



**BORALEX**



# LEVERAGE OUR STRENGTHS

**INTERIM REPORT 2**  
As at June 30, 2020



# Management's Discussion and Analysis 2

As at June 30, 2020

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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 since 30 years.

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at June 30, 2020, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 18.4% of Boralex's outstanding shares.

## Highlights

### For the three-month periods ended June 30

|   | IFRS     |          | Combined <sup>(1)</sup> |          |
|---|----------|----------|-------------------------|----------|
| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | 2020     | 2019     | 2020                    | 2019     |
| Power production (GWh) <sup>(2)</sup>                                     | 937      | 1,009    | 1,217                   | 1,267    |
| Revenues from energy sales and feed-in premium                            | 121      | 121      | 151                     | 148      |
| EBITDA(A) <sup>(1)</sup>  | 86       | 83       | 107                     | 103      |
| Net loss  | (6)      | (15)     | (5)                     | (15)     |
| Net loss attributable to shareholders of Boralex                          | (6)      | (13)     | (5)                     | (13)     |
| Per share - basic and diluted   | (\$0.07) | (\$0.14) | (\$0.05)                | (\$0.14) |
| Net cash flows related to operating activities                            | 98       | 113      | 119                     | 124      |
| Cash flows from operations <sup>(1)</sup>                                 | 51       | 55       | 66                      | 59       |

### For the six-month periods ended June 30

|   | IFRS          |               | Combined <sup>(1)</sup> |               |
|---|---------------|---------------|-------------------------|---------------|
| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | 2020          | 2019          | 2020                    | 2019          |
| Power production (GWh) <sup>(2)</sup>                                     | 2,470         | 2,293         | 3,054                   | 2,946         |
| Revenues from energy sales and feed-in premium                            | 321           | 293           | 383                     | 362           |
| EBITDA(A) <sup>(1)</sup>  | 235           | 214           | 276                     | 257           |
| Net earnings  | 38            | 16            | 32                      | 16            |
| Net earnings attributable to shareholders of Boralex                      | 35            | 16            | 29                      | 16            |
| Per share - basic and diluted   | \$0.36        | \$0.18        | \$0.30                  | \$0.18        |
| Net cash flows related to operating activities                            | 230           | 178           | 252                     | 196           |
| Cash flows from operations <sup>(1)</sup>                                 | 175           | 156           | 203                     | 180           |
|   | As at June 30 | As at Dec. 31 | As at June 30           | As at Dec. 31 |
| Total assets  | 4,618         | 4,557         | 5,302                   | 5,246         |
| Debt <sup>(3)</sup>   | 3,125         | 3,067         | 3,703                   | 3,660         |
| Project <sup>(4)</sup>  | 2,433         | 2,462         | 3,011                   | 3,055         |
| Corporate   | 692           | 605           | 692                     | 605           |

|   | Three-month periods ended |               | Six-month periods ended |               | Twelve-month periods ended |                   |
|---|---------------------------|---------------|-------------------------|---------------|----------------------------|-------------------|
| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | June 30, 2020             | June 30, 2019 | June 30, 2020           | June 30, 2019 | June 30, 2020              | December 31, 2019 |
| Discretionary cash flows <sup>(1)</sup> - IFRS                            | (4)                       | 16            | 64                      | 60            | 124                        | 120               |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> 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.

<sup>(3)</sup> Includes current portion of debt and transaction costs, net of accumulated amortization.

<sup>(4)</sup> Project borrowings are normally amortized over the life of the energy contracts of the related facilities and are without recourse to Boralex.

# Abbreviations and definitions

In alphabetical order

|                               |   |
|-------------------------------|---|
| <b>Caisse</b>                 | Caisse de dépôt et placement du Québec  |
| <b>Cube</b>                   | Cube Hydro-Power SARL (formerly Cube Energy SCA)  |
| <b>DC&amp;P</b>               | Disclosure controls and procedures  |
| <b>DM I and DM II</b>         | Des Moulins Wind Power L.P.   |
| <b>EBITDA</b>                 | Earnings before taxes, interest, depreciation and amortization  |
| <b>EBITDA(A)</b>              | Earnings before taxes, interest, depreciation and amortization adjusted to include other items  |
| <b>EDF</b>                    | Electricité de France   |
| <b>FiP</b>                    | Feed-in premium   |
| <b>GWh</b>                    | Gigawatt-hour   |
| <b>HQ</b>                     | Hydro-Québec  |
| <b>IASB</b>                   | International Accounting Standards Board  |
| <b>ICFR</b>                   | Internal control over financial reporting   |
| <b>IESO</b>                   | Independent Electricity System Operator (Ontario)   |
| <b>IFRS</b>                   | International Financial Reporting Standards   |
| <b>Interests</b>              | Interests in the Joint Ventures and associates  |
| <b>Invenergy</b>              | Invenergy Renewables LLC  |
| <b>LP I</b>                   | Le Plateau Wind Power L.P.  |
| <b>LP II</b>                  | Le Plateau Community Wind Power L.P.  |
| <b>LTM</b>                    | Last twelve months  |
| <b>MW</b>                     | Megawatt  |
| <b>MWac</b>                   | Megawatt alternating current  |
| <b>MWdc</b>                   | Megawatt direct current   |
| <b>MWh</b>                    | Megawatt-hour   |
| <b>NRWF</b>                   | Niagara Region Wind Farm  |
| <b>NYSERDA</b>                | New York State Energy Research and Development Authority  |
| <b>RFP</b>                    | Request for proposals   |
| <b>Roncevaux</b>              | Roncevaux Wind Power L.P.   |
| <b>SDB I</b>                  | Seigneurie de Beaupré Wind Farms 2 and 3  |
| <b>SDB II</b>                 | Seigneurie de Beaupré Wind Farms 4  |
| <b>Six Nations</b>            | Six Nations of the Grand River  |
| <b>SOP</b>                    | Standing Offer Program  |
| <br>                          |   |
| <b>CAC 40</b>                 | The CAC 40 (Cotation Assistée en Continu) is a free float market capitalization weighted index that reflects the performance of the 40 largest and most actively traded shares listed on Euronext Paris, and is the most widely used indicator of the Paris stock market. |
| <b>Anticipated production</b> | Historical averages for the oldest facilities adjusted for facility commissioning and planned shutdowns, productivity forecasts for the other facilities.   |

# Introductory comments

## General

This Interim Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three-month and six-month periods ended June 30, 2020, compared with the corresponding periods of 2019, as well as the Corporation's financial position as at June 30, 2020, compared to December 31, 2019. 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, 2019.

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](http://www.boralex.com)) and SEDAR ([www.sedar.com](http://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 August 6, 2020, 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 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 2019.

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 under the *Non-IFRS measures* section, the Corporation also presents Combined information that incorporates its share of the financial statements of the Interests.

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.

Financial information related to our operations in France, the United States and the United Kingdom is translated into Canadian dollars using the average rate for the relevant period. The foreign currency translation adjustments noted in this MD&A are the result of translating this data into Canadian dollars.

The tables below provide details of Canadian dollar exchange rates by comparative currency unit for the periods covered by our financial statements and this MD&A.

| Closing rate <sup>(1)</sup> |                |                    |
|-----------------------------|----------------|--------------------|
|                             | As at June 30, | As at December 31, |
| Currency                    | 2020           | 2019               |
| USD                         | 1.3576         | 1.2990             |
| EUR                         | 1.5250         | 1.4567             |
| GBP                         | 1.6835         | 1.7226             |

| Average rate <sup>(2)</sup> |                                   |        |                                 |        |
|-----------------------------|-----------------------------------|--------|---------------------------------|--------|
| Currency                    | Three-month periods ended June 30 |        | Six-month periods ended June 30 |        |
|                             | 2020                              | 2019   | 2020                            | 2019   |
| USD                         | 1.3853                            | 1.3377 | 1.3651                          | 1.3336 |
| EUR                         | 1.5256                            | 1.5032 | 1.5041                          | 1.5065 |
| GBP                         | 1.7200                            | 1.7197 | 1.7192                          | 1.7256 |

<sup>(1)</sup> Source: Bloomberg

<sup>(2)</sup> Source: Bank of Canada - Average daily exchange rates

## 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 August 6, 2020.

This forward-looking information includes statements about the Corporation's strategic plan, business model, growth strategy and financial objectives, renewable energy production projects in the pipeline or on the Corporation's Growth path 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, net installed capacity or megawatt growth objectives, including those set in connection with the Corporation's pipeline of projects and 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.

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, litigation and other regulatory issues related to projects in operation or under development, as 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, management of Boralex 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 482 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. As at August 6, 2020, its asset base of net installed capacity comprised 2,055 MW. Projects under construction or ready to build represented an additional 61 MW, to be commissioned by the end of 2022, while the pipeline of secured projects amounted to 228 MW.

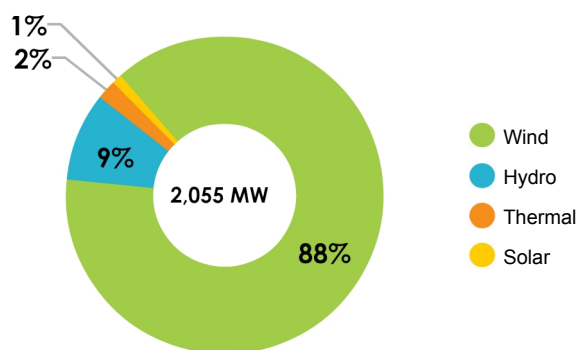
## Segment and geographic breakdown

Boralex is present in key markets such as Canada, France and the Northeastern United States. Boralex is active in four complementary power generation segments: wind, hydroelectric, thermal and solar. A major portion of Boralex's net installed capacity originates from the wind power segment, making it France's largest independent producer of onshore wind power. The following table provides information about the makeup of the Corporation's energy portfolio in operation as at August 6, 2020.

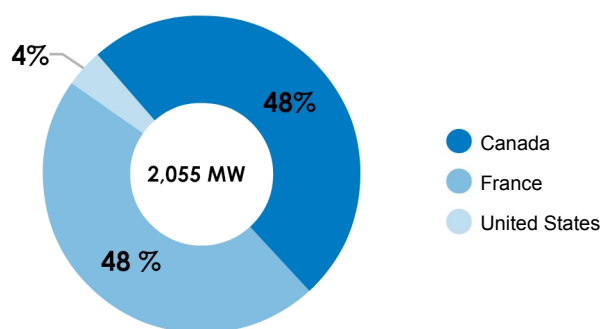
|                              | Canada                      |                 | France                      |                 | United States               |                 | Total                       |                 |
|------------------------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|-----------------------------|-----------------|
|                              | Net installed capacity (MW) | Number of sites | Net installed capacity (MW) | Number of sites | Net installed capacity (MW) | Number of sites | Net installed capacity (MW) | Number of sites |
| Wind power stations*         | 844                         | 24              | 966                         | 62              | —                           | —               | 1,810                       | 86              |
| Hydroelectric power stations | 100                         | 9               | —                           | —               | 82                          | 7               | 182                         | 16              |
| Thermal power stations       | 35                          | 1               | 12                          | 1               | —                           | —               | 47                          | 2               |
| Solar power stations         | 1                           | 1               | 15                          | 2               | —                           | —               | 16                          | 3               |
|                              | 980                         | 35              | 993                         | 65              | 82                          | 7               | 2,055                       | 107             |

\* First energy storage asset commissioned on March 1, 2020 with an installed capacity of 2 MW and covered by a two-year contract, located on an existing wind farm in France. Storage asset capacity is not included in Boralex's aggregate net installed capacity.

Segment breakdown



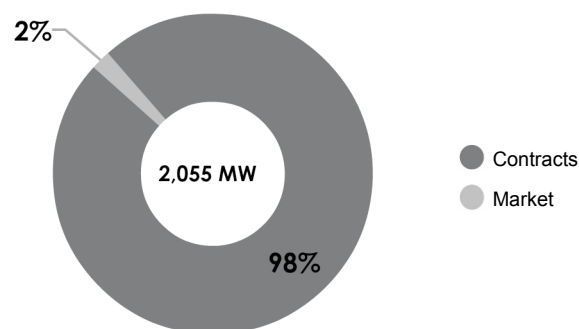
Geographic breakdown



## Breakdown of sources of revenues from energy sales and feed-in premium

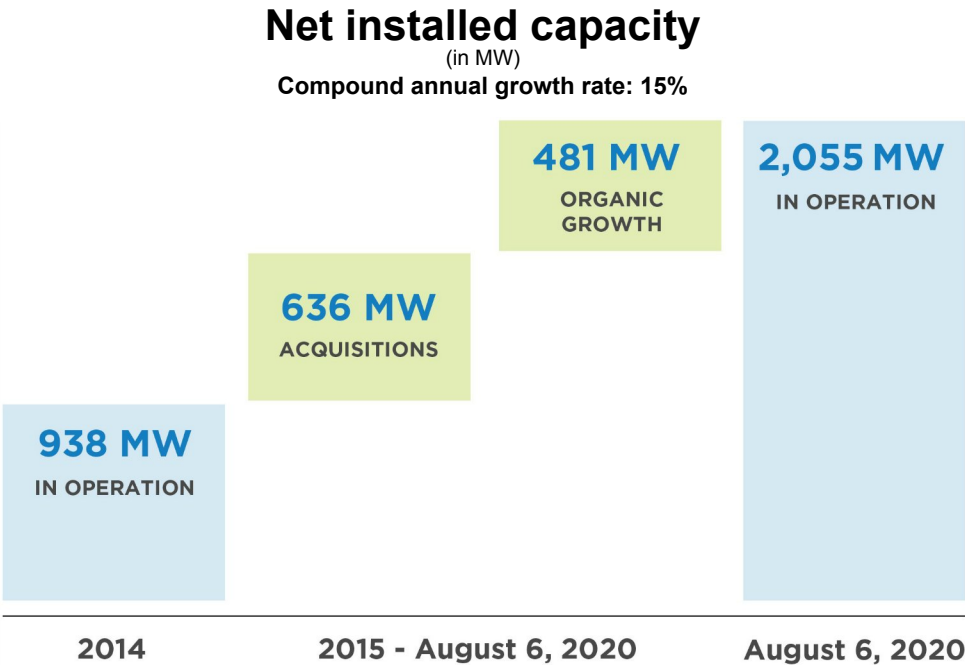
Substantially all (98%) of Boralex's net installed capacity is covered by long-term indexed, fixed-price energy sales contracts. These contracts have a weighted average remaining contractual term of 13 years. The Corporation estimates that the equivalent of 108 MW (5% of net installed capacity or 4% of expected current production) covered by contracts expiring through 2023 will then be sold at market prices if new contracts have not been negotiated beforehand. Under its strategic plan, Boralex anticipates entering into new agreements, either through the completion of capacity upgrade projects with long-term contracts in the case of wind farms whose contracts are due to expire or by negotiating power purchase agreements with electricity-consuming companies. The Corporation also expects to continue entering into long-term contracts for its projects under development.

Breakdown of sources of revenues from energy sales



**Net installed capacity**

Boralex’s net installed capacity increased from 938 MW as at December 31, 2014 to 2,055 MW<sup>(1)</sup> as at August 6, 2020, which represents annual compound growth of 15% for this period of slightly more than five years. This growth has been achieved both organically and through acquisitions.



<sup>(1)</sup> The installed capacity in this MD&A, reflects 100% of Boralex’s subsidiaries in which Boralex is the controlling shareholder. It 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 Beauré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 201 MW from the acquisition of interests in five wind farms in Québec, out of the total installed capacity of 391 MW.



## Selected financial information: A growth company

Since December 31, 2014, Boralex's EBITDA(A) and market capitalization have grown at annual compound rates of 28% (25% on a Combined basis) and 39%, 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 June 30, 2020 amounted to \$63 million.

