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 months ended March 31, 2022, and 2021, as well as its audited consolidated financial statements for the years ended December 31, 2021 and 2020 ("**2021 Annual Report**") and Northland's most recent Annual Information Form dated February 24, 2022 ("**2021 AIF**"). This material is available on SEDAR at www.sedar.com 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 May 10, 2022; 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 May 10, 2022; 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 predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "predicts," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future Adjusted EBITDA, Free Cash Flow and Adjusted Free Cash Flow, respective per share amounts, dividend payments and dividend payout ratios, guidance, the timing for the completion of construction, 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 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 and Free Cash Flow, 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, interest rate and refinancing risks, liquidity risk, 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 this MD&A and the 2021 AIF. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur. The forward-looking statements contained in this MD&A 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.

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, 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. 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 Free Cash Flow and Adjusted Free Cash Flow.

Adjusted EBITDA

Adjusted EBITDA represents 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; net finance costs; interest income from Gemini; fair value (gain) loss on derivative contracts; unrealized foreign exchange (gain) loss; (gain) loss on sale of development assets; equity accounting; 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 for 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, while preserving the long-term value of the business. 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-expansionary capital expenditures; growth expenditures, interest incurred on outstanding debt; scheduled principal repayments and upfinancings; major maintenance and debt reserves; interest income from Northland's subordinated loan to Gemini; proceeds from government grants; preferred share dividends; net proceeds from sale of development assets 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.

Adjusted Free Cash Flow for EBSA includes proceeds from ongoing planned debt upsizing in excess of expansionary capital expenditures. Where Northland controls the distribution policy of its investments, Adjusted Free Cash Flow reflects Northland's share 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 on-going obligations, to reinvest in growth and fund dividend payments.

Free Cash Flow

Free Cash Flow is calculated by deducting growth-related expenditures from Adjusted Free Cash Flow. Management believes Free Cash Flow is a meaningful measure of Northland's ability to generate cash flow, after on-going obligations, to fund dividend payments.

For clarity, Northland's Free Cash Flow reflects 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.

SECTION 2: NORTHLAND'S BUSINESS

As of March 31, 2022, Northland owns or has a net economic interest in 2,817 megawatts (MW) of power-producing facilities with a total gross operating capacity of approximately 3,240MW and a regulated utility (refer to *Section 3.1: Significant Events* for two facilities disposed in April 2022). 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 and Colombia. Northland's significant assets under construction and development are located in Mexico, Taiwan, Poland, Germany, Colombia and the United States. Refer to the 2021 AIF for additional information on Northland's key operating facilities as of December 31, 2021, and refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION 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)	Net Production Capacity (MW) (1)
Offshore Wind	1,184	894
Onshore Renewable		
Canadian Wind	394	314
Canadian Solar	130	115
Spanish Wind	443	435
Spanish Solar	116	116
Efficient Natural Gas		
Canada (2)	973	943
Utility		
Colombia	n/a	n/a
Total	**3,240**	**2,817**

(1) Presented at Northland's economic interest.

(2) As at March 31, 2022, Northland's economic interest was unchanged from December 31, 2021. In April 2022, Northland disposed of two of its efficient natural-gas facilities (refer to *3.1: Significant Events* for more information).

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

Project	Geographic Region	Technology	Gross Capacity (MW)	Current ownership	Development Stage	Contract type	Estimated COD
Construction Projects							
Ball Hill	United States	Onshore wind	108	100%	Under construction	20-year PPA	2022
Bluestone	United States	Onshore wind	112	100%	Under construction	20-year PPA	2022
La Lucha	Mexico	Solar	130	100%	Under construction	TBD	2022
Helios	Colombia	Solar	16	100%	Under construction	12-year PPA	2022
Total			**366**				
Capitalized Growth Projects							
Suba	Colombia	Solar	130	50%	Late-stage	15-year PPA	2023
High Bridge	United States	Onshore wind	100	100%	Mid/late-stage	20-year PPA	2023
Hai Long	Taiwan	Offshore wind	1,044	60%	Late-stage	20-year PPA	2026/2027
Baltic Power	Poland	Offshore wind	Up to 1,200	49%	Mid/late-stage	25-year CfD	2026
Nordsee Two	Germany	Offshore wind	433	49%	Mid-stage	TBD (1)	2026
Total			**2,907**				
Identified Growth Projects							
Nordsee Three	Germany	Offshore wind	420	49%	Mid-stage	2027 - 2030+	
Nordsee Delta	Germany	Offshore wind	480	49%	Mid-stage		
Chiba	Japan	Offshore wind	600	50%	Early/mid-stage		
Dado Ocean	South Korea	Offshore wind	Up to 1,000	100%	Early/mid-stage		
ScotWind	Scotland	Offshore wind	2,340	100%	Early-stage		
Hecate	Canada	Offshore wind	400	100%	Early-stage		
Total			**5,240**				
Total Pipeline (2)			**8,513**				

(1) Nordsee Two has secured interconnection rights for zero subsidy bid, with the intention to secure a long-term corporate power purchase agreement.

(2) Excludes ~5,900MW of other pipeline projects.

SECTION 3: CONSOLIDATED HIGHLIGHTS

3.1: Significant Events

Significant events during the first quarter of 2022 and through the date of this MD&A are described below. Refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES* for additional information on projects and acquisitions.

Balance Sheet and Environmental, Social and Governance Advancements:

Sale of Two End-of-Contract Efficient Natural-Gas Facilities

On April 7, 2022, Northland completed the sale of its Iroquois Falls and Kingston efficient natural gas facilities in Ontario, resulting in a 24% reduction in gas-fired generation capacity. The sale further supports efforts to reduce Northland's carbon intensity and repatriate capital to fund the growth of our renewable development projects around the globe. The two facilities, with a combined operating capacity of 230MW, had operated under long-term power purchase agreements with the provincial system operator, which expired at the end of 2021 and 2017, respectively.

At-The-Market Equity Program Established

On March 1, 2022, Northland established an at-the-market equity ("**ATM program**") that allows Northland to issue up to $500 million of common shares from treasury, at Northland's discretion. The program provides Northland with an additional source of financing flexibility to fund its growth initiatives.

During the three months ended March 31, 2022, Northland issued 3,179,100 common shares under the ATM program at an average price of $41.25 per common share for gross proceeds of $131 million (net proceeds $129 million). As at May 10, 2022, Northland issued a total of 3,844,500 common shares at an average price of $41.29 per share for gross proceeds of $159 million (net proceeds $156 million).

Corporate Credit Rating Re-affirmed

In May 2022, Standard & Poor's reaffirmed Northland's corporate credit rating of BBB (Stable). In addition, Northland's preferred share rating was reaffirmed on Standard & Poor's Canada scale of BB+.

Growth updates:

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

Hai Long Offshore Wind Project

Progress continues at Hai Long in anticipation of achieving financial close later in the year. The project team continues to work diligently to secure agreements and contracts, including a corporate offtake agreement on the project ahead of financial close. The recent inflationary and supply chain dynamics coupled with rising interest rates and volatility in foreign exchange rates have created an environment that requires close monitoring. As is normal business practice, Northland continues to monitor and is working diligently to manage these issues and their potential impacts on the project. The Company continues to believe that Taiwan is a top tier jurisdiction for offshore wind, and being a leader in this market developing the largest project, alongside its partners and establishing supply chain and strong government relations will benefit the Hai Long project and the sector over the long term.

