northland and its German partner, RWE Renewables GmbH (**RWE**), announced the formation of a Nordsee Offshore Wind Cluster (the "**Cluster**") partnership encompassing Nordsee Two GmbH ("**N2**"), Nordsee Three GmbH ("**N3**") and Offshore-Windpark Delta Nordsee GmbH ("**Delta**"). As a result, Northland reduced its ownership interest in N2 and N3 from 85% to 49% and acquired a 49% interest in Delta. The loss of control in N2 and N3 resulted in a gain of \$15 million (€10 million). Subsequent to the loss of control, since Northland and RWE jointly control N2, N3 and Delta under the terms of the agreement, the three projects are accounted using the equity method of accounting. As a part of this transaction, Northland also committed to paying \$20 million (€14 million) to RWE on the date of the final investment decision taken for Delta, expected in 2026 to fund the historical development expenses of Delta.

On August 10, 2022, Northland entered into a Shares Purchase Agreement (**SPA**) with RWE for the purchase of 49% stake in RWE Renewables Offshore Development Two GmbH ("**Godewind**"). As a part of this transaction, Northland committed to paying \$8 million (€6 million) to RWE upon N3 and Delta being awarded either Contract for Difference ("**Cfd**") or exercising step-in rights. As a part of this transaction, Northland also committed to purchase shareholder loan of \$4 million (€3 million), approximately, from RWE on the date of final investment decision taken for Godewind, expected in 2024. Godewind has been integrated as a part of the Cluster. Pursuant to the terms of SPA, management concluded Godewind as a jointly controlled investment and therefore, accounted for using equity method of accounting.

As of September 30, 2022, the carrying value of the Cluster amounts to \$10 million (€8 million) and the carrying value of loan receivables from the Cluster amounts to \$8 million (€6 million).

On July 29, 2022, Northland entered into a Trust Agreement with EDF Renewables Colombia S.A.S ("**EDFR**"), to jointly develop, construct, operate, and decommission solar power projects ("**Suba**") in Colombia. While EBSA owns 99.9% of the fiduciary rights in the Trust, in accordance with the contractual terms of the Trust Agreement, Northland has a right to 50% economic benefits in Suba. Management concluded Suba as a jointly controlled investment and therefore, accounted for using equity method of accounting. As of September 30, 2022, the carrying value of investment in Suba amounts to \$2 million (COP 7 billion).

5. Facility-level Loans and Borrowings

Northland generally finances projects and its operating facilities through non-recourse, secured credit arrangements at the subsidiary level. These loans and borrowing are summarized in the table below:

	Rate ⁽¹⁾	Maturity	Amount drawn as at Sept. 30, 2022 ⁽²⁾	Amount drawn as at Dec. 31, 2021 ⁽²⁾
EBSA ⁽³⁾	3.7%	2024	\$ 518,697	\$ 518,096
New York Wind	1.4%	2024	312,235	129,624
Nordsee One ⁽³⁾	2.3%	2026	575,617	678,059
Jardin ⁽³⁾	6.0%	2029	67,697	73,223
Kirkland Lake	4.2%	2030	46,497	11,800
Thorold ⁽³⁾	6.7%	2030	212,164	227,137
Gemini ⁽³⁾⁽⁵⁾	4.0%	2030	1,963,890	2,206,204
Deutsche Bucht ⁽³⁾	2.4%	2031	1,011,357	1,125,771
Mont Louis	6.6%	2031	59,817	63,723
Solar Phase I ⁽³⁾⁽⁴⁾	4.4%	2032	154,882	162,121
North Battleford ⁽³⁾	5.0%	2032	520,953	539,032
Solar Phase II ⁽⁴⁾	4.5%	2034	108,501	116,026
McLean's	6.0%	2034	101,755	106,587
Cochrane Solar ⁽³⁾	4.6%	2035	149,219	159,084
Grand Bend	4.2%	2035	285,284	297,469
Spy Hill ⁽³⁾	4.1%	2036	119,555	124,584
Spanish portfolio ⁽⁶⁾	2.1%	2026-2041	929,654	1,053,674
Weighted average and total	3.5%		\$ 7,137,774	\$ 7,592,214
Current			655,827	677,378
Long-term			\$ 6,481,947	\$ 6,914,836

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

(2) Excludes letters of credit secured by facility or project-level credit agreements.

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

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

(5) Includes the amount drawn on the senior debt and the third-party portion of subordinated debt.

(6) The weighted average all-in rate and remaining term to maturity for all the facility-level loans is 2.1% and 13 years, respectively.

