POWER TO DO MORE

INTERIM REPORT
As at September 30, 2019

3

Management's Discussion and Analysis 3

As at September 30, 2019

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Profile

Boralex develops, builds and operates renewable energy power facilities in Canada, France, the United Kingdom and the United States. A leader in the Canadian market and France's largest independent producer of onshore wind power, the Corporation is recognized for its solid experience in optimizing its asset base in four power generation types-wind, hydroelectric, thermal and solar. Boralex has ensured sustained growth by leveraging the expertise and diversification developed for nearly 30 years.

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX.[1] As at September 30, 2019, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 19.8% of Boralex's outstanding shares.

Highlights

For the three-month periods ended September 30

	IFRS		Combined[2]	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2019	2018	2019	2018
Power production (GWh)[3]	712	590	920	721
Revenues from energy sales and feed-in premium	92	79	113	93
EBITDA(A)[2]	45	39	70	51
Net loss	(36)	(37)	(44)	(37)
Net loss attributable to shareholders of Boralex	(29)	(31)	(37)	(31)
Per share (basic and diluted)	($0.32)	($0.40)	($0.41)	($0.40)
Net cash flows related to operating activities	58	17	54	10
Cash flows from operations[2]	35	23	31	15

For the nine-month periods ended September 30

	IFRS		Combined[2]	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2019	2018	2019	2018
Power production (GWh)[3]	3,005	2,462	3,866	2,875
Revenues from energy sales and feed-in premium	385	326	475	371
EBITDA(A)[2]	259	200	327	233
Net loss	(20)	(47)	(28)	(47)
Net loss attributable to shareholders of Boralex	(13)	(39)	(21)	(39)
Per share (basic and diluted)	($0.15)	($0.51)	($0.24)	($0.51)
Net cash flows related to operating activities	236	179	251	182
Cash flows from operations[2]	191	121	212	125
	As at Sep 30,	**As at Dec 31,**	**As at Sep 30,**	**As at Dec 31,**
Total assets	4,679	4,776	5,350	5,434
Debt, including non-current debt and current portion of debt	3,132	3,271	3,702	3,855

[1] Subsequent to the end of the quarter, Boralex redeemed all convertible debentures outstanding on October 24, 2019. These debentures are included in Boralex's financial statements as at September 30, 2019 and were traded on the Toronto Stock Exchange under the ticker BLX.DB.A until their redemption.

[2] See the *Non-IFRS measures* section.

[3] Production level for which NRWF wind farm was compensated following power generation limitations imposed by the IESO was included in power production as management uses this measure to evaluate the Corporation's performance. This change facilitates the correlation between power production and revenues from energy sales and feed-in premium.

Combined – Non-IFRS measure

The combined information ("Combined") presented above and elsewhere in this management's discussion and analysis results from the combination of the financial information of Boralex Inc. ("Boralex" or the "Corporation") under IFRS and the share of the financial information of the Interests. The Interests represent significant investments by Boralex and although IFRS does not permit the consolidation of their financial information within that of Boralex, management considers that information on a Combined basis is useful data to assess the Corporation's performance. In order to prepare the Combined information, Boralex first prepares its financial statements and those of the Interests in accordance with IFRS. Then, the *Interests in the Joint Ventures and associates*, *Share in earnings (losses) of the Joint Ventures and associates* and *Distributions received from the Joint Ventures and associates* line items are replaced by Boralex's respective share (ranging from 50.00% to 59.96%) in the financial statement items of the Interests (revenues, expenses, assets, liabilities, etc.). We refer you to the *Non-IFRS measures* section for more information.

Abbreviations and definitions

In alphabetical order

Caisse	Caisse de dépôt et placement du Québec
Cube	Cube Hydro-Power SARL (formerly Cube Energy SCA)
DC&P	Disclosure controls and procedures
DM I and DM II	Des Moulins Wind Power L.P.
EBITDA	Earnings before taxes, interest, depreciation and amortization
EBITDA(A)	Earnings before taxes, interest, depreciation and amortization adjusted to include other items
EDF	Électricité de France
FiP	Feed-in premium
GWh	Gigawatt-hour
HQ	Hydro-Québec
ICFR	Internal control over financial reporting
IESO	Independent Electricity System Operator (Ontario)
IFER	Flat-rate tax on network businesses (France)
IFRS	International Financial Reporting Standards
Interests	Interests in the Joint Ventures and associates
Invenergy	Invenergy Renewables LLC
Kallista	Kallista Energy Investment SAS and KE Production SAS
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LTM	Last twelve months
MW	Megawatt
MWh	Megawatt-hour
NMPC	Niagara Mohawk Power Corporation
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
Six Nations	Six Nations of the Grand River
SOP	Standing Offer Program

Sainte-Christine portfolio	Includes the Inter Deux Bos, Côteaux du Blaiseron, Hauts de Comble, Sources de l'Ancre, Le Pelon, Basse Thiérache Nord and Catésis wind farms as well as the Seuil du Cambrésis, Cham Longe I and Santerre wind power projects.
Anticipated production	Historical averages for the oldest sites adjusted for planned facility commissioning and shutdowns and production forecasts for the other sites.

Introductory comments

General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three- and nine-month periods ended September 30, 2019, compared with the corresponding periods of 2018, as well as the Corporation's financial position as at September 30, 2019, compared to December 31, 2018. This report should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes found in this Interim Report, as well as with the consolidated financial statements and related notes found in the most recent Annual Report for the fiscal year ended December 31, 2018.

Additional information about the Corporation, including the annual information form, previous annual reports, MD&As and audited consolidated financial statements, as well as press releases, is published separately and is available on the Boralex (www.boralex.com) and SEDAR (www.sedar.com) websites.

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to November 6, 2019, the date on which the Board of Directors approved this interim MD&A and the unaudited interim consolidated financial statements. Unless otherwise indicated, the financial information presented in this MD&A, including tabular amounts, is prepared in accordance with IFRS under Part I of the *CPA Canada Handbook*. The unaudited interim consolidated financial statements included in this MD&A have been prepared according to IFRS applicable to the preparation of financial statements, IAS 1, *Presentation of Financial Statements*, and contain comparative figures for 2018.

As discussed under the *Non-IFRS measures* section, this MD&A also contains information consisting of non-IFRS measures. The Corporation uses "EBITDA," "EBITDA(A)," "cash flows from operations," "ratio of net debt," "discretionary cash flows," and "payout ratio" to assess the operating performance of its facilities. As described above, the Corporation also presents Combined information that incorporates its share of the financial statements of the Interests. These terms are defined in the *Non-IFRS measures* section.

All financial information presented in this MD&A, as well as tabular information, is in Canadian dollars. It should also be noted that the data expressed as a percentage is calculated using amounts in thousands of dollars.

Notice concerning forward-looking statements

The purpose of this MD&A is to help the reader understand the nature and importance of changes and trends as well as the risks and uncertainties that may affect Boralex's operating results and financial position. Accordingly, some of the statements contained in this analysis, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. Positive or negative verbs such as "will," "would," "forecast," "anticipate," "expect," "plan," "project," "continue," "intend," "assess," "estimate" or "believe," or expressions such as "toward," "about," "approximately," "to be of the opinion," "potential" or similar words or the negative thereof or other comparable terminology, are used to identify such statements. They are based on Boralex management's expectations, estimates and assumptions as at November 6, 2019.

This forward-looking information includes statements about revenue diversification, optimization, solar power development and storage, broadening the target customer base by signing contracts directly with electricity-consuming companies, gradual development of complementary services, sales of minority interests, debt refinancing, synergies and financial objectives for 2023, including objectives for discretionary cash flows in 2023, wind power and other renewable energy production projects in the pipeline and their expected performance, EBITDA(A), EBITDA(A) margins and discretionary cash flow targets of Boralex or those expected to be generated in the future, the Corporation's forecasted financial results, future financial position, installed capacity or megawatt growth objectives or targets, including those set in connection with the Corporation's *Growth path*, growth outlook, the strategies, the strategic plan and objectives of or relating to the Corporation, the expected timing of project commissioning, planned production, capital expenditure and investment programs, access to credit facilities and financing, capital tax, income tax, risk profile, cash flows and earnings and their components, the amount of distributions and dividends to be paid to securityholders, the anticipated distribution ratio, the dividend policy and the timing of such distributions and dividends. Actual events or results may differ materially from those expressed in such forward-looking statements.

Forward-looking information is based on significant assumptions, including assumptions about the performance of the Corporation's projects based on management estimates and expectations with respect to wind and other factors, the opportunities that could arise in the various segments targeted for growth or diversification, assumptions about EBITDA(A) margins, assumptions about the industry and general economic conditions, competition and availability of financing and partners. While the Corporation considers these factors and assumptions to be reasonable based on information currently available, they may prove to be incorrect.

Some of the statements contained in this report, including those regarding future results and performance, are forward-looking statements based on current expectations, within the meaning of securities legislation. Boralex would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results or the measures it adopts could differ materially from those indicated by or underlying these statements, or could have an impact on the degree of realization of a particular forward-looking statement. The main factors that could lead to a material difference between the Corporation's actual results and the forward-looking financial information or expectations set forth in the forward-looking statements include, but are not limited to, the general impact of economic conditions, currency fluctuations, volatility in energy selling prices, the Corporation's financing capacity, competition, changes in general market conditions, the regulations governing the industry and raw material price increases and availability, regulatory disputes and other issues related to projects in operation or under development, well as certain other factors described in the documents filed by the Corporation with the different securities commissions.

Unless otherwise specified by the Corporation, the forward-looking statements do not take into account the possible impact on its activities, transactions, non-recurring items or other exceptional items announced or occurring after the statements are made.

There can be no assurance as to the materialization of the results, performance or achievements as expressed or implied by forward-looking statements. The reader is cautioned not to place undue reliance on such forward-looking statements. Unless required to do so under applicable securities legislation, Boralex management does not assume any obligation to update or revise forward-looking statements to reflect new information, future events or other changes.

Description of business

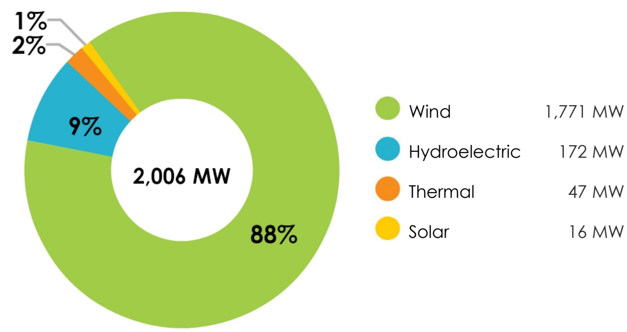
Boralex is a Canadian corporation operating in the renewable energy segment. It draws on a workforce of over 445 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. As at September 30, 2019, its asset base of installed capacity under its management comprised 2,006 MW[(1)]. Asset development projects in progress represent an additional 92 MW, to be commissioned by the end of 2021. The following charts provide information about the makeup of the Corporation's energy portfolio in operation as at September 30, 2019.

Segment breakdown: Four complementary power generation types

The **wind** power segment accounts for a large majority (88%) of installed capacity. Projects under development and under construction will add 82 MW in France by the end of 2021.

The Corporation's 16 **hydroelectric** power stations make up 9% of installed capacity. In October 2019, operations at the Buckingham power station in Québec were relaunched after the work to increase its capacity from 10 to 20 MW was completed.

Two **thermal** power stations (2%) and three **solar** power facilities (1%) complete the Corporation's portfolio.

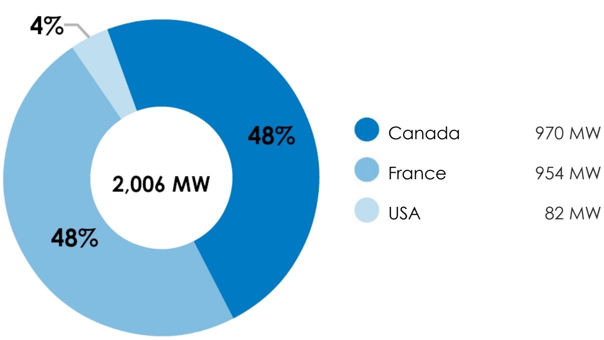


Geographic breakdown: Three key markets

In **Canada,** Boralex is active in four power generation segments: wind, hydroelectric, thermal and solar. That being said, wind power accounts for the largest percentage of production with an installed capacity under its control of 844 MW.

In **France**, a large portion of Boralex's installed capacity originates from wind farms, totalling 927 MW, making it France's largest independent producer of onshore wind power. The wind farms are complemented by a natural gas cogeneration power station and two solar energy facilities.

In the **United States**, the Corporation operates seven hydroelectric power stations in the Northeast.

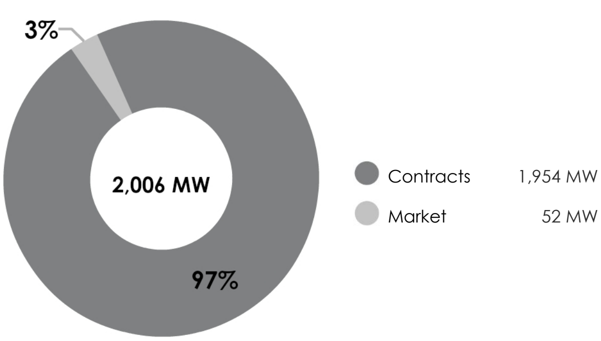


Breakdown of sources of revenues from energy sales and FiP: 97% under long-term contracts

Substantially all (97%) of the GWh generated by Boralex are covered by long-term indexed, fixed-price energy sales contracts.

The Corporation estimates that the equivalent of 264 MW (13% of installed capacity or 10% of expected current production) covered by contracts expiring through September 2024 will then be sold at market prices if new contracts have not been negotiated beforehand.

These contracts have a weighted average remaining contractual term of **13 years**.



(1) This data, and all of the data in this MD&A, reflect 100% of Boralex's subsidiaries in which Boralex is the controlling shareholder. The data also reflects Boralex's share in entities over which it does not have control and which are accounted for using the equity method in this MD&A, consisting of 170 MW in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 201 MW from the acquisition of Invenergy's interests in five wind farms in Québec, out of the total installed capacity of 391 MW.

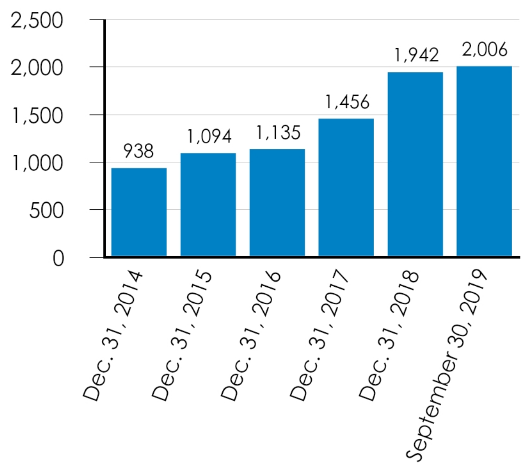
Selected financial information: A growth company

Boralex's installed capacity increased from 938 MW as at December 31, 2014 to 2,006 MW as at September 30, 2019, which represents annual compound growth of 16% for this period of nearly five years. This growth has been achieved both organically and through acquisitions. In recent years, Boralex's EBITDA(A) and market capitalization have grown at annual compound rates of 27% (25% on a Combined basis) and 33%, respectively. In 2014, Boralex also undertook to pay a dividend to its shareholders, which amounted to $20 million for that first fiscal year. The dividend for the twelve-month period ended September 30, 2019 amounted to $59 million.

Installed capacity

(in MW)

Compound annual growth rate: 16%

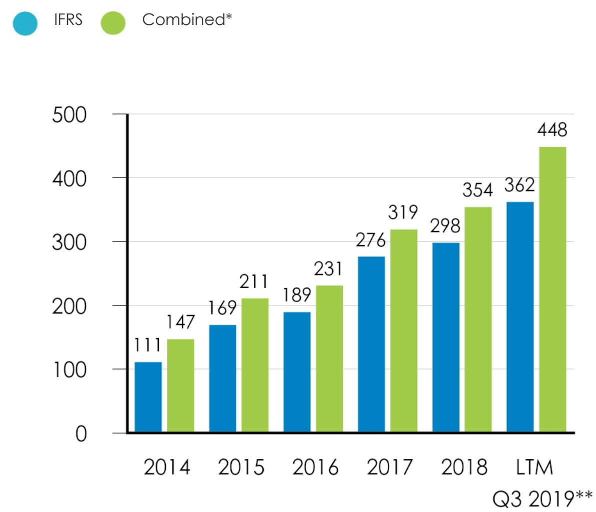


Organic growth: +432 MW	Acquisitions: +636 MW
Average annual growth: 7%	Average annual growth:10%

EBITDA(A)*

(in millions of Canadian dollars)

Compound annual growth rate: 27% (IFRS) and 25% (Combined)



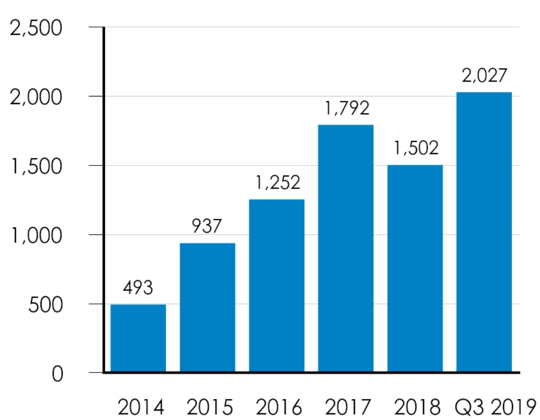
* See the *Non-IFRS measures* section.

** EBITDA(A) on a Combined basis for the 12-month period ended September 30, 2019 is as follows: Q3-19: $70 million; Q2-19: $103 million; Q1-19: $154 million; and Q4-18: $121 million, for a total of $448 million.

Market capitalization

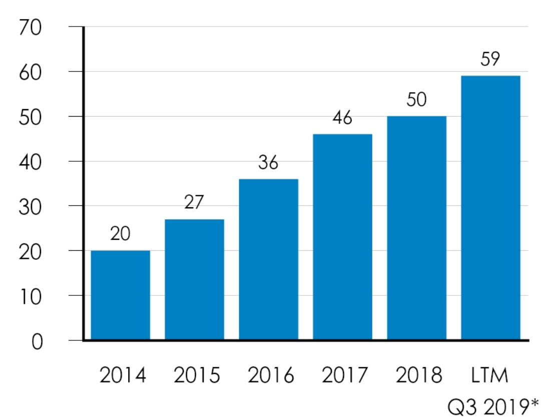
(in millions of Canadian dollars)

Compound annual growth rate: 33%



Dividends paid

(in millions of Canadian dollars)



* Dividend amount paid for the 12-month period ended September 30, 2019 is broken down as follows: Q3-19: $15 million; Q2-19: $14 million; Q1-19: $15 million; and Q4-18: $15 million, for a total of $59 million.

Growth strategy and development outlook

Strategic plan and financial objectives for 2023

On June 18, 2019, Boralex's management announced the strategic plan which will steer its actions to achieve the financial objectives set for 2023. This plan is a continuation of the actions undertaken to date in sectors with high growth potential and for which the Corporation has developed solid expertise. It also includes complementary initiatives to diversify and optimize operations and revenue sources.

The new plan sets out four main strategic directions and three financial objectives and is based on a rigorous analysis of the market and trends in the renewable energy sector. The plan also reflects the view that a profound and rapid transformation of the industry is underway, driven mainly by numerous technological innovations.

STRATEGIC PLAN AT A GLANCE	
Strategic directions	**Financial objectives for 2023**
Growth Continue development activities in the European and North American markets, where the Corporation is already active and which offer high growth potential for renewable energies.	**Discretionary cash flows** Generate discretionary cash flows of $140 million to $150 million in 2023 which will represent annual compound growth of about 20% for the 2018-2023 period.
Diversification Strengthen our presence in the solar power sector and participate in developing the energy storage market.	**Dividend** Pay an ordinary dividend equivalent to a dividend payout ratio of 40% to 60% of discretionary cash flows.
Customers Adopt new business models directly targeting electricity-consuming companies for the sale of energy and the provision of complementary services.	**Installed capacity** Develop a portfolio of energy assets to achieve a gross installed capacity managed by the Corporation of over 2,800 MW in 2023.
Optimization Maximize synergies and optimize operational costs and diversify our sources of financing.	

To successfully implement its strategic plan and achieve its financial objectives, the Corporation relies on its solid expertise in developing small- and medium-sized projects, which is a key advantage for seizing opportunities in increasingly competitive markets, particularly the solar power market.

The Corporation also intends to maintain exemplary financial discipline by targeting projects and acquisitions that meet specific growth and synergy criteria in order to create value and generate returns in line with shareholder expectations. Accordingly, the Corporation intends to carry out more projects through partnerships while maintaining control and management of operations, which will generate additional revenues.

Boralex is also maintaining the same approach that has contributed to its success to date, which consists in relying on predictable cash flows through long-term, indexed, fixed-price energy sales contracts. The Corporation expects 96% of its revenues to be generated from such contracts on a 2023 horizon, with an expected weighted average remaining term of about 11 years.

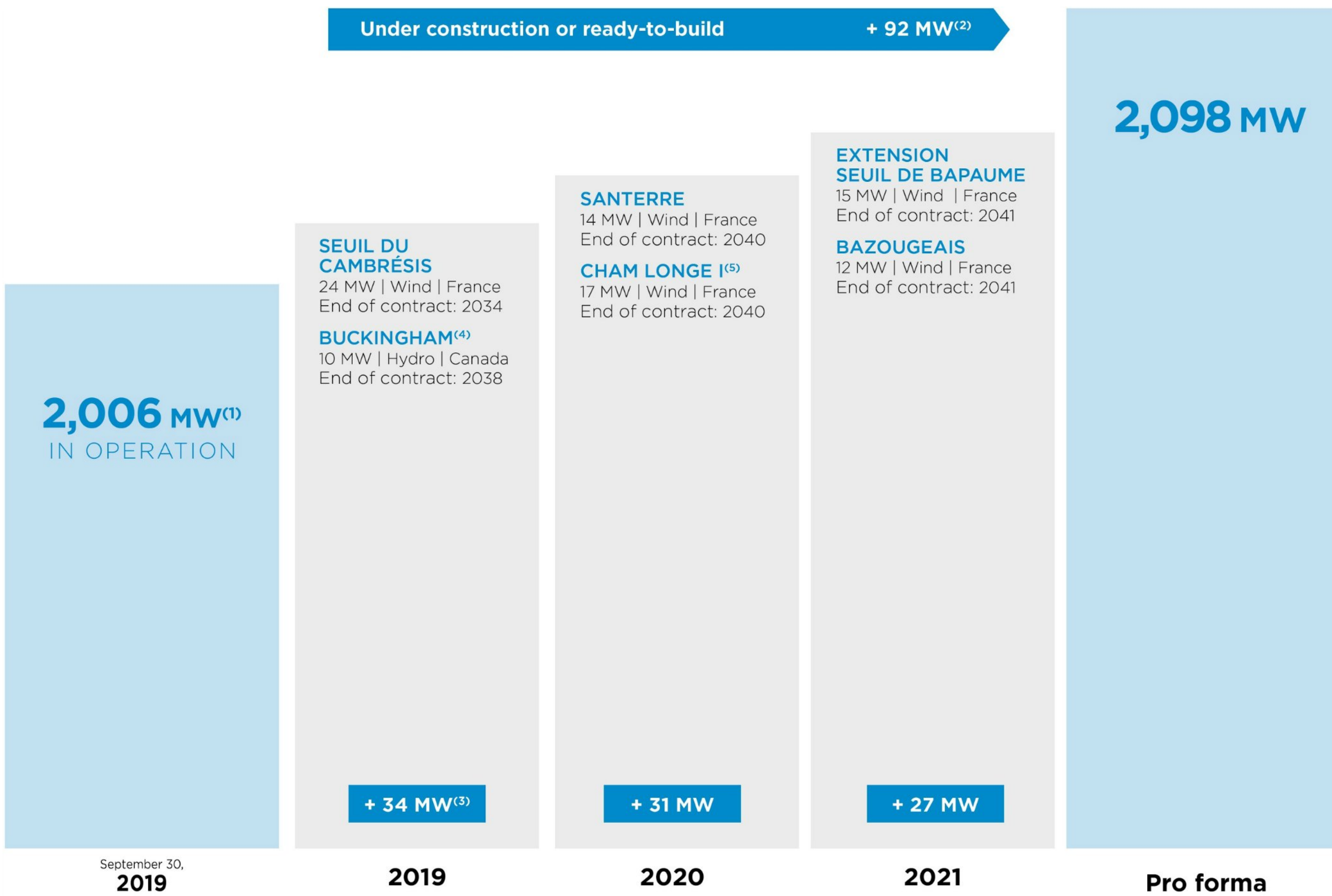
Development outlook

Boralex continues to focus development efforts on the growth potential in the markets in which it operates. As indicated in the Growth path below, the Corporation expects to add 92 MW to its installed capacity by the end of 2021, mainly as a result of commissioning wind farms in France.