Onshore Renewable Projects

Construction activities at the two New York onshore wind projects is progressing as planned with the projects expected to complete all construction activities in 2022. The first turbines are expected to be delivered to Bluestone Wind in June and Ball Hill Wind in August 2022. At Northland's Helios solar project in Colombia, construction and energization of the first phase of the project, encompassing 10MW, is complete. Construction on the second phase (6MW) has commenced with full commercial operations expected later in 2022.

ScotWind Offshore Wind Auction Success

On January 17, 2022, Northland announced that it was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340MW. 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. Northland has secured its right to the offshore region upon payment of GBP 20 million ($33 million).

Nordsee Offshore Wind Cluster

In January 2022, Northland and its German partner, RWE Renewables GmbH (RWE), announced the formation of a 1,333MW Nordsee Offshore Wind Cluster partnership encompassing Nordsee Two (433MW), Nordsee Three (420MW) and Nordsee Delta (480MW).

Northland holds a 49% interest in the new partnership, with RWE holding 51%. The projects are expected to be developed and managed on a joint basis by both parties and are expected to achieve commercial operations between 2026 and 2028.

3.2: Operating Highlights

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

	Three Months Ended March 31,	
	2022	**2021**
FINANCIALS		
Sales	**$ 695,054**	$ 612,766
Gross profit	**635,764**	548,747
Operating income	**373,707**	306,306
Net income (loss)	**287,580**	151,389
Adjusted EBITDA (a non-IFRS measure)	**420,149**	359,804
Cash provided by operating activities	**408,730**	408,454
Adjusted Free Cash Flow (a non-IFRS measure)	**191,985**	147,289
Free Cash Flow (a non-IFRS measure)	**174,375**	134,448
Cash dividends paid	**47,393**	39,953
Total dividends declared (1)	**$ 68,496**	$ 60,740
Per Share		
Weighted average number of shares - basic (000s)	**227,691**	202,388
Net income (loss) - basic	**$ 0.99**	$ 0.49
Adjusted Free Cash Flow - basic (a non-IFRS measure)	**$ 0.84**	$ 0.73
Free Cash Flow - basic (a non-IFRS measure)	**$ 0.77**	$ 0.66
Total dividends declared	**$ 0.30**	$ 0.30
ENERGY VOLUMES		
Electricity production in gigawatt hours (**GWh**)	**2,923**	2,582

(1) Represents total dividends paid to common shareholders including dividends in cash or in shares under the DRIP.

SECTION 4: RESULTS OF OPERATIONS

The following table summarizes operating results by technology and geography:

Three months ended March 31,	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Electricity production (GWh)		Sales		Operating costs		Operating income		Adjusted EBITDA		Free Cash flow	
Offshore Wind Facilities	**1,401**	1,259	**$ 396,634**	$ 371,219	**$ 37,513**	$ 38,515	**$ 270,983**	$ 242,536	**$ 262,365**	$ 242,103	**$ 103,807**	$ 86,466
Onshore Renewable Facilities												
Canada	**389**	355	**$ 55,236**	$ 53,344	**$ 6,894**	$ 6,731	**$ 27,026**	$ 24,244	**$ 37,281**	$ 35,420	**$ 16,663**	$ 15,243
Spain	**258**	—	**72,988**	—	**11,389**	—	**40,583**	—	**62,701**	—	**36,139**	—
	647	355	**$ 128,224**	$ 53,344	**$ 18,283**	$ 6,731	**$ 67,609**	$ 24,244	**$ 99,982**	$ 35,420	**$ 52,802**	$ 15,243
Efficient Natural Gas Facilities												
Canada	**874**	969	**$ 100,670**	$ 120,443	**$ 9,202**	$ 11,808	**$ 45,513**	$ 52,348	**$ 56,037**	$ 76,409	**$ 26,324**	$ 49,454
Utilities												
Colombia	**n/a**	n/a	**$ 65,345**	$ 57,118	**$ 15,257**	$ 14,413	**$ 20,872**	$ 14,800	**$ 27,381**	$ 22,935	**$ 24,571**	$ 8,080

4.1: Operating Results

Offshore Wind Facilities

Northland's three offshore wind facilities, Gemini, Nordsee One and Deutsche Bucht, are located off the coasts of the Netherlands and Germany. Wind power generation harnesses renewable wind energy by converting the kinetic energy of wind into electrical energy. Wind facilities are subject to seasonality, and accordingly, tend to produce more electricity during winter due to denser air and higher winds compared to summer, the effect of which is reflected in the respective fiscal quarter's results. In addition, variability in offshore wind facilities results in similar fluctuations in quarter-to-quarter financial results. Factors such as exposure to market prices, and turbine or grid availability can also have a significant effect on financial results, though typically to a lesser extent than variability in wind resource. For the three months ended March 31, 2022, Gemini, Nordsee One and Deutsche Bucht contributed approximately 25%, 18% and 16%, respectively, of Northland's reported Adjusted EBITDA from facilities.

Results for Northland's offshore wind facilities are also affected by foreign exchange rate fluctuations between the Euro and Canadian dollar, which primarily affect sales, net income and Adjusted EBITDA. Northland has entered into long-term foreign exchange rate hedges, at an average rate of $1.60/€ for 2022 compared to $1.60/€ for 2021 for a substantial portion of anticipated euro-denominated Free Cash Flow, mitigating the effects of foreign exchange rate fluctuations with respect to this metric.

Variability within Operating Results

Gemini has subsidy agreements with the Government of the Netherlands which expire in 2031. Under these agreements, revenue is earned through a combination of annual average Dutch wholesale market price (**APX**), a subsidy top-up (**SDE**) and a markup to compensate for annual profile and imbalance (**P&I**) costs, which are variable from year to year. The SDE mechanism tops-up the APX to effectively a set price of €211 per MWh for up to 1,908 gigawatt hours of annual production ("**Gemini Subsidy Cap**"). The SDE mechanism is designed to ensure the full subsidy is received by Gemini annually. For production beyond the Gemini Subsidy Cap, revenue is earned at the APX less P&I costs. Full APX prices are earned only when production exceeds 2,385GWh.

The SDE is subject to an annual contractual floor price ("**SDE floor**"), thereby exposing Gemini to market price risk when the APX falls below the effective annual SDE floor of €51/MWh. The APX has been below the SDE floor for the majority of Gemini's five years of operation, with the exception of 2021 (average APX of €100/MWh) and to date in 2022 (average APX of €247/MWh).

Nordsee One and Deutsche Bucht have a Feed-In Tariff contract with the German government whereby the associated tariff is added to the German wholesale market price, effectively generating a fixed unit price for energy sold. Under the German Renewable Energy Sources Act, while the tariff compensates for most production curtailments required by the system operator, the facilities do not receive revenue for periods where the market power price remains negative for longer than six consecutive hours ("**negative prices**"). 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 have a significant effect on earnings depending on the season.

Gemini APX Hedges

In 2021, Northland entered into financial derivatives, resulting in the crystallization of financial losses for 2022 and 2023 ("**APX hedge losses**"), which are reflected in the financial guidance for 2022. These amount to $19 million dollars for 2022 and $9 million dollars for 2023. Refer to the 2021 Annual Report for more information.