As at September 30, 2022, \$105 million of letters of credit secured by facility or project-level credit agreements was outstanding (December 31, 2021 - \$94 million).

On June 2, 2022, Northland restructured and upsized its Kirkland Lake credit facility (the "Kirkland Lake facility"). The aggregate amount of the financing was upsized by \$34 million, net of closing costs, to \$47 million, and the loan maturity date was extended by eight years to March 31, 2030. The restructured Kirkland Lake facility continues to be denominated in Canadian dollars, with the all-in interest rate increasing to 4.2% from 2.8% previously.

On September 20, 2022, Northland finalized a tax equity commitment for the Ball Hill and Bluestone onshore wind projects in New York State. This commitment provides tax equity investment of approximately \$250 million (US\$190 million) to these projects. As at September 30, 2022, no investment has been received by these projects from the tax equity investor.

On October 18, 2022 Northland restructured Gemini's debt. The key elements of the restructuring include: (i) the aggregate amount of senior debt increased by \$238 million (€177 million) (net); (ii) the margin reduced from 175bps to 120bps which resulted in the interest rate reduced slightly to 3.9% from 4.0%; (iii) replaced all Debt Service Reserve Account with a Debt Service Reserve Facility; and (iv) maturity of the commercial term portion of the senior debt is extended by one year to June 30, 2031. The restructured debt continues to be denominated in Euros.

On November 3, 2022, Northland restructured the long-term debt of its Spanish portfolio across multiple facilities to optimize the structure into a single financing facility-level loan. The restructuring resulted in the reduction in the size of the debt to \$821 million (€613 million) from \$902 million (€675 million) and extended the loan maturity date to 2042 from existing maturities ranging between 2026 and 2041. The restructured debt continues to be denominated in Euros, with the all-in interest rate reduced to 2.0% from 2.1%.

For the nine months ended September 30, 2022, Northland complied with all applicable contractual covenants, except for: (i) the requirement to fully fund certain debt service reserve and unplanned maintenance reserve accounts; and (ii) the covenants restricting the making of a distribution prior to ensuring those applicable reserves were fully funded, which were identified during the period. The foregoing matters do not constitute events of default under the applicable credit agreements if cured in accordance with the terms of such agreements. The required corrective actions were taken in accordance with the applicable agreements in April 2022. Accordingly, as at September 30, 2022 and as at the approval date of these Interim Consolidated Financial Statements, Northland continues to have an unconditional right to defer the payment of the loan over the contractually agreed term.

6. Corporate Credit Facilities

The corporate credit facilities are summarized in the table below:

	Facility size	Amount drawn as at September 30, 2022 ⁽⁴⁾	Outstanding letters of credit	Available capacity	Maturity	Amount drawn as at December 31, 2021
Sustainability linked loan (SLL) syndicated revolving facility ⁽¹⁾	\$ 1,000,000	\$ —	\$ 274,742	\$ 725,258	Sep. 2026	\$ 44,722
Bilateral letter of credit facility	150,000	—	134,637	15,363	Mar. 2023	—
Export credit agency backed letter of credit facility ⁽²⁾	100,000	—	49,431	50,569	Mar. 2023	—
Export credit agency backed letter of credit facility ⁽³⁾	50,000	—	37,734	12,266	n/a	—
Total	\$ 1,300,000	\$ —	\$ 496,544	\$ 803,456		\$ 44,722
Less: deferred financing costs		1,858				2,897
Total, net		\$ (1,858)				\$ 41,825

(1) The amount drawn on the syndicated revolving facility as at September 30, 2022 was \$nil (December 31, 2021 - US\$30 million, CAD nil and €5 million converted to CAD at the period-end exchange rates). Subsequent to the nine months ended September 30, 2022, the maturity period of syndicated revolving facility was extended to September 2027.

(2) During the quarter ended March 31, 2022, Northland got this credit facility maturity extended to March 2023.

(3) This facility does not have a specified maturity date. Additionally, subsequent to the nine months ended September 30, 2022, the facility size increased to \$100 million.

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

During the nine months ended September 30, 2022, Northland made net repayment of \$45 million on the syndicated revolving facility with the remaining movement in the period due to foreign exchange rate fluctuations.