Projects included in the Growth path are either under construction or have completed all preliminary stages and obtained all pre-construction approvals. They are all subject to long-term energy sales or feed-in premium contracts. These facilities will contribute to the Corporation's results as they are commissioned (For more details, see the *Acquisitions, commissioning and pipeline* table hereinafter). Overall, their contribution to EBITDA(A) is estimated at $29 million per year.

The implementation of these projects will require total planned investments of approximately $273 million, financed by loans of up to $192 million. As of September 30, 2019, the amounts already invested in these projects totalled over $100 million.

Growth path(1)



(1) This data, as well as all the data contained in the Interim Report as at September 30, 2019, reflects 100% of Boralex subsidiaries in which the Corporation is the controlling shareholder. The data also reflects Boralex's share in entities over which it does not have control which are accounted for using the equity method in the Interim Report as at September 30, 2019, consisting of 170 MW in the Joint Ventures operating the Seigneurie de Beaupré Wind Farms in Québec, representing 50% of the total installed capacity of 340 MW, plus 201 MW from five wind farms in Québec, following the acquisition of Invenergy's interests in these facilities which was completed on September 14, 2018.

(2) France 82 MW | Canada 10 MW

(3) Hydro 10 MW | Wind 24 MW

(4) Project whose installed capacity of 10 MW was increased to 20 MW as a result of optimization and commissioning on October 17, 2019.

(5) Project whose capacity of 18 MW is to increase to 35 MW while the initial contract expiry date of 2020 is to be extended by 20 years.

Other projects will enter the *Growth path* as they meet the criteria for Board approval.

Targeted market potential and pipeline
(in MW)

	EUROPE	NORTH AMERICA	TOTAL BORALEX
TARGETED MARKET POTENTIAL			
WIND	9,825	1,050	10,875
SOLAR	11,000	9,000	20,000
TOTAL	20,825	10,050	30,875
PIPELINE			
WIND – Stages			
Early	635	-	635
Middle	350	-	350
Advanced	340	1,050	1,390
Total	1,325	1,050	2,375
SOLAR – Stages			
Early	100	200	300
Middle	100	180	280
Advanced	50	-	50
Total	250	380	630
TOTAL	1,575	1,430	3,005

The table above provides an overview of the potential of the Corporation's target geographic markets: Europe and North America. Projects were categorized as follows:

Targeted market potential	Boralex's special interest in the size of government programs announced from 2019 to 2023.
Pipeline	Projects with secure land and verified power grid connections.

Stages in developing the pipeline:

Early	0 to 2 years in the development process.
Middle	2 to 4 years in the development process.
Advanced	4 to 6 years in the development process.

The wind segment remains the main growth driver. Based on analysis and available data, it represents an overall potential market of 10,875 MW. The Corporation has a portfolio of projects at various stages of development, with a total capacity of 2,375 MW distributed equally between the European and North American markets.

The potential market for the solar power segment amounts to about 20,000 MW. The Corporation intends to substantially strengthen its presence in this segment while its pipeline in this segment has a total capacity of 630 MW.

Development underway by strategic direction

Growth

Europe

Given the transition to renewable energy, the potential of the wind power segment in Europe amounts to around 9,825 MW.

In France, the Corporation has the necessary strengths to capitalize on development opportunities when they arise due to its long-standing presence and in-depth market knowledge. It has a portfolio of projects at varying stages of completion, equivalent to a capacity of about 1,325 MW. Building on these achievements, Boralex actively participates in the tendering process, which anticipates the construction of wind farms in France with an overall capacity of 3,400 MW. This process targets the award, in portions, of all energy purchase contracts by the end of 2020, with each contract having a term of 20 years from commissioning.

In October 2019, two of the Corporation's wind power projects totalling 33 MW were selected during the fourth round of the national call for tenders conducted by the French Ministry of Ecological and Solidarity Transition. These projects have received administrative authorizations and will allow Boralex to benefit from a feed-in premium contract. As a result of the two previous calls for tenders, Boralex saw three of its onshore wind farm projects selected for a total of 68 MW under the April 2019 call for tenders, and two of its projects for a total of 49 MW in June 2018. The latter two are under construction and are scheduled for commissioning in 2020.

Furthermore, Boralex is well placed to penetrate the U.K. market since the acquisition of a pipeline of projects in September 2016 combined with the partnership entered into in October 2017 with Infinergy. The Corporation owns the rights to a large pipeline of projects, mainly in Scotland, representing a total installed capacity estimated at 325 MW. An initial project, namely the **Limekiln** wind farm project (90 MW), was granted an irrevocable licence by the Scottish government. Jointly owned by Boralex and Infinergy, this project must complete certain administrative steps before the expected start of construction in 2021 and its commissioning in 2022.

As set out in the *Growth path*, Boralex plans to add five new wind farms for an additional installed capacity of 24 MW in 2019, 31 MW in 2020 and 27 MW in 2021. These assets, which are all covered by long-term indexed, fixed-price feed-in premiums, will contribute to the Corporation's results as they are commissioned (see the *Acquisitions, commissioning and pipeline* table below).

North America

The Corporation is targeting a potential market equivalent to its 1,050 MW project portfolio as renewable energy development programs in Boralex's target markets are on hold due to recent policy changes in these markets. However, these projects are at an advanced stage of development and could quickly enter the Corporation's *Growth path* in a more favourable context.

On October 17, 2019, Boralex announced that it has relaunched operations at its **Buckingham** power station following investments to double its installed capacity. The **Buckingham** power station now has an installed capacity of 20 MW and the power it generates will be increased by 50% on average as the higher capacity will enable more efficient use of the hydroelectricity.

Diversification

Initially, the Corporation is focusing its business diversification efforts on the solar power segment.

Europe

Europe remains the region with the greatest opportunities for solar power generation, with a potential market totalling 11,000 MW. Boralex intends to accelerate the development of this segment's initiatives in France. The Corporation is leveraging its existing facilities to strengthen its expertise.

North America

In North America, Boralex is targeting a potential market of some 9,000 MW. It has undertaken to deploy resources to develop the niche of small and medium-sized facilities, an area that requires special expertise and where competition is less targeted. It will initially focus its efforts on the high potential New York State market, with the opening of its New York City office and the hiring of some ten highly qualified local employees supported by the Canadian team members in place since a number of years who were tasked with responsibilities and priorities related to the development of this market.

Since the announcement of the strategic plan last June, the Corporation's portfolio of projects has increased from 200 MW to 380 MW. In September, the Corporation submitted proposals to the New York State Energy Research and Development Authority for four solar power projects with a total capacity of 180 MW.

Energy storage

Boralex is also continuing its efforts to gradually deploy a battery-based energy storage service, leveraging the significant cost reduction associated with this technology. It considers this service complementary to promote the widespread use of renewable energies and accelerate the energy transition.

In particular, such a service will ensure power grid stability, as well as support the integration of solar energy by shifting peak production to periods of peak energy demand. It also serves to meet excess requirements during peak periods or when the supply system fails.

Customers

The Corporation has set up sales teams in France and the United States to serve a wider customer base. In particular, this will involve operationalizing this business model based on signing energy sales contracts directly with electricity-consuming companies, as well as the gradual addition of complementary services offered to the energy transmission networks and large-scale electricity consumers.

In addition, obtaining the licence for the **Limekiln** wind farm project (see *Growth, Europe* above) is also an opportunity to implement the business model based on the sale of energy directly to electricity-consuming companies, as there is no pre-defined energy purchase program in Scotland. Boralex and its partner are gauging opportunities to enter into power purchase agreements with such companies, a prerequisite step before construction work can begin.

Optimization

This strategic direction has two main components:

1. Increase synergies across the organization and ensure optimal use of existing resources and assets;
2. Consider the sale of minority interests in future energy assets in order to reach optimal capital allocation.

Boralex's first initiatives focus on component no. 1. These are concrete actions to increase performance and reduce both operating and financing costs.

In particular, this resulted in the repowering project at **Cham Longe I** wind farm in France and the **Buckingham** hydroelectric power station in Québec. In both cases, the use of more high-performance equipment will result in a substantial increase in installed capacity and is expected to result in an additional contribution to annual EBITDA.

In terms of financial resources, the Corporation's management continues its efforts to optimize its sources of financing and, at the same time, reduce its costs. As such, several refinancing initiatives are underway to take advantage of the current favorable market conditions.

Financial objectives - current status

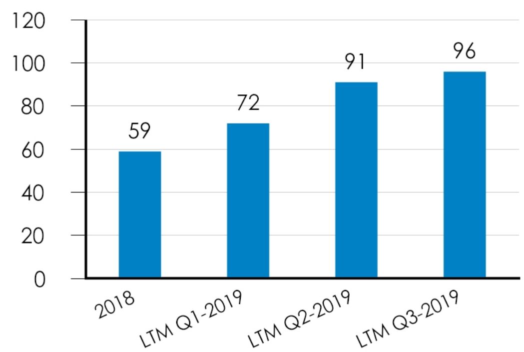
To ensure that the implementation of the strategic plan results in disciplined growth, while creating shareholder value, Boralex's management monitors the three criteria chosen as financial objectives.

Discretionary cash flows

As at September 30, 2019, discretionary cash flows amounted to $96 million on a rolling 12-month basis. This represents an increase of 66% from $59 million in 2018. This improvement is attributable to better operating results, particularly given the contribution of sites acquired and commissioned over the past year.

Discretionary cash flows*

(in millions of Canadian dollars)



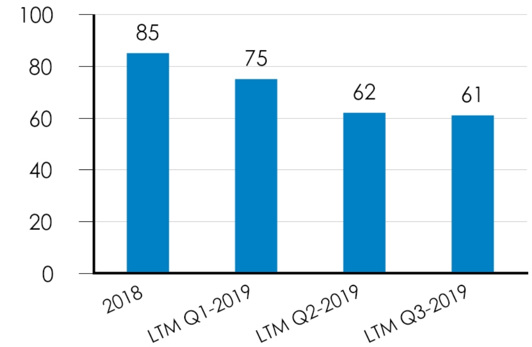
* See the *Non-IFRS measures* section.

Dividend

As at September 30, 2019, the dividend paid to shareholders represented a payout ratio of 61%, on a rolling twelve-month basis. The increase in discretionary cash flows since the beginning of 2019 brought the Corporation closer to its target payout ratio of 40% to 60%.

Dividend payout ratio*

(as a %)



* See the *Non-IFRS measures* section.

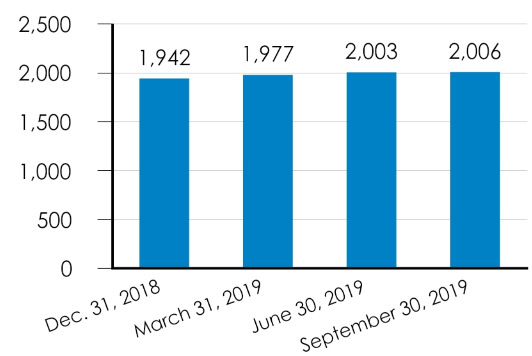
Installed capacity

As at September 30, 2019, Boralex's installed capacity amounted to 2,006 MW, up 64 MW since the beginning of the year, including the commissioning of three wind farms and a hydroelectric power station (see the *Acquisitions, commissioning and pipeline* table below) as well as a 3 MW capacity increase for existing facilities in France.

In addition, the Corporation began fiscal 2019 with an additional installed capacity of 285 MW in France and 201 MW in Canada compared with a year earlier, reflecting the 2018 commissioning and acquisitions of facilties in the wind power segment. These assets will contribute to the Corporation's results for all of the current fiscal year.

Installed capacity

(in MW)



Acquisitions, commissioning and pipeline

	Project name	Net capacity (MW)	Date[1]	Segment/ Country	Energy contract term/Client	Ownership (%)	Total project invest.[2][3]	Estimated annual EBITDA[2][3]
Acquisitions and commissioning Since January 1, 2018	**Kallista**	163	June 20	Wind/France	15 years/EDF	Note[4]		
	DM I and DM II, LP I, LP II and Roncevaux	201	September 14	Wind/Canada	Note[5]	Note[6]		
	Inter Deux Bos	33	September 24	Wind/France	15 years/EDF	100		
	Noyers Bucamps	10	November 1	Wind/France	15 years/EDF/FiP	100		
	Hauts de Comble	20	November 5	Wind/France	15 years/EDF	100		
	Côteaux du Blaiseron	26	November 9	Wind/France	15 years/EDF	100		
	Le Pelon	10	January 1, 2019[7]	Wind/France	15 years/EDF/FiP	100		
	Sources de l'Ancre	23	January 1, 2019[7]	Wind/France	15 years/EDF/FiP	100		
	2018	**+ 486 MW**			Installed capacity : **1,942 MW**			
	Basse Thiérache Nord	20	February 1 and March 1	Wind/France	15 years/EDF/FiP	100		
	Moose Lake	15	April 4[8]	Wind/Canada	40 years/BC Hydro	70		
	Catésis	10	June 1	Wind/France	15 years/EDF/FiP	100		
	Yellow Falls	16	Ongoing[9]	Hydro/Canada	40 years/IESO[9]	100		
	2019	**+ 61 MW**			Installed capacity : **2,006 MW**[10]			
Pipeline	**Buckingham**[11]	10	October 17, 2019	Hydro/Canada	25 years/HQ	100	$50 million	$5 million
	Seuil du Cambrésis	24	2nd half 2019	Wind/France	15 years/EDF/FiP	100	$58 million	$7 million
	Santerre	14	1st half 2020	Wind/France	20 years/EDF/FiP	100	$37 million	$4 million
	Cham Longe I[12]	17	2nd half 2020	Wind/France	20 years/EDF/FiP	100	$66 million	$6 million
	Extension Seuil de Bapaume	15	1st half 2021	Wind/France	20 years/EDF/FiP	100	$38 million	$5 million
	Bazougeais	12	1st half 2021	Wind/France	20 years/EDF/FiP	100	$24 million	$2 million
		+ 92 MW			Installed capacity pro forma : **2,098 MW**			

(1) Dates of acquisition and commissioning by Boralex or planned commissioning.
(2) See *Notice concerning forward-looking statements*.
(3) The total project investment and the estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on September 30, 2019.
(4) Boralex owns 100% of the shares of 14 wind farms and 65% of the 15 MW Val aux Moines SAS wind farm, all in operation.
(5) These contracts have a weighted average remaining contractual term of 16 years from the acquisition date.
(6) See the *Interests in the Joint Ventures and associates* note in the 2018 Annual Report.
(7) Owing to administrative restrictions, the energy sales contract became effective on January 1, 2019. However, since the facility was already operational, it is therefore considered as a 2018 commissioning.
(8) Owing to administrative restrictions, the energy sales contract became effective on April 4, 2019. However, since the facility was already operational, it is therefore considered as having been commissioned in the first quarter of 2019.
(9) Pending finalization of the remaining steps of the commercial commissioning process with IESO, power production is sold at market prices.
(10) Capacity increases totalling 3 MW have been made at existing assets in France since the beginning of the fiscal year.
(11) This 10 MW capacity increase will result in an additional $5 million in annual EBITDA for total pro forma EBITDA of $8 million for the project and installed capacity of 20 MW.
(12) This 17 MW capacity increase will result in an addition of $6 million to annual EBITDA for total pro forma EBITDA of $9 million for the project and will require a total investment of $66 million for 35 MW of installed capacity.

Financial highlights

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30				Nine-month periods ended September 30			
	2019	2018	Change		2019	2018	Change	
			$	%			$	%
POWER PRODUCTION (GWh)								
Wind power stations	546	415	131	32	2,220	1,729	491	28
NRWF compensation	28	42	(14)	(32)	111	112	(1)	(1)
	574	457	117	26	2,331	1,841	490	27
Hydroelectric power stations	131	118	13	11	545	478	67	14
Thermal power stations	—	8	(8)	(100)	110	126	(16)	(12)
Solar power stations	7	7	—	(1)	19	17	2	10
	712	590	122	21	3,005	2,462	543	22
REVENUES FROM ENERGY SALES AND FIP								
Wind power stations	78	64	14	21	323	262	61	23
Hydroelectric power stations	11	10	1	7	39	38	1	2
Thermal power stations	1	3	(2)	(50)	19	22	(3)	(10)
Solar power stations	2	2	—	(5)	4	4	—	5
	92	79	13	16	385	326	59	18
EBITDA(A)[1]								
Wind power stations	52	46	6	16	266	205	61	30
Hydroelectric power stations	6	5	1	8	26	25	1	3
Thermal power stations	(1)	—	(1)	—	6	5	1	1
Solar power stations	2	2	—	(13)	4	4	—	5
	59	53	6	13	302	239	63	26
Corporate and eliminations	(14)	(14)	—	3	(43)	(39)	(4)	8
	45	39	6	16	259	200	59	29
NET LOSS	(36)	(37)	1	4	(20)	(47)	27	58
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(29)	(31)	2	9	(13)	(39)	26	67
NET LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	($0.32)	($0.40)	$0.08	20	($0.15)	($0.51)	$0.36	71
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	58	17	41	>100	236	179	57	32
CASH FLOWS FROM OPERATIONS[1]	35	23	12	54	191	121	70	57
DIVIDENDS PAID ON COMMON SHARES	15	12			44	35		
DIVIDENDS PAID PER COMMON SHARE	$0.1650	$0.1575			$0.4950	$0.4650		
Weighted average number of shares outstanding – basic	89,302,809	78,552,595			89,229,842	77,051,121		

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at September 30, 2019	As at December 31, 2018
Total cash, including restricted cash	255	253
Property, plant and equipment	2,722	2,918
Total assets	4,679	4,776
Debt, including non-current debt and current portion of debt	3,132	3,271
Liability component of convertible debentures	138	140
Total liabilities	3,918	3,860
Total equity	761	916
Net debt to market capitalization ratio[1] (%)	57	64

[1] See the *Non-IFRS measures* section.

Analysis of consolidated operating results for the three-month period ended September 30, 2019

Total power production

(GWh)	Q3 2019				Q3 2018				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	In GWh	%
Wind										
Comparable assets[1]	210	291	—	501	232	225	—	457	44	10
Commissioning[2]	11	62	—	73	—	—	—	—	73	—
Wind - total	221	353	—	574	232	225	—	457	117	26
Hydroelectric										
Comparable assets	63	—	56	119	61	—	46	107	12	11
Commissioning - Yellow Falls	6	—	—	6	—	—	—	—	6	—
Temporary shutdown - Buckingham	6	—	—	6	11	—	—	11	(5)	(46)
Hydroelectric - total	75	—	56	131	72	—	46	118	13	11
Thermal	—	—	—	—	8	—	—	8	(8)	—
Solar	—	7	—	7	—	7	—	7	—	(1)
Total[1]	296	360	56	712	312	232	46	590	122	21

[1] Includes the compensation for the equivalent of 28 GWh in light of the power limitation imposed on the NRWF facility for the third quarter of 2019 (42 GWh for the third quarter of 2018).
[2] See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy*.

Boralex produced 684 GWh of electricity in the third quarter of 2019 and received compensation for the equivalent of 28 GWh, bringing total production to 712 GWh, up 21% from 590 GWh for the same quarter of 2018, comprising production of 548 GWh and the equivalent of 42 GWh for which compensation was received. Excluding the contribution of facilities commissioned over the past year, production of comparable assets increased 9%, stemming from improved results for both the wind and hydroelectric power segments, as explained below.

Wind
Total production of wind farms for the third quarter of 2019 amounted to 574 GWh, up 26% from 457 GWh for the corresponding quarter of 2018. This increase is largely attributable to the contribution of wind farms commissioned since July 1, 2018 (for further details see the *Acquisitions, commissioning and pipeline* table in the Growth strategy and development outlook section). These wind farms contributed fully to results of the recent quarter. Meanwhile, total comparable assets recorded a 10% increase in production volume for the third quarter of 2019 compared with the same quarter of 2018, although with significant regional differences.

- In **France**, weather conditions in the third quarter of 2019 were more favourable than in the same quarter of last year. As a result, production volume at comparable wind farms was 30% higher compared with the same period of 2018. Including the contribution of the wind farms commissioned since July 1, 2018, the wind power segment in France recorded a 57% increase in production volume to 353 GWh, compared with the same quarter of 2018.

- In **Canada**, weather conditions were less favourable than in the last year, resulting in a 9% decline in production volume for comparable wind farms in the third quarter of 2019 from the corresponding quarter of 2018. As the contribution of the Moose Lake wind farm commissioned in April 2019 could not offset this decline, the Canadian wind power segment ended the third quarter of 2019 with a production volume of 221 GWh, down 5% from the same period of last year.

Hydroelectric
Hydroelectric segment production totalled 131 GWh for the third quarter of 2019, up 11% from 118 GWh in the corresponding quarter of 2018, driven largely by better performance at U.S. power stations.

- In **Canada**, the production volume was slightly higher than in the last year. Comparable power stations generated 63 GWh in the third quarter of 2019, a similar result to the 61 GWh recorded for the corresponding quarter of 2018. Also, the contribution of the new Yellow Falls power station offset the lower volume at the Buckingham power station owing to work carried out to upgrade installed capacity.

- In the **United States**, more favourable water flow conditions resulted in a 25% increase in production volume, that is, 56 GWh for the third quarter of 2019 compared with 46 GWh for the corresponding quarter of 2018.

Thermal
The production schedule at the Senneterre power station was changed following the new agreement with Hydro-Québec which came into effect before the start of the quarter. Under this agreement, this power station was shut down for the entire summer, from mid-June to mid-October, which explains the lack of production during the past quarter.

Solar
With a production volume of 7 GWh, the solar power segment continues to post stable results from one quarter to the next.

Revenues from energy sales and feed-in premium

Revenues from energy sales and feed-in premium up 16%, driven mainly by the wind power segment owing to the facilities commissioned in the past year and improved weather conditions in France.

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Other segments	**Consoli-dated**
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	64	10	5	**79**
Segment breakdown	81%	13%	6%	**100%**
Acquisitions/ commissioning[1]	8	—	—	**8**
Volume (excluding Buckingham)	7	1	—	**8**
Other[2]	(1)	—	(2)	**(3)**
Change	14	1	(2)	**13**
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	78	11	3	**92**
Segment breakdown	84%	12%	4%	**100%**

(1) See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy.*
(2) Includes price differences and foreign exchange effect.

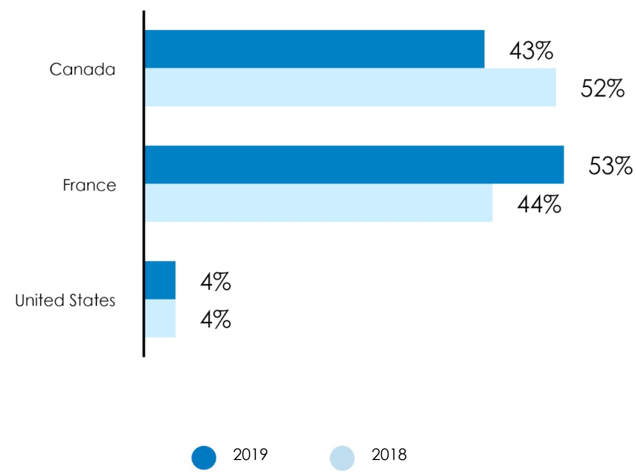
For the three-month period ended September 30, 2019, revenues from energy sales totalled $92 million, up $13 million or 16% compared with the results of the corresponding quarter of 2018. This increase was driven by the expansion of the Corporation's operating base since July 1, 2018 (see the *Acquisitions, commissioning and pipeline* table in section I) as well as higher production at French wind farms stemming from favourable weather conditions.

The contributions from the facilities commissioned over the past twelve months generated an $8 million increase in revenues from energy sales and feed-in premium while better conditions for comparable assets than in the last year resulted in an $8 million favourable volume difference.

Broken down geographically, for the third quarter of 2019, 43% of segment revenues were generated in Canada and 52% in France, compared with 53% and 44%, respectively, for the same quarter of 2018. This change resulted primarily from the wind power segment.

- The **wind** power segment recorded a 21% increase in revenues for the third quarter of 2019, driven by the contribution of facilities commissioned during the past year and better wind conditions at comparable wind farms in France. The expansion in the operating base resulted in an $8 million favourable difference while higher production at French wind farms was largely responsible for a $7 million volume effect.

Geographic breakdown of revenues from energy sales and feed-in premium



Excluding the foreign exchange effect, revenues from French wind farms were up 54% in euros, compared with a 3% decrease for Canadian wind farms.