Nordsee One Component Issue

As disclosed in the 2021 Annual Report, Northland identified a component defect on several wind turbines at Nordsee One affecting the main rotor shaft assembly (**RSA**) and upon further assessment, management concluded the defect could affect all 54 of the wind turbines, and commenced replacement of the rotor shaft assembly of all turbines (the "**replacement campaign**").

Having replaced ten RSAs last year, in the first quarter of 2022, Nordsee One replaced an additional six RSAs, and expects to replace another 30 in 2022 during the seasonally low wind resource periods, minimizing the loss of revenues during replacement. It is anticipated that the remaining eight turbines will be replaced in 2023.

During the first quarter, the six RSAs were replaced at a cost of €9 million (€11 million at Northland's share) and the total replacement cost in 2022 is expected to be within a range of €40 million to €50 million ($50 million to $60 million at Northland's share). The costs are expected to be almost fully covered by the warranty bond settlement received in 2020 relating to outstanding warranty obligations of Nordsee One's turbine manufacture. Refer to the 2021 Annual Report for additional information on the component issue.

Nordsee One incurred lost sales due to turbine availability of €2 million ($3 million at Northland's share) in the first quarter of 2022. If necessary, Nordsee One may curtail the performance of some turbines to briefly extend their life, which will reduce electricity production ("**turbine availability**") and sales.

An important indicator for the offshore wind facilities is the historical average of the power production of each offshore wind facility, where available. The following table summarizes actual electricity production and the historical average, high and low for the applicable operating periods of each offshore facility:

	Three months ended March 31,				
	2022	**2021**	**Historical Average (1)**	**Historical High (1)**	**Historical Low (1)**
Electricity production (GWh)					
Gemini	**722**	668	704	826	629
Nordsee One	**357**	312	346	408	312
Deutsche Bucht	**322**	279	316	348	279
Total	**1,401**	1,259			

(1) Represents the historical power production for the period 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.

Electricity production for the three months ended March 31, 2022, increased 11% or 143GWh compared to the same quarter of 2021 primarily due to higher wind resource and fewer uncompensated outages at the German facilities, partially offset by reduced turbine availability at Nordsee One due to the RSA replacement campaign.

Sales of $397 million for the three months ended March 31, 2022, increased 7% or $25 million compared to the same quarter of 2021 primarily due to higher APX at Gemini and higher production across all facilities. The continued higher prices in Europe resulted in the APX exceeding the subsidy top-up for Gemini, allowing it to realize higher revenues in the quarter. Whereas foreign exchange rate fluctuations reduced sales by $29 million compared to the same quarter of 2021, Free Cash Flow is largely hedged and was therefore unaffected. The final APX income realized for 2022 will depend on average APX levels over the course of the year.

Sales were also adversely affected by factors other than wind resource, as summarized in the following table:

	Three months ended March 31,			
		2022		**2021**
Effect of Gemini APX hedge losses (1)	**$**	**5,200**	$	4,421
Lower turbine availability at Nordsee One (due to RSA campaign)		**2,642**		632
Unpaid curtailment due to negative prices in Germany		**813**		1,846
Unpaid curtailment due to grid outages in Germany	**$**	**19**	$	2,010

(1) Realized APX hedge losses in 2021 are not reported in Sales but do affect Adjusted EBITDA and Free Cash Flow.

Operating costs of $38 million for the three months ended March 31, 2022, were largely in line with the same quarter last year.

Operating income and *Adjusted EBITDA* of $271 million and $262 million, respectively, for the three months ended March 31, 2022, increased 12% or $28 million and 8% or $20 million compared to the same quarter of 2021 primarily due to higher wind resource across all three facilities, higher APX at Gemini and fewer unpaid curtailments at the German facilities, partially offset by higher turbine availability losses at Nordsee One and foreign exchange rate fluctuations.

Onshore Renewable Facilities

Northland's onshore renewables comprise onshore wind and solar facilities located in Canada and Spain. Onshore wind facilities are similar in nature operationally to offshore wind; however, with lower operating costs and generally lower wind resources. Solar power facilities have lower fixed operating costs per unit of capacity than other renewable power technologies. Electricity production from solar facilities tends to be less variable than wind but is limited to available sunlight, which is generally higher in the summer than in the winter. For the three months ended March 31, 2022, Northland's onshore renewable facilities in Canada and Spain contributed approximately 22% of reported Adjusted EBITDA from facilities.

The Spanish portfolio, acquired in August 2021, is comprised of onshore wind (435MW), solar photovoltaic (66MW), and concentrated solar (50MW) assets located throughout Spain. The portfolio operates under a regulated asset base (RAB) framework that guarantees a specified pre-tax rate of return of 7.4% for 23 sites and 7.1% for 10 sites, over the full regulatory life of the facilities, regardless of settled wholesale power prices ("**pool prices**"). Refer to the 2021 Annual Report for additional information.

Revenue from the Spanish facilities is primarily comprised of two main components, return on investment ("**Ri**") as well as a larger component based on pool prices. While a renewables operator may collect the settled pool price per MWh produced, under IFRS 15, revenue is only recognized at the pool price originally forecasted by the Spanish regulator at the start of the regulatory semi-period. Under IFRS, any pool price revenue collected significantly in excess of (or below) the stated pool price in the current regulatory semi-period (known as "**band adjustments**") is deferred and recognized over the remaining regulatory periods.

In response to the unprecedented high energy prices for consumers in 2022, in March 2022, Spanish authorities announced the approval of an exceptional update to the regulatory framework for calendar 2022. As of the date of this MD&A, these amendments remain to be finalized but are not expected to affect the long-term financial performance of the Spanish portfolio. Management will assess any financial impact on the assets once any further amendments are issued.

Northland has entered into long-term Euro denominated foreign exchange hedges, at an average rate of $1.73/€1, which hedges the majority of projected distributions from the Spanish portfolio from 2022-2035 to mitigate foreign exchange rate volatility, consistent with its corporate risk mitigation strategy.

Electricity production at the onshore renewable facilities for the three months ended March 31, 2022, was 82% or 292GWh higher than the same quarter of 2021 due to the contribution from the Spanish portfolio and higher production from the Canadian onshore wind facilities. For the three months ended March 31, 2022, the Spanish portfolio generated 223GWh from onshore wind sites, which was below expectations, and 35GWh from the solar sites due to lower wind resource.

Financial results and *Adjusted EBITDA* for the three months ended March 31, 2022, were higher than 2021 due to the contribution from the Spanish portfolio. Excluding the contribution from the Spanish portfolio, for the three months ended March 31, 2022, production, sales and Adjusted EBITDA were 10%, 4% and 5% higher, respectively, primarily due to a higher wind resource at the Canadian wind facilities. The Spanish portfolio generated sales, Adjusted EBITDA and Free Cash Flow of $73 million, $63 million and $36 million, respectively for the three months ended March 31, 2022, partially impacted by lower than expected wind resource.