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

7. Equity

7.1 Common Shares

Northland is authorized to issue an unlimited number of Shares. The change in Shares during 2022 and 2021 was as follows:

	September 30, 2022		December 31, 2021	
	Shares	Amount	Shares	Amount
Shares outstanding, beginning of year	226,882,751	\$ 4,005,462	202,171,075	\$ 2,955,840
Shares issued under Equity offering	15,606,600	649,581	22,500,500	949,597
Shares issued under the LTIP	14,974	591	21,967	911
Shares issued under the DRIP	1,635,656	63,176	2,189,209	88,973
Change in deferred taxes ⁽¹⁾	—	1,863	—	10,141
Total common shares outstanding, end of period	244,139,981	\$ 4,720,673	226,882,751	\$ 4,005,462

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

Dividend Reinvestment Plan

The DRIP provides shareholders the right to reinvest their dividends in Shares with a 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.

Effective with the dividend paid on September 15, 2020, Northland changed the discount rate applicable to its DRIP, whereby common shareholders may elect to reinvest their dividends in common shares to 3% discount, from the previous 0% discount.

Share-based Compensation

Northland’s Long-Term Incentive Plan (**LTIP**) provides for a maximum of 3,100,000 Shares to be reserved and available for grant to employees of Northland and its subsidiaries. As at September 30, 2022, 1,163,329 Shares remain available for future issuance under the LTIP. Shares may be awarded based on development profits, which arise from new projects or acquisitions (“**Development LTIP**”). The costs recognized for LTIP in the period depend on management’s best estimate of a project’s expected development profit and expected timing of project milestones. Awards under the LTIP may be settled in Shares or in cash, at the discretion of Northland’s Board of Directors.

For the three and nine months ended September 30, 2022, Northland expensed \$1.2 million and \$3.1 million (2021 - \$0.4 million and \$0.4 million), respectively, of costs under the LTIP. No forfeitures are assumed to occur. The balance of accrued awards related to the Development LTIP is included in liabilities since these awards are expected to be settled in cash. For the three and nine months ended September 30, 2022, Northland settled \$nil and \$2 million (2021 - \$nil and \$nil), respectively, of Development LTIP awards in cash related to development projects.

Shares may also be awarded under the LTIP to recognize achievements or attract and retain executives (“**Deferred Rights**”). Grants of Deferred Rights vest over a maximum of a three-year period, and the expected cost is expensed over the vesting period.

In addition to the LTIP, stock-based compensation in the form of Restricted Share Units (**RSU**) and Deferred Share Units (**DSU**) may be granted by Northland to employees and directors. These awards are settled and paid in cash and accounted for as a liability until paid.

Equity offering

On March 1, 2022, Northland established an at-the-market equity (“ATM program”) that allowed Northland to issue up to \$500 million of common shares from treasury, at Northland’s discretion. On September 7, 2022, Northland renewed its ATM program to issue up to an additional \$750 million of common shares from treasury, at the Company’s discretion. The ATM program was renewed following the termination of the previous ATM equity program as a result of having exercised the full allotment permitted under the program.

Any Common Shares sold under the ATM program will be sold through the TSX. The ATM Program will be effective until the earlier of July 16, 2023 and the date that all of the common shares issuable under the ATM program have been issued, unless terminated prior to such date.

During the three and nine months ended September 30, 2022, Northland issued 8,118,900 and 15,606,600 common shares, respectively, under the ATM program at an average price of \$44.30 and \$42.21 per common share, respectively, for gross proceeds of \$360 million and \$659 million (net proceeds \$355 million and \$650 million), respectively.

Under the ATM program, as at November 9, 2022, Northland has issued a total of 16,687,382 shares at an average price of \$42.11 per share for gross proceeds of \$703 million (net proceeds \$693 million).

7.2 Preferred Shares

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Series 1	\$ 953	\$ 953	\$ 2,859	\$ 2,859
Series 2	334	227	821	670
Series 3	1,524	1,524	4,572	4,572
Total	\$ 2,811	\$ 2,704	\$ 8,252	\$ 8,101

7.3 Dividends

Dividends declared per Share and in aggregate were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Dividends declared per Share	\$ 0.30	\$ 0.30	\$ 0.90	\$ 0.90
Aggregate dividends declared				
Dividends in cash	50,891	44,605	147,221	129,578
Dividends in shares	21,066	23,212	63,189	66,621
Total	\$ 71,957	\$ 67,817	\$ 210,410	\$ 196,199

8. Non-controlling Interests

Non-controlling interests relate to the interests not owned by Northland. Subsidiaries with non-controlling interests that are material to Northland's consolidated financial statements include Gemini (40%), Nordsee One (15%) and CEEC (32%). CEEC has voting control of Kirkland Lake but ownership interest of 8.8% as a result of non-voting ownership interest held by third-parties.