- For the third quarter, the **hydroelectric** power segment generated revenues of $11 million, up 7% from $10 million for the same quarter of 2018. The $1 million favourable volume effect stemmed from better water flow conditions at comparable power stations.

  Revenues at the U.S. power stations were up 17% compared with 3% for the Canadian power stations. Owing to the ongoing preliminary commissioning of the Yellow Falls power station, energy sales were made at market prices pending the implementation of the energy purchase contract with the IESO.

- **Thermal** power segment revenues declined to $1 million for the third quarter of 2019, from $3 million for the same quarter of 2018. The decline resulted mainly from the shutdown of production at the Senneterre power station for the entire summer of 2019 under the new agreement with Hydro-Québec. **Solar** power segment revenues were stable at $2 million.

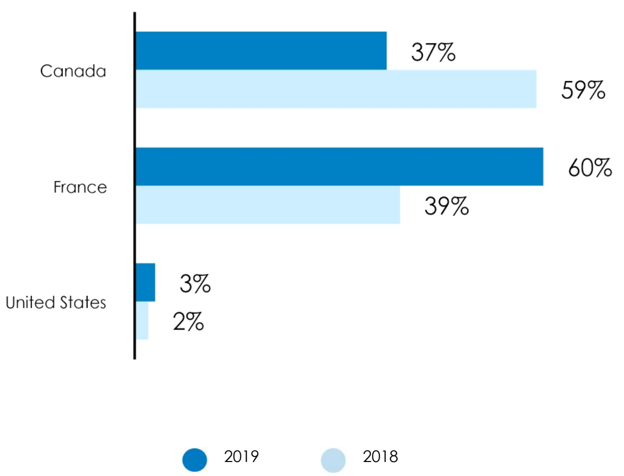
EBITDA(A)[1]

Main differences in EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Other segments	Corporate and eliminations	**Consolidated**
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	46	5	2	(14)	**39**
Segment breakdown[2]	86%	11%	3%		**100%**
Acquisitions/commissioning[3]	6	—	—	—	**6**
Share of the Interests - five wind farms in Québec	(6)	—	—	—	**(6)**
Volume (excluding Buckingham)	7	1	—	—	**8**
Leases - IFRS 16	2	—	—	—	**2**
Other share in Interest	(1)	—	—	—	**(1)**
Other[4]	(2)	—	(1)	—	**(3)**
Change	6	1	(1)	—	**6**
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	52	6	1	(14)	**45**
Segment breakdown[2]	88%	11%	1%		**100%**

[1] See the *Non-IFRS measures* section.
[2] Excluding corporate segment and eliminations.
[3] See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy*.
[4] Includes maintenance cost differences and foreign exchange effect.

Geographic breakdown of EBITDA(A)[1]



[1] Excluding corporate segment and eliminations.

For the third quarter of 2019, the Corporation recorded consolidated EBITDA(A) of $45 million, up $6 million or 16% from the corresponding quarter of 2018. This increase resulted from favourable variances totalling $14 million driven by the contribution of assets acquired and commissioned over the past year, as well higher production volumes of comparable facilities compared with last year. A $2 million favourable difference was also recognized upon application of IFRS 16, *Leases* (for greater detail, see the *Accounting standards* section). The total increase was partly offset by the $6 million decline in the share of Interests in five wind farms in Québec.

Broken down geographically, for the third quarter of 2019, 37% of EBITDA(A) was generated in Canada and 60% in France, compared with 59% and 39%, respectively, for the same quarter of 2018. This change resulted primarily from the wind power segment.

Excluding commissioning, revenues from energy sales and feed-in premium were up 5% in the third quarter of 2019 as compared to prior year while operating expenses fell 10%. The decrease in operating costs resulted essentially from the adoption of IFRS 16, *Leases*.

- The **wind** power segment recorded EBITDA(A) of $52 million for the third quarter of 2019, up $6 million or 16% from the corresponding quarter of 2018. The wind farms commissioned over the past year generated additional EBITDA(A) of $6 million, offset by a decrease in the share of the interest in five wind farms in Québec. In addition, the sound performance, primarily of comparable French wind farms, and the application of IFRS 16, *Leases* generated favourable differences of $7 million and $2 million, respectively.
- For the third quarter of 2019, the **hydroelectric** power segment generated EBITDA(A) of $6 million, up 8% from $5 million for the same quarter of 2018. This increase resulted from higher production at comparable facilities, primarily in the United States.
- The **thermal** power segment recorded negative EBITDA(A) of $1 million for the third quarter of 2019, owing primarily to the production shutdown at the Senneterre power station for the entire period. **Solar** power segment EBITDA(A) was stable at $2 million.

Main differences in net loss attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2018	(31)
EBITDA(A)[1]	6
Excess of distributions received over the share in net earnings of Joint Venture SDB I	8
Amortization	(8)
Acquisition costs	1
Financing costs	(1)
Income taxes	(2)
Non-controlling interests	1
Other	(3)
Change	2
THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2019	(29)

[1] See the *Non-IFRS measures* section.

Excess of distributions received over the share in net earnings of Joint Venture SDB I

The Corporation recognized an excess of distributions received over the share in net earnings of Joint Venture SDB I during the third quarter of 2019, which resulted in an $8 million favourable difference. Under IFRS, if Boralex's interest in the Joint Ventures becomes negative following the payment of distributions, the carrying amount of such interest is reduced to zero and the adjustment is recorded under *Excess of distributions received over the share in net earnings of Joint Venture SDB I*. If the carrying amount of the interest becomes positive again, such adjustment will be reversed up to the accumulated amount previously recorded as an excess amount.

Amortization

Amortization expense for the third quarter of 2019 was up $8 million to $63 million, owing primarily to commissioning and acquisitions in 2018 and 2019 which added an amount of $4 million, and the adoption of IFRS 16, *Leases*, which resulted in a $4 million increase in amortization expense.

Acquisition costs

In the third quarter of 2018, the Corporation recorded acquisition costs of $1 million related to the acquisition of Invenergy's interests.

Financing costs

Financing costs for the third quarter of 2019 rose $1 million to $33 million, primarily as a result of the financing implemented and debt assumed by the Corporation as a result of acquisitions and asset commissioning over the past year, and the adoption of IFRS 16, *Leases*, under which lease liabilities were recognized in the statement of financial position for all of the Corporation's leases, which gave rise to a $2 million interest expense, partly offset by a $1 million foreign exchange effect.

Income taxes

As a result of the loss before income taxes, the Corporation's income tax recovery decreased by $4 million.

Other

The $3 million change resulted primarily from an increase in the net loss on financial instruments compared with a gain for the corresponding period of 2018. This loss stemmed from the reversal of past gains on the inefficient portion of certain designated financial instruments.

Net loss

Overall, for the three-month period ended September 30, 2019, Boralex recognized a net loss of $36 million, compared with a net loss of $37 million for the same period of 2018. For the third quarter of 2019, Boralex recorded a net loss of $7 million attributable to non-controlling shareholders of Boralex compared with a net loss of $6 million for the same period of 2018. As shown in the accompanying table, Boralex recognized a net loss attributable to shareholders of Boralex of $29 million or $0.32 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of $31 million or $0.40 per share (basic and diluted) for the corresponding period of 2018.

Analysis of consolidated operating results for the nine-month period ended September 30, 2019

Total power production

(GWh)	2019 cumulative				2018 cumulative				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	In GWh	%
Wind										
Comparable assets(1)	921	940	—	1,861	912	879	—	1,791	70	4
Acquisitions(2)	—	220	—	220	—	50	—	50	170	>100
Commissioning(2)	23	227	—	250	—	—	—	—	250	—
Wind - total	944	1,387	—	2,331	912	929	—	1,841	490	27
Hydroelectric										
Comparable assets	161	—	342	503	157	—	266	423	80	19
Commissioning - Yellow Falls	36	—	—	36	—	—	—	—	36	—
Temporary shutdown - Buckingham	6	—	—	6	55	—	—	55	(49)	(89)
Hydroelectric - total	203	—	342	545	212	—	266	478	67	14
Thermal	91	19	—	110	105	21	—	126	(16)	(12)
Solar	—	19	—	19	—	17	—	17	2	10
Total(1)	1,238	1,425	342	3,005	1,229	967	266	2,462	543	22

(1) Includes the compensation for the equivalent of 111 GWh in light of the power limitation imposed on the NRWF facility for the first nine months of 2019 (112 GWh for the first nine months of 2018).
(2) See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy*.

In all, *Boralex* produced 2,894 GWh of electricity for the nine-month period ended September 30, 2019 and received compensation for the equivalent of 111 GWh, bringing total production to 3,005 GWh, up 22% from 2,462 GWh for the same period of 2018, comprising production of 2,350 GWh and compensation for the equivalent of 112 GWh. Excluding the contribution of facilities acquired or commissioned, production of comparable assets increased 6%, stemming from improved results for both the wind power and hydroelectric segments.

Wind
Total production of wind farms for the first nine months of 2019 amounted to 2,331 GWh, up 27% from 1,841 GWh for the corresponding period of 2018. This increase is mostly attributable to the contribution of wind farms acquired and commissioned since the beginning of fiscal 2018 (for further details see the *Acqusitions, commissioning and pipeline* table in the Growth strategy and development outlook section). Also, comparable assets outperformed in both France and Canada with a 4% increase in production volume for the first nine months of 2019 compared with last year.

- In **France**, weather conditions were on average more favourable since the beginning of fiscal 2019 than in the same period of last year. Production volume at comparable wind farms was up 7%. Also including the contribution of wind farms acquired and commissioned since the beginning of fiscal 2018, the wind power segment in France recorded a production volume of 1,387 GWh for the first nine months of 2019, up 49% from the same period last year.
- In **Canada**, weather conditions were similar to last year's, leading to a similar result in terms of production volume for comparable facilities, with 921 GWh for the first nine months of 2019 compared to 912 GWh for the same period of 2018. Following the commissioning of the Moose Lake wind farm in April 2019, the Canadian wind power segment ended the first nine months of 2019 with a production volume of 944 GWh, up 4% from the same period of last year.

Hydroelectric
Hydroelectric segment production totalled 545 GWh for the first nine months of 2019, up 14% from 478 GWh for the corresponding period of 2018, stemming largely from better performance at U.S. power stations.

- In **Canada**, the hydroelectric power segment declined slightly; production volume for the first nine months of 2019 amounted to 203 GWh, compared with 212 GWh for the same period of last year. Production at comparable power stations was relatively stable at 161 GWh with the commissioning of the Yellow Falls power station, partly offsetting the shortfall in production volume resulting from the shutdown of the Buckingham power station for the duration of the work to upgrade installed capacity.

- In the **United States**, more favourable water flow conditions resulted in a 29% increase in production volume, that is, 342 GWh for the first nine months of 2019 compared with 266 GWh for the corresponding quarter of 2018.

Thermal
Thermal power segment production volume for the first nine months of 2019 declined to 110 GWh from 126 GWh for the same period last year, owing mainly to the implementation of the new agreement as mentioned in the *Analysis of consolidated operating results for the three-month period ended September 30, 2019*.

Solar
The solar power segment continues to post stable results from one period to the next with a production volume of 19 GWh for the first nine months of the current fiscal year.

Revenues from energy sales and feed-in premium

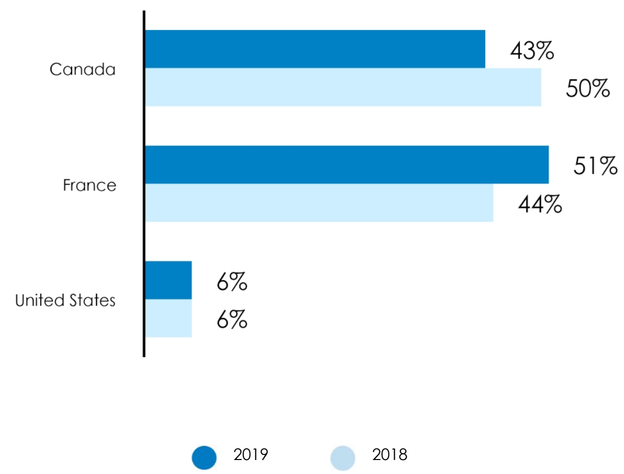
Revenues from energy sales and feed-in premium up 18% for the first nine months of 2019 compared with the same period in 2018.

Main differences in revenues from energy sales and feed-in premium

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Other segments	**Consoli-dated**
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	262	38	26	**326**
Segment breakdown	80%	12%	8%	**100%**
Acquisitions/commissioning[1]	50	—	—	**50**
Pricing	2	(1)	(1)	**—**
Volume (excluding Buckingham)	14	6	(1)	**19**
Foreign exchange effect	(3)	1	(1)	**(3)**
Buckingham shutdown	—	(5)	—	**(5)**
Other	(2)	—	—	**(2)**
Change	61	1	(3)	**59**
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	323	39	23	**385**
Segment breakdown	84%	10%	6%	**100%**

(1) See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy*.

Geographic breakdown of revenues from energy sales and feed-in premium



For the nine-month period ended September 30, 2019, revenues from energy sales totalled $385 million, up $59 million or 18% compared with the same period last year. As shown in the table above, this growth was driven in part by a $50 million increase resulting from the contribution from wind farms that have been acquired and commissioned since the beginning of fiscal 2018. Moreover, production volume increased at comparable facilities, giving rise to a favourable difference of $19 million, stemming mainly from the wind and hydroelectric power segments. The combination of these items largely offset the $3 million unfavourable foreign exchange effect owing mainly to fluctuations in the value of the euro against the Canadian dollar and a $5 million unfavourable effect resulting from the production shutdown at the Buckingham power station.

Broken down geographically, since the beginning of fiscal 2019, 43% of revenues were generated in Canada and 51% in France, compared with 50% and 44%, respectively, for the same period of 2018. This change resulted primarily from the wind power segment and its greater expansion in France compared with Canada as well as better weather conditions at French wind farms compared to last year.

- The **wind** power segment generated revenues of $323 million for the first nine months of 2019, a 23% increase. The expansion in the operating base resulted in a $50 million favourable difference with a $14 million volume effect resulting primarily from the higher production at French wind farms and a $2 million favourable price effect. These items mostly offset the $3 million unfavourable effect resulting from fluctuations in the value of the euro against the Canadian dollar.

  Excluding the foreign exchange effect, revenues from French wind farms were up 48% in euros, compared with 4% for Canadian wind farms.

- Since the beginning of fiscal 2019, the **hydroelectric** power segment generated revenues of $39 million, up 2% from $38 million for the same period of 2018. The $6 million favourable volume effect resulting from better water flow conditions at comparable power stations, primarily in the United States, offset the $5 million unfavourable effect attributable to the production shutdown at the Buckingham power station.

  As a result, revenues at the U.S. power stations were up 29%, while revenues declined 22% at the Canadian power stations, owing to the $5 million revenue shortfall at the Buckingham power station. As discussed previously, owing to the ongoing preliminary commissioning of the Yellow Falls power station, energy sales were made at market prices pending the implementation of the energy purchase contract with the IESO.

- **Thermal** power segment revenues declined 10% to $19 million for the first nine months of 2019, from $22 million for the same period of 2018. The decline resulted mainly from the shutdown of production at the Senneterre power station for the entire summer under the new agreement with Hydro-Québec. **Solar** power segment revenues were stable at $4 million.

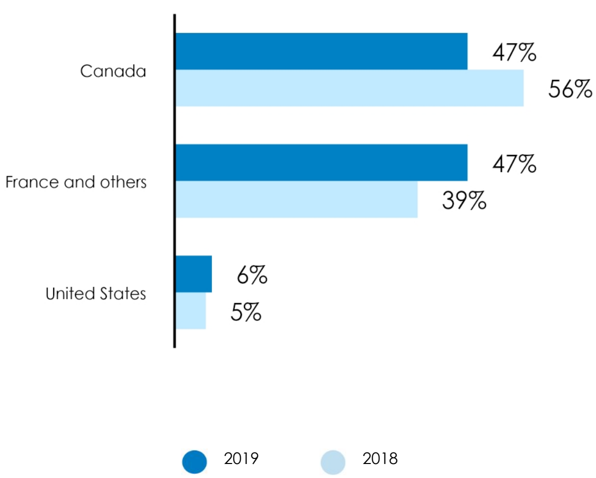
EBITDA(A)[1]

Main differences in EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Other segments	Corporate and eliminations	**Consolidated**
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	205	25	9	(39)	**200**
Segment breakdown[4]	86%	11%	3%		**100%**
Acquisitions/commissioning[2]	35	—	—	—	**35**
Volume (excluding Buckingham)	14	6	—	—	**20**
Buckingham shutdown	—	(5)	—	—	**(5)**
Leases - IFRS 16	7	—	—	2	**9**
Development	1	—	—	(3)	**(2)**
Other share of the Interests	4	—	—	—	**4**
Others[3]	—	—	1	(3)	**(2)**
Change	61	1	1	(4)	**59**
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	266	26	10	(43)	**259**
Segment breakdown[4]	88%	9%	3%		**100%**

(1) See the *Non-IFRS measures* section.
(2) See the *Acquisitions, commissioning and pipeline* table in section *I - Growth strategy*.
(3) Comprises differences in property taxes, salaries, professional fees, prices, raw material costs and the foreign exchange effect.
(4) Excluding corporate segment and eliminations.

Geographic breakdown of EBITDA(A)[1]



(1) Excluding corporate segment and eliminations.

For the first nine months of 2019, consolidated EBITDA(A) amounted to $259 million, up $59 million or 29% compared with the same period of 2018. This increase was largely attributable to $35 million in additional EBITDA(A) stemming from the expansion in the operating base since the beginning of fiscal 2018. In addition to this favourable difference, the Corporation recognized a $4 million share of other interests, as well as a $20 million volume effect driven by increased production at comparable facilities, as discussed earlier. Other factors that had a favourable impact included the coming into force of IFRS 16, *Leases* (see the *Accounting standards* section for more details), for an amount of $9 million.

Broken down geographically, since the beginning of fiscal 2019, 47% of EBITDA(A) was generated in Canada and 47% in France, compared with 56% and 39%, respectively, for the first nine months of 2018. This change resulted primarily from the greater expansion of the operating base in France compared with Canada.

These items mostly offset the unfavourable differences of $5 million resulting from the production shutdown at the Buckingham power station.

Excluding newly commissioned facilities, revenues from energy sales and feed-in premium were up 2% for the first nine months of 2019 compared with the previous year, while operating expenses fell 13%. The lower operating expenses resulted mainly from the decrease in maintenance costs following the termination of a wind farm maintenance contract in France and the adoption of IFRS 16, *Leases*.

- For the first nine months of 2019, the **wind** power segment generated consolidated EBITDA(A) of $266 million, up $61 million or 30% compared with the same period of 2018. This growth was to a large extent driven by Boralex's expansion strategy, with $35 million in additional EBITDA(A) generated by the facilities acquired and commissioned over the past year. Also, the sound performance at comparable facilities, primarily in France, generated a favourable difference of $14 million. In addition, favourable differences of $4 million and $7 million, respectively, resulted from the share of other interests and the application of IFRS 16, *Leases*.

  Excluding the foreign exchange effect, EBITDA(A) at French facilities was up 59% in euros, reflecting contributions from facilities commissioned and improved performance at existing wind farms, while Canadian facilities recorded a 10% increase.
- For the first nine months of 2019, the **hydroelectric** power segment generated EBITDA(A) of $26 million, up 3% from $25 million for the same period of 2018. This increase resulted from higher production at comparable facilities in the United States.

  EBITDA(A) at the U.S. power stations grew 51% compared with a 33% decline at the Canadian power stations, owing primarily to the production shutdown at the Buckingham power station.
- **Thermal** power segment EBITDA(A) amounted to $6 million for the first nine months of 2019, substantially the same result as for the corresponding period of 2018. **Solar** power segment EBITDA(A) was stable at $4 million.

Main differences in net loss attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	(39)
EBITDA(A)[1]	59
Excess of distributions received over the share in net earnings of Joint Venture SDB I	8
Amortization	(39)
Impairment	10
Acquisition costs	8
Financing costs	(11)
Income taxes	(8)
Non-controlling interests	(1)
Change	26
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	(13)

[1] See the *Non-IFRS measures* section.

Excess of distributions received over the share in net earnings of Joint Venture SDB I

See the *Analysis of consolidated operating results for the three-month period ended September 30, 2019* section.

Amortization

In the first nine months of 2019, amortization costs rose $39 million compared with the same period last year to $189 million, due in part to French and Canadian facilities commissioned and acquired since the beginning of 2018 for an additional amount of $28 million, as well as the adoption of IFRS 16, *Leases*, which resulted in an increase in amortization expense of $11 million.

Impairment

The Corporation recognized an impairment loss of $2 million during the first nine months of 2019, compared with a $12 million impairment in the corresponding period of 2018, a favourable difference of $10 million.

On the one hand, in the first quarter of 2019, after being advised of BC Hydro's indefinite suspension of the SOP for a wind project in British Columbia, the Corporation recognized a $2 million impairment loss on intangible assets.

On the other hand, in the second quarter of 2018, impairment losses on property, plant and equipment totalled $12 million, consisting of:

- $6 million (€4 million) for assets that were prematurely dismantled for the Cham Longe I wind farm repowering;
- $4 million as a result of the unilateral termination of the Otter Creek project energy purchase contract by the IESO;
- $2 million (€1 million) related to the sale of the Lanouée forest assets.

Acquisition costs

During the first nine months of 2018, the Corporation recognized acquisition costs of $4 million (€3 million) in France, mainly in relation to the Kallista assets, and $4 million in Canada related to the acquisition of interests in five wind farms in Québec. As such costs were not recognized since the beginning of 2019, this resulted in an $8 million favourable difference.

Financing costs

For the first nine months of 2019, financing costs rose $11 million to $102 million, compared with the same period of 2018. This increase related in part to financing arranged for the acquisition or construction of facilities, as well as the adoption of IFRS 16, *Leases*, under which lease liabilities are recognized in the statement of financial position for all leases, which gave rise to an interest expense of $6 million.

Income taxes

As a result of the reduction of the loss before income taxes for the first nine months of 2019, the Corporation's income tax recovery decreased by $8 million.

Net loss

For the first nine months of 2019, Boralex reported a net loss of $20 million, compared with a net loss of $47 million for the same period a year earlier. The net loss attributable to shareholders of Boralex amounted to $13 million or $0.15 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of $39 million or $0.51 per share (basic and diluted) for the same period of 2018.

The $26 million or $0.36 per share (basic and diluted) favourable difference in net loss attributable to shareholders of Boralex compared with the first nine months of 2018 resulted from the items discussed above.

Cash flows

The expansion of the operating asset base over the past fiscal year was one of the driving factors for the changes in cash flows, which contributed in particular to the increase in cash flows from operations for the first nine months of 2019 compared with the same period last year.

	Three-month periods ended September 30		Nine-month periods ended September 30	
(in millions of Canadian dollars) (unaudited)	2019	2018	2019	2018
Cash flows from operations[1]	35	23	191	121
Change in non-cash items related to operating activities	23	(6)	45	58
Net cash flows related to operating activities	58	17	236	179
Net cash flows related to investing activities	(28)	(307)	(130)	(553)
Net cash flows related to financing activities	(28)	254	(50)	379
Translation adjustment on cash and cash equivalents	(4)	(2)	(10)	1
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2)	(38)	46	6
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	205	159	157	115
CASH AND CASH EQUIVALENTS – END OF PERIOD	203	121	203	121

(1) See the *Non-IFRS measures* section.

For the three-month period ended September 30, 2019

Operating activities

For the three-month period ended September 30, 2019, Boralex reported $35 million in cash flows from operations, compared with $23 million for the same period last year. Excluding non-cash items from net loss for each of the two periods, this $12 million increase resulted primarily from a $14 million increase in EBITDA(A), as discussed previously.

Distributions received from the Joint Ventures and associates

	Three-month periods ended September 30		
(in millions of Canadian dollars) (unaudited)	Actual		Change
	2019	2018	$
SDB I and II	9	13	(4)
DM I, II and Roncevaux	5	—	5
	14	13	1

Cash flows generated in the third quarter of 2019 of $23 million resulted primarily from a $27 million decline in *Trade and other receivables* mainly related to the seasonal nature of operations, partly offset by a $2 million increase in *Other current assets* and the decrease in *Trade and other payables*.

Investing activities

Investing activities used cash in the amount of $28 million in the third quarter of 2019 compared with $307 million for the same period a year earlier. Boralex invested $31 million in *Property, plant and equipment* as broken down below.