### Share price

(Monthly closing price in Canadian dollars)

**Compound annual growth rate: 17%**

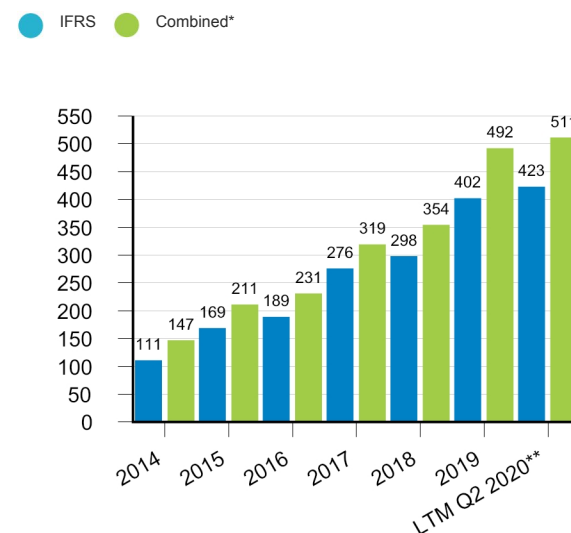
(Toronto Stock Exchange under the ticker BLX)



### EBITDA(A)\*

(in millions of Canadian dollars)

**Compound annual growth rate: 28% (IFRS) and 25% (Combined)**



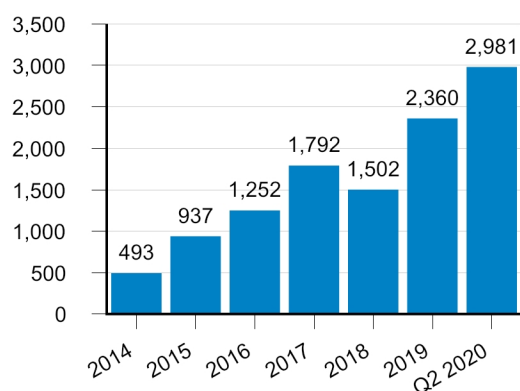
\* See the *Non-IFRS measures* section.

\*\* EBITDA (A) under Combined information for the 12-month period ended June 30, 2020 is broken down as follows, Q2 2020: \$107 million, Q1 2020: \$169 million, Q4 2019: \$165 million and Q3 2019: \$70 million, for a total of \$511 million.

### Market capitalization

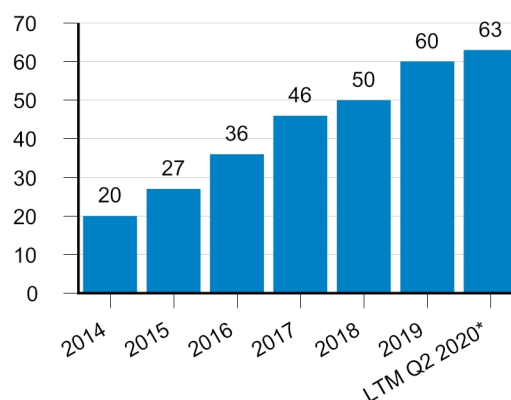
(in millions of Canadian dollars)

**Compound annual growth rate: 39%**



### Dividends paid

(in millions of Canadian dollars)



\* Dividend amount paid for the 12-month period ended June 30, 2020 is broken down as follows, Q2-2020: \$16 million, Q1 2020: \$16 million, Q3 2019: \$16 million and Q3 2019: \$15 million, for a total of \$63 million.

# Growth strategy and development outlook

## Strategic plan and financial objectives for 2023

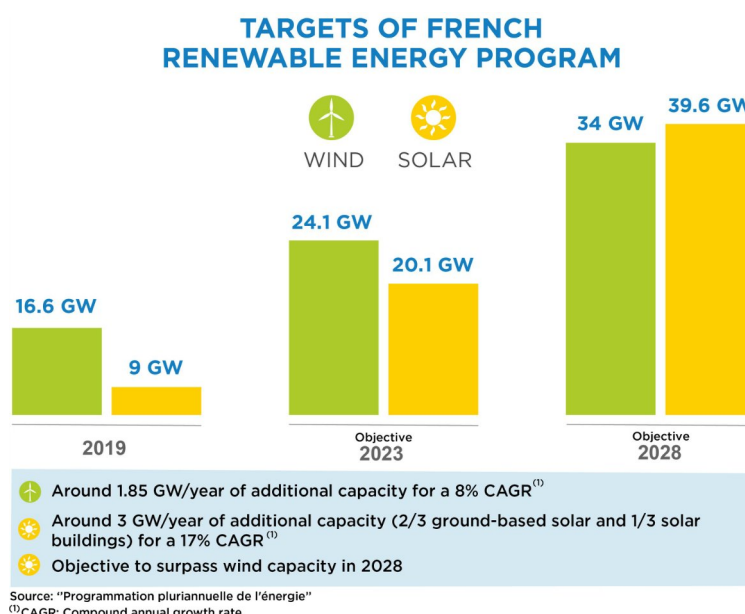
In 2019, Boralex's management announced the strategic plan which will steer its actions to achieve the financial objectives set for 2023. This plan is a continuation of the actions undertaken to date in sectors with high growth potential and for which the Corporation has developed solid expertise. It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

Boralex's strategic plan 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 under way, driven mainly by numerous technological innovations. For instance, in France, as shown in the chart below, government programs anticipate a substantial and sustained increase in the share of wind and solar power as energy sources over the next decade. This large increase in anticipated volume will be accompanied by a more competitive environment. Changes are also expected with the development of tendering mechanisms programs and energy sales contracts directly with electricity-consuming companies.

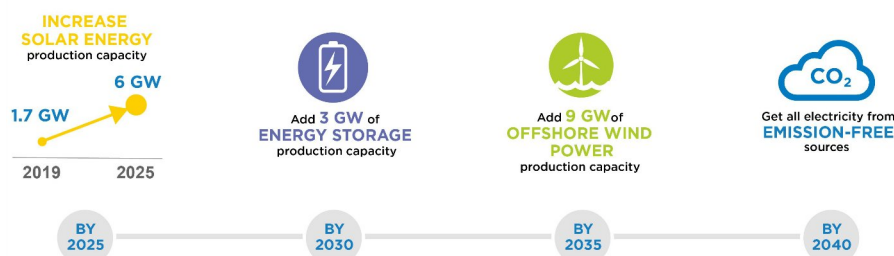
In the United States, the State of New York intends, in the medium term, to focus on developing solar power stations and at the same time, on deploying energy storage facilities. As of the date of publication of this report, responsible authorities in France and the State of New York are maintaining their long-term objectives despite the short-term impacts of COVID-19 on business continuity. As in the case of Boralex, these authorities implemented a business continuity plan starting in early March. In France, the economy opened gradually during May and June while various levels of government stated their intention to make renewable energy an important aspect of a recovery plan.

In the State of New York, project development on the ground resumed recently. In this market, the state's economic recovery plan contains suggested actions to accelerate renewable energy development. Moreover, the State Governor has repeatedly mentioned his desire to accelerate renewable energy sector development and to relax certain measures in order to achieve the targets. A recently published white paper on the topic published recently by the Department of Public Service and NYSEDA says that to meet State of New York's 2030 targets, the volume of renewable energy should be 40% higher than that currently forecast in the 2021-2026 Requests for Proposals (RFPs). In Canada, the economy is gradually opening, but the situation is different in each province. The various levels of government are preparing their stimulus plans, but a formal plan is yet to be presented.

Meanwhile, the results of recent RFPs were announced as scheduled in France. Boralex was awarded contracts for 43 MW in wind power projects and 28 MW in solar power projects. The July 2020 RFP was completed on time; however, a portion of the volume was postponed to November 2020. In the State of New York, the results of the latest solar power RFP were announced in March 2020. Boralex was selected for all the projects for which it had submitted bids, for a total of 180 MW. The next RFP, initially scheduled for the summer, was postponed to October 2020.



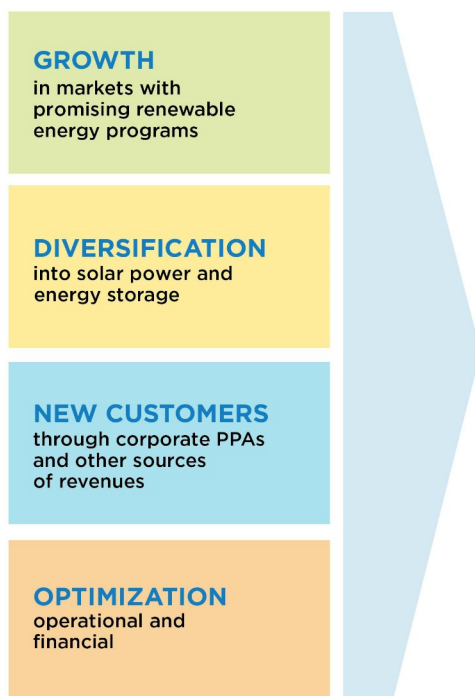
## TARGETS OF NEW YORK STATE, U.S. GREEN NEW DEAL



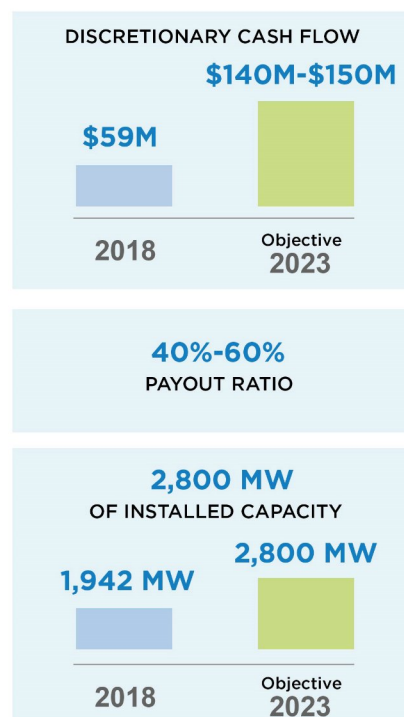
Source: New York state's Green New Deal  
\* Excludes the proposals of a white paper published recently

Based on the market analysis carried out, Boralex's management built its strategic plan around four main directions and three financial objectives. To successfully implement its plan, the Corporation relies on its solid expertise and long track record in developing small- and medium-sized projects, which is a key advantage for seizing opportunities in increasingly competitive markets, particularly the solar power market.

### STRATEGIC DIRECTIONS



### 2023 FINANCIAL OBJECTIVES



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 primarily on predictable cash flows through long-term, indexed, fixed-price energy sales contracts with financially solid corporations (EDF, Hydro-Québec, IESO and BC Hydro). These contracts do not contain a price adjustment or production clause for situations such as the COVID-19 epidemic. As at June 30, 2020, 98% of the Corporation's production was covered under long-term contracts with a weighted average remaining term of 13 years.

Amid the COVID-19 pandemic, Boralex remains focused on achieving its 2023 strategic directions and financial objectives and is closely monitoring acquisition opportunities that may arise in the current economic environment.








## Development outlook by strategic direction

Boralex continues to develop according to its four strategic directions, building on the potential offered by the European and North American markets where it already operates.






### Growth

As shown in the chart below, the Corporation has a portfolio of projects at various stages of development, according to clearly identified criteria. The Corporation's portfolio of projects totalled 2,696 MW, up 103 MW from the previous quarter following the addition of wind and solar power projects during the second quarter of 2020. The *Growth path* amounted to 289 MW, down 23 MW from the previous quarter due to the commissioning of a facility at the beginning of August and an adjustment made to the expected installed capacity for the Peyrolles and La clé des champs solar power projects in France whose capacity is now presented in MWac instead of MWdc to conform to the presentation for North American projects.

#### BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

| PIPELINE          |   | NORTH AMERICA  | EUROPE          | TOTAL BORALEX   |
|-------------------|---|--|-----------------|-----------------|
| TOTAL<br>2,696 MW | <b>EARLY STAGE</b>  |  |                 |                 |
|                   | • Real estate secured   |  315 MW   | 301 MW          | 616 MW          |
|                   | • Interconnection available   |  230 MW   | 120 MW          | 350 MW          |
|                   | • Confirmation of the project by local communities and regulatory risks                                     |  |                 |                 |
|                   | <b>TOTAL</b>  | <b>545 MW</b>  | <b>421 MW</b>   | <b>966 MW</b>   |
|                   | <b>MID STAGE</b>  |  |                 |                 |
|                   | • North America: Preliminary valuation and design to submit a bid under a request for proposals             |  760 MW   | 499 MW          | 1,259 MW        |
|                   | • Europe: Preliminary design and request to obtain administrative authorizations                            |  -        | 30 MW           | 30 MW           |
|                   | <b>TOTAL</b>  | <b>760 MW</b>  | <b>529 MW</b>   | <b>1,289 MW</b> |
|                   | <b>ADVANCED STAGE</b>   |  |                 |                 |
|                   | • North America: Project submitted under a request for proposals  |  -      | 223 MW          | 223 MW          |
|                   | • Europe: Project authorized by regulatory authorities and submitted under a request for proposals (France) |  205 MW | 13 MW           | 218 MW          |
|                   | <b>TOTAL</b>  | <b>205 MW</b>  | <b>236 MW</b>   | <b>441 MW</b>   |
|                   | <b>TOTAL</b>  | <b>1,075 MW</b>  | <b>1,023 MW</b> | <b>2,098 MW</b> |
|                   |   |  435 MW | 163 MW          | 598 MW          |
|                   | <b>TOTAL</b>  | <b>1,510 MW</b>  | <b>1,186 MW</b> | <b>2,696 MW</b> |

#### GROWTH PATH

|                 |  |   |               |               |
|-----------------|--|---|---------------|---------------|
| TOTAL<br>289 MW | <b>SECURED STAGE</b>   |   |               |               |
|                 | • North America: Contract win (REC or PPA) and interconnection secured   |  - | 207 MW        | 207 MW        |
|                 | • Europe: Contract win (PPA) and interconnection secured (France); project authorized by regulatory authorities and interconnection secured (Scotland) |  - | 21 MW         | 21 MW         |
|                 | <b>TOTAL</b>   | <b>-</b>  | <b>228 MW</b> | <b>228 MW</b> |
|                 | <b>UNDER CONSTRUCTION OR READY-TO-BUILD</b>  |   |               |               |
|                 | • Permits obtained   |  - | 61 MW         | 61 MW         |
|                 | • Financing in progress  |  - | -             | -             |
|                 | • Commissioning date determined  |   |               |               |
|                 | • Cleared of any claims (France)   |   |               |               |
|                 | • Approved by Boralex Board of Directors   |   |               |               |
|                 | <b>TOTAL</b>   | <b>-</b>  | <b>61 MW</b>  | <b>61 MW</b>  |
|                 | <b>TOTAL</b>   | <b>-</b>  | <b>268 MW</b> | <b>268 MW</b> |
|                 |  |  - | 21 MW         | 21 MW         |
|                 | <b>TOTAL</b>   | <b>-</b>  | <b>289 MW</b> | <b>289 MW</b> |

**CURRENTLY IN OPERATION 2,055 MW**

Updated as of August 6, 2020



The **wind** power segment remains the Corporation's main driver of growth, with a project pipeline totalling 2,098 MW, up 46 MW from the previous quarter. The **solar** power segment pipeline comprises projects totalling 598 MW, up 57 MW from the previous quarter. The segment offers high growth potential in Europe and North America, and Boralex has strengthened its workforce to accelerate its development, particularly in the State of New York in the United States where a new team was set up in 2019.

## Europe

Europe continues to offer the best short-term potential for developing the Corporation's portfolio of wind power assets.