Efficient Natural Gas Facilities

The contractual structures of Northland's efficient natural gas facilities ensure each facility's gross profit is generally stable, within a seasonal profile, regardless of production or sales levels, so long as the plant is available. Under some PPAs, the facility is reimbursed for certain costs of sales by the counterparty. For the three months ended March 31, 2022, Northland's efficient natural gas facilities contributed approximately 13% of reported Adjusted EBITDA from facilities, with the two largest, North Battleford and Thorold accounting for approximately 11%.

On April 7, 2022, Northland completed the sale of Iroquois Falls and Kingston, with a combined operating capacity of 230MW, that previously operated under long-term power purchase agreements which expired at the end of 2021 and 2017, respectively.

Electricity production for the three months ended March 31, 2022, decreased 10% or 94GWh compared to the same quarter of 2021 due to the effect of Kirkland Lake operating under the enhanced dispatch contract (**EDC**) compared to the baseload PPA until July 2021.

Financial results and *Adjusted EBITDA* for the three months ended March 31, 2022, decreased compared to the same quarter of 2021 largely due to the expiry of the PPA at Iroquois Falls in December 2021.

Utility

EBSA's net sales are almost entirely regulated, of which the vast majority is earned from its distribution business and the remainder primarily from its electricity retail business. EBSA's results are affected by exchange rate fluctuations between the Canadian dollar and the Colombian peso. For 2022, Northland hedged the foreign exchange rate at COP$2880:CAD$1 for nearly all of the anticipated Colombian peso-denominated cash flow, mitigating the effects of fluctuations with respect to Free Cash Flow (2021: COP$2,830:CAD$1). For the three months ended March 31, 2022, EBSA contributed approximately 6% of reported Adjusted EBITDA from facilities.

Sales and *gross profit* of $65 million and $45 million, respectively, for the three months ended March 31, 2022, increased 14% or $8 million and 13% or $5 million compared to the same quarter of 2021 primarily due to rate escalations positively affecting EBSA's performance.

Operating income of $21 million for the three months ended March 31, 2022, increased 41% or $6 million compared to the same quarter of 2021 primarily due to the factors described above.

Adjusted EBITDA of $27 million for the three months ended March 31, 2022, increased 19% or $4 million compared to the same quarter of 2021.

In December 2021, Northland restructured and upsized EBSA's long-term, non-recourse financing (the "EBSA Facility"), resulting in $84 million of incremental cash proceeds to Northland, net of closing costs. The upfinancing was completed on the basis of growth in EBSA's projected EBITDA growth for 2022, based on increases in the rate base. Net upsizing proceeds, in excess of EBSA's expansionary capital expenditures, of $13 million are included in Free Cash Flow in the first quarter.

For EBSA, non-expansionary capital expenditure is the expenditure required to maintain its regulated asset base under the requirements of the local regulator. Such expenditure is largely driven by the requirements of the regulatory framework, though the timing of the capital expenditures can vary from year to year and can be seasonal, therefore, affecting Free Cash Flow as reported.

4.2: General and Administrative Costs

The following table summarizes general and administrative (**G&A**) costs:

	Three months ended March 31,			
		2022		**2021**
Corporate G&A	**$**	**13,375**	$	9,175
Operations G&A (1)		**6,353**		6,722
Total G&A costs	**$**	**19,728**	$	15,897

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

Corporate G&A costs of $13 million for the three months ended March 31, 2022, were 46% or $4 million higher than the same quarter of 2021 primarily due to higher personnel and other costs in support of Northland's global growth.

Operations G&A is incurred at the operating facilities, and for the three months ended March 31, 2022, were largely in line with the same quarter of 2021.

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 March 31,	
	2022	**2021**
Business development	**$ 4,642**	$ 5,357
Project development	**2,648**	—
Development overhead	**9,997**	6,729
Acquisition costs [1]	**481**	1,619
Development costs	**$ 17,768**	$ 13,705
Joint venture project development costs [2]	**323**	755
Growth expenditures [3]	**$ 17,610**	$ 12,841
Growth expenditures on a per share basis	**$ 0.08**	$ 0.06

(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.

To achieve its long-term growth objectives, Northland expects to deploy early-stage investment capital (growth expenditures) to advance its projects. With regional development offices in Europe, Asia, North America and Latin America fully functional and with a pipeline of growth opportunities currently secured, Northland expects to incur higher growth expenditures and capital investments in future years to fund its identified development pipeline and opportunities sourced through the regional development offices.

Early-stage growth expenditures reduce near-term Free Cash Flow until projects achieve commercial operation but should deliver sustainable growth in Free Cash Flow over the long-run. These growth expenditures are excluded from Adjusted Free Cash Flow.

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, and include costs incurred for projects not ultimately pursued to acquisition or to completion. Business development costs for the three months ended March 31, 2022, were lower compared to the same quarter of 2021 due to the timing of development activities pursuing project development opportunities.

Project development costs are attributable to identified early- to mid-stage development projects under active development that are likely to generate cash flow over the long-run, though do not yet meet capitalization criteria under IFRS. For the three months ended March 31, 2022, project development costs increased over the same quarter last year to advance a growing number of early- to mid-stage development projects. Refer to *SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION 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 of $10 million for the three months ended March 31, 2022, increased 49% or $3 million primarily due to higher personnel and other costs in support of Northland's global growth.

Acquisition costs are generally third-party transaction-related costs directly attributable to an executed business acquisition, such as the Spanish portfolio, and are excluded from Northland's non-IFRS financial measures. For the three months ended March 31, 2022, acquisition costs totaled $0.5 million based on costs incurred on successful acquisition pursuits.

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 three months ended March 31, 2022.

First Quarter

Sales and *gross profit* of $695 million and $636 million, respectively, increased 13% or $82 million and 16% or $87 million compared to the same quarter of 2021 primarily due to contributions from the Spanish portfolio and improved results from the offshore wind facilities, partially offset by the expiry of the PPA at Iroquois Falls and foreign exchange rate fluctuations.

Operating costs of $80 million increased 12% or $9 million compared to the same quarter of 2021 primarily due to additional costs from the Spanish portfolio and the effect of foreign exchange rate fluctuations.

G&A costs of $20 million increased 24% or $4 million compared to the same quarter of 2021 primarily due to the higher personnel and other costs in support of Northland's global growth.

Development costs of $18 million increased 30% or $4 million compared to the same quarter of 2021 primarily due to higher costs incurred to advance early- to mid-stage development projects and overhead costs, including personnel and other costs to support global growth.

Finance costs, net (primarily interest expense) of $82 million decreased 6% or $5 million compared to the same quarter of 2021 primarily as a result of scheduled repayments on facility-level loans.

There was no impairment in the first quarter of 2022, whereas, in the same quarter of 2021, an impairment of goodwill totaling $30 million was recorded for Iroquois Falls due to the expiry of its PPA in December 2021.

Fair value gain on derivative contracts was $128 million primarily due to net movements in the fair value of derivatives related to the commodity, interest rates and foreign exchange contracts.

Foreign exchange loss of $32 million is primarily due to unrealized loss from fluctuations in the closing foreign exchange rates.

Net income increased $136 million in the first quarter of 2022 compared to the same quarter of 2021 primarily as a result of the factors described above, partly offset by a $48 million higher tax expense.