Summarized financial information for subsidiaries with material non-controlling interests in the interim condensed consolidated statements of financial position (shown at 100% totals) are as follows:

As at September 30, 2022	Current assets ⁽¹⁾	Long-term assets	Current liabilities	Long-term liabilities
Gemini	\$ 475,187	\$ 2,653,011	\$ 478,512	\$ 2,065,042
Nordsee	182,139	1,130,830	177,906	880,534
CEEC	26,849	30,984	13,427	54,619
Other ⁽²⁾	365,962	1,721,213	229,986	797,709
Total	\$ 1,050,137	\$ 5,536,038	\$ 899,831	\$ 3,797,904

As at December 31, 2021	Current assets ⁽¹⁾	Long-term assets	Current liabilities	Long-term liabilities
Gemini	\$ 349,101	\$ 2,891,749	\$ 394,389	\$ 2,451,059
Nordsee	114,737	1,205,921	181,720	984,941
CEEC	35,392	23,738	27,805	10,046
Other ⁽²⁾	296,412	888,494	265,942	693,043
Total	\$ 795,642	\$ 5,009,902	\$ 869,856	\$ 4,139,089

(1) As at September 30, 2022, restricted cash of nil (Dec 2021 - \$47 million) is included for Gemini, \$27 million (Dec 2021 - \$29 million) for Nordsee One where the availability of funds is intended for debt repayments.

(2) Other includes subsidiaries with non-controlling interests that are not individually material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), Cochrane Solar (37.5%), Energia (12%), EBSA (0.6%) and the Spanish portfolio (1.5%).

The change in material non-controlling interests during 2022 and 2021 is as follows:

	Gemini	Nordsee ⁽³⁾	CEEC	Other ⁽²⁾	Total
As at January 1, 2022	\$ 149,464	\$ 32,988	\$ 10,847	\$ 15,533	\$ 208,832
Additional contribution by NCI	—	—	—	289	289
Net income (loss) attributable ⁽¹⁾	82,169	11,207	(19,350)	8,674	82,700
Dividends and distributions declared ⁽¹⁾	(71,441)	—	(7,163)	(10,203)	(88,807)
Allocation of other comprehensive income (loss) ⁽¹⁾	70,100	(66)	—	4,627	74,661
Disposal of non-controlling interests ⁽⁴⁾	—	3,446	—	—	3,446
As at September 30, 2022	\$ 230,292	\$ 47,575	\$ (15,666)	\$ 18,920	\$ 281,121
	Gemini	Nordsee ⁽³⁾	CEEC	Other ⁽²⁾	Total
As at January 1, 2021	\$ 138,188	\$ 30,474	\$ 23,792	\$ 17,423	\$ 209,877
Non-controlling interest acquired	—	—	—	6,873	6,873
Net income (loss) attributable ⁽¹⁾	50,452	2,654	2,278	(699)	54,685
Dividends and distributions declared ⁽¹⁾	(73,989)	(4,296)	—	(14,291)	(92,576)
Allocation of other comprehensive income (loss) ⁽¹⁾	7,333	(109)	—	4,239	11,463
As at September 30, 2021	\$ 121,984	\$ 28,723	\$ 26,070	\$ 13,545	\$ 190,322

(1) Net income (loss), dividends and distributions, and other comprehensive income (loss) are shown at the respective non-controlling interest share.

(2) Other includes subsidiaries with non-controlling interests that are not material to Northland's consolidated financial statements, including: McLean's (50%), Grand Bend (50%), Cochrane Solar (37.5%), Energia (12%), EBSA (0.6%) and Spanish portfolio (1.5%).

(3) As of January 1, 2022, Nordsee was comprised of NCI balances relating to Nordsee One, N2 and N3.

(4) Disposal of NCI relates to de-recognition of NCI interest of N2 and N3 due to formation of Nordsee Offshore Wind Cluster partnership, as disclosed in note 4. As of September 30, 2022, Northland holds a 49% interest in N2 and N3, and accounts them under equity method of accounting.