Segment and geographic breakdown of additions to property, plant and equipment

	Three-month period ended September 30, 2019			
(in millions of Canadian dollars) (unaudited)	Canada	Europe	United States	**Total**
Wind				
Construction[1]	—	18	—	**18**
In operation	—	2	—	**2**
Wind - total	**—**	**20**	**—**	**20**
Hydroelectric				
Buckingham[1]	10	—	—	**10**
Hydroelectric - total	**10**	**—**	**—**	**10**
Corporate	**—**	**1**	**—**	**1**
Total	**10**	**21**	**—**	**31**

(1) See the *Acquisitions, commissioning and pipeline* table in Section 1 - Growth strategy

During the third quarter, the Corporation released an amount of $4 million related to the U.S. note from reserve funds.

Note that in the third quarter of 2018, Boralex paid out $201 million to acquire Invenergy's interests in wind farms in Québec and $15 million for the options to purchase a partner's interests, for a total of $216 million. Moreover, $8 million was disbursed as contingent consideration to acquire energy sales contracts in connection with Ecotera projects. The amounts paid related to the Santerre and Basse Thiérache Nord wind power projects.

Financing activities

Financing activities for the third quarter of fiscal 2019 used total net cash flows of $28 million.

New financing arrangements and repayments on existing debt

During the third quarter of 2019, new non-current debt contracted by Boralex totalled $40 million.

- $22 million drawn down from the revolving credit facility;
- $18 million with regard to the Sainte-Christine portfolio.

Conversely, the Corporation paid a total of $43 million to repay its debt related to the various assets in operation, and repaid $8 million in value added tax bridge financing.

With the application of IFRS 16, *Leases*, the Corporation now presents repayments of lease liabilities under financing activities. This amount is $3 million for the third quarter of 2019.

Note that in the third quarter of 2018, the Corporation had issued shares in connection with the transaction to acquire Invenergy's interests in five wind farms in Québec and options to purchase a partner's interests. These issues generated gross proceeds of $259 million with issue costs of $12 million.

Dividends and other items

On August 8, 2019, the Board of Directors declared a dividend of $0.1650 per common share. Accordingly, during the third quarter of 2019, the Corporation paid dividends to shareholders totalling $15 million ($0.1650 per share) compared with $12 million ($0.1575 per share) for the third quarter of 2018.

Net change in cash and cash equivalents

Total cash movements for the third quarter of 2019 resulted in a $2 million decrease, bringing *Cash and cash equivalents* to $203 million as at September 30, 2019 compared with $205 million as at June 30, 2019.

For the nine-month period ended September 30, 2019

Operating activities

For the nine-month period ended September 30, 2019, cash flows from operations at Boralex totalled $191 million, compared with $121 million for the same period of 2018. Excluding non-cash items in net loss for both periods, this $70 million increase resulted largely from the $56 million growth in EBITDA(A) as discussed previously, plus a $13 million increase in distributions received from the *Interests of the Joint Ventures and associates* and a $8 million decrease in acquisition costs, all partly offset by a $9 million increase in interest paid.

Distributions received from the Joint Ventures and associates

	Nine-month periods ended September 30		
(in millions of Canadian dollars) (unaudited)	Actual		Change
	2019	2018	$
SDB I and II	17	19	(2)
DM I, II, LP I, II and Roncevaux	15	—	15
	32	19	13

Cash generated in the first nine months of 2019 resulted primarily from a $63 million decrease in *Trade and other receivables*, related to the collection of accounts receivable owing to seasonal factors. These cash inflows were offset by an $8 million decrease in *Trade and other payables* related to taxes payable on asset development and site construction in France.

Investing activities

Investing activities used $130 million in cash, compared with $553 million for the first nine months of 2018. The Corporation made investments in property, plant and equipment broken down as follows:

Segment and geographic breakdown of additions to property, plant and equipment

	Nine-month period ended September 30, 2019			
(in millions of Canadian dollars) (unaudited)	Canada	Europe	United States	**Total**
Wind				
Construction[(1)]	3	67	—	**70**
In operation	—	3	—	**3**
Wind - total	**3**	**70**	**—**	**73**
Hydroelectric				
Construction[(1)]	25	—	—	**25**
In operation	1	—	—	**1**
Hydroelectric - total	**26**	**—**	**—**	**26**
Thermal	**1**	**1**	**—**	**2**
Corporate	**2**	**2**	**—**	**4**
Total	**32**	**73**	**—**	**105**

[(1)] See the *Acquisitions, commissioning and pipeline table in Section 1 - Growth strategy*.

Reserve funds increased by $10 million during the first nine months of the year in connection with the Sainte-Christine portfolio, partly offset by the release of reserve fund of $4 million related to the U.S. note.

The Corporation also paid $16 million, mainly contingent consideration for the acquisition of energy contracts related to Ecotera projects. The amount paid was primarily related to the Seuil du Cambrésis project.

Note that investing activities for the first nine months of 2018 consisted of the $100 million paid out to acquire Kallista shares and $216 million for the acquisition of Invenergy's interests in wind farms in Québec including the options to purchase a partner's interests in the amount of $15 million. Contingent consideration of $8 million was also paid for the Hauts de Combles and Sources de l'Ancre projects which were part of the Ecotera portfolio acquired in 2015. Furthermore, during the first nine months of 2018, the Corporation also paid $17 million in contingent consideration for the acquisition of energy sales contracts related to Ecotera projects. The amounts paid were related to the Inter Deux Bos, Basse Thiérache Nord and Santerre wind farms.

Financing activities

For the first nine months of 2019, financing activities used total net cash flows of $50 million.

New financing arrangements and repayments on existing debt

For the first nine months of 2019, new non-current debt contracted by Boralex totalled $193 million, excluding $4 million in financing costs, as follows:

- $92 million drawn down from the revolving credit facility;
- $81 million for the Sainte-Christine portfolio in France;
- $20 million for the Moose Lake wind power project in Canada.

Conversely, during the first nine months of the year, the Corporation made debt repayments totalling $139 million relating to various assets in operation and $33 million in value added tax bridge financing, in addition to special repayments totalling $54 million, $49 million of which to repay the Lanouée Forest bridge financing and $6 million to repay in part the Scotland bridge financing. This payment was made out of the $43 million (€29 million) in proceeds from the 2018 sale of Lanouée forest.

In 2018, the Corporation repaid $86 million in debt assumed with the Kallista acquisition.

Repayments on lease obligations resulting from the application of IFRS 16, *Leases*, totalled $8 million for the first nine months of the year.

Dividends and other items

For the first nine months of 2019, the Corporation paid dividends to shareholders totalling $44 million (or the equivalent of $0.1650 per share in each of the first three quarters), compared with $35 million (or the equivalent of $0.1500 per share in the first quarter and $0.1575 per share in the second and third quarters) in the first nine months of 2018.

The Corporation also paid $6 million to non-controlling shareholders for each of the nine month periods ended September 30, 2019 and 2018.

Note that during the first nine months of 2018, the Corporation disbursed $17 million for the early redemption of financial instruments.

Net change in cash and cash equivalents

Total cash movements since the beginning of fiscal 2019 resulted in a $46 million increase in *Cash and cash equivalents* to $203 million as at September 30, 2019 compared with $157 million as at December 31, 2018.

Discretionary cash flows and payout ratio

Discretionary cash flows amounted to $96 million for the twelve-month period ended September 30, 2019 compared with $59 million for fiscal 2018. This $37 million increase in discretionary cash flows resulted essentially from the $62 million increase in cash flows from operations resulting from improved results of the wind and hydroelectric power segments, as well as the contribution of facilities acquired and commissioned, net of principal payments on lease obligations during the first nine months of 2019. This increase was partly offset by the rise in payments on non-current debt of $20 million related to the expansion in the operating base.

Discretionary cash flows per share for the twelve-month period ended September 30, 2018 amounted to $1.08 compared with $0.74 as at December 31, 2018 and the payout ratio stood at 61% in line with the financial objective of the strategic plan.

Financial position

Overview of the condensed consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	As at September 30, 2019	As at December 31, 2018	Change ($)
ASSETS			
Cash and cash equivalents	203	157	46
Restricted cash	52	96	(44)
Other current assets	133	169	(36)
CURRENT ASSETS	388	422	(34)
Property, plant and equipment	2,722	2,918	(196)
Right-of-use assets	254	—	254
Intangible assets	747	807	(60)
Goodwill	190	198	(8)
Interests in the Joint Ventures and associates	249	279	(30)
Other non-current assets	129	152	(23)
NON-CURRENT ASSETS	4,291	4,354	(63)
TOTAL ASSETS	4,679	4,776	(97)
LIABILITIES			
CURRENT LIABILITIES	482	564	(82)
Non-current debt	2,932	2,857	75
Lease liabilities	196	—	196
Convertible debentures	—	140	(140)
Other non-current liabilities	308	299	9
NON-CURRENT LIABILITIES	3,436	3,296	140
TOTAL LIABILITIES	3,918	3,860	58
EQUITY			
TOTAL EQUITY	761	916	(155)
TOTAL LIABILITIES AND EQUITY	4,679	4,776	(97)

Summary of significant changes

In addition to the impact of exchange rate fluctuations, the changes related to Boralex's *Statement of financial position* between December 31, 2018 and September 30, 2019 reflect investments and financing related to the continued development of the Corporation's wind and hydroelectric power projects.

Assets

As at September 30, 2019, Boralex's total assets amounted to $4,679 million, down $97 million from total assets of $4,776 million as at December 31, 2018. This decrease was due to the $34 million and $63 million declines in *Current assets* and *Non-current assets*, respectively.

The decrease in *Current assets* is primarily attributable to the changes in *Restricted cash*, which declined $44 million. Note that *Restricted cash* as at December 31, 2018 included proceeds from the sale of the Lanouée forest land, which was used to repay the related bridge financing at the beginning of January 2019.

Non-current assets were down $63 million in total, owing primarily to:

- A $196 million decrease in the value of *Property, plant and equipment* (net of amortization for the period) which breaks down as follows:
  - A $105 million increase related to projects under construction (see the *Cash flows* section);
  - A $101 million decrease related to exchange rate fluctuations and a $138 million decrease related to amortization of assets in operation;
  - A $52 million decrease related to the reclassification of restoration costs to *Right-of-use assets*;
- The addition of the *Right-of-use assets* line item in the amount of $254 million, which includes reclassification of $52 million in restoration costs, owing to the application of IFRS 16, *Leases* (see the *Accounting standards* section for more details);

- A $60 million decrease in the value of *Intangible assets* which breaks down as follows:
  - A $16 million increase mainly related to the payment of contingent considerations for the Seuil du Cambrésis project (see the *Cash flows* section);
  - A $73 million decrease related to exchange rate fluctuations and amortization of assets in operation;
- A $30 million decline in *Interests in the Joint Ventures and associates* related to distributions received in the amount of $32 million;
- A $23 million decline in *Non-current assets*, including, $26 million in *Other non-current financial assets*.

Current liabilities

Current liabilities as at September 30, 2019 amounted to $482 million, compared with $564 million as at December 31, 2018. The $82 million decline was largely attributable to a $214 million decrease in the *Current portion of debt*, owing primarily to scheduled repayments on existing debt and the repayment of $49 million on the France and Scotland bridge financing facility, of which $43 million (€29 million) came from the Lanouée forest sale and $6 million from the disposal of assets in Scotland. In addition, the classification of the $89 million debt of the Fortel, St-François and Calmont wind farms as current was discontinued following waivers from the creditors. Last, the Corporation also refinanced the debt totalling $60 million (€40 million) owed to Cube Hydro-Power SARL with the Caisse, shareholder of the Corporation. The credit agreement stipulates a maturity date in five years with repayment of the full amount of the loan on the maturity date. These elements are partly offset by the short-term reclassification of convertible debentures in the amount of $138 million following the announcement of their redemption on September 24, 2019.

Working capital

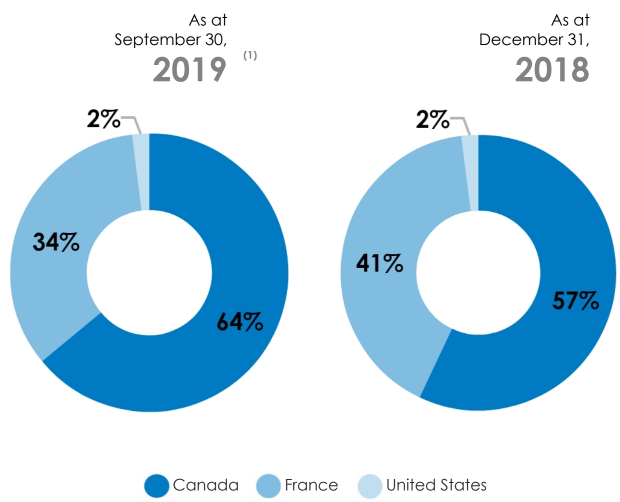
As at September 30, 2019, working capital deficit stood at $94 million with a ratio of 0.80:1 compared with a deficit of $142 million and a ratio of 0.75:1 as at December 31, 2018. Moreover, the Corporation completed the redemption of its outstanding convertible unsecured subordinated debentures on October 24, 2019 for an amount of $8 million to redeem debentures that had not been converted as of the redemption date. Excluding the short-term reclassification of convertible debentures following the announcement of their redemption on September 24, 2019, working capital stood at $44 million as at September 30, 2019 with a ratio of 1.13:1. The improvement in working capital excluding the convertible debentures resulted from the reduction in the current portion of long-term debt as discussed above.

Non-current liabilities

Total *Non-current liabilities* grew $140 million, owing in particular to the addition of the *Lease liabilities* line item in the amount of $196 million resulting from the coming into force of IFRS 16, *Leases* (for greater detail, see the *Accounting standards* section) and the $75 million increase in *Non-current debt*, partly offset by the reclassification of convertible debentures ($138 million) to *Current liabilities* and converted debentures as at September 30, 2019 ($4 million) to equity.

As at September 30, 2019, Boralex had $109 million in debt contracted for its construction projects that remains undrawn. Boralex can still draw on the $100 million revolving credit accordion feature, and a total amount of $80 million available under the letter of credit and revolving credit facilities subject to compliance with financial ratios.

Geographic breakdown of non-current debt



(1) Change in breakdown stems mainly from the decrease in foreign exchange rate on French debts.

Equity

Total *Equity* decreased $155 million over the first nine months of 2019 to $761 million as at September 30, 2019. This decline resulted primarily from the inclusion of a net loss of $20 million, plus the $77 million change in *Other comprehensive loss* related to the translation of financial statements and to lower interest rates, dividends paid to shareholders of Boralex in the amount of $44 million and to non-controlling shareholders in the amount of $6 million, and $13 million resulting from the coming into force of IFRS 16, *Leases*.

Debt ratios

Net debt, as defined under *Non-IFRS measures*, amounted to $2,912 million as at September 30, 2019 compared with $3,048 million as at December 31, 2018.

As a result, the net debt to market capitalization ratio, as defined under *Non-IFRS measures*, decreased from 64% as at December 31, 2018 to 57% as at September 30, 2019.

The debt ratio decreased 7% as a result of the increase in the benchmark stock price and the conversion of some of the convertible debentures into common shares in the third quarter of 2019.

The share price was $22.63 per share as at September 30, 2019 compared with $16.84 per share as at December 31, 2018.

Information about the Corporation's equity

As at September 30, 2019, Boralex's capital stock consisted of 89,575,006 Class A shares issued and outstanding (89,184,175 as at December 31, 2018) owing to the following share issues:

- 202,495 shares issued year to date on exercise of stock options held by senior executives;
- 188,336 shares issued upon conversion of convertible debentures.

There were 450,656 outstanding stock options, of which 329,749 were exercisable. Boralex had 1,400,220 issued and outstanding convertible debentures for an amount of $140 million (1,437,070 as at December 31, 2018 for an amount of $144 million).

Between October 1 and October 24, 2019, 6,751,011 shares were issued following the conversion of convertible debentures. Excluding these issuances, no new shares were issued between October 1 and November 6, 2019.

Transactions with related parties

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity in which Patrick Lemaire, President, Chief Executive Officer and a director of the Corporation, is one of three shareholders. For the nine-month period ended September 30, 2019, revenues from this agreement were immaterial.

The Corporation has an office lease contract with Ivanhoé Cambridge, an entity in which the Caisse holds an interest as well. As at September 30, 2019, the rent-related lease liability amounted to $11 million.

On March 29, 2018, the Corporation entered into $170 million in financing with the Caisse in the form of unsecured subordinated debt with a 10-year maturity. On July 24, 2018, Boralex drew down its second $80 million tranche. For the nine-month period ended September 30, 2019, the interest related to these transactions amounted to $10 million ($6 million in 2018).

The Six Nations' equity interest in FWRN LP was financed through a non-recourse loan initially provided by Enercon and which will be repaid, with interest, through Six Nations' share of the payouts that FWRN LP will make during the term of the feed-in tariff contract. For the nine-month period ended September 30, 2019, the interest related to this advance amounted to $1 million ($1 million in 2018).

On June 20, 2018, the Corporation acquired the shares of Kallista, which owned a portfolio of 15 wind farms in operation. The 15 MW Val aux Moines wind farm is 35% owned by the shareholder Nordex Employee Holding GmbH. The non-controlling shareholder advanced $6 million (€4 million) to the project to finance the construction of the facility. For the nine-month period ended September 30, 2019, interest related to this amount owing to a non-controlling shareholder was not material.

On September 14, 2018, the Corporation closed the acquisition of Invenergy's interests in five wind farms. The acquisition is considered a transaction between related parties since the Caisse holds an interest in Invenergy and has significant influence over Boralex.

On April 25, 2019, Boralex Europe Sàrl closed the refinancing of a debt totalling $60 million (€40 million) owed to Cube Hydro-Power SARL (previously Cube Energy SCA) with a subsidiary of the Caisse, shareholder of the Corporation. The credit agreement stipulates a maturity date in five years with repayment of the full amount of the loan on the maturity date. The loan will bear interest at a variable rate up to the date of conversion, which is for a maximum period of 12 months. Subsequently, the rate will be fixed. For the nine-month period ended September 30, 2019, the interest related to this loan amounted to $1 million.

Seasonal factors

	Three-month periods ended				Twelve-month period ended
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	September 30, 2019
POWER PRODUCTION (GWh)					
Wind power stations	852	1,038	636	546	3,072
NRWF compensation	41	10	73	28	152
	893	1,048	709	574	3,224
Hydroelectric power stations	170	159	255	131	715
Thermal power stations	40	72	38	—	150
Solar power stations	3	5	7	7	22
	1,106	1,284	1,009	712	4,111
REVENUES FROM ENERGY SALES AND FIP					
Wind power stations	123	146	99	78	446
Hydroelectric power stations	11	12	16	11	50
Thermal power stations	9	13	5	1	28
Solar power stations	2	1	1	2	6
	145	172	121	92	530
EBITDA(A)(1)					
Wind power stations	105	130	84	52	371
Hydroelectric power stations	8	8	12	6	34
Thermal power stations	2	6	1	(1)	8
Solar power stations	1	1	1	2	5
	116	145	98	59	418
Corporate and eliminations	(18)	(14)	(15)	(14)	(61)
	98	131	83	45	357
NET EARNINGS (LOSS)	9	31	(15)	(36)	(11)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	9	29	(13)	(29)	(4)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC	$0.09	$0.32	($0.14)	($0.32)	($0.05)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – DILUTED	$0.09	$0.31	($0.14)	($0.32)	($0.05)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	23	65	113	58	259
CASH FLOWS FROM OPERATIONS(1)	71	101	55	35	262
Weighted average number of shares outstanding – basic	89,155,304	89,184,932	89,200,490	89,302,809	89,211,054

(1) See the *Non-IFRS measures* section.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	Twelve-month period ended September 30, 2018
POWER PRODUCTION (GWh)					
Wind power stations	676	824	490	415	2,405
NRWF compensation	87	42	28	42	199
	763	866	518	457	2,604
Hydroelectric power stations	159	166	194	118	637
Thermal power stations	31	61	57	8	157
Solar power stations	5	4	6	7	22
	958	1,097	775	590	3,420
REVENUES FROM ENERGY SALES AND FIP					
Wind power stations	107	125	73	64	369
Hydroelectric power stations	14	14	14	10	52
Thermal power stations	7	12	7	3	29
Solar power stations	1	1	1	2	5
	129	152	95	79	455
EBITDA(A)(1)					
Wind power stations	95	101	58	46	300
Hydroelectric power stations	10	10	10	5	35
Thermal power stations	2	4	1	—	7
Solar power stations	1	1	1	2	5
	108	116	70	53	347
Corporate and eliminations	(15)	(12)	(13)	(14)	(54)
	93	104	57	39	293
NET EARNINGS (LOSS)	28	23	(33)	(37)	(19)
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	26	20	(28)	(31)	(13)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC	$0.34	$0.26	($0.36)	($0.40)	($0.17)
NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – DILUTED	$0.32	$0.26	($0.36)	($0.40)	($0.17)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	17	110	52	17	196
CASH FLOWS FROM OPERATIONS(1)	69	77	21	23	190
Weighted average number of shares outstanding – basic	76,174,741	76,256,796	76,318,743	78,552,595	76,832,193

(1) See the *Non-IFRS measures* section.

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed, fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. In other words, while the Corporation's production in a given year is exposed to seasonal cycles and other cyclical factors, this is mitigated by diversifying its power generation sources and favourable geographic positioning.

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets in operation in which Boralex's share totalled 1,771 MW, wind conditions both in France and Canada are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. Generally speaking, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

With the wind farms on the *Growth path* slated for commissioning by the end of 2020, which will add 82 MW to the wind power segment's installed capacity, it is expected that a growing portion of the Corporation's total revenues will be generated in the first and fourth quarters of the coming years.

Hydroelectric

The hydroelectric assets had an installed capacity of 172 MW as at September 30, 2019, which has increased to 182 MW since the October 17, 2019 relaunch of the Buckingham power station following work to increase its installed capacity. The energy produced depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, corresponding to Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, over a long-term horizon, there may be variations from year to year due to short-term weather conditions. In general, management estimates the breakdown of annual hydroelectric power generated at approximately 60% for the second and fourth quarters and 40% for the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream and is not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Thermal

Boralex operates two thermal power stations with an aggregate 47 MW of installed capacity. The 35 MW Senneterre power station in Québec, Canada is fuelled by wood residues and is covered by an energy sales contract with Hydro-Québec expiring in 2027. The Corporation has entered into a new agreement with Hydro-Québec which stipulates that, until contract expiry, the Senneterre power station is limited to producing electricity eight months per year, from mid-October to mid-June. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec, allowing Boralex to expect relatively stable profitability from year to year.

Boralex also operates a 12 MW natural gas power station in Blendecques (Hauts-de-France, France). For the past several years, due to specific market conditions, this cogeneration plant produces electricity five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam intended for an industrial client is produced using an auxiliary boiler. Given that electricity selling prices are tied to natural gas prices, they are also exposed to some volatility. However, any change in natural gas prices impacts the cost of this raw material which in turn offsets to a large extent the volatility of results.

Solar

The solar power facilities representing an installed capacity of 16 MW are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are typically more favourable in the spring and summer, which occur in Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of solar energy will be produced in the second and third quarters each year.

Financial instruments

Foreign exchange risk

The Corporation generates foreign currency liquidity through the operation of its power stations in France and the United States. The Corporation benefits from partial natural coverage from this risk exposure, as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk arises particularly from the residual liquidity that can be distributed to the parent company.

In France, given the above, the Corporation entered into foreign exchange forward contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe up to 2025. Similar purchases could be made based on the growth in cash to be generated in France. The Corporation also entered into cross-currency swaps. These derivatives cover the Corporation’s net investment in France, as they allow financing issued in Canada for investment in France to be synthetically translated into euros. In addition to mitigating the risk related to foreign currency fluctuations, these instruments also allow Boralex to currently benefit in part from interest rates lower than those prevailing in Europe. The Corporation also entered into similar transactions pertaining to US dollars. These short-term transactions provide access to lower interest rates on drawdowns under the revolving credit facility. To measure the fair value of these instruments, the Corporation uses a technique that is a combination of the techniques used to measure the fair value of interest rate swaps and foreign exchange forward contracts.

Management considers that the cash flows generated in the United States do not represent a significant risk at present. A hedging strategy could be developed in due course.

In connection with Canadian project development, certain future expenditures may be in foreign currencies. For example, certain equipment purchases in Canada are partly denominated in euros or U.S. dollars. Where applicable, the Corporation’s objective is to protect its anticipated return on its investment by entering into hedging instruments to reduce volatility in expected expenditures and, in turn, stabilize significant costs such as those for turbines.

Price risk

In the Northeastern United States, a portion of the Corporation’s power production is sold at market prices or under short-term contracts and is accordingly subject to fluctuations in energy prices. Energy prices vary according to supply, demand and certain external factors, including weather conditions, and the price of other sources of power. As a result, prices may fall too low for the power stations to yield an operating profit.