According to the data shown in the *Strategic plan and financial objectives for 2023* section of this report, wind power segment potential in France stands to total about 7.5 GW by 2023.

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 **wind** power projects at varying stages of completion, equal to a capacity of about 1,023 MW, up 45 MW from the previous quarter. Building on these achievements, Boralex actively participates in the tendering process for the construction of wind farms in France. This process aims to award all feed-in premium contracts in tranches of 250 MW in July 2020 and 500 MW in November 2020. For the years 2021 to 2024, two tranches of 925 MW each per year will be awarded under the process. Each contract will have a 20-year term as of commissioning. Following the wins under these RFPs, the Corporation is one of the top three companies with the largest number of MW awarded to date, strengthening its position as a leading independent player in the onshore wind power industry in France.

Furthermore, Boralex is well placed to penetrate the **U.K.** market as result of a partnership entered into in October 2017 with Infinergy. The 90 MW Limekiln project in Scotland was approved in 2019 and is included in the secure section of the Corporation's *Growth path*.

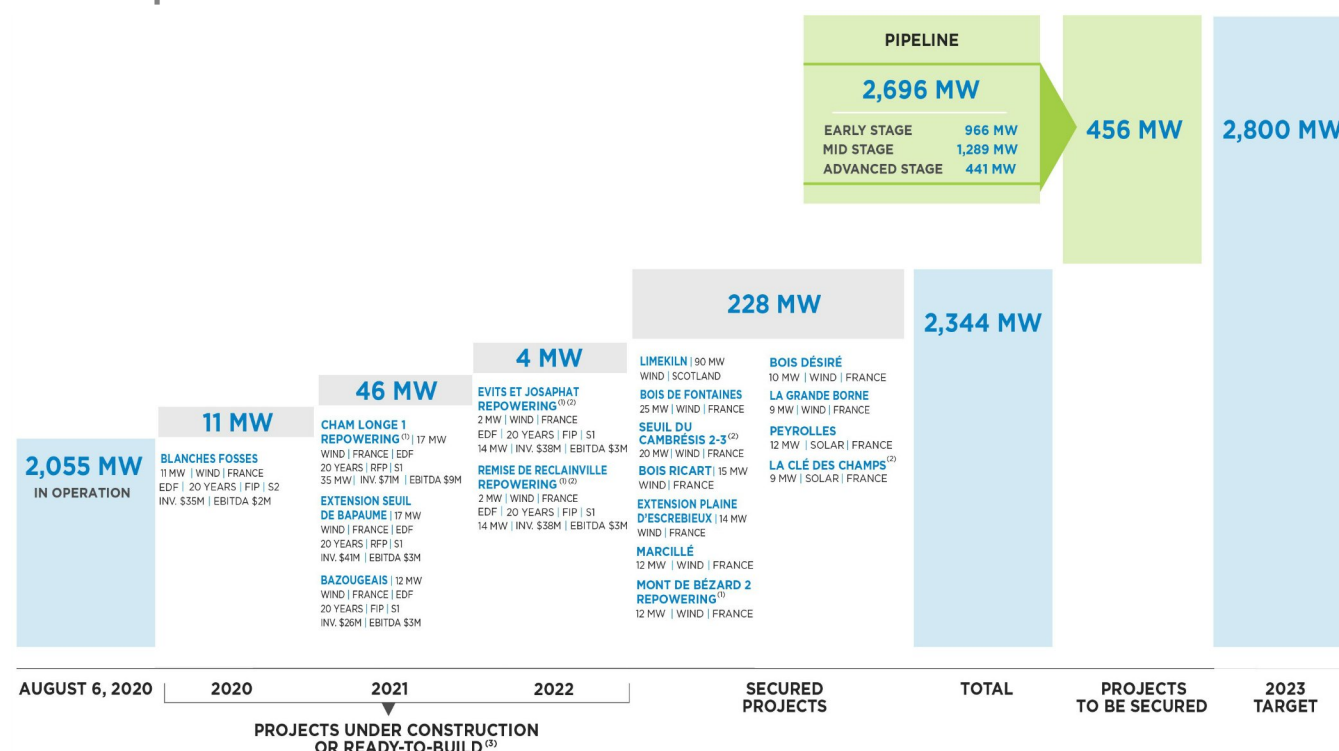
Boralex has a portfolio of **solar** power projects at varying stages of completion, with a capacity of about 163 MW, down 18 MW from the previous quarter. Details on the segment's development program are provided in the *Diversification* section of this report.

## North America

Boralex's portfolio of **wind** power projects in North America represents 1,075 MW, the same capacity as in the previous quarter. Most of these projects could quickly move through to the Corporation's development stages once renewable energy development programs in the target markets are reactivated. Note that many programs are on hold due to political changes in these markets in recent years. The COVID-19 crisis could, however, lead to changes in this situation as governments announce their economic recovery plans.

The Corporation also has a 435 MW portfolio of projects in the **solar** power segment, up 75 MW compared to the previous quarter. Details on the development program for this segment are provided in the *Diversification* section of this report.

## Growth path



<sup>(1)</sup> The Cham Longe 1 repowering project consists in replacing the existing wind turbines with new wind turbines for a total capacity of 35 MW covered by a new long-term contract, which represents an increase of 17 MW. The Evits et Josaphat repowering project represents a total capacity of 14 MW with an increase of 2 MW while the Remise de Reclainville repowering project represents a total capacity of 14 MW with an increase of 2 MW, and the Mont de Bézard 2 repowering project represents a total capacity of 24 MW with an increase of 12 MW.

<sup>(2)</sup> The following projects were renamed during the second quarter of 2020: Louville repowering 1 with Evits et Josaphat repowering; Louville repowering 2 with Remise de Reclainville repowering; RIB2-3 with Seuil du Cambresis 2-3 and St-Christophe with La clé des champs.

<sup>(3)</sup> The total project investment and the estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on June 30, 2020.

As shown in the chart above, Boralex had assets in operation with 2,055 MW of net installed capacity as at August 6, 2020, up 15 MW compared to the previous quarter following the commissioning of the **Santerre** wind farm in France at the beginning of August.

Total MW of *Projects under construction or ready to build* phase for the 2020-2022 period is stable as the inclusion of the secured projects, namely Blanches Fosses, Evits et Josaphat repowering and Remise de Reclainville repowering under *Projects under construction or ready to build* offset the reduction resulting from the Santerre project commissioning.

Six French wind farms are either under construction or have completed all preliminary stages and obtained pre-construction approvals. They are all subject to long-term feed-in premium contracts. These wind farms will contribute to the Corporation's results when commissioned in 2020, 2021 and 2022. Overall, their additional contribution to EBITDA is estimated at \$23 million per year, based on total expected production and adjusted using the Canadian dollar exchange rate at the end of the quarter. This amounts to an additional contribution to EBITDA of \$17 million taking into account the EBITDA generated by the wind farms before the repowering work. The implementation of these projects is expected to require investments totalling about \$249 million, funded by debts up to \$227 million. As at June 30, 2020, over \$57 million had already been invested in these projects.

Total MW of *Secured projects* was down 23 MW from the previous quarter due to the inclusion of the Blanches Fosses, Evits et Josaphat repowering and Remise de Reclainville repowering projects under *Projects under construction or ready to build* as previously mentioned as well as an adjustment to anticipated installed capacity at the Peyrolles and La clé des champs solar power projects in France which are now presented in MWac instead of MWdc to conform to the presentation for North American operations. These projects resulted from Boralex's wins under recent RFPs in France.

Note that four projects in the *Growth path* are intended to replace existing wind turbines with new wind turbines (repowering) for wind farms with energy sales contracts expiring in the next few years. These wind farms with 54 MW of installed capacity before repowering work will benefit from a 33 MW increase for a total of 87 MW after the work, covered by new 20-year energy sales contracts with EDF in France.

Commissioning of secured projects and projects under construction is expected to bring Boralex's net installed capacity to 2,344 MW. To achieve the Corporation's target of 2,800 MW, projects totalling 456 MW will be included in the *Growth path* by 2023. Boralex is expecting projects at an advanced stage to add a total of 441 MW.

The information in the box below provides the Growth highlights, namely the key achievements of development teams in North America and Europe.

#### Growth

- Commissioning of Santerre wind farm (15 MW) in France on August 1, 2020, bringing Boralex's net installed capacity to 2,055 MW.
- Addition of 103 MW to the Corporation's portfolio of projects during the second quarter.
- Advancing of three wind power projects including two repowering projects to the *Projects under construction or ready to build* stage.
- Submitting bids for wind power projects under the July RFP in France.
- Preparing solar power projects for submission under the RFP to be launched in October 2020 in the State of New York in the United States.

## Diversification

Initially, the Corporation is focusing its business diversification efforts on its **solar** power segment. Projects considered to be part of Diversification represent a potential additional capacity of 598 MW.

### Europe

France is a potential market totalling 11,100 MW for solar power by 2023 according to the information provided in the *Strategic plan and financial objectives for 2023* section of this report. Since the beginning of fiscal 2020, Boralex accelerated the development of this segment's initiatives in France by competing in RFPs. This process involves the award of feed-in premium contracts, consisting of two 925 MW tranches per year between 2020 and 2024, two thirds of which represent ground mounted projects, which is the market targeted by Boralex.

On April 2, 2020, Boralex announced that two solar power projects totalling 21 MW had been selected under the most recent RFP for the construction and operation of solar power generation facilities through "ground mounted power stations." Boralex continues to move forward with projects in its pipeline with a view to submitting them under future RFPs. The Corporation is also active in developing new solar power projects, both ground-based and floating, to be added to its pipeline as well as in prospecting for acquisitions in the sector. Lastly, the Corporation is considering testing the development of a solar power project based on agrivoltaics, that is, co-developing the same land for both solar power generation and agriculture.

### North America

In North America, as a first step, Boralex is targeting the State of New York market which represents a potential of some 4,300 MW by 2025. It has deployed resources to develop the niche of small- and medium-sized facilities, an area that requires special expertise and where competition is less targeted. The Corporation has also opened an office in New York City and hired some ten highly qualified local employees. They will be supported by the team members in place in Canada since a number of years who were tasked with responsibilities and priorities related to the development of the State of New York market.

Since the announcement of the strategic plan, the Corporation's portfolio of projects has increased from 200 MW in June 2019 to 598 MW as at June 30, 2020.

On March 13, 2020, Boralex announced that the four solar power projects it had submitted were selected by NYSEERDA under its 2019 RFP launched under the "Renewable Energy Standard" for the purchase of Tier-1 renewable energy credits ("Environmental Credits"). The selection of these projects totalling 180 MW initiated a process whereby Boralex and NYSEERDA are working to finalize agreements to purchase the Environmental Credits associated with the energy generated by each project. This process slowed down during the last few months as a result of COVID-19. Boralex is also preparing to make bids under the next RFP scheduled for October 2020.

### Energy storage

Boralex is 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 and wind power by shifting peak production to periods of high energy demand. It also serves to meet excess requirements during peak periods or when the supply system fails.

Since the beginning of fiscal 2020, Boralex commissioned its first electricity storage asset with an installed capacity of 2 MW at one of its existing wind farms in France. Also, the Corporation made a bid under an RFP for a hybrid project comprising 5 MW of solar energy and 5 MW of energy storage in the State of New York in the United States.

During the second quarter, Boralex continued its analyses and research with a view to accelerating the deployment of storage projects and other complementary forms of electricity sales.

The information in the box below provides the *Diversification* highlights, namely the rapid progress achieved in the United States.

#### Diversification

- Preparing a bid for the October 2020 RFP in the State of New York in the United States.
- Imminent signing of definitive agreements for four power projects totalling 180 MW selected in the State of New York in the United States.
- Analyzing and researching opportunities for developing storage projects and other activities related to energy sales.

### Customers

The Corporation has deployed sales teams in France and the United States to serve a wider customer base. The main objective is to sign energy sales contracts directly with electricity consuming commercial or industrial companies (corporate PPA), as well as the gradual addition of complementary services offered to energy transmission networks and large-scale electricity consumers.

Boralex entered into its second energy sales contract with a major French company in the second quarter. A three-year energy sales contract effective January 1, 2021 was entered into with the Auchan group for two existing wind farms (4 MW and 12 MW) whose contracts with EDF were coming to an end.

Boralex announced its first energy sales contract with a major French company in the first quarter. This five-year contract effective January 1, 2021 was entered into with the Orange group for an existing wind farm (39 MW) whose contract with EDF was coming to an end.

The signing of these contracts is a testament to Boralex's production quality and industrial expertise in asset maintenance, which have extended the useful life of assets beyond the initial long-term purchase obligation terms.

Moreover, obtaining the licence for the **Limekiln** wind farm project 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 sales agreements with such companies, a prerequisite step before construction work can begin.

The information in the accompanying box provides the Customers highlights.

#### Customers

- Signing of a second energy sales contract since the beginning of the year for a three-year term starting January 1, 2021 entered into directly with the Auchan group in France (Corporate PPA).

### Optimization

This strategic direction has two main components:

1. Increase synergies across the Corporation 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 the optimization of existing assets. These are concrete actions to increase performance and reduce both operating and financing costs.

In particular, this resulted in the repowering project at the **Cham Longe I** wind farm in France. The use of more high-performance equipment enables a substantial increase in installed capacity and is expected to result in an additional contribution to annual EBITDA and a new 20-year contract. Construction on two other repowering projects will begin soon. The Evits et Josaphat and Remise de Reclainville wind farms advanced to the ready-to-build phase on August 6, 2020. Each of these wind farms will have an installed capacity of 14 MW following repowering work, representing a 2 MW increase in capacity, with more high-performance equipment and a new 20-year contract.

Boralex intends to take over and perform service and maintenance work in-house for assets in several wind farms in Canada, currently under external maintenance contracts. During the second quarter, the Corporation took the necessary measures to repatriate maintenance work in-house as early as the end of fiscal 2020 in respect of assets with a total installed capacity of 272 MW (136 MW net) in Canada.



In Europe, Boralex took charge of the maintenance for wind farms totalling 67 MW. New service and maintenance contracts for optimizing production as well as operating and maintenance costs at wind farms totalling 73 MW in France were also signed.

The information in the following box provides Optimization highlights.

#### Optimization

- Optimization of service and maintenance for wind farms totalling 412 MW (276 MW net) of installed capacity in Canada and France.
- Ongoing repowering of the Cham Longe I wind farm in France to increase installed capacity to 35 MW, 17 MW more than the capacity before the work with a new 20-year contract.
- Repowering of the Evits et Josaphat and Remise de Reclainville wind farms which are in the ready-to-build phase since August 6, 2020. Installed capacity of 14 MW for each wind farm, 2 MW more than the current capacity, and with more high-performing equipment and new 20-year contracts.

## 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.

### 1. Discretionary cash flows

For the full three-month period ended June 30, 2020, a negative amount of \$4 million was recognized for discretionary cash flows compared with a positive amount of \$16 million for the three-month period ended June 30, 2019.

Most of this decrease in discretionary cash flows resulted primarily from the change in the repayment schedule following the November 2019 refinancing in France. Before the refinancing, no repayments were made on approximately 25% of debts in France during the second quarter. Also, under the refinancing, debt repayments were adjusted quarterly for the seasonal nature of revenues from wind farms in France with the repayment taking place in the month following the quarter in question. Accordingly, in the second quarter, the Corporation made debt repayments based on expected EBITDA for the first quarter and as indicated in the *Seasonal factors* section, results for the first quarter are generally higher than those for the second quarter. To eliminate these effects, a temporary adjustment of \$10 million was made and this amount will be reversed during the third quarter of 2020.