For three and nine months ended September 30, 2021, as disclosed in note 16 of the annual financial statements for the year ended December 31, 2021, net income (loss) and other comprehensive income (loss) ("OCI") attributable to common shareholders and NCI were adjusted. The change in allocation increased net income (loss) attributable to common shareholders and decreased net income (loss) attributable to NCI by \$6 million and \$17 million for three and nine months ended September 30, 2021, respectively. This resulted in the net loss per share – basic and diluted, for three months ended September 30, 2021, decreased from \$0.05 per share to \$0.03 per share and net income per share – basic and diluted for, nine months ended September 30, 2021, increased from \$0.28 per share to \$0.36 per share, respectively. In addition, the change in allocation decreased OCI attributable to common shareholders and increased OCI attributable to NCI by \$1 million and \$3 million for three and nine months ended September 30, 2021, respectively.

9. Financial Instruments

The derivative financial instruments consist of the following:

As at September 30, 2022	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Total
Derivatives designated for hedge accounting					
Interest Rate Contracts	\$ 22,432	\$ (6,552)	\$ 147,243	\$ (12,500)	\$ 150,623
Foreign Exchange Contracts	10,722	—	108,761	—	119,483
Derivatives not designated for hedge accounting					
Interest Rate Contracts	49,011	(724)	216,764	(8,846)	256,205
Foreign Exchange Contracts	38,563	(608)	127,699	(11,078)	154,576
Commodity Contracts	187,352	(197,931)	39,122	(40,958)	(12,415)
Embedded derivatives	—	(13,269)	—	(50,760)	(64,029)
Total	\$ 308,080	\$ (219,084)	\$ 639,589	\$ (124,142)	\$ 604,443

As at December 31, 2021	Current assets	Current liabilities	Long-term assets	Long-term liabilities	Total
Derivatives designated for hedge accounting					
Interest Rate Contracts	\$ 19	\$ (82,534)	\$ 1,053	\$ (197,931)	(279,393)
Foreign Exchange Contracts	6,087	—	42,528	(1,720)	46,895
Derivatives not designated for hedge accounting					
Interest Rate Contracts	96	(12,875)	26,408	(57,806)	(44,177)
Foreign Exchange Contracts	32,007	(247)	52,381	(897)	83,244
Commodity Contracts	85,903	(101,982)	26,189	(32,297)	(22,187)
Total	\$ 124,112	\$ (197,638)	\$ 148,559	\$ (290,651)	(215,618)

The change in derivative financial instruments for the nine months ended September 30, 2022 and 2021 is as follows:

	Balance as at Dec. 31, 2021 asset (liability)	Designated in hedge relationships		Fair value changes on derivatives not designated in hedge relationships		Foreign exchange gain (loss)	Balance as at Sept. 30, 2022 asset (liability)
		Changes in fair value recognized in OCI ⁽¹⁾	Fair value changes ⁽²⁾	Fair value changes on derivatives not designated in hedge relationships ⁽²⁾	Foreign exchange gain (loss)		
Interest Rate Contracts	\$ (323,571)	\$ 395,333	\$ 21,326	\$ 301,005	\$ 12,737	\$ 406,830	
Foreign Exchange Contracts	130,139	80,639	(4,953)	68,233	—	274,058	
Commodity Contracts ⁽³⁾	(22,186)	—	—	9,770	—	(12,416)	
Embedded derivatives ⁽⁴⁾	—	—	—	(64,029)	—	(64,029)	
Total	\$ (215,618)	\$ 475,972	\$ 16,373	\$ 314,979	\$ 12,737	\$ 604,443	

(1) Amounts recognized in "Change in fair value of hedged derivative contracts" in the consolidated statements of comprehensive income (loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in "Fair value (gain) loss on derivative contracts" in the consolidated statements of income (loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the nine months ended September 30, 2022. Realized gains and losses are recorded in "Finance costs, net" for interest rate contracts, "Foreign exchange (gain) loss" for foreign exchange contracts and "Fair value (gain) loss on derivative contracts" for power forward contracts.

(3) Commodity contracts includes \$12 million of cash and accrued payment settlements during the nine months ended September 30, 2022.

(4) Represents the energy price component linked to the market price in 20-year indexed Renewable Energy Certificate (REC) agreement with the New York State Energy Research and Development Authority (NYSERDA) for the Ball Hill and the Bluestone.