As at September 30, 2019, power stations in France (except Avignonet I and Chépy) and Canada (except Oldman in Alberta), as well as the Hudson Falls and South Glens Falls power stations in the United States, have long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation. Until the final steps of the commercial commissioning process with the IESO are completed, the power produced by the Yellow Falls power station in Ontario will be sold on the market. Consequently, only 3% of Boralex’s installed capacity is exposed to price risk at present.

Interest rate risk

As at September 30, 2019, approximately 54% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and the bridge financing facility. To protect itself against rate increases, the Corporation uses interest rate swaps. With these instruments, the Corporation's actual exposure to interest rate fluctuations is limited to only 8% of total debt under IFRS.

The following table summarizes the Corporation’s derivative financial instruments as at September 30, 2019:

As at September 30,
2019

		Current notional		Fair value	
(in millions of Canadian dollars) (unaudited)	Currency	(currency of origin)	(CAD)	(currency of origin)	(CAD)
Interest rate swaps	EUR	332	479	(37)	(53)
Interest rate swaps	CAD	762	762	(11)	(11)
Foreign exchange forward contracts	EUR vs. CAD	60	93	—	—
Cross-currency swaps	EUR vs. CAD	318	479	20	20
Cross-currency swaps	USD vs. CAD	269	357	(2)	(2)
					(46)

The Corporation does not plan to trade these instruments, since they were entered into to reduce the Corporation’s risk related to interest rate and exchange rate fluctuations, and to protect, to all extent possible, the anticipated return on its projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates or exchange rates have fallen and has no bearing on the effectiveness of the instrument as part of the Corporation’s risk management strategy.

Earnings of the Joint Ventures and associates for the three-month period ended September 30, 2019

The analysis of results is shown below as a percentage of interests held by Boralex in the Joint Ventures and associates.

SDB I and II

Statistical data concerning production

	For the three-month periods ended September 30		
	Actual		Change
Wind power production (GWh)	**2019**	**2018**	vs 2018
SDB I	83	84	**- 1%**
SDB II	22	22	**+ 1%**
	105	106	**- 1%**

Main differences in revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2018	12	9
Volume	(1)	—
Change	(1)	—
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	11	9

[1] See the *Non-IFRS measures* section

Production

Boralex's share of production of SDB I and II wind farms for the third quarter of 2019 amounted to 105 GWh, a slight decline of 1 GWh or 1% from the corresponding quarter of 2018. This decline reflected the less favourable wind conditions compared with last year.

Revenues from energy sales

The lower production volume resulted in a $1 million decrease in revenues from energy sales attributed to Boralex. For the third quarter of 2019, the share of revenues from energy sales of SDB I and II amounted to $11 million compared with $12 million one year earlier.

EBITDA(A)

EBITDA(A) of the Interests in SDB I and II amounted to $9 million for the third quarter of 2019 which was the same as for the corresponding quarter of 2018.

Cash flows

For the three-month period ended September 30, 2019, Boralex's Interests in SDB I and II generated cash flows from operations of $6 million, an amount similar to that for the same period of 2018.

Net cash flows related to operating activities amounted to $8 million for the third quarter of 2019, compared with $7 million one year earlier.

Financial position

As at September 30, 2019, Boralex's share in the assets of the SDB I and II wind farms totalled $361 million, down $6 million compared with the amount recognized as at December 31, 2018. This decrease was largely attributable to the amortization of *Property, plant and equipment* for the period and partially offset by the addition of the *Right-of-use assets* line item resulting from the application of IFRS 16, *Leases* (for greater detail, see the *Accounting standards* section).

Boralex's share of the debt for these wind farms was $292 million as at September 30, 2019, down $6 million compared with the amount as at December 31, 2018.

For more information, see section II - *Analysis of results and financial position - Non-IFRS measures*.

DM I and DM II, LP I, LP II and Roncevaux

Statistical data concerning production

	Three-month periods ended September 30		
	Actual		
Wind power production (GWh)	**2019**	**2018**	Change
DM I and DM II	38	11	**>100%**
LP I	34	7	**>100%**
LP II	8	2	**>100%**
Roncevaux	23	5	**>100%**
	103	25	**>100%**

Revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	2	2
Acquisitions	6	5
Volume	2	2
Other	—	(1)
Change	8	6
THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	10	8

[1] See the *Non-IFRS measures* section.

Production

During the third quarter of 2019, the share of production of the five wind farms in which Boralex had acquired interests from Invenergy on September 14, 2018, amounted to 103 GWh, given the Corporation's percentage holding in each of these wind farms. In the third quarter of 2018, based on the acquisition date, the 25 GWh contribution is equivalent to production for a period of 16 days.

Revenues from energy sales

Boralex's share of revenues from energy sales in the third quarter of 2019 amounted to $10 million compared with $2 million in the same quarter of 2018, given that the acquisition was completed 16 days before the end of the period.

EBITDA(A)

Boralex's share of EBITDA(A) amounted to $8 million for the third quarter of 2019. In the third quarter of 2018, Boralex's share totalled $2 million, given the acquisition date.

Cash flows

For the three-month period ended September 30, 2019, cash flows from operations amounted to $4 million for these interests.

Cash flows related to operating activities amounted to $2 million for the third quarter of 2019.

Financial position

As at September 30, 2019, Boralex's share in the assets of DM I and II, LP I and II and Roncevaux amounted to $493 million, down $11 million compared with the amount recognized as at December 31, 2018. This decrease was largely attributable to the amortization of *Property, plant and equipment* and *Intangible assets* for the the period and partially offset by the addition of the *Right-of-use assets* line item resulting from the application of IFRS 16, *Leases* (for greater detail, see the *Accounting standards* section).

Boralex's share of the debt for these wind farms amounted to $278 million as at September 30, 2019, down $8 million compared with the amount as at December 31, 2018.

For more information, see section II - *Analysis of results and financial position - Non-IFRS measures*.

Earnings of the Joint Ventures and associates for the nine-month period ended September 30, 2019

The analysis of results is shown below as a percentage of interests held by Boralex in the Joint Ventures and associates.

SDB I and II

Increase of 9% in power production.

Statistical data concerning production

	Nine-month periods ended September 30		
	Actual		
Wind power production (GWh)	**2019**	**2018**	Change
SDB I	336	307	**+ 9%**
SDB II	87	81	**+ 7%**
	423	388	**+ 9%**

Main differences in revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	43	36
Volume	3	4
Other	—	1
Change	3	5
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	46	41

[1] See the *Non-IFRS measures* section.

Production

Boralex's share of production of the SDB I and II wind farms for the first nine months of 2019 amounted to 423 GWh, up 35 GWh or 9% from the corresponding period last year. This increase is mainly due to favourable wind conditions in the first quarter of 2019 compared to last year. Note that icy conditions had an adverse impact on production during a two-week period in the first quarter of 2018. The decline in production in the second and third quarters of 2019 compared with the previous year was offset by the sound performance in the first quarter.

Revenues from energy sales

The higher production volume resulted in a $3 million increase in revenues from energy sales attributed to Boralex. For the first nine months of 2019, the Corporation's share of revenues from energy sales amounted to $46 million compared with $43 million for the corresponding period of 2018.

EBITDA(A)

EBITDA(A) of the Interests in SDB I and II amounted to $41 million for the nine months of 2019 compared with $36 million for the corresponding period of 2018. This increase is mainly attributable to a favourable difference of $4 million given the higher production volume.

Cash flows

For the nine-month period ended September 30, 2019, cash flows from operations amounted to $29 million, compared with $23 million for the same period of 2018. This increase was due to the wind farms' favourable performance during the first quarter of 2019.

Net cash flows related to operating activities amounted to $24 million for the first nine months of 2019, similar to one year earlier.

DM I and DM II, LP I, LP II and Roncevaux

Statistical data concerning production

	Nine-month periods ended September 30		
	Actual		
Wind power production (GWh)	**2019**	**2018**	Change
DM I and DM II	176	11	**>100%**
LP I	144	7	**>100%**
LP II	28	2	**>100%**
Roncevaux	90	5	**>100%**
	438	25	**>100%**

Revenues from energy sales and EBITDA(A)

(in millions of Canadian dollars) (unaudited)	Revenues from energy sales	EBITDA(A)[1]
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018	2	2
Acquisition	40	32
Volume	2	2
Change	42	34
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019	44	36

[1] See the *Non-IFRS measures* section.

Production

For the first nine months of 2019, Boralex's share of production of the five wind farms amounted to 438 GWh, given the Corporation's percentage holding in each of these wind farms. As the acquisition of the interests in the five wind farms was completed on September 14, 2018, Boralex's 25 GWh share reflects a 16-day production period at the end of the first nine months of 2018.

Revenues from energy sales

Boralex's share of revenues from energy sales for the first nine months of 2019 amounted to $44 million compared with $2 million in the same quarter of 2018, given that the acquisition was completed 16 days before the end of the period.

EBITDA(A)

Boralex's share in EBITDA(A) amounted to $36 million for the first nine months of 2019. In the same period of 2018, Boralex's share totalled $2 million, given the acquisition date.

Cash flows

For the nine-month period ended September 30, 2019, cash flows from operations amounted to $23 million.

Cash flows related to operating activities amounted to $23 million for the first nine months of 2019.

Non-IFRS measures

In order to assess the performance of its assets and reporting segments, Boralex uses EBITDA, EBITDA(A), cash flows from operations, ratio of net debt, discretionary cash flows and payout ratio as performance measures. Management believes that these measures are widely accepted financial indicators used by investors to assess the operational performance of a company and its ability to generate cash through operations. The non-IFRS measures also provide investors with insight into the Corporation's decision making as the Corporation uses these non-IFRS measures to make financial, strategic and operating decisions.

These non-IFRS measures are derived primarily from the unaudited consolidated financial statements, but do not have a standardized meaning under IFRS; accordingly, they may not be comparable to similarly named measures used by other companies. Non-IFRS measures are not audited. These non-IFRS measures have important limitations as analytical tools and investors are cautioned not to consider them in isolation or place undue reliance on ratios or percentages calculated using these non-IFRS measures.

This MD&A also shows a number of these measures on a Combined basis, where the results of the Interests in the Joint Ventures and associates are accounted for according to the ownership interest. Since they represent a significant investment for Boralex, management considers this information useful for investors. For more details, see the Interests in the Joint Ventures and associates note in the Interim Report and the Annual Report.

The analysis of results is shown below as a percentage of interests held by Boralex:

	Boralex % of interests
SDB I and II	50.00%
DM I and DM II	51.00%
LP I	51.00%
LP II	59.96%
Roncevaux	50.00%

Reconciliation between IFRS and Combined information

The following tables reconcile IFRS data with data presented on a Combined basis:

Consolidated

				2019
(in millions of Canadian dollars) (unaudited)	**IFRS**	**Interests**	**Eliminations**	**Combined**
Three-month period ended September 30:				
Power production (GWh)	712	208	—	920
Revenues from energy sales and feed-in premium	92	21	—	113
EBITDA(A)	45	17	8*	70
Net loss	(36)	(7)	(1)*	(44)
Net cash flows related to operating activities	58	10	(14)**	54
Cash flows from operations	35	10	(14)**	31
Nine-month period ended September 30:				
Power production (GWh)	3,005	861	—	3,866
Revenues from energy sales and feed-in premium	385	90	—	475
EBITDA(A)	259	77	(9)*	327
Net loss	(20)	10	(18)*	(28)
Net cash flows related to operating activities	236	47	(32)**	251
Cash flows from operations	191	52	(31)**	212
As at September 30:				
Total assets	4,679	854	(183)***	5,350
Debt, including non-current debt and current portion of debt	3,132	570	—	3,702

* Share in earnings of the Joint Ventures and an associate excluding the *Excess of distributions received over the share in net earnings of Joint Venture SDB I.*

** Distributions received from the Joint Ventures and an associate.

*** Interests in the Joint Ventures and an associate excluding Goodwill generated upon acquisition.

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
				2018
Three-month period ended September 30:				
Power production (GWh)	590	131	—	721
Revenues from energy sales	79	14	—	93
EBITDA(A)	39	11	1*	51
Net loss	(37)	—	—*	(37)
Net cash flows related to operating activities	17	6	(13)**	10
Cash flows from operations	23	5	(13)**	15
Nine-month period ended September 30:				
Power production (GWh)	2,462	413	—	2,875
Revenues from energy sales	326	45	—	371
EBITDA(A)	200	38	(5)*	233
Net loss	(47)	7	(7)*	(47)
Net cash flows related to operating activities	179	22	(19)**	182
Cash flows from operations	121	23	(19)**	125
As at December 31:				
Total assets	4,776	871	(213)***	5,434
Debt, including non-current debt and current portion of debt	3,271	584	—	3,855

* Share in earnings of the Joint Ventures and an associate.
** Distributions received from the Joint Ventures and an associate.
*** Interests in the Joint Ventures and an associate excluding Goodwill generated upon acquisition.

Wind

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
				2019
Three-month period ended September 30:				
Power production (GWh)	546	208	—	754
NRWF compensation	28	—	—	28
	574	208	—	782
Revenues from energy sales and feed-in premium	78	21	—	99
EBITDA(A)	52	17	8*	77
Nine-month period ended September 30:				
Power production (GWh)	2,220	861	—	3,081
NRWF compensation	111	—	—	111
	2,331	861	—	3,192
Revenues from energy sales and feed-in premium	323	90	—	413
EBITDA(A)	266	76	(9)*	333

* Share in earnings of the Joint Ventures and an associate.

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined 2018
Three-month period ended September 30:				
Power production (GWh)	415	131	—	546
NRWF compensation	42	—	—	42
	457	131	—	588
Revenues from energy sales	64	14	—	78
EBITDA(A)	46	11	(1)*	56
Nine-month period ended September 30:				
Power production (GWh)	1,729	413	—	2,142
NRWF compensation	112	—	—	112
	1,841	413	—	2,254
Revenues from energy sales	262	45	—	307
EBITDA(A)	205	38	(7)*	236

* Share in earnings of the Joint Ventures and an associate.

EBITDA(A)

EBITDA(A) represents earnings (loss) before interest, taxes, depreciation and amortization, adjusted to include other items such as acquisition costs, net loss (gain) on financial instruments and foreign exchange loss (gain), the last two items being included under *Other*. EBITDA(A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings (loss), or as a measure of operating results, which are IFRS measures.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely net earnings (loss), in the following table. The comparative information has not been restated under IFRS 16, *Leases*, and continues to be reported under IAS 17.

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined 2019
Three-month period ended September 30:				
Net loss	(36)	(7)	(1)	(44)
Income tax recovery	(9)	—	—	(9)
Financing costs	33	7	1	41
Amortization	63	17	—	80
EBITDA	51	17	—	68
Adjustments:				
Excess of distributions received over the share in net earnings of Joint Venture SDB I	(8)	—	8	—
Other	2	—	—	2
EBITDA(A)	45	17	8	70
Nine-month period ended September 30:				
Net loss	(20)	10	(18)	(28)
Income tax recovery	(5)	—	—	(5)
Financing costs	102	25	1	128
Amortization	189	42	—	231
Impairment of intangible assets	2	—	—	2
EBITDA	268	77	(17)	328
Adjustments:				
Excess of distributions received over the share in net earnings of Joint Venture SDB I	(8)	—	8	—
Other gains	(1)	(1)	—	(2)
Other	—	1	—	1
EBITDA(A)	259	77	(9)	327

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
				2018
Three-month period ended September 30:				
Net loss	(37)	—	—	(37)
Income tax recovery	(11)	—	—	(11)
Financing costs	32	5	1	38
Amortization	55	6	—	61
EBITDA	39	11	1	51
Adjustments:				
Acquisition costs	1	—	—	1
Other	(1)	—	—	(1)
EBITDA(A)	39	11	1	51
Nine-month period ended September 30:				
Net loss	(47)	7	(7)	(47)
Income tax recovery	(13)	—	—	(13)
Financing costs	91	14	2	107
Amortization	150	18	—	168
Impairment of property, plant and equipment and intangible assets	12	—	—	12
EBITDA	193	39	(5)	227
Adjustments:				
Acquisition costs	8	—	—	8
Other	(1)	(1)	—	(2)
EBITDA(A)	200	38	(5)	233

Cash flows from operations

Cash flows from operations under IFRS and on a Combined basis are equal to net cash flows related to operating activities before change in non-cash items. Management uses this measure to assess cash flows generated by the Corporation's operations and its capacity to finance its expansion through those funds. In light of the seasonal nature of the Corporation's operations and the volume of construction activity, changes in non-cash items can vary considerably, which affects the degree to which cash flows relating to operating activities are representative.

Investors should not consider cash flows from operations as an alternative measure to cash flows related to operating activities, which is an IFRS measure.

Cash flows from operations are reconciled to the most comparable IFRS measure, namely net cash flows related to operating activities, in the following table:

(in millions of Canadian dollars) (unaudited)	IFRS	Interests	Eliminations	Combined
				2019
Three-month period ended September 30:				
Net cash flows related to operating activities	58	10	(14)*	54
Change in non-cash items related to operating activities	(23)	—	—	(23)
CASH FLOWS FROM OPERATIONS	35	10	(14)	31
Nine-month period ended September 30:				
Net cash flows related to operating activities	236	47	(32)*	251
Change in non-cash items related to operating activities	(45)	5	1	(39)
CASH FLOWS FROM OPERATIONS	191	52	(31)	212

* Distributions received from the Joint Ventures and associates.

(in millions of Canadian dollars) (unaudited)				2018
	IFRS	Interests	Eliminations	Combined
Three-month period ended September 30:				
Net cash flows related to operating activities	17	6	(13)*	10
Change in non-cash items related to operating activities	6	(1)	—	5
CASH FLOWS FROM OPERATIONS	23	5	(13)	15
Nine-month period ended September 30:				
Net cash flows related to operating activities	179	22	(19)*	182
Change in non-cash items related to operating activities	(58)	1	—	(57)
CASH FLOWS FROM OPERATIONS	121	23	(19)	125

* Distributions received from the Joint Ventures and an associate.

Net debt ratio

"Net debt ratio" represents the ratio of "net debt" over "total market capitalization", each calculated as described below.

The Corporation defines net debt as follows:

	IFRS	
(in millions of Canadian dollars) (unaudited)	As at September 30, 2019	As at December 31, 2018
Non-current debt	2,932	2,857
Current portion of debt	200	414
Borrowing costs, net of accumulated amortization	35	30
Less:		
Cash and cash equivalents	203	157
Restricted cash	52	96
Net debt	2,912	3,048

The Corporation defines net debt as follows:

	IFRS	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at September 30, 2019	As at December 31, 2018
Number of outstanding shares (in thousands)	89,575	89,184
Share market price (in $ per share)	22.63	16.84
Market value of equity attributable to shareholders	2,027	1,502
Non-controlling interests	19	40
Net debt	2,912	3,048
Convertible debentures, nominal value	140	144
Total market capitalization	5,098	4,734

The Corporation defines total market capitalization as follows:

	IFRS	
(in millions of Canadian dollars unless otherwise specified) (unaudited)	As at September 30, 2019	As at December 31, 2018
Net debt	2,912	3,048
Total market capitalization	5,098	4,734
NET DEBT RATIO (market capitalization)	57%	64%

Discretionary cash flows and payout ratio

Discretionary cash flows

When evaluating its operating results, discretionary cash flows is a key performance indicator for the Corporation.

Discretionary cash flows represent the cash generated from operations that management believes is representative of the amount available for future development or to be paid as dividends to common shareholders while preserving the long-term value of the business.

It is important to note that discretionary cash flows are calculated using data derived from the financial statements in accordance with IFRS. The Corporation does not provide information on a Combined basis as there is no significant difference between the two methods.

Investors should not consider discretionary cash flows as an alternative measure to "net cash flows related to operating activities," which is an IFRS measure. Discretionary cash flows are equal to *Net cash flows related to operating activities* before the change in "non-cash items related to operating activities," less (i) distributions paid to non-controlling shareholders, (ii) additions to property, plant and equipment (maintenance of operations), and (iii) repayments on non-current debt (projects); plus (iv) development costs (from the statement of earnings (loss)).

Payout ratio

The payout ratio is defined as dividends paid to shareholders of Boralex divided by discretionary cash flows, all of which is calculated based on the previous 12 months of operations. Boralex believes it is a measure of its ability to sustain current dividends as well as its ability to fund its future development. For an accurate representation of current operations, this calculation is adjusted to exclude non-recurring items listed in the notes to the table below.

In the medium-term, Boralex expects to pay common share dividends on an annual basis representing a ratio of approximately 40% to 60% of its discretionary cash flows. For the twelve-month period ended September 30, 2019, dividends paid to shareholders by the Corporation represented 61% of discretionary cash flows.

Dividends per share paid to shareholders represent dividends paid to shareholders of Boralex divided by the average weighted number of outstanding shares.

The Corporation computes the discretionary cash flows and payout ratio as follows:

	IFRS	
	Twelve-month periods ended	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at September 30, **2019**	As at December 31, **2018**
Cash flows from operations[1]	262	192
Adjustment for non-recurring items[2]	—	6
Principal payments related to lease liabilities[1]	(8)	—
Distributions paid to non-controlling shareholders	(7)	(7)
Additions to property, plant and equipment (maintenance of operations)	(8)	(8)
Repayments on non-current debt (projects)[3]	(170)	(150)
Development costs (from statement of loss)	27	26
Discretionary cash flows	**96**	**59**
Dividends paid to shareholders of Boralex	$59	$50
Weighted average number of outstanding shares – basic (in thousands)	89,211	80,102
Discretionary cash flows - per share	$1.08	$0.74
Dividends paid to shareholders – per share	$0.66	$0.63
Payout ratio	**61%**	**85%**

(1) The amounts for the quarters in 2019 were treated under IFRS 16, *Leases*, while the amounts for the quarters in 2018 were treated under the previous standard, IAS 17, *Leases*.
(2) Excluding primarily the acquisition costs incurred for Kallista (2018).
(3) Excluding the VAT bridge financing, repayment of borrowings assumed at the time of the Kallista acquisition (2018) and the early debt repayment.

Commitments and contingencies

Commitments

As at September 30, 2019, the Corporation entered into turbine purchases as well as construction and connection contracts amounting to $138 million of which contracts amounting to $73 million were entered into during the year 2019.

As of the same date, the Corporation's total commitments for maintenance contracts, contingent considerations and other commitments were $235 million, $28 million and $29 million respectively.

France – Contingency

On March 5, 2019, the Administrative Court of Appeal of Nantes rendered decisions favourable to Boralex regarding the 51 MW **Moulins du Lohan** project. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the construction permits for the project. Construction work was then suspended while Boralex appealed the decisions to cancel the permits. The court ruled in favour of Boralex on March 5, 2019. The Société pour la protection des paysages et de l'esthétique de la France appealed these rulings of the Administrative Appeal Court of Nantes to the Council of State on May 7 and 13, 2019. The Council of State is currently reviewing the admissibility of the appeals before ruling on their substance. The decision on admissibility is expected to be rendered shortly.

Canada - Contingencies

Under the energy sales agreements entered into with Hydro-Québec Distribution for its wind power projects, the Corporation's project entities must comply with certain regional content requirements regarding the costs associated with wind farm turbines (the "regional content requirements") and certain Québec content requirements regarding overall wind farm costs (collectively with the regional content requirements, the "local content requirements"). These requirements apply to all Québec wind power projects built by the Corporation's project entities or other producers under requests for proposals issued from 2005 to 2009. Failure to comply with these requirements may result in penalties being imposed under these energy sales contracts.

In accordance with customary practices, in circumstances where the compliance or non-compliance with local content requirements under an energy sales contract primarily depends on the wind turbine manufacturer's compliance, the Québec projects of Boralex had obtained a commitment from Enercon Canada inc. ("Enercon Canada") to pay any associated penalties. Enercon Canada's obligations under the wind turbine purchase contracts are guaranteed by its parent company, Enercon GmbH. There is a dispute between Hydro-Québec on one hand, and Enercon Canada and Enercon GmbH on the other hand, regarding in particular the costing calculation methodology for wind turbines and wind turbine components to be used to determine project compliance with regional content requirements.

In connection with this dispute, Hydro-Québec filed an originating application on April 18, 2019 with the Superior Court of Québec against Le Plateau Wind Power L.P. (a partnership operating the **Le Plateau I** wind farm in which the Corporation indirectly holds 51% of the outstanding units), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology and to obtain documents in the possession of Enercon Canada and Enercon GmbH. The application also seeks to order the defendants, *in solidum*, to pay Hydro-Québec an amount of less than $1 million together with interest and additional indemnities. Hydro-Québec specifies that this amount represents the minimum penalty only, that is, the difference of one percentage point between the regional content requirements and the regional content actually achieved, and that this amount needs to be adjusted as it considers that the actual difference is greater than one percentage point.