Additionally, the distributions received from joint ventures and associates decreased by \$6 million over the second quarter of 2020 compared with the same period of 2019 owing to a change in the distribution schedule following the refinancing of LP1 wind farm in December 2019 and to less favourable wind conditions in Québec during the first quarter.

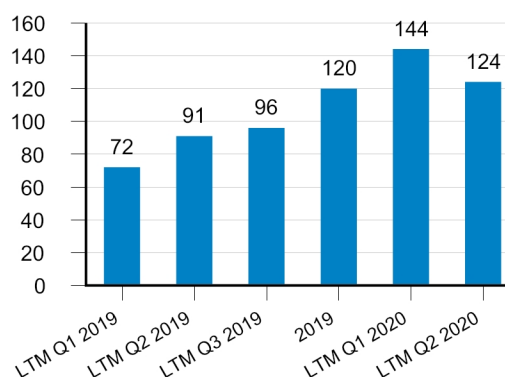
For the 12-month period ended June 30, 2020, discretionary cash flows amounted to \$124 million compared with \$120 million for the 12-month period ended December 31, 2019.

This \$4 million difference resulted from the \$21 million increase in EBITDA between these two periods following wind power production in the first quarter of 2020 that largely exceeded output in the first quarter of 2019. This increase was partially offset by a change in the repayment schedule following the refinancing in France as indicated previously which had a net unfavourable impact of \$15 million.

Over the last twelve months, a \$15 million favourable volume difference was realized compared with anticipated results.

### Discretionary cash flows\*

(in millions of Canadian dollars)



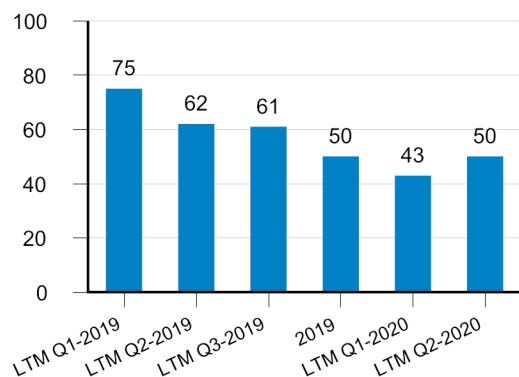
\* See the *Non-IFRS measures* section.

## 2. Dividend

The dividends paid to shareholders during the 12-month period ended June 30, 2020 represented a payout ratio of 50%, which falls within the target payout ratio range of 40% to 60% set in the Corporation's financial objectives for 2023.

### Dividend payout ratio\*

(as a %)



\* See the *Non-IFRS measures* section.

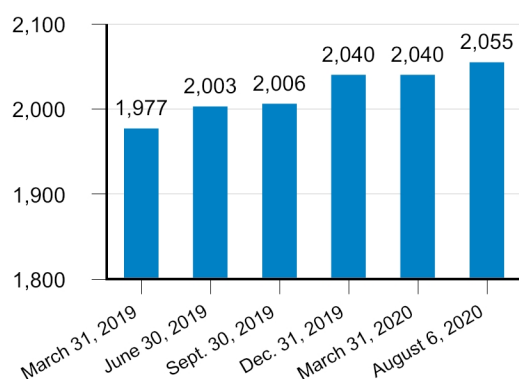
## 3. Net installed capacity

As at August 6, 2020, Boralex's net installed capacity amounted to 2,055 MW, up 15 MW from end of the previous quarter.

In addition, the Corporation reported an additional net installed capacity of 52 MW year-over-year, as a result of assets commissioned in 2019 and since the beginning of fiscal 2020.

### Net installed capacity

(in MW)



# Financial highlights

| (in millions of Canadian dollars, unless otherwise specified)<br>(unaudited)                             | Three-month periods<br>ended June 30 |            |        |        | Six-month periods<br>ended June 30 |            |        |      |
|--|--------------------------------------|------------|--------|--------|------------------------------------|------------|--------|------|
|  | 2020                                 | 2019       | Change |        | 2020                               | 2019       | Change |      |
|  |                                      |            | \$     | %      |                                    |            | \$     | %    |
| <b>POWER PRODUCTION (GWh)</b>  |                                      |            |        |        |                                    |            |        |      |
| Wind power stations  | 649                                  | 636        | 13     | 2      | 1,884                              | 1,674      | 210    | 13   |
| NRWF compensation  | 55                                   | 73         | (18)   | (25)   | 86                                 | 83         | 3      | 3    |
|  | 704                                  | 709        | (5)    | (1)    | 1,970                              | 1,757      | 213    | 12   |
| Hydroelectric power stations   | 218                                  | 255        | (37)   | (15)   | 416                                | 414        | 2      | 1    |
| Thermal power stations   | 8                                    | 38         | (30)   | (79)   | 73                                 | 110        | (37)   | (34) |
| Solar power stations   | 7                                    | 7          | —      | (7)    | 11                                 | 12         | (1)    | (11) |
|  | 937                                  | 1,009      | (72)   | (7)    | 2,470                              | 2,293      | 177    | 8    |
| <b>REVENUES FROM ENERGY SALES AND<br/>FEED-IN PREMIUM</b>  |                                      |            |        |        |                                    |            |        |      |
| Wind power stations  | 99                                   | 99         | —      | 1      | 271                                | 245        | 26     | 11   |
| Hydroelectric power stations   | 18                                   | 16         | 2      | 18     | 34                                 | 28         | 6      | 23   |
| Thermal power stations   | 2                                    | 5          | (3)    | (63)   | 13                                 | 18         | (5)    | (29) |
| Solar power stations   | 2                                    | 1          | 1      | (2)    | 3                                  | 2          | 1      | (9)  |
|  | 121                                  | 121        | —      | —      | 321                                | 293        | 28     | 10   |
| <b>EBITDA(A)<sup>(1)</sup></b>   |                                      |            |        |        |                                    |            |        |      |
| Wind power stations  | 90                                   | 84         | 6      | 7      | 240                                | 214        | 26     | 12   |
| Hydroelectric power stations   | 14                                   | 12         | 2      | 16     | 26                                 | 20         | 6      | 27   |
| Thermal power stations   | (2)                                  | 1          | (3)    | >(100) | 2                                  | 7          | (5)    | (68) |
| Solar power stations   | 1                                    | 1          | —      | (28)   | 1                                  | 2          | (1)    | (37) |
|  | 103                                  | 98         | 5      | 5      | 269                                | 243        | 26     | 11   |
| Corporate and eliminations   | (17)                                 | (15)       | (2)    | (12)   | (34)                               | (29)       | (5)    | (17) |
|  | 86                                   | 83         | 3      | 4      | 235                                | 214        | 21     | 10   |
| <b>NET EARNINGS (LOSS)</b>   | (6)                                  | (15)       | 9      | 57     | 38                                 | 16         | 22     | >100 |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO<br/>SHAREHOLDERS OF BORALEX</b>                                   | (6)                                  | (13)       | 7      | 49     | 35                                 | 16         | 19     | >100 |
| <b>NET EARNINGS (LOSS) PER SHARE<br/>ATTRIBUTABLE TO SHAREHOLDERS OF<br/>BORALEX – BASIC AND DILUTED</b> | (\$0.07)                             | (\$0.14)   | \$0.07 | 51     | \$0.36                             | \$0.18     | \$0.18 | >100 |
| <b>CASH FLOWS FROM OPERATIONS<sup>(1)</sup></b>  | 51                                   | 55         | (4)    | (5)    | 175                                | 156        | 19     | 13   |
| <b>DIVIDENDS PAID ON COMMON SHARES</b>   | 16                                   | 14         | 2      | 8      | 32                                 | 29         | 3      | 8    |
| <b>DIVIDENDS PAID PER COMMON SHARE</b>   | \$0.1650                             | \$0.1650   |        |        | \$0.3300                           | \$0.3300   |        |      |
| Weighted average number of shares outstanding –<br>basic   | 96,464,691                           | 89,200,490 |        |        | 96,464,612                         | 89,192,754 |        |      |

| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> |
|---|----------------------------------|--------------------------------------|
| Total cash, including restricted cash                                     | 290                              | 168                                  |
| Property, plant and equipment   | 2,728                            | 2,715                                |
| Total assets  | 4,618                            | 4,557                                |
| Debt <sup>(2)</sup>   | 3,125                            | 3,067                                |
| Total liabilities   | 3,805                            | 3,682                                |
| Total equity  | 813                              | 875                                  |
| Net debt to market capitalization ratio <sup>(1)</sup> (%)                | 49%                              | 56%                                  |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> Including current portion of debt and transaction costs, net of accumulated amortization.

## Commissioning

| Project name              | Total capacity (MW) | Commissioning          | Segment / Country | Energy contract term / Client           | Ownership (%) |
|---------------------------|---------------------|------------------------|-------------------|---|---------------|
| Basse Thiérache Nord      | 20                  | February 1 and March 1 | Wind/France       | 15 years/EDF/FiP                        | 100           |
| Yellow Falls              | 16                  | March 6 <sup>(1)</sup> | Hydro/Canada      | 40 years/IESO                           | 90            |
| Moose Lake                | 15                  | April 4 <sup>(2)</sup> | Wind/Canada       | 40 years/BC Hydro                       | 70            |
| Catésis                   | 10                  | June 1                 | Wind/France       | 20 years/EDF/FiP                        | 100           |
| Buckingham <sup>(3)</sup> | 10                  | October 17             | Hydro/Canada      | 25 years/HQ                             | 100           |
| Seuil du Cambrésis        | 24                  | December 1             | Wind/France       | 15 years/EDF/FiP                        | 100           |
| <b>2019</b>               | <b>+ 95 MW</b>      |                        |                   | Net installed capacity: <b>2,040 MW</b> |               |
| Santerre                  | 15                  | August 1               | Wind/France       | 20 years/EDF/RFP                        | 100           |
| <b>2020</b>               | <b>+ 15 MW</b>      |                        |                   | Net installed capacity: <b>2,055 MW</b> |               |

<sup>(1)</sup> Commercial commissioning was confirmed with the IESO on November 14, 2019. Boralex received retroactive compensation to make up for the difference between the contract price and the market price for electricity sold by the power station since it was commissioned on March 6, 2019.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

## Analysis of consolidated operating results for the three-month period ended June 30, 2020

EBITDA(A) increase for the second quarter due to higher revenues from wind energy sales in Canada, the Buckingham power station and lower development costs.

Due to their significant share in the consolidated results, the performance of the wind and hydroelectric power segments is described below.

### Total power production

| (GWh)                             | Q2 2020 |        |               |       | Q2 2019 |        |               |       | Change |      |
|-----------------------------------|---------|--------|---------------|-------|---------|--------|---------------|-------|--------|------|
|                                   | Canada  | France | United States | Total | Canada  | France | United States | Total | In GWh | %    |
| <b>Wind</b>                       |         |        |               |       |         |        |               |       |        |      |
| Comparable assets <sup>(1)</sup>  | 320     | 365    | —             | 685   | 316     | 376    | —             | 692   | (7)    | (1)  |
| Temporary shutdown - Cham Longe I | —       | 3      | —             | 3     | —       | 16     | —             | 16    | (13)   | (81) |
| Commissioning <sup>(2)</sup>      | —       | 16     | —             | 16    | —       | 1      | —             | 1     | 15     | >100 |
| <b>Wind - total</b>               | 320     | 384    | —             | 704   | 316     | 393    | —             | 709   | (5)    | (1)  |
| <b>Hydroelectric</b>              |         |        |               |       |         |        |               |       |        |      |
| Comparable assets                 | 84      | —      | 99            | 183   | 103     | —      | 152           | 255   | (72)   | (28) |
| Temporary shutdown - Buckingham   | 35      | —      | —             | 35    | —       | —      | —             | —     | 35     | —    |
| <b>Hydroelectric - total</b>      | 119     | —      | 99            | 218   | 103     | —      | 152           | 255   | (37)   | (15) |
| <b>Thermal</b>                    | 8       | —      | —             | 8     | 38      | —      | —             | 38    | (30)   | (79) |
| <b>Solar</b>                      | —       | 7      | —             | 7     | 1       | 6      | —             | 7     | —      | (7)  |
| <b>Total<sup>(1)</sup></b>        | 447     | 391    | 99            | 937   | 458     | 399    | 152           | 1,009 | (72)   | (7)  |

<sup>(1)</sup> Includes the compensation for the equivalent of 55 GWh in light of the capacity limitation imposed on the NRWF facility for the second quarter of 2020 (73 GWh for the second quarter of 2019).

<sup>(2)</sup> See the *Commissioning* table in this section.



Boralex produced 882 GWh of electricity in the second quarter of 2020 and received compensation for the equivalent of 55 GWh, bringing total production to 937 GWh, down 7% from 1,009 GWh for the same quarter of 2019, comprising production of 936 GWh and compensation for the equivalent of 73 GWh. Excluding contributions from the assets commissioned over the past year, production from comparable assets was down 11%, owing to less favourable conditions, mostly at our hydroelectric power stations, as explained below, as well as the production lag at the Senneterre thermal power station.

### Wind

Total production of wind farms for the second quarter of 2020 amounted to 704 GWh, slightly down from 709 GWh for the corresponding quarter of 2019, owing to slightly less favourable wind conditions in France, as the impact of the commissioning and temporary shutdown mostly offset each other. Overall, production volume at our Canadian and French comparable assets was relatively stable in the second quarter of 2020 compared with the same period of 2019.

- In **France**, there was a slight variation in weather conditions compared with last year, resulting in slightly lower production volumes from comparable wind farms in the second quarter of 2020 compared with the volumes achieved in the corresponding quarter of 2019. Taking into account contributions for the entire most recent quarter from facilities commissioned since June 1, 2019 (see the *Commissioning* table at the beginning of this section for more details) and the impact of the temporary shutdown of the **Cham Longe I** wind farm as part of the repowering process, the French wind power segment reported a production volume of 384 GWh, compared with 393 GWh in the second quarter of 2019.

- In **Canada**, wind conditions were relatively stable compared with a year earlier. As a result, the Canadian wind power segment posted a production volume of 320 GWh in the second quarter of 2020, similar to the 316 GWh reported during the same period last year.

### Hydroelectric

In the second quarter of 2020, the Corporation's hydroelectric power stations generated 218 GWh compared with 255 GWh in the corresponding quarter of 2019, down 15% owing primarily to less favourable water flow conditions for comparable assets.

- In **Canada**, comparable power stations generated 84 GWh for the second of 2020, shy of the 103 GWh produced during the second quarter of 2019. Considering the contribution of **Buckingham** power station following its recommissioning in October 2019 after the work to expand capacity, the Canadian hydroelectric segment's production volume rose to 119 GWh, from 103 GWh for the same period last year.
- In the **United States**, water flow conditions were less favourable than a year ago. The U.S. power stations generated a production volume of 99 GWh in the second quarter of 2020, down 35% from 152 GWh a year earlier.

## Revenues from energy sales and feed-in premium

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

| (in millions of Canadian dollars)<br>(unaudited)  | Wind | Hydro | Other<br>segments | Consoli-<br>dated |
|---|------|-------|-------------------|-------------------|
| <b>THREE-MONTH PERIOD ENDED<br/>JUNE 30, 2019</b> | 99   | 16    | 6                 | <b>121</b>        |
| <b>Segment breakdown</b>                          | 81%  | 13%   | 6%                | <b>100%</b>       |
| Acquisitions/commissioning <sup>(1)</sup>         | 1    | —     | —                 | <b>1</b>          |
| Volume <sup>(2)</sup>                             | (1)  | (4)   | (2)               | <b>(7)</b>        |
| Temporary shutdowns                               | (1)  | 3     | —                 | <b>2</b>          |
| Pricing   | —    | 3     | (1)               | <b>2</b>          |
| Other <sup>(3)</sup>                              | 1    | —     | 1                 | <b>2</b>          |
| Change  | —    | 2     | (2)               | <b>—</b>          |
| <b>THREE-MONTH PERIOD ENDED<br/>JUNE 30, 2020</b> | 99   | 18    | 4                 | <b>121</b>        |
| <b>Segment breakdown</b>                          | 82%  | 15%   | 3%                | <b>100%</b>       |

<sup>(1)</sup> See the *Commissioning* table this section.