4.5: Adjusted EBITDA

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

	Three months ended March 31, 2022	2021
Net income (loss)	**$ 287,580**	$ 151,389
Adjustments:		
Finance costs, net	**81,757**	87,090
Gemini interest income	**3,707**	3,981
Share of joint venture project development costs	**2,795**	(755)
Acquisition costs	**481**	1,619
Provision for (recovery of) income taxes	**100,554**	52,265
Depreciation of property, plant and equipment	**147,415**	145,300
Amortization of contracts and intangible assets	**10,058**	9,940
Fair value (gain) loss on derivative contracts	**(133,445)**	(54,983)
Foreign exchange (gain) loss	**32,374**	29,666
Impairment loss	**—**	29,981
Elimination of non-controlling interests	**(100,854)**	(94,502)
Finance lease (lessor)	**(1,664)**	(1,855)
Other adjustments	**(10,609)**	668
Adjusted EBITDA	**$ 420,149**	$ 359,804

Gemini interest income reflects interest earned on Northland's €117 million subordinated debt to Gemini. Semi-annual principal payments to Northland will commence in 2027 until maturity in 2032. 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.

Other adjustments primarily include non-cash income on equity investments for the three months ended March 31, 2022.

First Quarter

Adjusted EBITDA of $420 million for the three months ended March 31, 2022, increased 17% or $60 million compared to the same quarter of 2021. The significant factors increasing Adjusted EBITDA include:

- $63 million contribution from the Spanish portfolio of onshore wind and solar facilities;
- $14 million increase in operating results from the German facilities primarily due to higher wind resource, fewer periods of uncompensated outages and of negative prices, partially offset by reduced turbine availability at Nordsee One due to the RSA replacement campaign;
- $7 million increase in operating results at Gemini primarily due to higher wind resource and high APX; and
- $8 million increase in operating results at EBSA due to rate escalations and at Canadian wind facilities due to higher wind resource.

The factors partially offsetting the increase in Adjusted EBITDA include:

- $25 million decrease in operating results from Iroquois Falls due to the expiry of its PPA in December 2021; and
- $9 million increase in G&A costs and growth expenditures to support global growth.

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 March 31,	
	2022	**2021**
Cash provided by operating activities	**$ 408,730**	$ 408,454
Adjustments:		
Net change in non-cash working capital balances related to operations	**15,362**	(15,049)
Non-expansionary capital expenditures	**(12,830)**	(8,958)
Restricted funding for major maintenance, debt and decommissioning reserves	**(5,094)**	(1,533)
Interest paid	**(34,690)**	(49,892)
Scheduled principal repayments on facility debt	**(40,441)**	(33,810)
Funds set aside (utilized) for scheduled principal repayments	**(142,078)**	(131,669)
Preferred share dividends	**(2,700)**	(2,699)
Consolidation of non-controlling interests	**(46,448)**	(41,740)
Investment income (1)	**4,176**	5,165
Proceeds under NER300 and warranty settlement at Nordsee One	**17,712**	7,766
Other (2)	**12,676**	(1,587)
Free Cash Flow	**$ 174,375**	$ 134,448
Add Back: Growth expenditures	**17,610**	$ 12,841
Adjusted Free Cash Flow	**$ 191,985**	$ 147,289

(1) Investment income includes Gemini interest income and interest received on third-party loans to partners on Cochrane Solar.

(2) Other includes adjustments for Nordsee One interest on shareholder loans, equity accounting, acquisition costs and non-cash expenses adjusted in working capital excluded from Free Cash Flow in the period.

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 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* allocates 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 and Deutsche Bucht's principal repayments are equally weighted. For 2022, Northland's share of Gemini, Nordsee One and Deutsche Bucht's scheduled principal repayments are €84 million, €82 million and €77 million, respectively (2021 - €83 million, €87 million and €78 million). For 2022, the Spanish portfolio's principal repayment is €60 million (2021 - €23 million).

Interest expense is reflected each quarter as accrued in net income and working capital or paid.

In 2014, Nordsee One was awarded a grant under the European Commission's NER 300 program. The total grant value of €70 million was recorded as a reduction in property, plant and equipment upon completion of the project. Cash proceeds from the grant are based on production volumes, and with the final cash payments expected in 2023 for production in 2022. Proceeds under the grant attributable to Nordsee One's production are included in Adjusted Free Cash Flow. For the three months ended March 31, 2022, and March 31, 2021, proceeds from this program, based on production, totaled $4 million and $5 million, respectively.

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

	Three months ended March 31,	
	2022	**2021**
Adjusted EBITDA	**$ 420,149**	$ 359,804
Adjustments:		
Scheduled debt repayments	**(147,701)**	(128,629)
Interest expense	**(61,281)**	(61,663)
Income taxes paid	**(56,384)**	(30,639)
Non-expansionary capital expenditure	**(10,919)**	(8,599)
Utilization (funding) of maintenance and decommissioning reserves	**(4,656)**	(1,073)
Lease payments, including principal and interest	**(3,007)**	(2,225)
Preferred dividends	**(2,700)**	(2,699)
Foreign exchange hedge gain (loss)	**15,162**	2,444
Proceeds under NER300 and warranty settlement at Nordsee One	**15,055**	6,601
EBSA Refinancing proceeds, net of growth capital expenditures	**12,824**	—
Other [(1)]	**(2,167)**	1,126
Free Cash Flow	**$ 174,375**	$ 134,448
Add Back: Growth expenditures	**17,610**	12,841
Adjusted Free Cash Flow	**$ 191,985**	$ 147,289

(1) Other includes Gemini interest income, interest received on third-party loans to partners.

First Quarter

Adjusted Free Cash Flow of $192 million for the three months ended March 31, 2022, was 30% or $45 million higher than the same quarter of 2021.

The significant factors increasing Adjusted Free Cash Flow were:

- $36 million contribution from the Spanish portfolio of onshore wind and solar facilities;
- $13 million increase primarily from the net proceeds of the EBSA refinancing;
- $6 million decrease in net interest costs as a result of scheduled principal repayments on facility-level loans; and
- $7 million decrease due to timing of capital expenditures and of major maintenance performed at operating facilities compared to last year.

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

- $18 million increase in current taxes primarily at the offshore wind facilities as a result of better operating results; and
- $3 million decrease in overall contribution across all facilities, excluding the Spanish portfolio, as described in Adjusted EBITDA, primarily due to the expiry of the Iroquois Falls PPA and higher project development and corporate costs to support growth.

Free Cash Flow, which includes all non-capitalized growth expenditures, amounted to $174 million for the three months ended March 31, 2022, and was 30% or $40 million higher than the same quarter of 2021. The significant factors increasing Free Cash Flow were as described for Adjusted Free Cash Flow but include the $5 million increase in growth expenditures.

The following table summarizes dividends paid, payout ratios as well as per share amounts;

	Three months ended March 31,	
	2022	**2021**
Cash dividends paid to shareholders	**$ 47,393**	$ 39,953
Adjusted Free Cash Flow payout ratio - cash dividends [1]	**42 %**	58 %
Free Cash Flow payout ratio - cash dividends [1]	**52 %**	73 %
Total dividends paid to shareholders [2]	**$ 68,121**	$ 60,694
Adjusted Free Cash Flow payout ratio - total dividends [1] [2]	**62 %**	71 %
Free Cash Flow payout ratio - total dividends [1]	**77 %**	90 %
Weighted avg. number of shares - basic and diluted (000s)	**227,691**	202,388
Per share ($/share)		
Dividends paid	**$ 0.30**	$ 0.30
Adjusted Free Cash Flow — basic and diluted	**$ 0.84**	$ 0.73
Free Cash Flow — basic and diluted	**$ 0.77**	$ 0.66

(1) On a rolling four-quarter basis.