Le Plateau Wind Power L.P. impleaded Enercon Canada and Enercon GmbH in warranty under the turbine purchase agreement, requiring Enercon Canada and Enercon GmbH to pay the applicable penalties. In the event of non-payment, Hydro-Québec Distribution may exercise its right to offset any penalty against the amounts payable to Le Plateau Wind Power L.P. for the energy delivered by the wind farm in question, which would affect the revenues received by those wind farms until Enercon Canada and Enercon GmbH have paid the penalties in full.

Joint Ventures Phases I and II and Éoliennes Côte-de-Beaupré S.E.C.

As at June 30, 2019, a class action was in progress due to the alleged inconvenience (in particular noise, dust and vibrations) caused by the construction of the **Seigneurie de Beaupré** Wind Farms. The defendants (Seigneurie de Beaupré Wind Farms 2 and 3 GP, Seigneurie de Beaupré Wind Farm 4 GP and Éoliennes Côte-de-Beaupré S.E.C.) have always been and are still of the opinion, as supported by expert opinions, that the members of the group have not suffered any abnormal inconvenience resulting from the construction work. The matter was scheduled to be heard before the Superior Court of Québec in April 2019. However, an agreement in principle was reached between the parties at a settlement meeting in fall 2018 without any admission of liability. The hearing to approve the transaction took place on April 11, 2019 and the judgment was rendered on July 9, 2019 approving the agreement entered into between the parties in an amount of nearly $2 million. The insurers covered the costs related to this agreement in July 2019.

Canada - Boralex Power Income Fund

As of January 2011, O'Leary Funds Management LP *et al.* had been suing the Corporation in the Superior Court of Québec. The suit alleged that the November 1, 2010 business combination between Boralex and Boralex Power Income Fund was illegal and, accordingly, demanded payment of damages amounting to nearly $7 million (the initial suit was for an amount of nearly $14 million).

On March 2, 2018, the Superior Court of Québec dismissed the plaintiffs' lawsuit and affirmed that the business combination was, in fact, legal. The plaintiffs appealed the judgment. On January 21, 2019, the Québec Court of Appeal dismissed the appeal, reiterating that the business combination was legal. O'Leary Funds Management LP *et al.* had filed a motion for leave to appeal to the Supreme Court of Canada which was refused on July 18, 2019. The Corporation's counterclaim for over $1 million which had been suspended by the Superior Court of Québec will now be reopened given the rejection of the claims of O'Leary Funds Management LP *et al.* by all three levels of court.

Subsequent events

Redemption of convertible debentures

On September 24, 2019, Boralex committed itself to make a cash redemption on October 24, 2019 of the total principal amount of its 4.5% convertible unsecured subordinated debentures that would not have been converted as of the redemption date. As at September 30, 2019 and in accordance with the conversion option offered to holders of the debentures, the Corporation had received conversion requests for a nominal amount of $4 million, which resulted in the issuance of 187,314 new Class A shares.

Between October 1 and October 24, 2019, the Corporation received additional conversion requests for a nominal amount of $132 million which resulted in the issuance of 6,751,011 new Class A shares. The $8 million balance of the principal amount of non-converted debentures plus accrued interest was redeemed by the Corporation. The Corporation drew on its revolving credit facility to fund the cash redemption.

This transaction had no impact on the statement of loss, and the equity component of convertible debentures, recorded upon issuance, in the amount of $5 million ($4 million, net of taxes) was reclassified to equity.

Refinancing of the revolving credit facility

On October 31, 2019, Boralex obtained a $50 million increase of its revolving credit facility, using the "accordion" clause already provided for in the agreement, bringing the total authorized amount to $560 million.

Commitments

In October 2019, in line with its growth strategy in the United States, the Corporation committed itself to purchasing solar power generation equipment in the amount of $7 million (US$5 million). The Corporation also entered into an $18 million (€13 million) turbine purchase contract in France.

Risk factors and uncertainties

Risk factors

Boralex has not observed any significant changes regarding the risks to which it is exposed, and which are discussed under *Risk factors* and *uncertainties* in Boralex's annual MD&A for the year ended December 31, 2018.

Main sources of uncertainty relating to management's estimates and key judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that can materially affect revenues, expenses, comprehensive income, assets and liabilities, and the information reported in the consolidated financial statements. Management determines these estimates based on a number of factors, namely its experience, current events and measures the Corporation could subsequently take, as well as other assumptions it deems reasonable given the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results may differ from them. Underlying estimates and assumptions are periodically reviewed and the impact of any changes is recognized immediately.

The items in question are presented under *Risk factors* and *uncertainties* in Boralex's annual MD&A for the year ended December 31, 2018.

Accounting policies

Changes to accounting policies

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as well as several other interpretations on leases. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019.

The Corporation has applied IFRS 16, *Leases*, using the modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed below.

The Corporation leases mainly land and buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Land leases are typically entered into for the term of the energy sales contract or longer and may have extension or termination options. These options are used to maximize the operational flexibility of the Corporation for contract management purposes. The majority of these options may be exercised by the Corporation only. The lease agreements do not impose any covenants; however, some leased assets may be used as a security for borrowing purposes.

Policies applicable from January 1, 2019:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation has chosen to account for each lease component and any non-lease components as a single lease component when disaggregated information is not readily available.

The Corporation recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the statement of earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

The right-of-use asset is initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- Restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. Also, the lease term includes periods covered by an option to terminate if the Corporation is reasonably certain not to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability includes the net present value of the following lease payments:

- Fixed payments (including in-substance fixed lease payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or the effective rate at the commencement date;
- Amounts expected to be payable by the Corporation under residual value guarantees;
- The exercise price of a purchase option if the Corporation is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of that option by the Corporation.

Remeasurement

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured if there is a change in future lease payments arising from a change in an index or rate, there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to the application of IFRS 16

The Corporation has elected not to apply exemptions related to the recognition of short-term or low-value leases at the transition date, with the exception of leases of intangible assets. Under this exemption, the Corporation is not required to recognize right-of-use assets and lease liabilities. However, the Corporation could elect to apply these exemptions in the future.

Estimation uncertainty arising from variable lease payments

Some leases contain variable payment terms that are linked to sales or operating expenses. Variable lease payments are recognized in the statements of earnings (loss) in the period in which the condition that triggers those payments occurs.

Policy applicable before January 1, 2019:

Leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the Corporation. Leases are classified as operating leases when the lease arrangement does not transfer substantially all the risks and rewards of ownership to the Corporation. Payments made under operating leases are charged to the statement of earnings (loss) on a straight-line basis over the lease term.

Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and financing costs so as to achieve a constant rate on the balance outstanding.

Such lease liabilities, net of financing costs, are included under *Non-current debt*. The interest component of the financing costs is charged to earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are amortized over the shorter of the useful life of the underlying asset and the lease term.

Impact of transition to IFRS 16

The right-of-use assets associated with property leases of major assets were measured on a retrospective basis as if the new standard had always been applied. Other right-of-use assets were initially measured at the amount equal to the lease liabilities, adjusted for the amount of any prepaid or accrued lease payments or other non-current liabilities relating to leases recognized in the statement of financial position as at December 31, 2018.

On adoption of IFRS 16, the Corporation recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining leases payments, discounted using the Corporation's incremental borrowing rate as at January 1, 2019. The weighted average rate applied was 3.75%.

For leases that were classified as finance leases, the Corporation recognized the carrying amounts of the right-of-use assets and the lease liability immediately before the transition date as the carrying amounts of the right-of-use assets and the lease liabilities as at the date of first application.

Reconciliation of the consolidated statement of financial position as at January 1, 2019

The following table summarizes the impact of transition to IFRS 16 on the consolidated statement of financial position as at January 1, 2019:

(in millions of Canadian dollars) (unaudited)	Figures at December 31, 2018	Impact of the transition to IFRS 16	After the transition on January 1, 2019
ASSETS			
Cash and cash equivalents	157	—	157
Restricted cash	96	—	96
Trade and other receivables	142	—	142
Other current assets	27	(2)	25
CURRENT ASSETS	422	(2)	420
Property, plant and equipment	2,918	(52)	2,866
Right-of-use assets	—	242	242
Intangible assets	807	—	807
Goodwill	198	—	198
Interests in the Joint Ventures and associates	279	(4)	275
Other non-current financial assets	137	—	137
Other non-current assets	15	—	15
NON-CURRENT ASSETS	4,354	186	4,540
TOTAL ASSETS	4,776	184	4,960
LIABILITIES			
Trade and other payables	142	—	142
Current portion of debt	414	—	414
Current portion of lease liabilities	—	10	10
Other current financial liabilities	8	—	8
CURRENT LIABILITIES	564	10	574
Non-current debt	2,857	(1)	2,856
Lease liabilities	—	197	197
Convertible debentures	140	—	140
Deferred income tax liability	161	(3)	158
Decommissioning liability	69	—	69
Other non-current financial liabilities	45	—	45
Other non-current liabilities	24	(6)	18
NON-CURRENT LIABILITIES	3,296	187	3,483
TOTAL LIABILITIES	3,860	197	4,057
EQUITY			
Equity attributable to shareholders	876	(9)	867
Non-controlling interests	40	(4)	36
TOTAL EQUITY	916	(13)	903
TOTAL LIABILITIES AND EQUITY	4,776	184	4,960

For the application of IFRS 16, the Corporation has used the following practical expedients permitted by the standard:

- The use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- The exclusion of initial direct costs for the measurement of the right-of-use asset;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- IFRS 16 not applied to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4.
- The use of the measurement made under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as at December 31, 2018, to determine whether contracts are onerous, instead of testing impairment of right-of-use assets.

Prior to the adoption of IFRS 16, the Corporation's minimum commitments under operating leases totalled $209 million as at December 31, 2018. The weighted average discount rate applied to total lease liabilities accounted for at the transition was 3.75%. The difference between the total of minimum lease payments presented in note 28 of the Corporation's annual consolidated financial statements as at December 31, 2018 and total lease liabilities accounted for as at January 1, 2019 was attributable to:

- Inclusion of lease payments, over and beyond the minimum commitments, relating to renewal periods or extension options yet to be exercised as at December 31, 2018 and which can be expected to be exercised with reasonable certainty;
- Partially offset by:
  - The inflation assumptions considered in the minimum commitments as at December 31, 2018;
  - The impact of discounting on minimum lease payments; and
  - Certain costs payable by the Corporation under contractual commitments that cannot be accounted for as lease liabilities, such as variable lease payments that do not depend on an index or a rate.

Uncertainty over income tax treatments

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation specifies that if an entity concludes it is probable that the tax authority will accept an uncertain tax treatment, it is required to determine the taxable profit or loss consistently with the tax treatment used or planned to be used in its income tax filing. If it is not probable, the entity is required to reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

- Most likely amount: single most likely amount in a range of possible outcomes;
- Expected value: sum of the probability-weighted amounts in a range of possible outcomes.

The Corporation has adopted IFRIC 23 as of January 1, 2019, which resulted in changes in accounting policies, but in no material adjustment to the amounts recognized in the consolidated financial statements.

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform)

In September 2019, the IASB issued Exposure Draft, *Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7*, enabling hedge accounting to continue during the period of uncertainty before existing interest rate benchmarks are replaced with alternative risk-free interest rates. The amendments are effective as of January 1, 2020, with early adoption permitted, and apply to hedge relationships that exist at the beginning of the reporting period or are designated thereafter, and to the gains or losses that exist in other comprehensive income on adoption. Adopting these amendments will allow the Corporation to maintain current hedge accounting relationships and to assume that the current benchmark rates will continue to exist, with no consequential impact on the consolidated financial statements. During the quarter, the Corporation early adopted this amended standard and this change had no impact on the Corporation's consolidated financial statements.

Internal controls and procedures

In accordance with *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, DC&P have been designed to provide reasonable assurance that the information that must be presented in Boralex's interim and annual reports is accumulated and communicated to management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that appropriate decisions can be made regarding disclosure. ICFR has also been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During the three-month period ended September 30, 2019, no changes were made to ICFR that have materially affected, or are reasonably likely to materially affect, ICFR.

Unaudited interim

Consolidated financial statements

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Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)	Note	As at September 30, 2019	As at December 31, 2018
ASSETS			
Cash and cash equivalents		203	157
Restricted cash		52	96
Trade and other receivables		89	142
Other current financial assets	10	21	—
Other current assets		23	27
CURRENT ASSETS		388	422
Property, plant and equipment		2,722	2,918
Right-of-use assets	5	254	—
Intangible assets		747	807
Goodwill		190	198
Interests in the Joint Ventures and associates		249	279
Other non-current financial assets	10	111	137
Other non-current assets		18	15
NON-CURRENT ASSETS		4,291	4,354
TOTAL ASSETS		4,679	4,776
LIABILITIES			
Trade and other payables		131	142
Current portion of debt	6	200	414
Current portion of lease liabilities		11	—
Convertible debentures	14	138	—
Other current financial liabilities	10	2	8
CURRENT LIABILITIES		482	564
Non-current debt	6	2,932	2,857
Lease liabilities		196	—
Convertible debentures	14	—	140
Deferred income tax liability		133	161
Decommissioning liability	7	83	69
Other non-current financial liabilities	10	71	45
Other non-current liabilities		21	24
NON-CURRENT LIABILITIES		3,436	3,296
TOTAL LIABILITIES		3,918	3,860
EQUITY			
Equity attributable to shareholders		742	876
Non-controlling shareholders		19	40
TOTAL EQUITY		761	916
TOTAL LIABILITIES AND EQUITY		4,679	4,776

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated statements of loss

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended September 30 2019	Three-month periods ended September 30 2018	Nine-month periods ended September 30 2019	Nine-month periods ended September 30 2018
REVENUES					
Revenues from energy sales		90	79	378	326
Feed-in premium		2	—	7	—
Revenues from energy sales and feed-in premium		92	79	385	326
Other income		3	1	7	4
		95	80	392	330
COSTS AND OTHER EXPENSES					
Operating		28	26	97	95
Administrative		8	7	25	23
Development		6	7	18	17
Amortization		63	55	189	150
Impairment of property, plant and equipment and intangible assets	8	—	—	2	12
Other gains		—	—	(1)	—
		105	95	330	297
OPERATING INCOME (LOSS)		(10)	(15)	62	33
Acquisition costs		—	1	—	8
Financing costs		33	32	102	91
Share in earnings (loss) of the Joint Ventures and associates		—	1	(15)	(5)
Other		2	(1)	—	(1)
LOSS BEFORE INCOME TAXES		(45)	(48)	(25)	(60)
Income tax recovery		(9)	(11)	(5)	(13)
NET LOSS		(36)	(37)	(20)	(47)
NET LOSS ATTRIBUTABLE TO:					
Shareholders of Boralex		(29)	(31)	(13)	(39)
Non-controlling shareholders		(7)	(6)	(7)	(8)
NET LOSS		(36)	(37)	(20)	(47)
NET LOSS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	9	($0.32)	($0.40)	($0.15)	($0.51)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated statements of comprehensive loss

(in millions of Canadian dollars) (unaudited)	Three-month periods ended September 30 2019	2018	Nine-month periods ended September 30 2019	2018
NET LOSS	(36)	(37)	(20)	(47)
Other comprehensive loss to be subsequently reclassified to net loss when certain conditions are met				
Translation adjustments:				
Unrealized foreign exchange loss on translation of financial statements of self-sustaining foreign operations	(19)	(16)	(53)	(5)
Net investment hedge:				
Change in fair value	18	9	35	6
Income taxes	(3)	—	(3)	—
Cash flow hedges:				
Change in fair value	(14)	16	(70)	18
Hedging items realized and recognized in net loss	3	3	8	10
Income taxes	3	(4)	16	(6)
Cash flow hedges – Interests:				
Change in fair value	(2)	3	(16)	4
Hedging items realized and recognized in net loss	1	1	3	3
Income taxes	—	(1)	3	(2)
Total other comprehensive income (loss)	(13)	11	(77)	28
COMPREHENSIVE LOSS	(49)	(26)	(97)	(19)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Shareholders of Boralex	(41)	(21)	(86)	(12)
Non-controlling shareholders	(8)	(5)	(11)	(7)
COMPREHENSIVE LOSS	(49)	(26)	(97)	(19)

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated statements of changes in equity

								Nine-month period ended September 30
								2019
	Equity attributable to shareholders							
(in millions of Canadian dollars) (unaudited)	Capital stock	Equity component of convertible debentures	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2019	984	4	9	(123)	2	876	40	916
Impact of adopting IFRS 16 – net of taxes (note 3)	—	—	—	(9)	—	(9)	(4)	(13)
BALANCE AS AT JANUARY 1, 2019 – RESTATED	984	4	9	(132)	2	867	36	903
Net loss	—	—	—	(13)	—	(13)	(7)	(20)
Other comprehensive loss	—	—	—	—	(73)	(73)	(4)	(77)
COMPREHENSIVE LOSS	—	—	—	(13)	(73)	(86)	(11)	(97)
Dividends (note 9)	—	—	—	(44)	—	(44)	—	(44)
Conversion of convertible debentures (note 14)	4	—	—	—	—	4	—	4
Exercise of options	2	—	—	—	—	2	—	2
Distributions paid to non-controlling shareholders	—	—	—	—	—	—	(6)	(6)
Other	—	—	—	(1)	—	(1)	—	(1)
BALANCE AS AT SEPTEMBER 30, 2019	990	4	9	(190)	(71)	742	19	761

								Nine-month period ended September 30
								2018
	Equity attributable to shareholders							
(in millions of Canadian dollars) (unaudited)	Capital stock	Equity component of convertible debentures	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (loss)	Total	Non-controlling shareholders	Total equity
BALANCE AS AT JANUARY 1, 2018	733	4	9	(43)	(18)	685	44	729
Net loss	—	—	—	(39)	—	(39)	(8)	(47)
Other comprehensive income	—	—	—	—	27	27	1	28
COMPREHENSIVE INCOME (LOSS)	—	—	—	(39)	27	(12)	(7)	(19)
Dividends (note 9)	—	—	—	(35)	—	(35)	—	(35)
Shares issued	250	—	—	—	—	250	—	250
Exercise of options	1	—	—	—	—	1	—	1
Distributions paid to non-controlling shareholders	—	—	—	—	—	—	(6)	(6)
Share of a non-controlling shareholder resulting from a business combination	—	—	—	—	—	—	9	9
Other	(1)	—	—	—	—	(1)	1	—
BALANCE AS AT SEPTEMBER 30, 2018	983	4	9	(117)	9	888	41	929

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended September 30 2019	2018	Nine-month periods ended September 30 2019	2018
Net loss		(36)	(37)	(20)	(47)
Distributions received from the Joint Ventures and associates		14	13	32	19
Financing costs		33	32	102	91
Interest paid		(30)	(26)	(91)	(82)
Income tax recovery		(9)	(11)	(5)	(13)
Income taxes paid		(1)	(2)	(2)	(3)
Non-cash items in loss:					
Amortization		63	55	189	150
Share in earnings (loss) of the Joint Ventures and associates		—	1	(15)	(5)
Impairment of property, plant and equipment and intangible assets	8	—	—	2	12
Other		1	(2)	(1)	(1)
Change in non-cash items related to operating activities		23	(6)	45	58
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		58	17	236	179
Business acquisitions, net of cash acquired		—	—	—	(108)
Increase in the interests in the Joint Ventures and associates		—	(201)	—	(201)
Options to purchase a partner's interests		—	(15)	—	(15)
Additions to property, plant and equipment		(31)	(110)	(105)	(223)
Acquisition of energy sales contracts		(1)	(8)	(16)	(17)
Change in restricted cash		(2)	23	(3)	7
Change in reserve funds		4	—	(6)	(1)
Other		2	4	—	5
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(28)	(307)	(130)	(553)
Increase in non-current debt		40	168	193	691
Repayments on non-current debt		(51)	(145)	(226)	(408)
Repayment of loans assumed in a business acquisition	4	—	—	—	(86)
Change in restricted cash		—	—	43	—
Principal payments relating to lease liabilities		(3)	—	(8)	—
Distributions paid to non-controlling shareholders		(1)	(2)	(6)	(6)
Dividends paid to shareholders of Boralex	9	(15)	(12)	(44)	(35)
Share issuance and financing costs		—	(13)	(4)	(18)
Shares issued		—	259	—	259
Redemption of financial instruments prior to maturity		—	—	—	(17)
Other		2	(1)	2	(1)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		(28)	254	(50)	379
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(4)	(2)	(10)	1
NET CHANGE IN CASH AND CASH EQUIVALENTS		(2)	(38)	46	6
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		205	159	157	115
CASH AND CASH EQUIVALENTS – END OF PERIOD		203	121	203	121

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Notes to consolidated financial statements

As at September 30, 2019

(Tabular amounts are in millions of Canadian dollars, unless otherwise specified.) (unaudited)

Note 1. Incorporation and nature of business

Boralex Inc., its subsidiaries and its Joint Ventures and associates ("Boralex" or the "Corporation") are dedicated to the development, construction and operation of renewable energy power facilities. As at September 30, 2019, the Corporation had interests in 84 wind farms, 16 hydroelectric power stations, two thermal power stations and three solar power stations, representing an asset base with an installed capacity under its control totalling 2,006 megawatts ("MW"). In addition, Boralex currently has new projects under development, representing an additional 92 MW of power. The Corporation also operates two hydroelectric power stations on behalf of R.S.P. Énergie Inc., an entity of which one of the three shareholders is Patrick Lemaire, President, Chief Executive Officer and a director of the Corporation. Revenues from energy sales are generated mainly in Canada, France and the United States.

The Corporation is incorporated under the *Canada Business Corporations Act*. Boralex's head office is located at 36 Lajeunesse St., Kingsey Falls, Québec, Canada and its shares and convertible debentures are listed on the Toronto Stock Exchange ("TSX").

(The data expressed in MW and GWh contained in notes 1, 4, 8, 11, 12 and *13 have not been reviewed by the auditor.)*

Note 2. Basis of presentation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and set out in the *CPA Canada Handbook.* The accounting policies followed in these unaudited interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2018, except for income taxes for the interim periods, which are calculated using the tax rate that would be applicable to expected annual earnings for each jurisdiction, and except for changes to the accounting policies described in note 3. As permitted under IAS 34, these interim financial statements do not constitute a complete set of financial statements, as the Corporation does not present all the notes included in its annual report. To avoid repetition of previously reported information, the Corporation deemed it unnecessary to include such information and, therefore, advises readers that these financial statements constitute a condensed set of financial statements under IAS 34. These unaudited interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2018.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on November 6, 2019.

Note 3. Changes in accounting policies

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which supersedes IAS 17, *Leases*, IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, as well as several other interpretations on leases. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019.

The Corporation has applied IFRS 16, *Leases*, using the modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed below.

The Corporation leases mainly land and buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Land leases are typically entered into for the term of the energy sales contract or longer and may have extension or termination options. These options are used to maximize the operational flexibility of the Corporation for contract management purposes. The majority of these options may be exercised by the Corporation only. The lease agreements do not impose any covenants; however, some leased assets may be used as a security for borrowing purposes.

Policies applicable from January 1, 2019:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation has chosen to account for each lease component and any non-lease components as a single lease component when disaggregated information is not readily available.

The Corporation recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the statement of earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

The right-of-use asset is initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs;
- Restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. Also, the lease term includes periods covered by an option to terminate if the Corporation is reasonably certain not to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability includes the net present value of the following lease payments:

- Fixed payments (including in-substance fixed lease payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or the effective rate at the commencement date;
- Amounts expected to be payable by the Corporation under residual value guarantees;
- The exercise price of a purchase option if the Corporation is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of that option by the Corporation.

Remeasurement

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured if there is a change in future lease payments arising from a change in an index or rate, there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to the application of IFRS 16

The Corporation has elected not to apply exemptions related to the recognition of short-term or low-value leases at the transition date, with the exception of leases of intangible assets. Under this exemption, the Corporation is not required to recognize right-of-use assets and lease liabilities. However, the Corporation could elect to apply these exemptions in the future.

Estimation uncertainty arising from variable lease payments

Some leases contain variable payment terms that are linked to sales or operating expenses. Variable lease payments are recognized in the statements of earnings (loss) in the period in which the condition that triggers those payments occurs.

Policy applicable before January 1, 2019:

Leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the Corporation. Leases are classified as operating leases when the lease arrangement does not transfer substantially all the risks and rewards of ownership to the Corporation. Payments made under operating leases are charged to the statement of earnings (loss) on a straight-line basis over the lease term.

Finance leases are capitalized at the commencement of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the liability and financing costs so as to achieve a constant rate on the balance outstanding.

Such lease liabilities, net of financing costs, are included under *Non-current debt*. The interest component of the financing costs is charged to earnings (loss) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are amortized over the shorter of the useful life of the underlying asset and the lease term.