<sup>(2)</sup> Excluding temporary shutdowns.

<sup>(3)</sup> Includes foreign exchange and compensation for a prior production limitation.

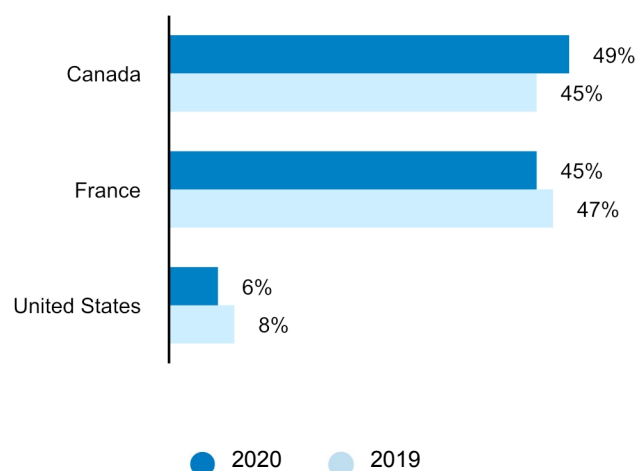
For the three-month period ended June 30, 2020, revenues from energy sales totalled \$121 million, matching the performance for the corresponding quarter of 2019. The unfavourable volume effect was offset by a combination of various factors, including the expansion of the Corporation's operating base (see the *Commissioning* table at the beginning of this section), as well as foreign exchange rate and price fluctuations.

Less favourable conditions for both the French wind power segment and hydroelectric power stations in Canada and the United States resulted in a \$7 million decline in revenues from energy sales and feed-in premium, while the commissioning of new facilities resulted in a \$1 million favourable difference. Temporary shutdowns were responsible for a \$2 million favourable difference for the Corporation as a whole, with a \$3 million increase in the hydroelectric power segment partly offset by a \$1 million decrease in the wind power segment.

Broken down geographically, for the second quarter of 2020, 49% of revenues were generated in Canada and 45% in France, compared with 45% and 47%, respectively, for the second quarter of 2019. More stable wind conditions at Canadian wind farms in the second quarter of 2020 and the impact of temporary shutdowns were the main reasons behind the year-over-year change.

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

(Three-month periods ended June 30)



- For the second quarter of 2020, the **wind** power segment posted revenues of \$99 million, matching the performance from a year earlier. The \$1 million favourable difference, taking into account contributions of assets commissioned in France since June 1, 2019, offset declines in production from comparable assets, which had a \$1 million unfavourable effect. The temporary shutdown of the **Cham Longe I** wind farm as part of the repowering resulted in a \$1 million unfavourable difference.

Overall, revenues recorded by the French **wind** power segment were relatively stable compared with the second quarter of 2019, while revenues at Canadian wind farms were up 2%.

- For the second quarter of 2020, the **hydroelectric** power segment generated revenues of \$18 million, up from \$16 million for the corresponding quarter of 2019. The resumption of production at the **Buckingham** power station resulted in an additional contribution of \$3 million, to which was added a \$3 million favourable price difference, related primarily to the **Yellow Falls** power station, which offset the fact that comparable U.S. power stations posted lower revenues than a year earlier.

## EBITDA(A)<sup>(1)</sup>

### Main differences in EBITDA(A)

(in millions of Canadian dollars) (unaudited)

|   | Wind       | Hydro      | Other segments | Corporate and eliminations | Consolidated |
|---|------------|------------|----------------|----------------------------|--------------|
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2019</b> | 84         | 12         | 2              | (15)                       | <b>83</b>    |
| <b>Segment breakdown<sup>(2)</sup></b>        | 86%        | 12%        | 2%             |                            | <b>100%</b>  |
| Acquisitions/commissioning <sup>(3)</sup>     | 1          | —          | —              | —                          | <b>1</b>     |
| Volume <sup>(4)</sup>                         | (1)        | (4)        | (2)            | —                          | <b>(7)</b>   |
| Temporary shutdowns                           | (1)        | 3          | —              | —                          | <b>2</b>     |
| Pricing                                       | —          | 3          | (1)            | —                          | <b>2</b>     |
| Share of the Interests - Other                | 3          | —          | —              | —                          | <b>3</b>     |
| Development                                   | 1          | —          | —              | 1                          | <b>2</b>     |
| Other <sup>(5)</sup>                          | 3          | —          | —              | (3)                        | <b>—</b>     |
| <b>Change</b>                                 | <b>6</b>   | <b>2</b>   | <b>(3)</b>     | <b>(2)</b>                 | <b>3</b>     |
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2020</b> | <b>90</b>  | <b>14</b>  | <b>(1)</b>     | <b>(17)</b>                | <b>86</b>    |
| <b>Segment breakdown<sup>(2)</sup></b>        | <b>87%</b> | <b>13%</b> | <b>—%</b>      |                            | <b>100%</b>  |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> Excluding corporate segment and eliminations.

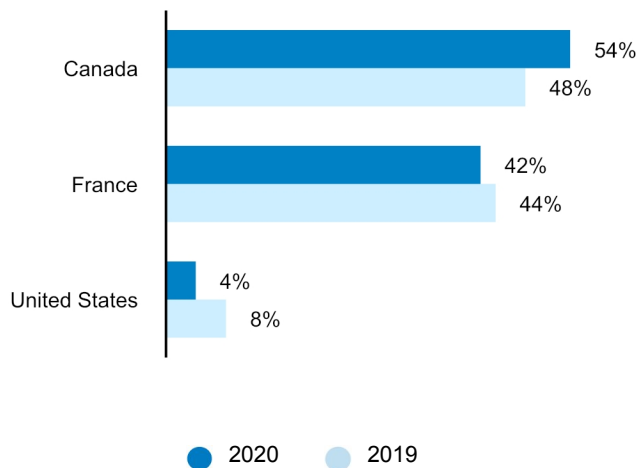
<sup>(3)</sup> See the *Commissioning* table this section.

<sup>(4)</sup> Excluding temporary shutdowns.

<sup>(5)</sup> Includes the differences related to foreign exchange effect, to salaries and revenues following the repatriation of LP I maintenance work in-house.

**Geographic breakdown of EBITDA(A)<sup>(1)</sup>**

(Three-month periods ended June 30)

<sup>(1)</sup> Excluding corporate segment and eliminations.

For the second quarter of 2020, the Corporation recorded consolidated EBITDA(A) of \$86 million, up \$3 million or 4% from the corresponding quarter of 2019. This increase resulted from a combination of various factors that offset an \$7 million unfavourable difference owing to lower production volumes for comparable assets. Favourable performance at the wind farms of joint ventures and associates in the second quarter of 2020, the net impact of temporary shutdowns, the reduction in development costs following the health crisis and the contributions from assets commissioned in the past year resulted in favourable differences of \$3 million, \$2 million, \$2 million and \$1 million, respectively.

Broken down geographically, for the second quarter of 2020, 54% of EBITDA(A) was generated in Canada and 42% in France, compared with 48% and 44%, respectively, for the second quarter of 2019. As with the change in revenues, this change resulted primarily from more stable wind conditions in Canada during the second quarter of 2020 compared with France.

- **Wind** power segment EBITDA(A) amounted to \$90 million for the second quarter of 2020, up \$6 million or 7% from the corresponding quarter of 2019. As previously discussed, contributions from assets commissioned in France and the increase from the share of the Interests offset the decline in production at comparable wind farms in France.

At the French wind farms, EBITDA(A) remained relatively stable at \$43 million, while the Canadian wind farms reported a 12% improvement.

- **Hydroelectric** power segment EBITDA(A) amounted to \$14 million for the second quarter of 2020, up \$2 million or 16% compared with the corresponding quarter of 2019. This increase was driven by contributions from the **Buckingham** and **Yellow Falls** power stations, whereas the latter facility was finalizing the commercial operation date (COD) process with the IESO in 2019, which offset the unfavourable production volume difference from comparable assets.

Excluding power stations commissioned, revenues from energy sales and feed-in premium were down 3% in the second quarter of 2020 as compared with the prior year, while operating expenses rose 6%. Higher operating costs resulted primarily from a greater number of employees recorded over the period.

**Main differences in net earnings attributable to shareholders of Boralex**

(in millions of Canadian dollars) (unaudited)

| THREE-MONTH PERIOD ENDED 30 JUNE 2019  | (13) |
|--|------|
| EBITDA(A) <sup>(1)</sup>   | 3    |
| Excess of distributions received over the share in net earnings of Joint Venture SDB I | (3)  |
| Amortization   | 6    |
| Financing costs  | 4    |
| Income taxes   | (2)  |
| Non-controlling shareholders   | (2)  |
| Other  | 1    |
| Change   | 7    |
| THREE-MONTH PERIOD ENDED 30 JUNE 2020  | (6)  |

<sup>(1)</sup> See the *Non-IFRS measures* section.**Excess of distributions received over the share in net earnings of Joint Venture SDB I**

During the second quarter of 2020, the Corporation reversed a portion of the excess of distributions received over the share in net earnings of Joint Venture SDB I, which resulted in a \$3 million unfavourable difference. Under IFRS, if Boralex's interest in a Joint Venture 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*. When the carrying amount of the interest becomes positive again, the adjustment is reversed up to the cumulative amount previously recognized as an excess.

## Amortization

Amortization expense for the second quarter of 2020 was down \$6 million to \$58 million, owing mainly to a \$6 million reduction in amortization expense following changes made to the useful lives of certain components of wind farms as of October 1, 2019.

## Financing costs

During the second quarter of 2020, financing costs decreased \$4 million to \$31 million. Following the redemption of convertible debentures and the refinancing of French debt in the fourth quarter of 2019 and reduced interest expense on existing debt in North America, interest expense was down \$7 million, while amortization expense related to financing costs and unrealized losses on interest rate swaps of the refinanced French debt rose \$4 million.

## Income taxes

As a result of the loss before income taxes, the Corporation's income tax recovery decreased by \$2 million compared with the corresponding quarter of the previous year. The decrease resulted primarily from an \$11 million improvement in the loss before income taxes and, to a lesser extent, the effect of a non-deductible, non-recurring expense and the result of tax policy changes in Europe and the United States that are unfavourable for the Corporation.

## Net earnings (loss)

Overall, for the three-month period ended June 30, 2020, Boralex recognized a net loss of \$6 million, compared with a net loss of \$15 million for the same period of 2019. Net earnings attributable to non-controlling shareholders of Boralex for the first quarter of 2020 were nil, up from a \$2 million net loss attributable to non-controlling shareholders of Boralex a year earlier.

As shown in the accompanying table, Boralex recognized a net loss attributable to shareholders of Boralex of \$6 million or \$0.07 per share (basic and diluted), compared with a net loss attributable to shareholders of Boralex of \$13 million or \$0.14 per share (basic and diluted) for the corresponding period of 2019. The favourable variance of \$7 million or \$0.07 per share (basic and diluted) compared to the corresponding period of 2019 is explained by the sum of the elements listed above.



# Analysis of consolidated operating results for the six-month period ended June 30, 2020

Revenues from energy sales and feed-in premium were up 10% for the six-month period ended June 30, 2020, compared with the corresponding period of 2019.

Due to their significant share in the consolidated results, the performance of the wind and hydroelectric power segments is described below.

## Total power production

| (GWh)                             | Year-to-date 2020 |              |               |              | Year-to-date 2019 |              |               |              | Change      |             |
|-----------------------------------|-------------------|--------------|---------------|--------------|-------------------|--------------|---------------|--------------|-------------|-------------|
|                                   | Canada            | France       | United States | Total        | Canada            | France       | United States | Total        | In GWh      | %           |
| <b>Wind</b>                       |                   |              |               |              |                   |              |               |              |             |             |
| Comparable assets <sup>(1)</sup>  | 668               | 1,165        | —             | 1,833        | 710               | 987          | —             | 1,697        | 136         | 8           |
| Temporary shutdown - Cham Longe I | —                 | 19           | —             | 19           | —                 | 30           | —             | 30           | (11)        | (37)        |
| Commissioning <sup>(2)</sup>      | 32                | 86           | —             | 118          | 12                | 18           | —             | 30           | 88          | >100        |
| <b>Wind - total</b>               | <b>700</b>        | <b>1,270</b> | <b>—</b>      | <b>1,970</b> | <b>722</b>        | <b>1,035</b> | <b>—</b>      | <b>1,757</b> | <b>213</b>  | <b>12</b>   |
| <b>Hydroelectric</b>              |                   |              |               |              |                   |              |               |              |             |             |
| Comparable assets                 | 81                | —            | 227           | 308          | 98                | —            | 286           | 384          | (76)        | (20)        |
| Commissioning - Yellow Falls      | 41                | —            | —             | 41           | 30                | —            | —             | 30           | 11          | 37          |
| Temporary shutdown - Buckingham   | 67                | —            | —             | 67           | —                 | —            | —             | —            | 67          | —           |
| <b>Hydroelectric - total</b>      | <b>189</b>        | <b>—</b>     | <b>227</b>    | <b>416</b>   | <b>128</b>        | <b>—</b>     | <b>286</b>    | <b>414</b>   | <b>2</b>    | <b>1</b>    |
| <b>Thermal</b>                    | <b>54</b>         | <b>19</b>    | <b>—</b>      | <b>73</b>    | <b>91</b>         | <b>19</b>    | <b>—</b>      | <b>110</b>   | <b>(37)</b> | <b>(34)</b> |
| <b>Solar</b>                      | <b>—</b>          | <b>11</b>    | <b>—</b>      | <b>11</b>    | <b>—</b>          | <b>12</b>    | <b>—</b>      | <b>12</b>    | <b>(1)</b>  | <b>(11)</b> |
| <b>Total<sup>(1)</sup></b>        | <b>943</b>        | <b>1,300</b> | <b>227</b>    | <b>2,470</b> | <b>941</b>        | <b>1,066</b> | <b>286</b>    | <b>2,293</b> | <b>177</b>  | <b>8</b>    |

<sup>(1)</sup> Includes the compensation for the equivalent of 86 GWh in light of the power limitation imposed on the NRWF facility for the first six months of 2020 (83 GWh for the first six months of 2019).

<sup>(2)</sup> See the *Commissioning* table in this section.

Boralex produced 2,384 GWh of electricity for the six-month period ended June 30, 2020, and received compensation for the equivalent of 86 GWh, bringing total production to 2,470 GWh, up 8% from 2,293 GWh for the corresponding period of 2019, comprising production of 2,210 GWh and compensation for the equivalent of 83 GWh. Excluding contributions from commissioned assets, output from comparable assets remained stable, as the wind power segment's improved results for the first six months of the year were partially offset by lower production volumes at our hydroelectric and thermal power stations.

### Wind

Total production at the wind farms amounted to 1,970 GWh for the six-month period ended June 30, 2020, up 12% from 1,757 GWh for the corresponding period a year earlier. This increase was driven by contributions from assets commissioned since the beginning of fiscal 2019 (for more details, see the *Commissioning* table at the beginning of this section) and significantly more favourable wind conditions in the first quarter of 2020 in France.