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

At March 31, 2022, the rolling four quarter Adjusted Free Cash Flow and the Free Cash Flow net payout ratio improved to 42% and 52%, respectively, calculated on the basis of cash dividends paid, compared to 58% and 73% for the same period ending March 31, 2021. The improvement in both net payout ratios was due to higher reported Adjusted Free Cash Flow. The Free Cash Flow net payout ratio was similarly improved compared to the same period ending March 31, 2021.

Sources of Liquidity in Addition to Adjusted Free Cash Flow to Fund Growth

In addition to generated Adjusted Free Cash Flow, Northland utilizes additional sources of liquidity to fund growth and capital investments. Additional liquidity sourced by management during the three months ended March 31, 2022, is summarized as follows:

	Three months ended March 31,	
	2022	**2021**
Dividend Reinvestment Program (DRIP)	**$ 20,727**	$ 20,726
Release of funds from debt service reserve [1]	**—**	73,723
Total Liquidity Generated Before Equity Offering	**$ 20,727**	$ 94,449
Equity offering (net proceeds)	**129,010**	—
Total Liquidity Generated After Equity Offering	**$ 149,737**	$ 94,449

(1) 2021 represents the release of cash from Deutsche Bucht's debt service reserve account following the implementation of a debt service reserve facility when the senior debt was restructured.

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 March 31, 2022 and December 31, 2021.

As at		March 31, 2022		December 31, 2021
Assets				
Cash and cash equivalents	**$**	**1,203,633**	$	673,692
Restricted cash		**162,506**		155,631
Trade and other receivables		**380,529**		383,308
Other current assets		**76,018**		77,950
Property, plant and equipment, net		**9,309,897**		9,586,466
Contracts and other intangible assets, net		**508,827**		497,635
Net derivative assets (2)		**92,076**		—
Investment in joint ventures		**127,448**		131,134
Other assets (1)		**1,066,693**		1,037,913
	$	**12,927,627**	$	12,543,729
Liabilities				
Trade and other payables		**498,927**		504,583
Facility-level loans and borrowings		**7,408,835**		7,592,214
Net derivative liabilities (2)		**—**		215,618
Net deferred tax liability (2)		**544,550**		470,015
Other liabilities (3)		**1,022,933**		795,588
	$	**9,475,245**	$	9,578,018
Total equity		**3,452,382**		2,965,711
	$	**12,927,627**	$	12,543,729

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

(2) Presented on a net basis.

(3) Includes dividends payable, corporate credit facilities, convertible debentures, subscription receipts, 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 $530 million primarily due to borrowings on the corporate revolver and proceeds from the ATM program.
- *Property, plant and equipment* decreased by $277 million primarily due to depreciation and foreign exchange fluctuation partially offset by construction-related activities.
- *Net derivative assets* increased $308 million from a net derivative liability at December 31, 2021, primarily due to the effects of higher interest rates in Canada, the US and Europe and strengthening of the Canadian dollar against the Euro.
- *Facility-level loans and borrowings* decreased by $183 million mainly due to scheduled principal repayments on facility-level debt and foreign exchange fluctuation partially offset by construction related drawdown.
- *Other liabilities* increased by $227 million primarily due to borrowings on the revolving corporate credit facility.

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, corporate credit facilities, convertible debentures and equity, such as common and preferred shares.

Dividends

Northland's Board of Directors and management are committed to maintaining the current monthly dividend of $0.10 per share ($1.20 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 periodically as part of Northland's overall capital allocation strategy to balance growth requirements and investor preferences.

Equity

The change in shares during 2022 and 2021 was as follows:

	March 31, 2022	December 31, 2021
	Shares	Shares
Shares outstanding, beginning of year	**226,882,751**	202,171,075
Equity offering	**3,179,100**	22,500,500
Shares issued under the LTIP	**—**	21,967
Shares issued under the DRIP	**567,430**	2,189,209
Total common shares outstanding, end of period	**230,629,281**	226,882,751

Preferred shares outstanding as at March 31, 2022, and December 31, 2021 were as follows:

As at	March 31, 2022	December 31, 2021
Preferred shares outstanding		
Series 1	**4,762,246**	4,762,246
Series 2	**1,237,754**	1,237,754
Series 3	**4,800,000**	4,800,000
Total	**10,800,000**	10,800,000

In their most recent report issued in May 2022, Standard & Poor's reaffirmed Northland's corporate credit rating of BBB (Stable). In addition, Northland's preferred share rating was reaffirmed on Standard & Poor's Canada scale of BB+. In September 2021, Northland received a second corporate credit rating of BBB (stable) from Fitch Ratings Inc., a global rating agency.

At March 31, 2022, Northland had 230,629,281 common shares outstanding (as at December 31, 2021 - 226,882,751) with no change in preferred shares outstanding from December 31, 2021.

As of May 10, 2022, Northland has 231,443,590 common shares outstanding with no change in preferred shares outstanding from March 31, 2022.

Liquidity and Capital Resources

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

	Three months ended March 31,	
	2022	**2021**
Cash and cash equivalents, beginning of period	**$ 673,692**	$ 434,989
Cash provided by operating activities	**408,730**	408,454
Cash (used in) investing activities	**(79,480)**	(134,081)
Cash (used in) provided by financing activities	**229,263**	(75,118)
Effect of exchange rate differences	**(28,572)**	(84,296)
Cash and cash equivalents, end of period	**$ 1,203,633**	$ 549,948

First Quarter

Cash and cash equivalents for the three months ended March 31, 2022, increased $530 million due to cash provided by operations of $409 million and $29 million effect of foreign exchange translation, partially offset by $79 million of cash provided by investing activities and $229 million in financing activities.

Cash provided by operating activities for the three months ended March 31, 2022, was $409 million comprising:

- $288 million of net income;
- $137 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
- $15 million in changes in working capital due to the timing of payables, receivables and deposits.

Cash used in investing activities for the three months ended March 31, 2022, was $79 million, primarily comprising:

- $86 million used for the purchase of property, plant and equipment, mainly for the ongoing construction at New York Wind, La Lucha and Hai Long projects; and
- $6 million of restricted cash used mainly related to the ongoing New York Wind construction.

Cash provided by financing activities for the three months ended March 31, 2022, was $229 million, primarily comprising:

- $238 million in net drawdown under the corporate syndicated revolving facility;
- $129 million received from common shares issued under the ATM program; and
- $37 million of draws on project debt primarily for construction of the projects.

Factors partially offsetting cash used in financing activities include:

- $40 million in principal repayments on facility-level debt;
- $86 million of common and preferred share dividends as well as dividends to non-controlling shareholders;
- $35 million in interest payments; and
- $17 million change in restricted cash, primarily from funds released from debt service reserve at Deutsche Bucht, partially offset by funds set aside for debt service.