Impact of transition to IFRS 16

The right-of-use assets associated with property leases of major assets were measured on a retrospective basis as if the new standard had always been applied. Other right-of-use assets were initially measured at the amount equal to the lease liabilities, adjusted for the amount of any prepaid or accrued lease payments or other non-current liabilities relating to leases recognized in the statement of financial position as at December 31, 2018.

On adoption of IFRS 16, the Corporation recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17. These liabilities were measured at the present value of the remaining leases payments, discounted using the Corporation's incremental borrowing rate as at January 1, 2019. The weighted average rate applied was 3.75%.

For leases that were classified as finance leases, the Corporation recognized the carrying amounts of the right-of-use assets and the lease liability immediately before the transition date as the carrying amounts of the right-of-use assets and the lease liabilities as at the date of first application.

Reconciliation of the consolidated statement of financial position as at January 1, 2019

The following table summarizes the impact of transition to IFRS 16 on the consolidated statement of financial position as at January 1, 2019:

(in millions of Canadian dollars) (unaudited)	Figures as at December 31, 2018	Impact of the transition to IFRS 16	After the transition on January 1, 2019
ASSETS			
Cash and cash equivalents	157	—	157
Restricted cash	96	—	96
Trade and other receivables	142	—	142
Other current assets	27	(2)	25
CURRENT ASSETS	422	(2)	420
Property, plant and equipment	2,918	(52)	2,866
Right-of-use assets	—	242	242
Intangible assets	807	—	807
Goodwill	198	—	198
Interests in the Joint Ventures and associates	279	(4)	275
Other non-current financial assets	137	—	137
Other non-current assets	15	—	15
NON-CURRENT ASSETS	4,354	186	4,540
TOTAL ASSETS	4,776	184	4,960
LIABILITIES			
Trade and other payables	142	—	142
Current portion of debt	414	—	414
Current portion of lease liabilities	—	10	10
Other current financial liabilities	8	—	8
CURRENT LIABILITIES	564	10	574
Non-current debt	2,857	(1)	2,856
Lease liabilities	—	197	197
Convertible debentures	140	—	140
Deferred income tax liability	161	(3)	158
Decommissioning liability	69	—	69
Other non-current financial liabilities	45	—	45
Other non-current liabilities	24	(6)	18
NON-CURRENT LIABILITIES	3,296	187	3,483
TOTAL LIABILITIES	3,860	197	4,057
EQUITY			
Equity attributable to shareholders	876	(9)	867
Non-controlling shareholders	40	(4)	36
TOTAL EQUITY	916	(13)	903
TOTAL LIABILITIES AND EQUITY	4,776	184	4,960

For the application of IFRS 16, the Corporation has used the following practical expedients permitted by the standard:

- The use of a single discount rate for a portfolio of leases with reasonably similar characteristics;
- The exclusion of initial direct costs for the measurement of the right-of-use asset;
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease;
- IFRS 16 not applied to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4.
- The use of the measurement made under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as at December 31, 2018, to determine whether contracts are onerous, instead of testing impairment of right-of-use assets.

Prior to the adoption of IFRS 16, the Corporation's minimum commitments under operating leases totalled $209 million as at December 31, 2018. The weighted average discount rate applied to total lease liabilities accounted for at the transition was 3.75%. The difference between the total of minimum lease payments presented in note 28 of the Corporation's annual consolidated financial statements as at December 31, 2018 and total lease liabilities accounted for as at January 1, 2019 was attributable to:

- Inclusion of lease payments, over and beyond the minimum commitments, relating to renewal periods or extension options yet to be exercised as at December 31, 2018 and which can be expected to be exercised with reasonable certainty;
- Partially offset by:
  - The inflation assumptions considered in the minimum commitments as at December 31, 2018;
  - The impact of discounting on minimum lease payments; and
  - Certain costs payable by the Corporation under contractual commitments that cannot be accounted for as lease liabilities, such as variable lease payments that do not depend on an index or a rate.

Uncertainty over income tax treatments

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments*. This interpretation specifies that if an entity concludes it is probable that the tax authority will accept an uncertain tax treatment, it is required to determine the taxable profit or loss consistently with the tax treatment used or planned to be used in its income tax filing. If it is not probable, the entity is required to reflect the effect of uncertainty for each uncertain tax treatment by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

- Most likely amount: single most likely amount in a range of possible outcomes;
- Expected value: sum of the probability-weighted amounts in a range of possible outcomes.

The Corporation has adopted IFRIC 23 as of January 1, 2019, which resulted in changes in accounting policies, but in no material adjustment to the amounts recognized in the consolidated financial statements.

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform)

In September 2019, the IASB issued Exposure Draft, *Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7*, enabling hedge accounting to continue during the period of uncertainty before existing interest rate benchmarks are replaced with alternative risk-free interest rates. The amendments are effective as of January 1, 2020, with early adoption permitted, and apply to hedge relationships that exist at the beginning of the reporting period or are designated thereafter, and to the gains or losses that exist in other comprehensive income on adoption. Adopting these amendments will allow the Corporation to maintain current hedge accounting relationships and to assume that the current benchmark rates will continue to exist, with no consequential impact on the consolidated financial statements. During the quarter, the Corporation early adopted this amended standard and this change had no impact on the Corporation's consolidated financial statements.

Note 4. Business combination

Kallista acquisition

On June 20, 2018, Boralex announced the signing of a purchase agreement with Ardian Infrastructure Holding S.à.r.l. to acquire all the shares outstanding of Kallista Energy Investment SAS and 10% of the shares of KE Production SAS for a total cash consideration of $121 million (€78 million) for the shares, subject to adjustments under the acquisition agreements and the assumption by Boralex of project debt amounting to $171 million (€111 million). The Corporation also repaid $78 million (€51 million) on a due to a non-controlling shareholder granted by Ardian Infrastructure Holding S.à.r.l. to Kallista Energy Investment SAS and $8 million (€6 million) on a bridge loan included under assumed *Non-current debt*, for a total amount of $86 million (€56 million).

The acquired portfolio comprises 15 wind farms in operation totalling 163 MW with a weighted average remaining life of eight years under contract, a 10 MW facility under construction, commissioned on November 1, 2018, and a portfolio of projects totalling about 158 MW. The consideration was paid by Boralex from its revolving credit facility.

This transaction gave rise to acquisition costs of $5 million (€3 million), which were recognized under acquisition costs in the 2018 consolidated statement of earnings (loss). The acquisition was accounted for by the Corporation using the acquisition method set out in IFRS 3, *Business Combinations*. The statement of financial position and the results of this acquisition are consolidated as of June 20, 2018.

The following table shows the final purchase price allocation of shares:

	Note	Preliminary allocation		Final allocation	
		(in $)	(in €)	(in $)	(in €)
Cash and cash equivalents		21	13	21	13
Trade and other receivables		4	3	4	3
Other current assets		2	1	2	1
Property, plant and equipment		230	149	205	133
Energy sales contracts		120	78	161	104
Goodwill		15	9	12	8
Other non-current assets		10	6	10	6
Current liabilities		(4)	(2)	(4)	(2)
Assumed non-current debt		(171)	(111)	(171)	(111)
Deferred income tax liabilities		(5)	(3)	(9)	(6)
Other non-current financial liabilities		(5)	(3)	(5)	(3)
Decommissioning liability	7	(12)	(7)	(12)	(7)
Due to a non-controlling shareholder		(6)	(4)	(6)	(4)
Non-controlling shareholder		—	—	(9)	(6)
		199	129	199	129
Assumed loan to a shareholder		(78)	(51)	(78)	(51)
Net assets		121	78	121	78
Less:					
Cash and cash equivalents acquired		21	13	21	13
Net consideration paid for the acquisition		100	65	100	65

Goodwill consists of deferred tax. *Goodwill* is not deductible for tax purposes.

The final purchase price allocation was based on the fair value at the acquisition date.

In 2018, as of the acquisition date, the acquired entity contributed $21 million (€14 million) to revenues from energy sales and generated a net loss of $4 million (€3 million).

If the acquisition had occurred on January 1, 2018, management estimates that consolidated revenues from energy sales, as at December 31, 2018, would have been higher by $22 million (€14 million) at $493 million and net loss would have been $37 million. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2018.

Note 5. Leases

The following table shows the breakdown of the Corporation's right-of-use assets:

	As at September 30, 2019
Right-of-use assets:	
Land leases[1]	230
Building leases	18
Other	6
	254

[1] Includes land restoration costs of $66 million.

The Corporation also revised the amortization period for restoration costs of property, plant and equipment to 25 years. Following this assumption revision, the *Right-of-use assets* and the *Decommissioning liability* were increased by $17 million.

The following table shows the change in right-of-use assets:

	2019
Balance as January 1, 2019	242
Revised cash flow estimates	17
Additions	9
Translation adjustment	(3)
Amortization	(11)
Balance as at September 30, 2019	254

	As at September 30, 2019
Cost	282
Accumulated amortization	(28)
Net carrying amount	254

The consolidated statement of loss shows the following amounts relating to leases:

	Three-month periods ended September 30		Nine-month periods ended September 30	
	2019	2018	2019	2018
Amortization of right-of-use assets:				
Land leases	3	—	9	—
Building leases and other	1	—	2	—
	4	—	11	—
Interest expense included in financing costs	2	—	6	—
Lease expense	—	3	1	11
Lease related expenses	6	3	18	11

Note 6. Non-current debt

	Note	Maturity	Rate[1]	Currency of origin[2]	As at September 30, 2019	As at December 31, 2018
Revolving credit facility	(a)	2023	3.70		370	277
Subordinated debt[3]	(b)	2028	5.64		300	300
Term loan payable:						
Ocean Falls hydroelectric power station		2024	6.55		5	6
Yellow Falls hydroelectric power station		2027-2056	4.87		73	74
Thames River wind farms		2031	7.05		123	129
Témiscouata I wind farm		2032	5.29		42	44
Témiscouata II wind farm		2033	5.65		108	111
Niagara Region Wind Farm (“NRWF”)		2034	3.72		693	718
Port Ryerse wind farm		2034	3.95		28	29
Frampton wind farm		2035	4.18		64	66
Côte-de-Beaupré wind farm		2035	4.25		52	52
Moose Lake wind farm		2043	4.78		48	29
Jamie Creek hydroelectric power station		2054	5.42		55	55
Other debt		—	—		4	4
CANADA					1,965	1,894
Master agreement – wind farms in France		2025	5.43	46	66	88
Bridge financing facility – France and Scotland	(c)	2019	0.25	14	20	72
Term loan payable:						
Cube	(d)	2019	6.50	—	—	63
CDPQ Fixed Income Inc. (“Caisse”)	(d)	2024	4.00	40	58	—
Kallista wind farms		2021-2035	3.31	97	139	170
Lauragais solar power facility		2028	3.95	7	10	12
Sainte-Séverine portfolio of wind farms[4]		2032	1.59	106	153	183
St-Patrick wind farm		2027	1.64	25	37	45
La Vallée wind farm		2028	4.42	22	32	37
Fortel-Bonnières and St-François wind farms		2029	3.74	42	60	70
Vron wind farm		2030	3.39	8	11	13
Boralex Énergie Verte wind farms		2030	2.36	134	193	235
Calmont wind farm		2030	2.52	16	24	27
Plateau de Savernat wind farm		2031	2.37	14	20	23
Touvent wind farm		2031	2.15	15	22	25
Les Cigalettes solar power facility		2033	2.95	7	10	12
Sainte-Christine portfolio of wind farms and projects[5]	(e)	2033	2.32	201	290	266
Other debt		—	—	3	4	5
FRANCE				797	1,149	1,346
Senior secured U.S. note		2026	3.51	40	53	61
UNITED STATES				40	53	61
			3.83		3,167	3,301
Current portion of debt					(200)	(414)
Borrowing costs, net of accumulated amortization					(35)	(30)
					2,932	2,857

(1) Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.
(2) Currencies of origin are CAD (Canada), EUR (France) and USD (United States).
(3) Lenders are CDPQ Fixed Income Inc., a subsidiary of the shareholder of the Corporation, and the Fonds de solidarité FTQ.
(4) Includes the Mont de Bagny, Voie des Monts, Artois and Chemin de Grès wind farms.
(5) Includes the Inter Deux Bos, Côteaux du Blaiseron, Hauts de Comble, Sources de l’Ancre, Le Pelon, Basse Thiérache Nord and Catésis wind farms as well as the Seuil du Cambrésis, Cham Longe I and Santerre wind power projects.

(a) Refinancing of the revolving credit facility

On June 29, 2019, Boralex had the maturity of its revolving credit facility extended by one year to April 27, 2023. Also, the credit agreement was enhanced by a $50 million increase in the letter of credit facility guaranteed by Export Development Canada, bringing the total authorized amount to $510 million, and by the reduction of the debt service coverage ratio threshold to be achieved until June 29, 2020.

(b) Amendment to the subordinated debt

On September 20, 2019, the Corporation's threshold of its total debt to EBITDA ratio was increased for a period that may extend to March 30, 2020 under certain conditions.

(c) Bridge financing facility – France and Scotland

On November 15, 2018, Boralex extended its bridge financing facility with BNP Paribas S.A. to May 18, 2019 for the first tranche and November 18, 2019 for the second tranche. The first tranche, in the amount of $44 million (€29 million), was subsequently repaid early on January 7, 2019 following the sale of the underlying asset (Groupement forestier des bois de l'avenir), for which financing had been arranged in 2016.

(d) Refinancing of a term loan

On April 25, 2019, Boralex Europe Sàrl closed the refinancing of a debt totalling $60 million (€40 million) owed to Cube Hydro-Power SARL (previously Cube Energy SCA) with a subsidiary of the Caisse, a shareholder of the Corporation. The credit agreement stipulates a maturity date in five years with repayment of the full amount of the loan on the maturity date. The loan will bear interest at a variable rate up to the date of conversion, which is for a maximum 12-month period. Subsequently, the rate will be fixed.

(e) Financing of Santerre wind project

On September 23, 2019, Boralex closed the financing of the Santerre wind project for a total amount of $30 million (€21 million). The financing was carried out with an amendment to the credit agreement of the Sainte-Christine portfolio.

Current portion of debt

	Note	As at September 30, 2019	As at December 31, 2018
Term loan payable – projects		171	179
Term loan payable – corporate[1]	(c), (d)	20	135
Value added tax bridge financing facility		9	11
Term loan payable – reclassified to current following the event of default[2]		—	89
		200	414

[1] Cube term loan and bridge financing facility – France and Scotland.
[2] See *Financial ratios* section.

Financial ratios

The debt agreements include certain covenants restricting the use of cash resources of the Corporation's subsidiaries. Certain financial ratios, such as debt service coverage ratios and debt/equity ratio, must be met on a quarterly, semi-annual or annual basis.

Under IFRS, loans that could be subject to accelerated repayment owing to potential default must be reclassified to *Current portion of debt* as at the statement of financial position date. Although certifications are generally required at dates subsequent to the statement of financial position date, the Corporation calculates the ratios and classifies debt accordingly. Classification of debt as current does not necessarily mean that the loans have been called by the creditors. Such cases would be clearly indicated by Boralex in this note.

As at December 31, 2018, the debt service coverage ratio was not met for two debts in France (Fortel-Bonnières, St-François and Calmont wind farms). These calculations triggered the automatic reclassification of the loans to *Current liabilities* in the amount of $89 million (€57 million). In May 2019, a notice of waiver was received from the lender of the Fortel-Bonnières and St-François debt. Accordingly, this debt was reclassified as long-term as at that date.

As at June 30, 2019, another debt in France did not meet the debt service coverage ratio on June 30, 2019 (one of the debts of the Kallista wind farms) and the loan was reclassified to *Current liabilities*.

Note 6. Non-current debt (cont'd)

As at September 30, 2019, following the receipt of notices of waiver from lenders during the quarter for the loans of the Calmont wind farm and one of the Kallista wind farms, the debts were reclassified as long term in the Corporation's financial statements. Thus, these debts are no longer reclassified to *Current liabilities*.

Except as set out above in effect as at December 31, 2018, the Corporation considers that Boralex and its subsidiaries are in compliance with all their ratios and financial commitments.

Note 7. Decommissioning liability

For the wind farms, the Corporation has a legal or contractual obligation to decommission its facilities when their commercial operations are discontinued. These costs are mostly related to the removal, transportation and disposal of the reinforced concrete bases that support the wind turbines, and revegetation. No disbursements are expected before 2020. Following the annual review of assumptions, the Corporation revised the useful life of property, plant and equipment up to the decommissioning date to 25 years. As at December 31, 2018, the useful lives ranged from 22 to 80 years . As at September 30, 2019, cash flows were discounted using pre-tax interest rates that reflect the assessment of the risks specific to each liability, ranging from 2.11% to 3.86% (1.53% to 7.05% as at December 31, 2018) to determine the non-current decommissioning liability.

The following tables show the changes related to the decommissioning liability:

	2019
Balance as at January 1, 2019	69
Translation adjustment	(4)
Revised cash flow estimates	17
New obligations	1
Accretion expense included in financing costs	2
Balance as at September 30, 2019	85
Current portion of decommissioning liability[1]	(2)
	83

[1] Included in *Trade and other payables*.

	2018
Balance as at January 1, 2018	48
Translation adjustments	1
Liability assumed as part of a business combination	12
New obligations	6
Accretion expense included in financing costs	2
Balance as at December 31, 2018	69

Note 8. Impairment of property, plant and equipment and intangible assets

2019

Wind power project in British Columbia

On February 14, 2019, the Corporation was notified by BC Hydro of the suspension for indefinite period of its SOP program for a wind power project in British Columbia. Given that Boralex has lost its reserved capacity and standby line position, a $2 million adjustment was recognized as impairment of intangible assets.

2018

Cham Longe I wind farm

In 2018, Boralex's Board of Directors green-lighted the repowering of the Cham Longe I wind farm with a current capacity of 18 MW, to be increased to 35 MW, fully covered by a new energy sales contract. To carry out the repowering, the Corporation has to wind up operations prematurely and decommission the current facility. In the second quarter of 2018, the Corporation assessed the impact of premature decommissioning of the facility and recorded an impairment loss of $6 million (€4 million) on property, plant and equipment to write down the carrying amount of these assets to their recoverable amount. However, in its profitability analysis for the repowering, the Corporation took into account the loss of liquidity associated with the current contract. This analysis demonstrated significant long-term value creation for the shareholders of the Corporation, thereby supporting its decision to go ahead with the repowering project.

Otter Creek wind power project

In 2018, the Corporation received notice from the IESO of the unilateral termination of the power purchase agreement for the 50 MW Otter Creek wind power project in Ontario. In the second quarter of 2018, a $4 million impairment loss on property, plant and equipment and intangible assets was recognized to write down the carrying amount of these assets to their recoverable amount.

Lanouée forest

On July 26, 2018, the Corporation signed an offer to sell about 3,833 hectares of the Lanouée forest in France for a price of $43 million (€30 million). The forest, sold on December 19, 2018, was acquired in September 2016 with a portfolio of wind power projects located in France and in Scotland. In the second quarter of 2018, a $2 million (€1 million) impairment loss on property, plant and equipment was recognized to write down the carrying amount of these assets to their recoverable amount.

Note 9. Net loss per share

(a) Net loss per share – basic

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2019	2018	Nine-month periods ended September 30 2019	2018
Net loss attributable to shareholders of Boralex	(29)	(31)	(13)	(39)
Weighted average number of shares - basic	89,302,809	78,552,595	89,229,842	77,051,121
Net loss per share attributable to shareholders of Boralex - basic	($0.32)	($0.40)	($0.15)	($0.51)

(b) Net loss per share – diluted

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended September 30 2019	2018	Nine-month periods ended September 30 2019	2018
Net loss attributable to shareholders of Boralex	(29)	(31)	(13)	(39)
Weighted average number of shares - basic	89,302,809	78,552,595	89,229,842	77,051,121
Dilutive effect of stock options	—	—	—	—
Weighted average number of shares - diluted	89,302,809	78,552,595	89,229,842	77,051,121
Net loss per share attributable to shareholders of Boralex - diluted	($0.32)	($0.40)	($0.15)	($0.51)

The table below shows the items that could dilute basic net earnings (loss) per common share in the future, but that were not reflected in the calculation of diluted net loss per common share due to their anti-dilutive effect:

	Three-month periods ended September 30 2019	2018	Nine-month periods ended September 30 2019	2018
Convertible debentures excluded due to their anti-dilutive effect	7,323,450	7,332,012	7,329,112	7,332,744
Stock options excluded due to their anti-dilutive effect	450,656	653,024	450,656	653,024

(c) Dividends declared and paid

On November 6, 2019, a dividend of $0.1650 per common share was declared and will be paid on December 16, 2019 to holders of record at the close of business on November 29, 2019.

The Corporation paid dividends in the total amount of $44 million for the nine-month period ended September 30, 2019 ($35 million in 2018).

Note 10. Financial instruments

The table of financial instruments, complete with their respective carrying amounts and fair values, is as follows:

	Note	As at September 30, 2019 Carrying amount	As at September 30, 2019 Fair value	As at December 31, 2018 Carrying amount	As at December 31, 2018 Fair value
OTHER CURRENT FINANCIAL ASSETS					
Foreign exchange forward contracts		1	1	—	—
Cross-currency swaps (EUR for CAD)		20	20	—	—
		21	21	—	—
OTHER NON-CURRENT FINANCIAL ASSETS					
Reserve funds		59	59	57	57
Advance to a non-controlling shareholder		37	38	35	34
Interest rate swaps		—	—	30	30
Options to purchase a partner's interests		15	15	15	15
		111	112	137	136
OTHER CURRENT FINANCIAL LIABILITIES					
Cross-currency swaps (EUR for CAD)		—	—	8	8
Cross-currency swaps (USD for CAD)		2	2	—	—
		2	2	8	8
DEBT(1)	6	3,132	3,331	3,271	3,319
CONVERTIBLE DEBENTURES(2)		142	163	144	147
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Due to a non-controlling shareholder	4	6	6	6	7
Foreign exchange forward contracts		1	1	7	7
Interest rate swaps		64	64	32	32
		71	71	45	46

(1) Including *Non-current debt* and *Current portion of debt.*
(2) Including equity portion and current portion.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, reserve funds as well as trade and other payables approximate their carrying amounts due to their short-term maturities or high liquidity.

The fair values of the advance to a non-controlling shareholder, options to purchase a partner's interests, debt and the due to a non-controlling shareholder are essentially based on discounted cash flows. Discount rates, ranging from 0.62% to 8.00% (1.09% to 8.08% as at December 31, 2018), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions. The convertible debentures are traded on the stock exchange and their fair values are based on the market prices as at the statement of financial position date.

Interest rate swaps

Cash flows are discounted using a curve that reflects the credit risk of the Corporation or the counterparty, as applicable. The following table summarizes the Corporation's commitments under interest rate swaps:

As at September 30, 2019	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	0.38% to 5.16%	3-6 month EURIBOR	2020-2041	479	(53)
Interest rate swaps	CAD	1.81% to 2.68%	3-month CDOR	2034-2043	762	(11)

As at December 31, **2018**	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	0.38% to 5.16%	3-6 month EURIBOR	2019-2041	595	(32)
Interest rate swaps	CAD	1.81% to 2.68%	3-month CDOR	2034-2043	787	30

Foreign exchange forward contracts

The fair values of foreign exchange forward contracts are determined using a generally accepted technique, namely the discounted value of the difference between the value of the contract at expiry calculated using the contracted exchange rate and the value determined using the exchange rate the financial institution would use if it renegotiated the same contract under the same conditions as at the statement of financial position date. Discount rates are adjusted for the credit risk of the Corporation or of the counterparty, as applicable. When determining credit risk adjustments, the Corporation considers offsetting agreements, if any.

As at September 30, **2019**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2020-2025	93	—

As at December 31, **2018**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Foreign exchange forward contracts (EUR for CAD)	1.5475	2019-2025	108	(7)

Cross-currency swaps

The Corporation also entered into cross-currency swaps. These derivatives cover the Corporation's net investment in France, as they allow financing issued in Canada for investment in France to be synthetically translated into euros. In addition to mitigating the risk related to foreign currency fluctuations, these instruments also allow Boralex to currently benefit in part from interest rates lower than those prevailing in Europe. The Corporation also entered into similar transactions pertaining to US dollars. These short-term transactions provide access to lower interest rates on drawdowns under the revolving credit facility. To measure the fair value of these instruments, the Corporation uses a technique that is a combination of the techniques used to measure the fair value of interest rate swaps and foreign exchange forward contracts.

As at September 30, **2019**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5071	2020	479	20
Cross-currency swaps (USD for CAD)	1.3291	2019	357	(2)

As at December 31, **2018**	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5185	2019	251	(8)

Hierarchy of financial assets and liabilities measured at fair value

Financial instruments measured at fair value in the financial statements are classified according to the following hierarchy of levels:

- Level 1 Consists of measurements based on quoted prices (unadjusted) in markets for identical assets or liabilities;
- Level 2 Consists of measurement techniques based mainly on inputs, other than quoted prices, that are observable either directly or indirectly in the market;
- Level 3 Consists of measurement techniques that are not based mainly on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is to be determined on the basis of the lowest level input that is significant to the financial instrument fair value measurement in its entirety.