- In **France**, for the first half of the fiscal year, weather conditions were on average more favourable compared with the same period of 2019. Production volumes at comparable wind farms were up 18%. Taking into account contributions from wind farms commissioned and the impact of the temporary shutdown of the **Cham Longe I** wind farm, the French wind power segment recognized a 23% increase in production volumes for the six-month period ended June 30, 2020, compared with the same period a year earlier, for a total of 1,270 GWh.
- In **Canada**, weather conditions were slightly less favourable compared with last year, which resulted in lower production volumes from comparable assets, which totalled 668 GWh for the six-month period ended June 30, 2020, compared with 710 GWh a year earlier. The commissioning of the **Moose Lake** wind farm in April 2019 partially offset this decline, with production volumes in the Canadian wind power segment down 3% for the six-month period ended June 30, 2020, to 700 GWh, compared with the same period of 2019.

### Hydroelectric

For the six-month period ended June 30, 2020, hydroelectric power segment production totalled 416 GWh, a performance similar to the 414 GWh recognized for the corresponding period of 2019.

- In **Canada**, hydroelectric power segment production volume rose to 189 GWh for the six-month period ended June 30, 2020, from 128 GWh for the corresponding period of 2019. However, production volumes were down at comparable assets, which was offset by the commissioning of the **Yellow Falls** power station and the resumption of operations at the **Buckingham** power station following work to increase installed capacity.

- In the **United States**, water flow conditions were slightly less favourable compared with last year which resulted in a decrease of 21% in production volume to 227 GWh for the first six months of 2020 from 286 GWh for the corresponding period of 2019.

## Revenues from energy sales and feed-in premium

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

| (in millions of Canadian dollars)<br>(unaudited) | Wind | Hydro | Other<br>segments | Consoli-<br>dated |
|--|------|-------|-------------------|-------------------|
| <b>SIX-MONTH PERIOD ENDED<br/>JUNE 30, 2019</b>  | 245  | 28    | 20                | <b>293</b>        |
| <b>Segment breakdown</b>                         | 83 % | 10 %  | 7%                | <b>100%</b>       |
| Acquisitions/commissioning <sup>(1)</sup>        | 9    | 2     | —                 | <b>11</b>         |
| Volume <sup>(2)</sup>                            | 17   | (5)   | (3)               | <b>9</b>          |
| Temporary shutdowns                              | (1)  | 5     | —                 | <b>4</b>          |
| Pricing  | —    | 2     | (2)               | <b>—</b>          |
| Other <sup>(3)</sup>                             | 1    | 2     | 1                 | <b>4</b>          |
| Change   | 26   | 6     | (4)               | <b>28</b>         |
| <b>SIX-MONTH PERIOD ENDED<br/>JUNE 30, 2020</b>  | 271  | 34    | 16                | <b>321</b>        |
| <b>Segment breakdown</b>                         | 84 % | 11 %  | 5%                | <b>100%</b>       |

<sup>(1)</sup> See the *Commissioning* table in this section.

<sup>(2)</sup> Excluding temporary shutdowns.

<sup>(3)</sup> Includes foreign exchange and compensation for a prior production limitation.

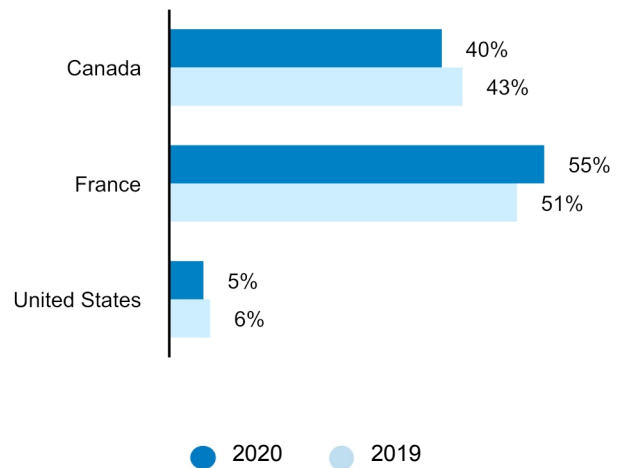
For the six-month period ended June 30, 2020, revenues from energy sales totalled \$321 million, up \$28 million or 10% from the corresponding period of 2019. This increase was driven by expansion of the Corporation's operating base since the beginning of 2019 (see the *Commissioning* table in this section) and more favourable weather conditions at comparable wind farms.

Assets commissioned since the beginning of fiscal 2019 added \$11 million to consolidated results. Production volumes were up at comparable assets, giving rise to a \$9 million favourable difference, stemming mainly from the French wind power segment. In addition to these favourable differences, the **Buckingham** power station contributed \$5 million after operations resumed upon completion of work to expand capacity. The temporary shutdown at the **Cham Longe I** wind farm as part of the repowering resulted in a \$1 million unfavourable difference.

Broken down geographically, for the six-month period ended June 30, 2020, 40% of revenues were generated in Canada and 55% in France, compared with 43% and 51%, respectively, for the corresponding period of 2019. This change was driven primarily by the wind power segment, which saw greater expansion in France compared with Canada, as well as more favourable weather conditions at French wind farms in the first quarter compared with last year.

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

(Six-month periods ended June 30)



- For the six-month period ended June 30, 2020, **wind** power segment revenues amounted to \$271 million, up 11% from the same period of the previous year. The expansion in the operating base resulted in a \$9 million favourable difference, while higher production at French wind farms was largely responsible for a \$17 million volume effect in the first quarter.

Overall, French wind power segment revenues were up 22%, owing primarily to contributions from assets commissioned and better wind conditions in the first quarter of 2020. In Canada, wind power segment revenues were down 3% as a result of the difference resulting from less favourable wind conditions in the first quarter of 2020, partially offset by the commissioning of the **Moose Lake** wind farm.

- For the first half of 2020, the **hydroelectric** power segment generated revenues of \$34 million, up 23% from \$28 million for the same period of the previous year. This improvement resulted mainly from the contribution of the **Yellow Falls** power station commissioned in March 2019 and the resumption of operations at the **Buckingham** power station in October 2019, which offset the impact of lower volumes owing to less favourable water flow conditions at comparable U.S. power stations since the beginning of 2020.

Revenues at U.S. power stations were down 21%, whereas they more than doubled at Canadian power stations, with the commissioning of the **Yellow Falls** facility and the resumption of operations at the **Buckingham** power station largely offsetting the impact of less favourable conditions for comparable assets.

## EBITDA(A)<sup>(1)</sup>

### Main differences in EBITDA(A)

| (in millions of Canadian dollars) (unaudited) | Wind       | Hydro     | Other segments | Corporate and eliminations | Consolidated |
|---|------------|-----------|----------------|----------------------------|--------------|
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2019</b>   | <b>214</b> | <b>20</b> | <b>9</b>       | <b>(29)</b>                | <b>214</b>   |
| <b>Segment breakdown<sup>(2)</sup></b>        | <b>88%</b> | <b>8%</b> | <b>4%</b>      |                            | <b>100%</b>  |
| Acquisitions/commissioning <sup>(3)</sup>     | 7          | 2         | —              | —                          | 9            |
| Volume <sup>(4)</sup>                         | 17         | (5)       | (2)            | —                          | 10           |
| Temporary shutdowns                           | (1)        | 5         | —              | —                          | 4            |
| Pricing                                       | —          | 2         | (2)            | —                          | —            |
| Share of the Interests - Other                | (4)        | —         | —              | —                          | (4)          |
| Development                                   | 2          | —         | (1)            | 1                          | 2            |
| Other <sup>(5)</sup>                          | 5          | 2         | (1)            | (6)                        | —            |
| Change  | 26         | 6         | (6)            | (5)                        | 21           |
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2020</b>   | <b>240</b> | <b>26</b> | <b>3</b>       | <b>(34)</b>                | <b>235</b>   |
| <b>Segment breakdown<sup>(2)</sup></b>        | <b>89%</b> | <b>9%</b> | <b>2%</b>      |                            | <b>100%</b>  |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> Excluding the corporate segment and eliminations.

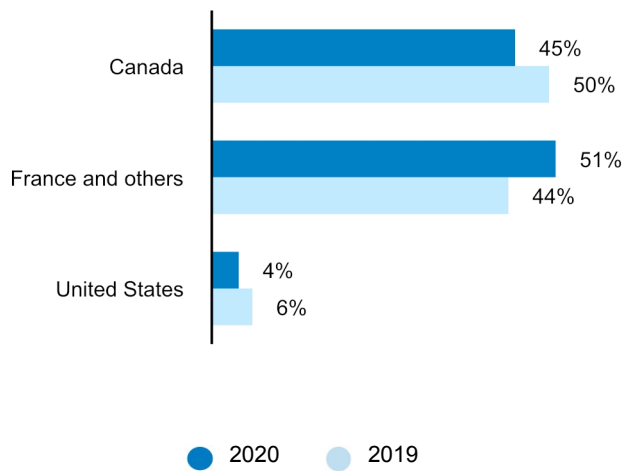
<sup>(3)</sup> See the *Commissioning* table in this section.

<sup>(4)</sup> Excluding temporary shutdowns.

<sup>(5)</sup> Includes salary, maintenance and revenue differences following the repatriation of LP I maintenance work in-house .

**Geographic breakdown of EBITDA(A)<sup>(1)</sup>**

(Six-month periods ended June 30)

<sup>(1)</sup> Excluding corporate segment and eliminations.

For the six-month period ended June 30, 2020, consolidated EBITDA(A) amounted to \$235 million, up \$21 million or 10% compared with the corresponding period of 2019. This increase was largely attributable to \$9 million in additional EBITDA(A) stemming from expansion in the operating base since the beginning of fiscal 2019. In addition, there was a \$10 million volume effect due to the improved performance of comparable assets, a \$4 million net impact from temporary shutdowns and a \$2 million decrease in development costs due to the health crisis. Together, these items largely offset the \$4 million decline stemming from the share of the Interests owing in particular to less favourable weather conditions at the wind farms of the Joint Ventures and associates during the first quarter of 2020 compared with a year earlier.

Broken down geographically, for the first six months of 2020, 45% of EBITDA(A) was generated in Canada and 51% in France, compared with 50% and 44%, respectively, for the corresponding period of 2019. This change resulted primarily from greater expansion of the operating base in France compared with Canada and better wind conditions in France in the first quarter of 2020.

- For the first six months of 2020, **wind** power segment EBITDA(A) amounted to \$240 million, up \$26 million or 12% compared with the same period of 2019. This growth was largely driven by Boralex's expansion strategy, with \$7 million in additional EBITDA(A) generated by the assets commissioned over the past year. Also, sound performance at comparable assets, primarily in France, resulted in a \$17 million favourable difference. These items largely offset the \$4 million decline stemming from the share of Interests, as explained above.

French wind power segment EBITDA(A) was up 30%, owing primarily to the assets commissioned, and better weather conditions, during the first half of 2020. In Canada, the wind power segment EBITDA(A) decline 5%, as a result of less favourable average weather conditions since the beginning of 2020.

- For the six-month period months ended June 30, 2020, **hydroelectric** power segment EBITDA(A) amounted to \$26 million, up 27% from \$20 million for the corresponding period of 2019. This increase resulted from the contribution of the **Yellow Falls** power station commissioned in March 2019 in Canada and the resumption of operations at the **Buckingham** power station in October 2019. These two factors offset the decline in production from comparable facilities in the United States due to less favourable water flow conditions since the beginning of 2020 compared to last year.

EBITDA(A) was down 30% at U.S. power stations, while it grew more than threefold at the Canadian power stations.

Excluding commissioning, operating expenses were up 4% in the six-month period ended June 30, 2020, compared with the same period last year, consistent with the 3% growth in revenues from energy sales and feed-in premium during the same period. The increase in revenues, mostly explained by better wind conditions at comparable wind farms, largely offset the rise in operating costs resulting from a greater number of employees during this period.

**Main changes in net earnings (loss) attributable to shareholders of Boralex**

(in millions of Canadian dollars) (unaudited)

|  |           |
|--|-----------|
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2019</b>  | <b>16</b> |
| EBITDA(A) <sup>(1)</sup>   | 21        |
| Excess of distributions received over the share in net earnings of Joint Venture SDB I | 8         |
| Amortization   | 10        |
| Impairment   | 2         |
| Financing costs  | 4         |
| Income taxes   | (11)      |
| Non-controlling shareholder  | (3)       |
| Other  | (12)      |
| Change   | 19        |
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2020</b>  | <b>35</b> |

<sup>(1)</sup> See the *Non-IFRS measures* section.

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

During the first quarter of 2020, the Corporation recognized an excess of distributions received over the share in net earnings of Joint Venture SDB I, which resulted in a \$10 million favourable difference. In the following quarter, the Corporation reversed a portion of this excess reducing the favourable difference to \$8 million for the first six months of 2020. The significant decrease in the value of the interests in the first quarter related primarily to the reduction in the fair value of the Joint Ventures' interest rate swaps given the significant drop in rates since the beginning of the COVID-19 pandemic. (See the *Analysis of consolidated operating results for the three-month period ended June 30, 2020* section for an explication of the applicable IFRS treatment).

## Amortization

Amortization expense for the six-months ended June 30, 2020, declined \$10 million to \$116 million, owing mainly to a \$13 million reduction in amortization expense following changes made to the useful lives of certain components of wind farms as of October 1, 2019. This was partially offset by the commissioning effect and by accelerated amortization at facilities where repowering is to be carried out and which were added to the *Growth path* during the past few months.

## Financing costs

During the six-month period ended June 30, 2020, financing costs decreased \$4 million to \$64 million, compared with the same period of 2019. Owing in particular to the redemption of convertible debentures and the refinancing of French debt in the fourth quarter of 2019, interest expense was down \$12 million, while amortization of financing costs and unrealized losses on interest rate swaps of the refinanced French debt were \$9 million.

## Other

The \$12 million unfavourable difference compared with the first six months of 2019 resulted mainly from a \$10 million change in the loss on financial instruments and a \$2 million foreign exchange effect. The increase in net loss on financial instruments resulted primarily from the recognition of \$6 million following the settlement of litigation regarding the calculation of a contingent consideration related to a past acquisition, as well as from the ineffective portion under hedge accounting related to lower interest rates in North America and Europe.

## Income taxes

For the first six months of 2020, the Corporation's income tax expense was up \$11 million compared with the corresponding period of 2019. The increase was driven primarily by \$33 million of growth in earnings before income taxes and, to a lesser extent, by the effect of a non-deductible, non-recurring expense and the result of tax policy changes in Europe and the United States that are unfavourable for the Corporation.

## Net earnings (loss)

For the six-month period ended June 30, 2020, Boralex recognized net earnings of \$38 million, compared with net earnings of \$16 million for the corresponding period of 2019. Net earnings attributable to non-controlling shareholders of Boralex for the first six months of 2020 amounted to \$3 million compared with nil a year earlier.

Net earnings attributable to shareholders of Boralex amounted to \$35 million or \$0.36 per share (basic and diluted), compared with \$16 million or \$0.18 per share (basic and diluted), for the first six months of 2019. The favourable difference of \$19 million or \$0.18 per share (basic and diluted), compared with the corresponding period of 2019, resulted from the items discussed above.