	Balance as at Dec. 31, 2020 asset (liability)	Designated in hedge relationships		Fair value changes on derivatives not designated in hedge relationships		Foreign exchange gain (loss)	Balance as at Sept. 30, 2021 asset (liability)
		Changes in fair value recognized in OCI ⁽¹⁾	Fair value changes ⁽²⁾	Fair value changes on derivatives not designated in hedge relationships ⁽²⁾	Foreign exchange gain (loss)		
Interest Rate Contracts	\$ (515,797)	\$ 82,980	\$ 32,395	\$ (6,172)	\$ 20,344	\$ (386,250)	
Foreign Exchange Contracts	(27,739)	45,627	13,393	20,736	(74)	51,943	
Commodity Contracts ⁽³⁾	(39,095)	(5,596)	1,016	2,232	189	(41,254)	
Total	\$ (582,631)	\$ 123,011	\$ 46,804	\$ 16,796	\$ 20,459	\$ (375,561)	

(1) Amounts recognized in "Change in fair value of hedged derivative contracts" in the consolidated statements of comprehensive income (loss), representing the change in fair value recognized in OCI, net of amounts reclassified to the consolidated statements of income (loss) on settlement.

(2) Amounts recognized in "Fair value (gain) loss on derivative contracts" in the consolidated statements of income (loss). These amounts represent fair value changes, net of realized gains and losses on settlements during the nine months ended September 30, 2022. Realized gains and losses are recorded in "Finance costs, net" for interest rate contracts, "Foreign exchange (gain) loss" for foreign exchange contracts and "Fair value (gain) loss on derivative contracts" for power forward contracts.

(3) Commodity contracts includes \$23 million of cash and accrued payment settlements during the nine months ended September 30, 2021.

The objective of Northland's hedges is to reduce volatility in its cash flow related to changes in foreign exchange, interest rates and market prices for gas and power. The nature of the risks that Northland is exposed to and the related hedge objectives did not change in the three and nine months ended September 30, 2022.

9.1. Fair Value Hierarchy of Financial Instruments

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as defined in Northland's 2021 audited annual consolidated financial statements.

As of September 30, 2022, all derivative financial instruments, except for embedded derivatives, are categorized as level 2. Embedded derivatives are categorized as level 3. The table below sets out the significant unobservable inputs used to value level 3 derivative financial instruments:

Derivative Financial Instrument	Valuation Technique	Significant unobservable inputs	Range	% change	Sensitivity of input to the fair value (In CAD)
Embedded derivatives	Long-term price forecast	Average illiquid forward energy prices (per MWh)	US\$ 33.89 to US\$ 34.95	5% increase / (decrease) in Average forward energy prices	\$19,537

10. Net Income (Loss) per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income (loss) for the period attributable to common shareholders	\$ 81,661	\$ (3,917)	\$ 548,835	\$ 85,666
Less: preferred share dividends, net (Note 7.2)	(2,811)	(2,704)	(8,252)	(8,101)
Net income (loss) attributable to common shareholders for basic and diluted earnings	\$ 78,850	\$ (6,621)	\$ 540,583	\$ 77,565

The basic and diluted share amounts are calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Weighted average number of Shares outstanding, basic and diluted	238,011,308	225,963,528	232,712,238	216,264,216

11. Finance costs, net

Net finance costs consist of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Interest on debt, borrowings and bank fees	\$ 72,973	\$ 74,764	\$ 223,429	\$ 225,246
Amortization of deferred financing costs	5,908	5,327	13,606	16,351
Others	(1,067)	95	19	1,209
Finance costs, net	\$ 77,814	\$ 80,186	\$ 237,054	\$ 242,806

For the three and nine months ended September 30, 2022, \$3 million and \$4 million of finance costs (2021 - \$1 million and \$5 million), respectively incurred from project financing related to facilities under construction were capitalized in construction-in-progress.

12. Operating Segment Information

Northland has identified operating segments as outlined below based on the nature of operations, asset class and materiality. Northland analyzes the performance of its operating segments based on their operating income, which is defined as sales less operating expenses.

Significant information for each segment for the consolidated statements of income (loss) is as follows:

Three Months Ended September 30, 2022	External Sales	Inter company sales ⁽¹⁾	Total Sales	Cost of sales	Operating Costs	G&A costs ⁽²⁾	Depreciation of PP&E	Other income ⁽³⁾	Operating Income	Finance costs, net
Offshore Wind Facilities⁽⁴⁾	\$ 277,560	\$ —	\$ 277,560	\$ —	\$ 45,685	\$ 2,858	\$ 77,214	\$ —	\$ 151,803	\$ 38,499
Onshore Renewable Facilities										
Canada	52,045	—	52,045	—	8,312	284	20,997	—	22,452	12,499
Spain	42,612	—	42,612	—	17,893	978	14,825	—	8,916	9,090
	\$ 94,657	\$ —	\$ 94,657	\$ —	\$ 26,205	\$ 1,262	\$ 35,822	\$ —	\$ 31,368	\$ 21,589
Efficient Natural Gas Facilities										
Canada	111,104	—	111,104	51,142	9,864	(234)	10,226	(2,805)	42,911	11,138
Utilities										
Colombia	69,887	—	69,887	21,224	16,793	1,791	6,802	—	23,277	(92)
Other⁽¹⁾	2,646	26,025	28,671	(615)	—	34,412	2,352	(610)	(6,868)	6,680
Elimination	—	(26,025)	(26,025)	—	—	—	—	—	(26,025)	—
Total	\$ 555,854	\$ —	\$ 555,854	\$ 71,751	\$ 98,547	\$ 40,089	\$ 132,416	\$ (3,415)	\$ 216,466	\$ 77,814