Movement of foreign currencies, including primarily the Euro, U.S. dollar and Colombian peso, against the Canadian dollar decreased cash and cash equivalents by $29 million for the three months ended March 31, 2022. 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 three months ended March 31, 2022:

	Cost balance as at Dec 31, 2021	Additions	Other [1]	Exchange rate differences	Cost balance as at Mar 31, 2022
Operations:					
Offshore wind	$ 6,644,941	$ 8,384	$ —	$ (248,271)	**$ 6,405,054**
Onshore renewable	3,295,996	458	(650)	(56,550)	**3,239,254**
Efficient natural gas[2]	1,777,927	281	(30)	—	**1,778,178**
Utility	528,970	4,452	(2,435)	35,964	**566,951**
Construction:					
Onshore renewable	527,894	53,535	(3,410)	(337)	**577,682**
Corporate [3]	176,486	26,349	(2,659)	(9,853)	**190,323**
Total	$ 12,952,214	**$ 93,459**	**$ (9,184)**	**$ (279,047)**	**$ 12,757,442**

(1) Includes disposal of assets and amounts accrued under the long term incentive plan ("LTIP").

(2) Excludes Spy Hill lease receivable accounting treatment.

(3) Additions primarily related to Hai Long capitalization in construction-in-progress.

Long-term 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 (**COD**), 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 three months ended March 31, 2022:

	Balance as at Dec 31, 2021	Financings, net of costs	Repayments	Amort. of costs/fair value	Exchange rate differences	Balance as at Mar 31, 2022
Operations:						
Offshore wind	$ 4,010,036	$ —	$ —	$ 5,992	$ (147,418)	**$ 3,868,610**
Onshore renewable	2,031,908	—	(32,484)	3,979	(41,692)	**1,961,711**
Efficient natural gas	902,558	—	(7,956)	352	—	**894,954**
Utility	518,096	—	—	183	45	**518,324**
Construction:						
Onshore renewable	129,625	37,484	—	—	(1,873)	**165,236**
Corporate	41,816	565,021	(327,110)	18	(118)	**279,627**
Total	$ 7,634,039	**$ 602,505**	**$ (367,550)**	**$ 10,524**	**$ (191,056)**	**$ 7,688,462**

Additionally, as at March 31, 2022, $92 million of letters of credit were outstanding under non-recourse project-level credit facilities for operational use.

Debt Covenants

Northland generally conducts its business indirectly through separate subsidiary legal entities and is dependent on the distribution of cash from those subsidiary entities to defray its corporate expenses, repay corporate debt and pay cash dividends to common and preferred 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. Northland and its subsidiaries were in compliance with all debt covenants for the period ended

March 31, 2022, with the exception of the matters outlined below, which have been resolved subsequent to quarter-end in accordance with the applicable credit agreements.

In March 2022, management identified debt compliance matters at certain Canadian operating facilities. The required corrective action was taken to resolve such matters in accordance with the terms of the respective debt agreements. These actions required to be taken resulted in a higher amount of cash being held at the subsidiary level, temporarily affecting reported cash on hand and available liquidity under the corporate revolving facility as at March 31, 2022. Subsequent to quarter-end, the higher cash balances at the subsidiaries were released as part of the regular, scheduled distributions for the affected operating facilities.

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 March 31, 2022	Facility size	Amount drawn	Outstanding letters of credit	Available capacity	Maturity date
Syndicated revolving facility	$ 1,000,000	$ 282,497	$ 168,518	$ 548,985	Sep. 2026
Bilateral letter of credit facility	150,000	—	144,460	5,540	Mar. 2023
Export credit agency backed letter of credit facility (2)	100,000	—	48,439	51,561	Mar. 2023
Export credit agency backed letter of credit facility	50,000	—	38,543	11,457	n/a (1)
Total	**$ 1,300,000**	**$ 282,497**	**$ 399,960**	**$ 617,543**	
Less: deferred financing costs		2,870			
Total, net		**$ 279,627**			

(1) The $50 million facility does not have a specified maturity date.

(2) During the quarter, Northland extended the credit facility maturity date to March 2023.

- Of the $400 million of corporate letters of credit issued as at March 31, 2022, $169 million relates to projects under advanced development or construction.
- During the three months ended March 31, 2022, Northland made net drawdowns of $238 million on the syndicated revolving facility, with remaining movement in the period due to foreign exchange fluctuations.

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

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, U.S. 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.

In millions of dollars, except per share information	**Q1 2022**	**Q4 2021**	**Q3 2021**	**Q2 2021**	**Q1 2021**	**Q4 2020**	**Q3 2020**	**Q2 2020**
Total sales	$ 695	$ 640	$ 432	$ 408	613	$ 493	$ 471	$ 429
Operating income	374	295	89	118	306	177	179	149
Net income (loss)	288	130	(5)	(6)	151	27	109	74
Adjusted EBITDA	420	364	211	203	360	269	254	227
Cash provided by operating activities	409	559	280	361	408	310	278	365
Adjusted Free Cash Flow	192	182	35	22	147	79	74	38
Free Cash Flow	174	156	11	6	134	56	58	17
Per share statistics								
Net income (loss) - basic [1]	$ 0.99	$ 0.45	$ (0.03)	$ (0.07)	$ 0.49	$ 0.11	$ 0.43	$ 0.28
Net income (loss) - diluted [1]	0.99	0.45	(0.03)	(0.07)	0.49	0.11	0.42	0.28
Adjusted Free Cash Flow - basic	0.84	0.80	0.15	0.10	0.73	0.38	0.41	0.21
Free Cash Flow - basic	0.77	0.69	0.05	0.03	0.66	0.28	0.30	0.09
Total dividends declared	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30

(1) Net income (Loss), basic and diluted per share are adjusted due to correction of historical net income allocated to common shareholders and non-controlling interests ("NCI") in 2021 and 2020.

SECTION 8: DEVELOPMENT, ACQUISITION AND CONSTRUCTION ACTIVITIES

In addition to completed acquisitions and investments made this year, summarized below are Northland's most significant projects under construction and under development as:

ScotWind Offshore Wind Project

On January 17, 2022, Northland announced that it was awarded two offshore wind leases in the Crown Estate Scotland auction with a total combined capacity of 2,340MW. 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. Northland secured the rights upon payment of GBP 20 million ($33 million).

Nordsee Offshore Wind Cluster

On January 6, 2022, Northland and its German partner, RWE announced the formation of a 1,333MW Nordsee Offshore Wind Cluster partnership encompassing Nordsee Two (430MW), Nordsee Three (420MW) and Nordsee Delta (480MW). The formation of the cluster is expected to allow the realization of synergies in development, construction as well as operating costs, leading to enhanced returns for the projects.

Northland holds a 49% interest in the new partnership, with RWE holding 51%. The projects are expected to be developed and managed on a joint basis by both parties and are expected to achieve commercial operations between 2026 and 2028.

Colombian Solar Projects

In November 2021, Northland, in partnership with EDF Renewables, a subsidiary of Électricité de France S.A. (EPA:EDF), successfully submitted a joint-bid into the renewables auction in Colombia and was awarded the right to build two solar projects with a total combined capacity of 130MW. The solar projects will benefit from a 15-year PPA with multiple energy distribution and commercial entities in Colombia, starting in 2023. The PPA will be denominated in Colombian pesos and will have annual indexation to the Colombian Producer Price index (**PPI**). In addition, the projects will receive a reliability charge in US dollars, which is expected to account for approximately 10% of total revenues of the projects. Northland has a 50% interest in the projects with commercial operations expected in the second half of 2023.