## Cash flows

The expansion of the operating asset base over the past fiscal year and better weather conditions in France during the first quarter of 2020 were the driving factors for the changes in cash flows, which contributed in particular to the increase in cash flows from operations for the first six months of 2020 compared with the same period last year.

| (in millions of Canadian dollars) (unaudited)            | Three-month periods<br>ended June 30 |            | Six-month periods<br>ended June 30 |            |
|--|--------------------------------------|------------|------------------------------------|------------|
|  | 2020                                 | 2019       | 2020                               | 2019       |
| Cash flows from operations <sup>(1)</sup>                | 51                                   | 55         | 175                                | 156        |
| Change in non-cash items related to operating activities | 47                                   | 58         | 55                                 | 22         |
| Net cash flows related to operating activities           | 98                                   | 113        | 230                                | 178        |
| Net cash flows related to investing activities           | (37)                                 | (77)       | (43)                               | (102)      |
| Net cash flows related to financing activities           | (53)                                 | 9          | (59)                               | (22)       |
| Translation adjustment on cash and cash equivalents      | (3)                                  | (2)        | 5                                  | (6)        |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>           | <b>5</b>                             | <b>43</b>  | <b>133</b>                         | <b>48</b>  |
| <b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>   | <b>281</b>                           | <b>162</b> | <b>153</b>                         | <b>157</b> |
| <b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>         | <b>286</b>                           | <b>205</b> | <b>286</b>                         | <b>205</b> |

<sup>(1)</sup> See the *Non-IFRS measures* section.

### For the three-month period ended June 30, 2020

#### Operating activities

For the three-month period ended June 30, 2020, Boralex reported \$51 million in cash flows from operations, down \$4 million from \$55 million for the corresponding period last year. Excluding non-cash items in net loss for both periods, this decrease resulted largely from a \$3 million increase in *Income taxes paid* and a \$6 million decrease in *Distributions received from the Joint Ventures and associates*. The decrease in distributions stems from a change in the distribution schedule following the refinancing of LP1 wind farm in December 2019 and to lower production volume due to less favourable wind conditions in Quebec during the first quarter. The decrease of \$4 million in *Interest paid* partially offset the unfavourable impacts mentioned.

#### Distributions received from the Joint Ventures and associates

| (in millions of Canadian dollars)<br>(unaudited) | Three-month periods<br>ended June 30 |      | Change<br>\$ |
|--|--------------------------------------|------|--------------|
|  | 2020                                 | 2019 |              |
| SDB I and II                                     | —                                    | 2    | (2)          |
| DM I, II, LP I, LP II and Roncevaux              | 3                                    | 7    | (4)          |
|  | 3                                    | 9    | (6)          |

Cash generated by the change in non-cash items related to operating activities in the second quarter totalling \$47 million resulted mainly from a \$53 million decrease in *Trade and other receivables* following the collection of accounts receivable of the first quarter when wind conditions were favourable.

Operating activities generated net cash inflows totalling \$98 million in the second quarter of 2020, compared with \$113 million for the same period a year earlier.

#### Investing activities

Investing activities during the three-month period ended June 30, 2020 used cash in the amount of \$37 million compared with \$77 million for the same period a year earlier. Boralex invested \$25 million in Property, plant and equipment:

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

| (in millions of Canadian dollars)<br>(unaudited) | Canada   | Europe    | Total     |
|--|----------|-----------|-----------|
| <b>Wind</b>                                      |          |           |           |
| Construction <sup>(1)</sup>                      | —        | 23        | 23        |
| <b>Wind - total</b>                              | <b>—</b> | <b>23</b> | <b>23</b> |
| <b>Hydroelectric</b>                             |          |           |           |
| In operation                                     | 1        | —         | 1         |
| <b>Hydroelectric - total</b>                     | <b>1</b> | <b>—</b>  | <b>1</b>  |
| <b>Corporate</b>                                 | <b>1</b> | <b>—</b>  | <b>1</b>  |
| <b>Total</b>                                     | <b>2</b> | <b>23</b> | <b>25</b> |

<sup>(1)</sup> See the *Commissioning* table in this section.

The Corporation also paid \$10 million as additional consideration for the acquisition related primarily to the **Extension Seuil de Bapaume** project. In the second quarter of 2019, restricted cash had increased \$22 million. Most of this amount was used for payments made for the **Moose Lake** wind farm and, to a lesser extent, for French wind farms under construction. Additionally, Boralex had invested \$38 million in additions to property, plant and equipment in the wind power segment including \$25 million for the facilities in France and \$10 million in the hydroelectric segment for the capacity upgrade at the **Buckingham** power station.

## Financing activities

Financing activities for the three-month period ended June 30, 2020 used total net cash flows of \$53 million.

### New financing arrangements and repayments on existing debt

During the three-month period ended June 30, 2020, new non-current debt contracted by Boralex totalled \$39 million comprising:

- A \$35 million amount drawn down from the revolving credit facility;
- A \$4 million amount drawn down for the Sainte-Christine portfolio in France.

The Corporation repaid a total of \$64 million on its debt related to various assets in operation and \$2 million in respect of lease liabilities.

### Dividends and other items

During the three-month period ended June 30, 2020, the Corporation paid dividends to shareholders totalling \$16 million (\$0.1650 per common share) compared with \$14 million (\$0.1650 per common share) for the second quarter of 2019.

At the end of the second quarter, the Corporation renewed its cross-currency swaps. In light of the appreciation of the euro against the Canadian dollar, an \$8 million disbursement was made as a settlement for matured financial instruments. Note that these instruments hedge Boralex's exchange rate risk on its Euro denominated investments.

The Corporation also paid \$2 million to non-controlling shareholders, compared with \$5 million a year earlier.

## Net change in cash and cash equivalents

Total cash movements in the three-month period ended June 30, 2020 resulted in a \$5 million increase, bringing *Cash and cash equivalents* to \$286 million as at June 30, 2020 compared with \$281 million as at March 31, 2020.

## Discretionary cash flows and payout ratio<sup>(1)</sup>

Discretionary cash flows amounted to a negative amount of \$4 million for the second quarter of 2020 compared with a positive amount of \$16 million for the same period last year.

Most of this decrease in discretionary cash flows resulted from the change in the repayment schedule following the November 2019 refinancing in France. Before the refinancing, no repayments were made on approximately 25% of debts in France during the second quarter. Also, under the refinancing, debt repayments were adjusted quarterly for the seasonal nature of revenues from wind farms in France with the repayment taking place in the month following the quarter in question. Accordingly, in the second quarter, the Corporation made debt repayments based on expected EBITDA for the first quarter and as indicated in the *Seasonal factors* section, results for the first quarter are generally higher than those for the second quarter. To eliminate these effects, a temporary adjustment of \$10 million was made and this amount will be reversed during the third quarter of 2020.

Additionally, the distributions received from joint ventures and associates decreased by \$6 million over the second quarter of 2020 compared with the same period of 2019 owing to a change in the distribution schedule following the refinancing of LP1 wind farm in December 2019 and to less favourable wind conditions in Québec during the first quarter.

Discretionary cash flows per share were negative at \$0.04 for the second quarter of 2020 compared with \$0.17 for the corresponding period of 2019.

<sup>(1)</sup> See the *Non-IFRS measures* section.

## For the six-month period ended June 30, 2020

### Operating activities

For the six-month period ended June 30, 2020, Boralex reported \$175 million in cash flows from operations, compared with \$156 million for the same period in 2019. Excluding non-cash items in net loss for both periods, this \$19 million increase resulted largely from the \$21 million growth in EBITDA(A) as discussed previously, combined with a \$9 million decrease in *Interest paid*, partially offset by a \$8 million decrease in distributions received from the *Interests* in the *Joint Ventures and associates*, and a \$2 million increase in *Income taxes paid*.

#### Distributions received from the Joint Ventures and associates

| (in millions of Canadian dollars) (unaudited) | Six-month periods ended June 30 |      |           |
|---|---------------------------------|------|-----------|
|   | 2020                            | 2019 | Change \$ |
| SDB I and II                                  | 5                               | 9    | (4)       |
| DM I, II, LP I, II and Roncevaux              | 5                               | 9    | (4)       |
|   | 10                              | 18   | (8)       |

Cash generated by the change in non-cash items related to operating activities in the amount of \$55 million during the first six months of 2020 resulted primarily from a \$42 million decrease in *Trade and other receivables*, related to the collection of accounts receivable and a \$10 million increase in *Trade and other payables* owing to seasonal factors.

### Investing activities

Investing activities used \$43 million in cash, compared with \$102 million for the first six months of 2019. The Corporation made investments in property, plant and equipment in the amount of \$44 million broken down as follows:

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

| (in millions of Canadian dollars) (unaudited) | Canada | Europe | Total |
|---|--------|--------|-------|
| <b>Wind</b>                                   |        |        |       |
| Construction <sup>(1)</sup>                   | —      | 32     | 32    |
| <b>Wind - total</b>                           | —      | 32     | 32    |
| <b>Hydroelectric</b>                          |        |        |       |
| Construction <sup>(1)</sup>                   | 9      | —      | 9     |
| In operation                                  | 1      | —      | 1     |
| <b>Hydroelectric - total</b>                  | 10     | —      | 10    |
| <b>Corporate</b>                              | 2      | —      | 2     |
| <b>Total</b>                                  | 12     | 32     | 44    |

<sup>(1)</sup> See the Commissioning table in this section.

Restricted cash decreased by \$11 million during the first six months of 2020, largely due to the release of restricted cash amounts subsequent to the refinancing in France.

The Corporation also paid \$10 million mainly as additional consideration for the acquisition of energy sales contracts. The amounts paid were primarily related to the **Extension Seuil de Bapaume** project.

### Financing activities

For the first six months of 2020, financing activities used total net cash flows of \$59 million.

#### New financing arrangements and repayments on existing debt

For the first six months of 2020, new non-current debt contracted by Boralex totalled \$90 million:

- \$81 million drawn down from the revolving credit facility;
- \$9 million for the Sainte-Christine portfolio in France;

At the end of the first quarter of 2020, given the potential liquidity issues that could affect the banking system during the COVID-19 crisis, the Corporation decided to draw down \$40 million from its revolving credit facility in order to secure an emergency cushion. The Corporation continues to have confidence in the financial institutions which make up its banking syndicate and does not intend to make use of these funds which will be repaid at the end of the current health crisis.

Conversely, during the first six months of 2020, the Corporation made debt repayments totalling \$99 million relating to various assets in operation and settled \$5 million in lease liabilities.

#### Dividends and other items

For the first six months of 2020, the Corporation paid dividends to shareholders totalling \$32 million (or the equivalent of \$0.1650 per share in each of the two quarters), compared with \$29 million for the corresponding period of 2019 (or the equivalent of \$0.1650 per share in each of the two quarters).

The Corporation also paid \$3 million to non-controlling shareholders compared with \$5 million for each of the six-month periods ended June 30, 2020 and 2019.

As mentioned in the three-month period analysis, the Corporation disbursed \$8 million for the settlement of cross-currency swaps maturing on June 30 2020. This amount is offset by an equivalent gain on Boralex's net investments in euros.

### Net change in cash and cash equivalents

Total cash movements for the first six months of 2020 resulted in a \$133 million increase, bringing *Cash and cash equivalents* to \$286 million as at June 30, 2020 compared with \$153 million as at December 31, 2019.

## Discretionary cash flows and payout ratio<sup>(1)</sup>

Discretionary cash flows amounted to \$64 million for the six-month period ended June 30, 2020 compared with \$60 million for the corresponding period of fiscal 2019. This \$4 million increase resulted from the \$21 million increase in EBITDA between these two periods following wind power production in the first quarter of 2020 that largely exceeded output in the first quarter of 2019. This increase was mainly offset by higher debt repayments including net non-recurring and temporary debt adjustments of \$15 million related to the adjustment of debt repayments in France based on seasonal factors following the refinancing which took place at the end of 2019 (for more information see explanation for the three-month period ended June 30, 2020).

Discretionary cash flows per share amounted to \$0.67 for the six-month period ended June 30, 2020 compared with \$0.64 as at June 30, 2019.

### Last twelve months

Discretionary cash flows amounted to \$124 million for the twelve-month period ended June 30, 2020 compared with \$120 million for the twelve-month period ended December 31, 2019. Note that during the fourth quarter of 2019 and the first quarter of 2020, our discretionary cash flows were bolstered by wind power output in France which largely exceeded anticipated production. This increase was partially offset by a change in the repayment schedule following the refinancing in France as indicated previously which had a net unfavourable impact of \$15 million. This difference will be offset during the third quarter.

Discretionary cash flows per share for the twelve-month period ended June 30, 2020 amounted to \$1.29 compared with \$1.33 as at December 31, 2019 and the payout ratio stood at 50%, in line with the financial objective of the strategic plan.

<sup>(1)</sup> See the *Non-IFRS measures* section.

# Financial position

## Overview of the consolidated condensed statements of financial position

| (in millions of Canadian dollars) (unaudited)  | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> | Change (\$) |
|--|----------------------------------|--------------------------------------|-------------|
| <b>ASSETS</b>                                  |                                  |                                      |             |
| Cash and cash equivalents                      | 286                              | 153                                  | 133         |
| Restricted cash                                | 4                                | 15                                   | (11)        |
| Other current assets                           | 135                              | 195                                  | (60)        |
| <b>CURRENT ASSETS</b>                          | <b>425</b>                       | <b>363</b>                           | <b>62</b>   |
| Property, plant and equipment                  | 2,728                            | 2,715                                | 13          |
| Right-of-use assets                            | 264                              | 260                                  | 4           |
| Intangible assets                              | 704                              | 700                                  | 4           |
| Goodwill                                       | 193                              | 188                                  | 5           |
| Interests in the Joint Ventures and associates | 223                              | 236                                  | (13)        |
| Other non-current assets                       | 81                               | 95                                   | (14)        |
| <b>NON-CURRENT ASSETS</b>                      | <b>4,193</b>                     | <b>4,194</b>                         | <b>(1)</b>  |
| <b>TOTAL ASSETS</b>                            | <b>4,618</b>                     | <b>4,557</b>                         | <b>61</b>   |
| <b>LIABILITIES</b>                             |                                  |                                      |             |
| <b>CURRENT LIABILITIES</b>                     | <b>337</b>                       | <b>304</b>                           | <b>33</b>   |
| Debt   | 2,927                            | 2,895                                | 32          |
| Lease liabilities                              | 203                              | 197                                  | 6           |
| Other non-current liabilities                  | 338                              | 286                                  | 52          |
| <b>NON-CURRENT LIABILITIES</b>                 | <b>3,468</b>                     | <b>3,378</b>                         | <b>90</b>   |
| <b>TOTAL LIABILITIES</b>                       | <b>3,805</b>                     | <b>3,682</b>                         | <b>123</b>  |
| <b>EQUITY</b>                                  |                                  |                                      |             |
| <b>TOTAL EQUITY</b>                            | <b>813</b>                       | <b>875</b>                           | <b>(62)</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>            | <b>4,618</b>                     | <b>4,557</b>                         | <b>61</b>   |

## Summary of significant changes

### Assets

As at June 30, 2020, Boralex's total assets amounted to \$4,618 million, up \$61 million from total assets of \$4,557 million as at December 31, 2019. This increase was due to the \$62 million growth in *Current assets* and a \$1 million decrease in *Non-current assets*.

The change in *Current assets* was primarily attributable to the \$133 million increase in *Cash and cash equivalents* following the sound results for the first six months of 2020. This increase was partially offset by the \$11 million decrease in *Restricted cash* resulting from the release of restricted cash amounts subsequent to the refinancing in France and the \$42 million in *Trade and other receivables* owing to seasonal factors.

*Non-current assets* were down \$1 million, owing primarily to:

- The \$13 million increase in the value of *Property, plant and equipment* (net of amortization for the period) which breaks down as follows:
  - A \$59 million increase related to exchange rate fluctuations and an \$81 million decrease related to amortization of assets in operation;
  - A \$44 million increase related to projects under construction (see the *Cash flows* section);
- A \$4 million increase in *Right-of-use assets* primarily due to exchange rate fluctuations;
- A \$4 million increase in *Intangible assets* primarily related to an \$18 million foreign exchange effect and \$10 million as additional consideration for the acquisition related mostly to the **Extension Seuil de Bapaume** and **Santerre** projects, offset by the amortization for assets in operation in the amount of \$26 million.
- A \$5 million decrease in *Goodwill* related to exchange rate fluctuations;



- A \$13 million decrease in *Interests in the Joint Ventures and associates* mainly related to distributions received in the amount of \$10 million;
- A \$14 million decrease in *Non-current assets*, owing in large part to changes in *Other non-current financial assets* resulting from changes in the fair value of financial instruments.