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to \$156 million and \$121 million, respectively.

Three Months Ended September 30, 2021	External Sales	Intercompany sales ⁽¹⁾	Total Sales	Cost of sales	Operating Costs	G&A costs ⁽²⁾	Depreciation of PP&E	Other income ⁽³⁾	Operating Income	Finance costs, net
Offshore Wind Facilities⁽⁴⁾	\$ 197,091	\$ —	\$ 197,091	\$ —	\$ 52,182	\$ 2,854	\$ 93,422	\$ —	\$ 48,633	\$ 60,261
Onshore Renewable Facilities										
Canada	48,230	—	48,230	—	6,925	520	21,977	—	18,808	(2,950)
Spain	26,031	—	26,031	—	7,313	89	15,934	—	2,695	3,320
	\$ 74,261	\$ —	\$ 74,261	\$ —	\$ 14,238	\$ 609	\$ 37,911	\$ —	\$ 21,503	\$ 370
Efficient Natural Gas Facilities										
Canada	102,203	—	102,203	29,361	12,768	294	25,684	(2,904)	37,000	12,549
Utilities										
Colombia	56,450	—	56,450	16,726	14,334	2,244	7,799	—	15,347	384
Other⁽¹⁾	2,073	41,113	43,186	2,542	—	31,720	2,146	(870)	7,648	6,622
Elimination	—	(41,113)	(41,113)	—	—	—	—	—	(41,113)	—
Total	\$ 432,078	\$ —	\$ 432,078	\$ 48,629	\$ 93,522	\$ 37,721	\$ 166,962	\$ (3,774)	\$ 89,018	\$ 80,186

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to \$94 million and \$103 million, respectively.

Nine Months Ended September 30, 2022	External Sales	Inter company sales ⁽¹⁾	Total Sales	Cost of sales	Operating Costs	G&A costs ⁽²⁾	Depreciation of PP&E	Other income ⁽³⁾	Operating Income	Finance costs, net
Offshore Wind Facilities⁽⁴⁾	\$ 919,999	\$ —	\$ 919,999	\$ —	\$ 124,677	\$ 8,142	\$ 243,456	\$ —	\$ 543,724	\$ 116,615
Onshore Renewable Facilities										
Canada	167,490	—	167,490	—	22,364	1,005	63,006	—	81,115	38,205
Spain	186,044	—	186,044	—	29,671	2,386	58,555	—	95,432	20,731
	\$ 353,534	\$ —	\$ 353,534	\$ —	\$ 52,035	\$ 3,391	\$ 121,561	\$ —	\$ 176,547	\$ 58,936
Efficient Natural Gas Facilities										
Canada	314,927	—	314,927	130,630	29,003	327	30,661	(8,491)	132,797	35,634
Utilities										
Colombia	205,674	—	205,674	62,796	50,157	4,456	22,475	—	65,790	(48)
Other⁽¹⁾	13,566	103,592	117,158	9,456	—	96,041	6,292	(1,122)	6,491	25,917
Elimination	—	(103,592)	(103,592)	—	—	—	—	—	(103,592)	—
Total	\$ 1,807,700	\$ —	\$ 1,807,700	\$ 202,882	\$ 255,872	\$ 112,357	\$ 424,445	\$ (9,613)	\$ 821,757	\$ 237,054

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to \$430 million and \$490 million, respectively.