New York Onshore Wind Projects

Northland continues to progress its onshore wind projects in New York State ("**NY Wind**"), with construction activities at Ball Hill and Bluestone progressing as planned. Major activities including the pouring of the turbine foundations is complete with the first turbines expected to be delivered onsite in June. The projects achieved financial close in the second quarter of 2021 and Northland expects to secure permanent tax equity investments for the two projects ahead of commercial operations in 2022. In early 2020, the projects were awarded 20-year indexed Renewable Energy Certificate (**REC**) agreements with the New York State Energy Research and Development Authority as part of renewable energy solicitations.

Helios Colombian Solar Project

The first 10MW phase of Northland's 16MW Helios solar project in Colombia achieved commercial operations in the first quarter of 2022. Construction activities on the second 6MW phase commenced with commercial operations expected in the latter half of 2022. The project achieved financial close in 2021 and secured a 12-year PPA with EBSA, which, in turn, will secure offtake agreements with non-regulated customers.

Baltic Power Polish Offshore Wind Project

In March 2021, Northland completed its acquisition of a 49% interest in the Baltic Power offshore wind project ("**Baltic Power**") in the Polish Baltic Sea with a total capacity of up to 1,200MW of offshore wind generation, for total cash consideration of PLN 255 million ($82 million).

In June 2021, the Baltic Power project, secured a 25-year Contract for Differences ("CfD") from Poland's Energy Regulatory Office under the Polish Offshore Wind Act at a guaranteed price of PLN 319.60 per megawatt hour (MWh), which is adjusted to annual indexation by Poland's annual average consumer price index. Upon successful achievement of all necessary approvals, construction of the Baltic Power is expected to commence in 2023 following financial close, with commercial operations anticipated in 2026.

La Lucha Mexican Solar Project

The 130MW solar project in the State of Durango, Mexico, completed its activities relating to the physical construction, however, certain activities relating to the energization of the project continue to be delayed. In order to achieve commercial operations, the facility requires energization followed by testing, which is conducted by CENACE (Independent System Operator) and CFE (Federal Electricity Commission). Final approvals, energization, testing and interconnection of renewable power projects have generally been delayed in Mexico by pandemic related government and CFE temporary office closures and reduced operating capacity. In addition, these processes have seen further delays that are likely related to the uncertainty created by the Mexican government's so far unsuccessful attempts to amend electricity sector regulations and constitutionally embedded legislation and timelines remain uncertain as a result. Efforts to secure commercial offtake and project financing are expected to be finalized only after commercial operations.

Hai Long Offshore Wind Project

Progress continues at Hai Long ahead of the project achieving financial close later in the year. In the quarter, the project team signed preferred supplier agreements for the fabrication of the jacket foundations for Hai Long 2A as part of its local content requirements. The project is completing the selection of preferred suppliers for all of the main construction contracts, allowing it to commence with construction activities once it achieves financial close later this year.

Hai Long is owned 60% by Northland and 40% by Mitsui & Co. Ltd and Enterprize Energy Group. The project was allocated a total of 1,044MW (626MW 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)	Year of Grid Connection	Type of Procurement
Hai Long 2A	300	180	2024	FIT
Hai Long 2B	232	139	2025	Auction
Hai Long 3	512	307	2025	Auction
Total	**1,044**	**626**		

(1) Represents Northland's 60% economic interest.

SECTION 9: OUTLOOK

Northland aims to increase shareholder value by creating high-quality projects underpinned by revenue arrangements that deliver predictable cash flows. Management actively seeks to invest in technologies and jurisdictions where Northland can benefit from an early-mover advantage and establish a meaningful presence while striving for excellence in managing Northland's operating facilities by enhancing their performance and value.

As of May 10, 2022, management's 2022 financial outlook remains unchanged from prior guidance. Adjusted EBITDA in 2022 is expected to be in the range of $1.15 billion to $1.25 billion, Adjusted Free Cash Flow per share in 2022 is expected to be in the range of $1.65 to $1.85 and Free Cash Flow per share in 2022 is expected to be in the range of $1.20 to $1.40.

Northland continues to have sufficient liquidity available to execute on its growth objectives. As at May 10, 2022, Northland had access to approximately $890 million of cash and liquidity, comprising $590 million of liquidity available under a syndicated revolving facility and $300 million of corporate cash on hand.

Management continues to monitor global developments and their potential impact on Northland's business and financial results.

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 14 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 March 31, 2022, 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 2.4 of the annual audited consolidated financial statements.

SECTION 12: FINANCIAL RISKS AND UNCERTAINTIES

For information on Northland's key risks, uncertainties, financial instruments and contractual commitments refer to Northland's 2021 Annual Report and the 2021 AIF filed electronically at www.sedar.com under Northland's profile. Other than risks described below, 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 2021 Annual Report or the 2021 AIF.

Northland's risk management objective is to mitigate fluctuations in cash flows and ensure stable levels of cash available to pay dividends to shareholders. Northland does not seek to mitigate fair value risk. Northland classifies financial risks into market risk, counterparty risk and liquidity risk. Northland manages financial risks by identifying, evaluating and mitigating financial 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 17 of the 2021 Annual Report for additional information on Northland's risk management approach.

SECTION 13: CONTROLS AND PROCEDURES OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

A rigorous and comprehensive financial governance framework is in place at Northland and its subsidiaries. Northland's 2021 Annual Report contains a statement signed by Northland's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) outlining management's responsibility for financial information contained in the report. Northland filed certifications, signed by the CEO and CFO, with the Canadian Securities Administrators in February 2022 in association with the filing of the 2021 Annual Report and other annual disclosure documents. In those filings, Northland's CEO and CFO certified, as required in Canada by National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the appropriateness of the financial disclosures in Northland's annual filings and the effectiveness of Northland's disclosure controls and procedures. The CEO and CFO have certified to securities regulators the appropriateness of the financial disclosures in Northland's interim filings for the period ended March 31, 2022, and that they are responsible for the design of disclosure controls and procedures and internal controls over financial reporting. The interim filings include this MD&A and the accompanying unaudited interim condensed consolidated financial statements.

There have been no changes in internal controls over financial reporting during the quarter ended March 31, 2022, that have materially affected or are reasonably likely to materially affect Northland's internal controls over financial reporting.

Limitation on Scope

Northland completed the acquisition of the Spanish portfolio on August 11, 2021. Management has not fully completed its review of internal controls over financial reporting for the Spanish portfolio and has limited the scope of design, operation and evaluation of disclosure controls and procedures and internal controls over financial reporting. Such scope limitation is permitted in accordance with NI 52-109, since the Spanish portfolio was acquired less than 365 days before the financial year end. Management has performed procedures to assess the accuracy and completeness of the Spanish portfolio's financial information for the period covered by this MD&A, as summarized below.

As at		**March 31, 2022**
Sales	**$**	**72,988**
Net income		**71,694**
Current assets		**238,988**
Non-current assets		**1,735,910**
Current liabilities		**104,240**
Non-current liabilities	**$**	**1,278,170**