The Corporation classified convertible debentures as Level 1, as their fair value is determined using quoted market prices.

For debt, interest rate swaps, foreign exchange forward contracts and cross-currency swaps, the Corporation classified the fair value measurements as Level 2, as they are based mainly on observable market data, namely government bond yields, interest rates and exchange rates.

For the advance to a non-controlling shareholder and the due to a non-controlling shareholder, the Corporation classified fair value measurements as Level 3 because they are based on unobservable market data, namely the probability of achieving certain project development or cash flow milestones determined using project entity data.

For the options to purchase a partner's interests, the Corporation classified fair value measurements as Level 3 because they are primarily based on power production and selling prices upon expiry of the energy sales contract and other unobservable market data. The fair value of these options was determined based on the future cash flows generated by the projects to which a Monte Carlo simulation was applied to factor in the uncertainty pertaining to production.

The following table classifies the Corporation's financial instruments by level in the fair value hierarchy:

		Fair value hierarchy levels		
	As at September 30, 2019	Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	38	—	—	38
	38	—	—	38
DERIVATIVE FINANCIAL ASSETS				
Foreign exchange forward contracts	1	—	1	—
Cross-currency swaps (EUR for CAD)	20	—	20	—
Options to purchase a partner's interests	15	—	—	15
	36	—	21	15
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt[1]	3,331	—	3,331	—
Convertible debentures[2]	163	163	—	—
Due to a non-controlling shareholder	6	—	—	6
	3,500	163	3,331	6
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	1	—	1	—
Cross-currency swaps (USD for CAD)	2	—	2	—
Interest rate swaps	64	—	64	—
	67	—	67	—

[1] Including *Non-current debt* and *Current portion of debt*.
[2] Including equity portion and current portion.

		Fair value hierarchy levels		
	As at December 31, 2018	Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	34	—	—	34
	34	—	—	34
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	30	—	30	—
Options to purchase a partner's interests	15	—	—	15
	45	—	30	15
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt[(1)]	3,319	—	3,319	—
Convertible debentures[(2)]	147	147	—	—
Due to a non-controlling shareholder	7	—	—	7
	3,473	147	3,319	7
DERIVATIVE FINANCIAL LIABILITIES				
Foreign exchange forward contracts	7	—	7	—
Cross-currency swaps (EUR for CAD)	8	—	8	—
Interest rate swaps	32	—	32	—
	47	—	47	—

(1) Including *Non-current debt* and *Current portion of debt*.
(2) Including equity portion.

The financial instrument classified as Level 3 which is measured at fair value through profit or loss has changed as follows:

	Options to purchase a partner's interests
Balance as at January 1, 2018	—
Additions	15
Balance as at December 31, 2018	15
Balance as at September 30, 2019	15

Note 11. Commitments and contingencies

Commitments

As at September 30, 2019, the Corporation entered into turbine purchases as well as construction and connection contracts amounting to $138 million of which contracts amounting to $73 million were entered into during the year 2019.

As of the same date, the Corporation's total commitments for maintenance contracts, contingent considerations and other commitments were $235 million, $28 million and $29 million respectively.

France – Contingency

On March 5, 2019, the Administrative Court of Appeal of Nantes rendered decisions favourable to Boralex regarding the 51 MW **Moulins du Lohan** project. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the construction permits for the project. Construction work was then suspended while Boralex appealed the decisions to cancel the permits. The court ruled in favour of Boralex on March 5, 2019. The Société pour la protection des paysages et de l'esthétique de la France appealed these rulings of the Administrative Appeal Court of Nantes to the Council of State on May 7 and 13, 2019. The Council of State is currently reviewing the admissibility of the appeals before ruling on their substance. The decision on admissibility is expected to be rendered shortly.

Canada - Contingencies

Under the energy sales agreements entered into with Hydro-Québec Distribution for its wind power projects, the Corporation's project entities must comply with certain regional content requirements regarding the costs associated with wind farm turbines (the "regional content requirements") and certain Québec content requirements regarding overall wind farm costs (collectively with the regional content requirements, the "local content requirements"). These requirements apply to all Québec wind power projects built by the Corporation's project entities or other producers under requests for proposals issued from 2005 to 2009. Failure to comply with these requirements may result in penalties being imposed under these energy sales contracts.

In accordance with customary practices, in circumstances where the compliance or non-compliance with local content requirements under an energy sales contract primarily depends on the wind turbine manufacturer's compliance, the Québec projects of Boralex had obtained a commitment from Enercon Canada inc. ("Enercon Canada") to pay any associated penalties. Enercon Canada's obligations under the wind turbine purchase contracts are guaranteed by its parent company, Enercon GmbH. There is a dispute between Hydro-Québec on one hand, and Enercon Canada and Enercon GmbH on the other hand, regarding in particular the costing calculation methodology for wind turbines and wind turbine components to be used to determine project compliance with regional content requirements.

In connection with this dispute, Hydro-Québec filed an originating application on April 18, 2019 with the Superior Court of Québec against Le Plateau Wind Power L.P. (a partnership operating the **Le Plateau I** wind farm in which the Corporation indirectly holds 51% of the outstanding units), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology and to obtain documents in the possession of Enercon Canada and Enercon GmbH. The application also seeks to order the defendants, *in solidum*, to pay Hydro-Québec an amount of less than $1 million together with interest and additional indemnities. Hydro-Québec specifies that this amount represents the minimum penalty only, that is, the difference of one percentage point between the regional content requirements and the regional content actually achieved, and that this amount needs to be adjusted as it considers that the actual difference is greater than one percentage point.

Le Plateau Wind Power L.P. impleaded Enercon Canada and Enercon GmbH in warranty under the turbine purchase agreement, requiring Enercon Canada and Enercon GmbH to pay the applicable penalties. In the event of non-payment, Hydro-Québec Distribution may exercise its right to offset any penalty against the amounts payable to Le Plateau Wind Power L.P. for the energy delivered by the wind farm in question, which would affect the revenues received by those wind farms until Enercon Canada and Enercon GmbH have paid the penalties in full.

Joint Ventures Phases I and II and Éoliennes Côte-de-Beaupré S.E.C.

As at June 30, 2019, a class action was in progress due to the alleged inconvenience (in particular noise, dust and vibrations) caused by the construction of the **Seigneurie de Beaupré** Wind Farms. The defendants (Seigneurie de Beaupré Wind Farms 2 and 3 GP, Seigneurie de Beaupré Wind Farm 4 GP and Éoliennes Côte-de-Beaupré S.E.C.) have always been and are still of the opinion, as supported by expert opinions, that the members of the group have not suffered any abnormal inconvenience resulting from the construction work. The matter was scheduled to be heard before the Superior Court of Québec in April 2019. However, an agreement in principle was reached between the parties at a settlement meeting in fall 2018 without any admission of liability. The hearing to approve the transaction took place on April 11, 2019 and the judgment was rendered on July 9, 2019 approving the agreement entered into between the parties in an amount of nearly $2 million. The insurers covered the costs related to this agreement in July 2019.

Canada - Boralex Power Income Fund

As of January 2011, O'Leary Funds Management LP *et al.* had been suing the Corporation in the Superior Court of Québec. The suit alleged that the November 1, 2010 business combination between Boralex and Boralex Power Income Fund was illegal and, accordingly, demanded payment of damages amounting to nearly $7 million (the initial suit was for an amount of nearly $14 million).

On March 2, 2018, the Superior Court of Québec dismissed the plaintiffs' lawsuit and affirmed that the business combination was, in fact, legal. The plaintiffs appealed the judgment. On January 21, 2019, the Québec Court of Appeal dismissed the appeal, reiterating that the business combination was legal. O'Leary Funds Management LP *et al.* had filed a motion for leave to appeal to the Supreme Court of Canada which was refused on July 18, 2019. The Corporation's counterclaim for over $1 million which had been suspended by the Superior Court of Québec will now be reopened given the rejection of the claims of O'Leary Funds Management LP *et al.* by all three levels of court.

Note 12. Seasonal and other cyclical factors

The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. Since nearly all of Boralex facilities have long-term indexed, fixed-price energy sales contracts, seasonal cycles mainly affect the total volume of power generated by the Corporation. Only the energy produced by five hydroelectric power stations in the United States, one in Ontario and one in British Columbia, one wind farm in Alberta and two others in France, which account for 3% of Boralex's total installed capacity, is sold at market prices, which are more volatile. For the three-month period ended September 30, 2019, revenues from energy sales for facilities not covered by energy sales contracts amounted to $1 million ($1 million for the same period of 2018). For the nine-month period ended September 30, 2019, revenues from energy sales for facilities not covered by energy sales contracts amounted to $5 million ($4 million for the same period of 2018).

Operating volumes at Boralex facilities are influenced by the following seasonal factors, depending on their specific power generation method.

Wind

For the wind power assets in operation in which Boralex's share totalled 1,771 MW, wind conditions both in France and Canada are usually more favourable in the winter, which falls during Boralex's first and fourth quarters. However, in winter there is a greater risk of lower production caused by weather conditions, such as icing. Generally speaking, management estimates the breakdown of wind power segment production at approximately 60% for the first and fourth quarters and 40% for the second and third quarters.

Hydroelectric

The hydroelectric power assets had an installed capacity of 172 MW as at September 30, 2019 and reached 182 MW since the recommissioning on October 17, 2019 of the increase in capacity at the Buckingham power station. The energy produced depends on water flow, which in Canada and the Northeastern United States is typically at a maximum in spring and high in the fall, corresponding to Boralex's second and fourth quarters. Historically, water flow tends to decrease in winter and summer. However, over a long-term horizon, there may be variations from year to year due to short-term weather conditions. In general, management estimates the breakdown of annual hydroelectric power generated at approximately 60% for the second and fourth quarters and 40% for the first and third quarters. Note that apart from four hydroelectric power stations whose water flow is regulated upstream and is not under the Corporation's control, Boralex's other hydroelectric facilities do not have reservoirs that would permit water flow regulation during the year.

Thermal

Boralex operates two thermal power stations with an aggregate 47 MW of installed capacity. The 35 MW Senneterre power station in Québec, Canada is fuelled by wood residues and is covered by an energy sales contract with Hydro-Québec expiring in 2027. The Corporation has entered into a new agreement with Hydro-Québec which stipulates that, until contract expiry, the Senneterre power station is limited to producing electricity eight months per year, from mid-October to mid-June. During the term of this agreement, the Senneterre power station will receive financial compensation from Hydro-Québec, allowing Boralex to expect relatively stable profitability from year to year.

Boralex also operates a 12 MW natural gas power station in Blendecques (Hauts-de-France, France). For the past several years, due to specific market conditions, this cogeneration plant produces electricity five months of the year, from November to March, which represents all of Boralex's first quarter and part of its fourth quarter. During the electricity production shutdown period, steam intended for an industrial client is produced using an auxiliary boiler. Given that electricity selling prices are tied to natural gas prices, they are also exposed to some volatility. However, any change in natural gas prices impacts the cost of this raw material which in turn offsets to a large extent the volatility of results.

Solar

The solar power facilities representing an installed capacity of 16 MW are all covered by long-term energy sales contracts. They benefit from sunlight conditions that are typically more favourable in the spring and summer, which occur in Boralex's second and third quarters. In view of these weather conditions, management estimates that approximately 65% of solar energy will be produced in the second and third quarters each year.

Note 13. Segmented information

The Corporation's power stations are grouped into four distinct operating segments – wind, hydroelectric, thermal and solar power. The Corporation operates under one identifiable industry sector: power generation. The classification of these segments is based on the different cost structures relating to each of the four types of power stations. The same accounting rules are used for segmented information as for the consolidated accounts.

The operating segments are presented according to the same criteria used to prepare the internal report submitted to the segment leader, who allocates resources and assesses operating segment performance. The President and Chief Executive Officer is considered the segment leader, who assesses segment performance based on power production, revenues from energy sales and feed-in premium and EBITDA(A).

EBITDA(A) represents earnings before interest, taxes, depreciation and amortization, adjusted to exclude other items such as acquisition costs, net loss (net gain) on financial instruments and foreign exchange loss (gain), the last two items being included under *Other*. EBITDA(A) does not have a standardized meaning under IFRS; accordingly, it may not be comparable to similarly named measures used by other companies. Investors should not view EBITDA(A) as an alternative measure to, for example, net earnings, or as a measure of operating results, which are IFRS measures.

A reconciliation of IFRS data with data compiled on a Combined basis is also presented where the results of the *Interests in the Joint Ventures and associates* ("Interests") are accounted for according to the ownership interest. Management considers this information to be useful information for investors, as it is used to assess the Corporation's performance. For more details, see the *Interests in the Joint Ventures and associates* note in the consolidated financial statements.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely net earnings (loss), in the following table. The comparative information has not been restated under IFRS 16, *Leases*, and continues to be reported under IAS 17.

	2019			
	IFRS	Interests	Eliminations	Combined
Three-month period ended September 30:				
Net loss	(36)	(7)	(1)	(44)
Income tax recovery	(9)	—	—	(9)
Financing costs	33	7	1	41
Amortization	63	17	—	80
EBITDA	51	17	—	68
Adjustments:				
Excess of distributions received over the share in net earnings of Joint Venture SDB I	(8)	—	8	—
Other	2	—	—	2
EBITDA(A)	45	17	8	70
Nine-month period ended September 30:				
Net loss	(20)	10	(18)	(28)
Income tax recovery	(5)	—	—	(5)
Financing costs	102	25	1	128
Amortization	189	42	—	231
Impairment of intangible assets	2	—	—	2
EBITDA	268	77	(17)	328
Adjustments:				
Excess of distributions received over the share in net earnings of Joint Venture SDB I	(8)	—	8	—
Other gains	(1)	(1)	—	(2)
Other	—	1	—	1
EBITDA(A)	259	77	(9)	327

	2018			
	IFRS	Interests	Eliminations	Combined
Three-month period ended September 30:				
Net loss	(37)	—	—	(37)
Income tax recovery	(11)	—	—	(11)
Financing costs	32	5	1	38
Amortization	55	6	—	61
EBITDA	39	11	1	51
Adjustments:				
Acquisition costs	1	—	—	1
Other	(1)	—	—	(1)
EBITDA(A)	39	11	1	51
Nine-month period ended September 30:				
Net loss	(47)	7	(7)	(47)
Income tax recovery	(13)	—	—	(13)
Financing costs	91	14	2	107
Amortization	150	18	—	168
Impairment of property, plant and equipment and intangible assets	12	—	—	12
EBITDA	193	39	(5)	227
Adjustments:				
Acquisition costs	8	—	—	8
Other	(1)	(1)	—	(2)
EBITDA(A)	200	38	(5)	233

Information by operating segment

	Three-month period ended September 30 2019			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Wind power stations	546	208	—	754
NRWF compensation	28	—	—	28
	574	208	—	782
Hydroelectric power stations	131	—	—	131
Thermal power stations	—	—	—	—
Solar power stations	7	—	—	7
	712	208	—	920
Revenues from energy sales and feed-in premium				
Wind power stations	78	21	—	99
Hydroelectric power stations	11	—	—	11
Thermal power stations	1	—	—	1
Solar power stations	2	—	—	2
	92	21	—	113
EBITDA(A)				
Wind power stations	52	17	8	77
Hydroelectric power stations	6	—	—	6
Thermal power stations	(1)	—	—	(1)
Solar power stations	2	—	—	2
Corporate and eliminations	(14)	—	—	(14)
	45	17	8	70
Additions to property, plant and equipment				
Wind power stations	20	—	—	20
Hydroelectric power stations	10	—	—	10
Corporate	1	—	—	1
	31	—	—	31

	Three-month period ended September 30 2018			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Wind power stations	415	131	—	546
NRWF compensation	42	—	—	42
	457	131	—	588
Hydroelectric power stations	118	—	—	118
Thermal power stations	8	—	—	8
Solar power stations	7	—	—	7
	590	131	—	721
Revenues from energy sales and feed-in premium				
Wind power stations	64	14	—	78
Hydroelectric power stations	10	—	—	10
Thermal power stations	3	—	—	3
Solar power stations	2	—	—	2
	79	14	—	93
EBITDA(A)				
Wind power stations	46	11	(1)	56
Hydroelectric power stations	5	—	—	5
Solar power stations	2	—	—	2
Corporate and eliminations	(14)	—	2	(12)
	39	11	1	51
Additions to property, plant and equipment				
Wind power stations	83	—	—	83
Hydroelectric power stations	23	—	—	23
Thermal power stations	1	—	—	1
Corporate	3	—	—	3
	110	—	—	110

	Nine-month period ended September 30 2019			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Wind power stations	2,220	861	—	3,081
NRWF compensation	111	—	—	111
	2,331	861	—	3,192
Hydroelectric power stations	545	—	—	545
Thermal power stations	110	—	—	110
Solar power stations	19	—	—	19
	3,005	861	—	3,866
Revenues from energy sales and feed-in premium				
Wind power stations	323	90	—	413
Hydroelectric power stations	39	—	—	39
Thermal power stations	19	—	—	19
Solar power stations	4	—	—	4
	385	90	—	475
EBITDA(A)				
Wind power stations	266	76	(9)	333
Hydroelectric power stations	26	—	—	26
Thermal power stations	6	—	—	6
Solar power stations	4	—	—	4
Corporate and eliminations	(43)	—	1	(42)
	259	76	(8)	327
Additions to property, plant and equipment				
Wind power stations	73	—	—	73
Hydroelectric power stations	26	—	—	26
Thermal power stations	2	—	—	2
Corporate	4	—	—	4
	105	—	—	105

	Nine-month period ended September 30 2018			
	IFRS	**Interests**	**Eliminations**	**Combined**
Power production (GWh)				
Wind power stations	1,729	413	—	2,142
NRWF compensation	112	—	—	112
	1,841	413	—	2,254
Hydroelectric power stations	478	—	—	478
Thermal power stations	126	—	—	126
Solar power stations	17	—	—	17
	2,462	413	—	2,875
Revenues from energy sales and feed-in premium				
Wind power stations	262	45	—	307
Hydroelectric power stations	38	—	—	38
Thermal power stations	22	—	—	22
Solar power stations	4	—	—	4
	326	45	—	371
EBITDA(A)				
Wind power stations	205	38	(7)	236
Hydroelectric power stations	25	—	—	25
Thermal power stations	5	—	—	5
Solar power stations	4	—	—	4
Corporate and eliminations	(39)	—	2	(37)
	200	38	(5)	233
Additions to property, plant and equipment				
Wind power stations	183	—	—	183
Hydroelectric power stations	29	—	—	29
Thermal power stations	1	—	—	1
Corporate	10	—	—	10
	223	—	—	223

	As at September 30, 2019	As at December 31, 2018
Total assets		
Wind power stations	3,980	4,086
Hydroelectric power stations	597	553
Thermal power stations	29	37
Solar power stations	37	38
Corporate	36	62
	4,679	4,776
Total liabilities		
Wind power stations	2,779	2,813
Hydroelectric power stations	266	237
Thermal power stations	6	9
Solar power stations	26	26
Corporate	841	775
	3,918	3,860

Information by geographic segment

	Three-month period ended September 30 2019			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Canada	268	208	—	476
NRWF compensation	28	—	—	28
	296	208	—	504
France	360	—	—	360
United States	56	—	—	56
	712	208	—	920
Revenues from energy sales and feed-in premium				
Canada	40	21	—	61
France	48	—	—	48
United States	4	—	—	4
	92	21	—	113
EBITDA(A)				
Canada	18	17	8	43
France	28	—	—	28
United States	(1)	—	—	(1)
	45	17	8	70
Additions to property, plant and equipment				
Canada	10	—	—	10
France	21	—	—	21
	31	—	—	31

	Three-month period ended September 30 2018			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Canada	270	131	—	401
NRWF compensation	42	—	—	42
	312	131	—	443
France	232	—	—	232
United States	46	—	—	46
	590	131	—	721
Revenues from energy sales and feed-in premium				
Canada	41	14	—	55
France	35	—	—	35
United States	3	—	—	3
	79	14	—	93
EBITDA(A)				
Canada	26	11	1	38
France	14	—	—	14
United States	1	—	—	1
Other[1]	(2)	—	—	(2)
	39	11	1	51
Additions to property, plant and equipment				
Canada	26	—	—	26
France	84	—	—	84
	110	—	—	110

[1] United Kingdom and Denmark.

	Nine-month period ended September 30 2019			
	IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Canada	1,127	861	—	1,988
NRWF compensation	111	—	—	111
	1,238	861	—	2,099
France	1,425	—	—	1,425
United States	342	—	—	342
	3,005	861	—	3,866
Revenues from energy sales and feed-in premium				
Canada	165	90	—	255
France	197	—	—	197
United States	23	—	—	23
	385	90	—	475
EBITDA(A)				
Canada	125	76	(8)	193
France	122	—	—	122
United States	13	—	—	13
Other[1]	(1)	—	—	(1)
	259	76	(8)	327
Additions to property, plant and equipment				
Canada	32	—	—	32
France	73	—	—	73
	105	—	—	105

[1] United Kingdom and Denmark.

	Nine-month period ended September 30 2018 IFRS	Interests	Eliminations	Combined
Power production (GWh)				
Canada	1,117	413	—	1,530
NRWF compensation	112	—	—	112
	1,229	413	—	1,642
France	967	—	—	967
United States	266	—	—	266
	2,462	413	—	2,875
Revenues from energy sales and feed-in premium				
Canada	163	45	—	208
France	145	—	—	145
United States	18	—	—	18
	326	45	—	371
EBITDA(A)				
Canada	115	38	(5)	148
France	79	—	—	79
United States	10	—	—	10
Other[1]	(4)	—	—	(4)
	200	38	(5)	233
Additions to property, plant and equipment				
Canada	42	—	—	42
France	180	—	—	180
United States	1	—	—	1
	223	—	—	223

	As at September 30, 2019	As at December 31, 2018
Total assets		
Canada	2,424	2,385
France	2,030	2,195
United States	207	184
Other[1]	18	12
	4,679	4,776
Non-current assets[2]		
Canada	2,027	2,002
France	1,823	1,900
United States	183	166
Other[1]	9	7
	4,042	4,075
Total liabilities		
Canada	2,388	2,220
France	1,417	1,549
United States	113	91
	3,918	3,860

[1] United Kingdom and Denmark.
[2] Excluding *Interests in the Joint Ventures and associates.*

Note 14. Subsequent events

Redemption of convertible debentures

On September 24, 2019, Boralex committed itself to make a cash redemption on October 24, 2019 of the total principal amount of its 4.5% convertible unsecured subordinated debentures that would not have been converted as of the redemption date. As at September 30, 2019 and in accordance with the conversion option offered to holders of the debentures, the Corporation had received conversion requests for a nominal amount of $4 million, which resulted in the issuance of 187,314 new Class A shares.

Between October 1 and October 24, 2019, the Corporation received additional conversion requests for a nominal amount of $132 million which resulted in the issuance of 6,751,011 new Class A shares. The $8 million balance of the principal amount of non-converted debentures plus accrued interest was redeemed by the Corporation. The Corporation drew on its revolving credit facility to fund the cash redemption.

This transaction had no impact on the statement of loss, and the equity component of convertible debentures, recorded upon issuance, in the amount of $5 million ($4 million, net of taxes) was reclassified to equity.

Refinancing of the revolving credit facility

On October 31, 2019, Boralex obtained a $50 million increase of its revolving credit facility, using the “accordion” clause already provided for in the agreement, bringing the total authorized amount to $560 million.

Commitments

In October 2019, in line with its growth strategy in the United States, the Corporation committed itself to purchasing solar power generation equipment in the amount of $7 million (US$5 million). The Corporation also entered into an $18 million (€13 million) turbine purchase contract in France.

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Additional copies of the following documents and other information can also be obtained at the above address or on Boralex's and SEDAR's websites:

» Annual Report
» Interim Reports
» Annual Information Form
» Management Proxy Circular

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Computershare Investor Services Inc.
1500 Robert-Bourassa Boulevard, 7th floor
Montréal (Québec)
Canada H3A 3S8

Telephone: 514-982-7555 | 1-800-564-6253
www.centredesinvestisseurs.com/service

SHAREHOLDER INFORMATION

The **Annual Meeting of Shareholders** was held on Thursday, May 8, 2019, at 11 a.m., at the following address:

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Our thanks to the employees who accepted to appear on the cover page:
Van Anh Dang Vu (Kingsey Falls, Québec),
Myriam Savage (Thetford Mines, Québec) and
Ernani Schnorenberger (Lyon, France).