Nine Months Ended September 30, 2021	External Sales	Inter company sales ⁽¹⁾	Total Sales	Cost of sales	Operating Costs	G&A costs ⁽²⁾	Depreciation of PP&E	Other income ⁽³⁾	Operating Income	Finance costs, net
Offshore Wind Facilities⁽⁴⁾	\$ 773,202	\$ —	\$ 773,202	\$ —	\$ 137,518	\$ 7,547	\$ 267,161	\$ —	\$ 360,976	\$ 153,297
Onshore Renewable Facilities										
Canada	159,671	—	159,671	—	20,453	1,356	66,095	—	71,767	24,506
Spain	26,031	—	26,031	—	7,313	89	15,934	—	2,695	3,320
	\$ 185,702	\$ —	\$ 185,702	\$ —	\$ 27,766	\$ 1,445	\$ 82,029	\$ —	\$ 74,462	\$ 27,826
Efficient Natural Gas Facilities										
Canada	306,079	—	306,079	85,468	36,696	635	76,758	(8,782)	115,304	38,611
Utilities										
Colombia	166,400	—	166,400	50,356	42,198	6,082	24,326	—	43,438	566
Other⁽¹⁾	21,782	146,217	167,999	17,457	—	80,946	7,125	(2,736)	65,207	22,506
Elimination	—	(146,217)	(146,217)	—	—	—	—	—	(146,217)	—
Total	\$ 1,453,165	\$ —	\$ 1,453,165	\$ 153,281	\$ 244,178	\$ 96,655	\$ 457,399	\$ (11,518)	\$ 513,170	\$ 242,806

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

(2) General and administrative costs include development costs.

(3) Other income includes investment income and finance lease income.

(4) Offshore wind is comprised of revenue from Germany and the Netherlands amounting to \$357 million and \$416 million, respectively.

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

As at September 30, 2022	PP&E, net	Contracts and other intangibles, net	Goodwill	Investment in joint ventures	Total Assets
Offshore Wind Facilities ⁽²⁾	\$ 4,706,154	\$ 355,115	\$ —	\$ —	\$ 6,244,865
Onshore Renewable Facilities					
Canada	1,168,396	—	54,730	—	1,381,083
Spain	1,372,142	—	148,638	—	2,068,695
	\$ 2,540,538	\$ —	\$ 203,368	\$ —	\$ 3,449,778
Efficient Natural Gas Facilities					
Canada	737,538	41,033	120,229	—	1,182,425
Utilities					
Colombia	468,080	6,338	407,358	—	1,028,436
Other ⁽¹⁾	708,951	67,754	—	180,294	2,100,198
Total	\$ 9,161,261	\$ 470,240	\$ 730,955	\$ 180,294	\$ 14,005,702

(1) Includes £20 million (C\$33 million) in relation to an Option Lease Agreement, entered with the Scottish government which provides Northland with development exclusivity over the awarded sites for a period of up to 10 years.

(2) Offshore wind is comprised of PP&E from Germany and the Netherlands amounting to \$2,223 million and \$2,483 million, respectively.

As at December 31, 2021	PP&E, net	Contracts and other intangibles, net	Goodwill ⁽¹⁾	Investment in joint ventures	Total Assets
Offshore Wind Facilities ⁽²⁾	\$ 5,166,638	\$ 411,482	\$ —	\$ —	\$ 6,222,659
Onshore Renewable Facilities					
Canada	1,203,999	—	54,731	—	1,285,863
Spain	1,509,913	—	157,478	—	1,998,286
	\$ 2,713,912	\$ —	\$ 212,209	\$ —	\$ 3,284,149
Efficient Natural Gas Facilities					
Canada	771,487	45,281	120,229	—	1,261,107
Utilities					
Colombia	486,546	5,636	420,935	—	1,004,008
Other	447,883	35,236	—	131,134	1,105,408
Total	\$ 9,586,466	\$ 497,635	\$ 753,373	\$ 131,134	\$ 12,877,331

(1) \$30 million of goodwill relating to Iroquois Falls facility was written off during 2021.

(2) Offshore wind is comprised of property plant & equipment from Germany and the Netherlands amounting to \$2,397 million and \$2,769 million, respectively.

13. Litigation, Claims, Contingencies and Commitments

Litigation, claims and other contingencies arise from time to time in the ordinary course of business for Northland. None of these contingencies, individually or in aggregate, are expected to result in a liability that would have a material adverse effect on Northland.

13.1 Milestone Payments for Development Project Acquisitions

In the course of business, Northland enters into acquisition agreements that may result in Northland making additional payments to the seller and/or directly to the development project previously acquired, upon the successful completion of certain milestones. As at September 30, 2022, Northland's best estimate of the future contingent payments are approximately \$133 million of contingent payments under its development projects arrangements, with a maximum of \$296 million. These contingent payments were not recognized in the consolidated statements of financial position.