### Current liabilities

*Current liabilities* as at June 30, 2020 amounted to \$337 million, up \$33 million compared with \$304 million recognized as at December 31, 2019. The increase is mainly due to:

- A \$26 million increase in *Current portion of debt* due to exchange rate fluctuations and the refinancing of debt in France;
- A \$10 million increase in *Trade and other payables* due to an increase in income taxes and maintenance payable.

### Working capital

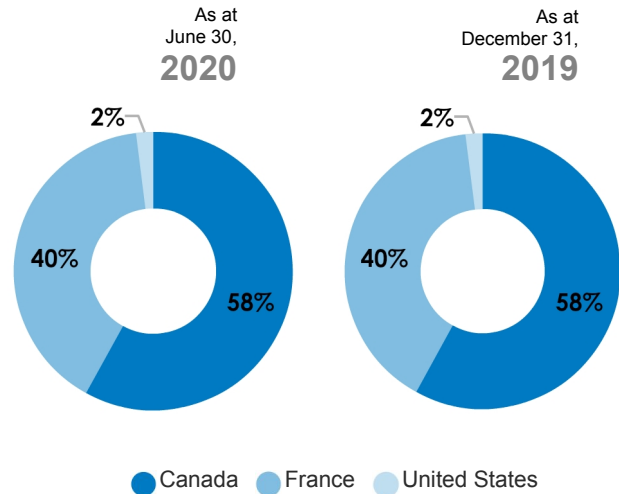
As at June 30, 2020, the Corporation had working capital of \$88 million for a ratio of 1.26:1, compared with working capital of \$59 million and a ratio of 1.19:1 as at December 31, 2019. The improvement in working capital is mainly due to the substantial increase in *Cash and cash equivalents* during the first six months of the year, partially offset by the decrease in *Trade and other receivables* and increases in *Trade and other payables* and *Current portion of debt* as discussed previously.

### Non-current liabilities

Total *Non-current liabilities* grew \$90 million. This increase was mainly due to the \$32 million growth in *Debt* of which \$62 million resulted from exchange rate fluctuations, and \$57 million in *Other non-current financial liabilities* primarily related to the reduction in the fair value of the Joint Ventures' interest rate swaps given the significant drop in rates since the beginning of the COVID-19 pandemic.

As at June 30, 2020, Boralex had \$379 million in debt contracted for its construction projects that remains undrawn. Boralex could still draw on the \$50 million revolving credit accordion feature, an amount of \$119 million available on the revolving credit facility and \$70 million on the letter of guarantee facility.

### Geographic breakdown of debt



### Equity

Total equity declined \$62 million during the first half of 2020 to \$813 million as at June 30, 2020. This decrease resulted from a \$65 million decrease in *Other comprehensive income* related to the translation of financial statements and to lower interest rates and \$32 million in dividends paid to shareholders of Boralex, which was partially offset by net earnings of \$38 million.

### Debt ratios

Net debt, as defined under *Non-IFRS measures*, amounted to \$2,914 million as at June 30, 2020 compared with \$2,981 million as at December 31, 2019.

As a result, the net debt ratio, based on market capitalization, as defined under *Non-IFRS measures*, declined to 49% as at June 30, 2020 from 56% as at December 31, 2019.

Boralex's share price was \$30.90 per share as at June 30, 2020 compared with \$24.46 per share as at December 31, 2019.

### Information about the Corporation's equity

As at June 30, 2020, Boralex's capital stock consisted of 96,464,691 Class A shares issued and outstanding (96,464,460 as at December 31, 2019). There were 364,591 outstanding stock options, of which 223,608 were exercisable.

From July 1 to August 6, 2020, no new shares were issued on exercise of stock options.

## Related party transactions

The Corporation has entered into a management agreement with R.S.P. Énergie Inc., an entity of which Patrick Lemaire, President, Chief Executive Officer and a director of the Corporation, is one of three shareholders.

The Corporation has an office lease contract with Ivanhoé Cambridge, an entity in which the Caisse holds an interest as well. As at June 30, 2020, the lease liability related to rent amounted to \$11 million.

In addition, the Corporation holds a \$250 million financing arrangement with the Caisse in the form of unsecured subordinated debt with a 10-year maturity as well as a \$61 million (€40 million) term loan for which the credit agreement stipulates a maturity date in five years with repayment of the full amount of the loan on maturity date. For the six-month period ended June 30, 2020, the interest related to these transactions amounted to \$8 million (\$7 million in 2019).

The Six Nations' equity interest in FWRN LP was financed through a non-recourse loan which will be repaid, with interest, through Six Nations' share of the payouts that FWRN LP will make during the term of the energy sale contract. For the six-month period ended June 30, 2020, the advance including interest totalled \$39 million (\$37 million as at December 31, 2019).

The 15 MW Val aux Moines wind farm is 35% owned by shareholder Nordex Employee Holding GmbH. The non-controlling shareholder advanced \$6 million (€4 million) to the project to finance construction of the facility. For the six-month periods ended June 30, 2020 and June 30, 2019, interest related to this amount owing to a non-controlling shareholder was not material.

## Seasonal factors

| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | Three-month periods ended |                  |                   |                  |                   |                  |                   |                  |
|---|---------------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
|   | Sept. 30,<br>2018         | Dec. 31,<br>2018 | March 31,<br>2019 | June 30,<br>2019 | Sept. 30,<br>2019 | Dec. 31,<br>2019 | March 31,<br>2020 | June 30,<br>2020 |
| <b>POWER PRODUCTION (GWh)</b>   |                           |                  |                   |                  |                   |                  |                   |                  |
| Wind power stations   | 415                       | 852              | 1,038             | 636              | 546               | 1,038            | 1,235             | 649              |
| NRWF compensation   | 42                        | 41               | 10                | 73               | 28                | 64               | 31                | 55               |
|   | 457                       | 893              | 1,048             | 709              | 574               | 1,102            | 1,266             | 704              |
| Hydroelectric power stations  | 118                       | 170              | 159               | 255              | 131               | 211              | 198               | 218              |
| Thermal power stations  | 8                         | 40               | 72                | 38               | —                 | 48               | 65                | 8                |
| Solar power stations  | 7                         | 3                | 5                 | 7                | 7                 | 3                | 4                 | 7                |
|   | 590                       | 1,106            | 1,284             | 1,009            | 712               | 1,364            | 1,533             | 937              |
| <b>REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM</b>                     |                           |                  |                   |                  |                   |                  |                   |                  |
| Wind power stations   | 64                        | 123              | 146               | 99               | 78                | 149              | 172               | 99               |
| Hydroelectric power stations  | 10                        | 11               | 12                | 16               | 11                | 22               | 16                | 18               |
| Thermal power stations  | 3                         | 9                | 13                | 5                | 1                 | 7                | 11                | 2                |
| Solar power stations  | 2                         | 2                | 1                 | 1                | 2                 | 1                | 1                 | 2                |
|   | 79                        | 145              | 172               | 121              | 92                | 179              | 200               | 121              |
| <b>EBITDA(A)<sup>(1)</sup></b>  |                           |                  |                   |                  |                   |                  |                   |                  |
| Wind power stations   | 46                        | 105              | 130               | 84               | 52                | 145              | 150               | 90               |
| Hydroelectric power stations  | 5                         | 8                | 8                 | 12               | 6                 | 17               | 12                | 14               |
| Thermal power stations  | —                         | 2                | 6                 | 1                | (1)               | 1                | 4                 | (2)              |
| Solar power stations  | 2                         | 1                | 1                 | 1                | 2                 | 1                | —                 | 1                |
|   | 53                        | 116              | 145               | 98               | 59                | 164              | 166               | 103              |
| Corporate and eliminations  | (14)                      | (18)             | (14)              | (15)             | (14)              | (21)             | (17)              | (17)             |
|   | 39                        | 98               | 131               | 83               | 45                | 143              | 149               | 86               |
| <b>NET EARNINGS (LOSS)</b>  | (37)                      | 9                | 31                | (15)             | (36)              | (23)             | 44                | (6)              |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX</b>        | (31)                      | 9                | 29                | (13)             | (29)              | (26)             | 41                | (6)              |
| Per share - basic   | (\$0.40)                  | \$0.09           | \$0.32            | (\$0.14)         | (\$0.32)          | (\$0.28)         | \$0.43            | (\$0.07)         |
| Per share - diluted   | (\$0.40)                  | \$0.09           | \$0.31            | (\$0.14)         | (\$0.32)          | (\$0.28)         | \$0.43            | (\$0.07)         |
| <b>CASH FLOWS FROM OPERATIONS<sup>(1)</sup></b>                           | 23                        | 71               | 101               | 55               | 35                | 119              | 124               | 51               |

<sup>(1)</sup> 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. The impact of these cycles is mitigated by diversifying the Corporation's power generation sources and favourable geographical positioning.

Operating volumes at Boralex facilities are influenced as follows:

- 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.

- Hydroelectricity 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. 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. 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.
- The generation of thermal energy is regulated under contracts in Canada and France with power generation limitation periods for Boralex. Thermal energy is generated in Canada from mid-October to mid-June and in Europe from November to March.
- For solar power, sunlight conditions are typically more favourable in the spring and summer.

|                               | Net installed capacity (MW) | Power production average of the past five years <sup>(1)</sup> |            |            |            |
|-------------------------------|-----------------------------|--|------------|------------|------------|
|                               |                             | Q1   | Q2         | Q3         | Q4         |
| Wind                          | 1,810                       | 31%  | 21%        | 17%        | 31%        |
| Hydroelectric                 | 182                         | 23%  | 32%        | 20%        | 25%        |
| Thermal                       | 47                          | 41%  | 17%        | 19%        | 23%        |
| Solar                         | 16                          | 18%  | 30%        | 31%        | 21%        |
| <b>Total power production</b> | <b>2,055</b>                | <b>30%</b>   | <b>23%</b> | <b>18%</b> | <b>29%</b> |

<sup>(1)</sup> The historical average of power production is based on the last five full fiscal years of the Corporation, from 2015 to 2019.

## 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 had entered into foreign exchange forward contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe. 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 June 30, 2020, substantially all of the French and Canadian power stations and two 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. Consequently, only 2% of Boralex's net installed capacity is exposed to price risk at present.

### Interest rate risk

As at June 30, 2020, approximately 80% of non-current debt issued bore interest at variable rates, excluding the revolving credit facility and subordinated debt. 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 11 % of total debt under IFRS.

The following table summarizes the Corporation's derivative financial instruments as at June 30, 2020:

As at June 30,

**2020**

| (in millions of Canadian dollars) (unaudited) | Currency    | Current notional     |       | Fair value           |       |
|---|-------------|----------------------|-------|----------------------|-------|
|   |             | (currency of origin) | (CAD) | (currency of origin) | (CAD) |
| Interest rate swaps                           | EUR         | 700                  | 1,067 | (27)                 | (42)  |
| Interest rate swaps                           | CAD         | 729                  | 729   | (47)                 | (47)  |
| Cross-currency swaps                          | EUR vs. CAD | 318                  | 487   | —                    | —     |
|   |             |                      |       |                      | (89)  |

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 the anticipated return on its projects. As a result, the fact that fair value is unfavourable only indicates that forward interest rates have fallen or exchange rates have risen and has no bearing on the effectiveness of the instrument as part of the Corporation's risk management strategy.

## Combined

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 are replaced with Boralex’s respective share (ranging from 50.00% to 59.96%) in the financial statements of the Interests (revenues, expenses, assets, liabilities, etc.). For more details, see the Interests in the Joint Ventures and associates note in the audited annual consolidated financial statements for the year ended December 31, 2019.

## Interests in the Joint Ventures and associates

The analysis of results takes into account the significant Joint Ventures and associates of the Corporation. Data is shown below as a percentage of interests held by Boralex: III - Analysis of consolidated operating results - Combined information

|                | 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%                 |

## Highlights of the Joint Ventures and associates

|  | 2020         |                                  |       | 2019         |                                  |       |            |
|--|--------------|----------------------------------|-------|--------------|----------------------------------|-------|------------|
|  | SDB I and II | DM I, II, LP I, II and Roncevaux | Total | SDB I and II | DM I, II, LP I, II and Roncevaux | Total | Change (%) |
| <b>Three-month periods ended June 30:</b>      |              |                                  |       |              |                                  |       |            |
| Wind power production (GWh)                    | 141          | 139                              | 280   | 127          | 131                              | 258   | 8          |
| Revenues from energy sales                     | 16           | 14                               | 30    | 14           | 13                               | 27    | 10         |
| EBITDA(A)                                      | 13           | 11                               | 24    | 12           | 10                               | 22    | 13         |
| Net earnings (loss)                            | 5            | (1)                              | 4     | 2            | —                                | 2     | >100       |
| Net cash flows related to operating activities | 11           | 11                               | 22    | 11           | 9                                | 20    | 5          |
| Cash flows from operations                     | 10           | 7                                | 17    | 8            | 5                                | 13    | 26         |
| <b>Six-month periods ended June 30:</b>        |              |                                  |       |              |                                  |       |            |
| Wind power production (GWh)                    | 289          | 295                              | 584   | 318          | 335                              | 653   | (11)       |
| Revenues from energy sales                     | 32           | 30                               | 62    | 35           | 34                               | 69    | (10)       |
| EBITDA(A)                                      | 28           | 24                               | 52    | 31           | 28                               | 59    | (11)       |
| Net earnings                                   | 12           | —                                | 12    | 12           | 5                                | 17    | (28)       |
| Net cash flows related to operating activities | 14           | 17                               | 31    | 15           | 21                               | 36    | (18)       |
| Cash flows from operations                     | 20           | 17                               | 37    | 23           | 19                               | 42    | (14)       |
| Shares in the assets <sup>(1)</sup>            | 353          | 484                              | 837   | 368          | 507                              | 875   | (4)        |
| Shares of borrowings <sup>(1)</sup>            | 280          | 298                              | 578   | 291          | 278                              | 569   | 1          |

<sup>(1)</sup> As at December 31, 2019 for comparative amounts.



# Analysis of consolidated operating results for the three-month period ended June 30, 2020 - Combined

## Total power production

| (GWh)                             | Q2 2020 |        |               |       | Q2 2019 |        |               |       | Change |      |
|-----------------------------------|---------|--------|---------------|-------|---------|--------|---------------|-------|--------|------|
|                                   | Canada  | France | United States | Total | Canada  | France | United States | Total | in GWh | %    |
| <b>Wind</b>                       |         |        |               |       |         |        |               |       |        |      |
| Comparable assets <sup>(1)</sup>  | 600     | 365    | —             | 965   | 574     | 376    | —             | 950   | 15     | 2    |
| Temporary shutdown - Cham Longe I | —       | 3      | —             | 3     | —       | 16     | —             | 16    | (13)   | (81) |
| Commissioning <sup>(2)</sup>      | —       | 16     | —             | 16    | —       | 1      | —             | 1     | 15     | >100 |
| <b>Wind - total</b>               | 600     | 384    | —             | 984   | 574     | 393    | —             | 967   | 17     | 2    |
| <b>Hydroelectric</b>              |         |        |               |       |         |        |               |       |        |      |
| Comparable assets                 | 84      | —      | 99            | 183   | 103     | —      | 152           | 255   | (72)   | (28) |
| Temporary shutdown - Buckingham   | 35      | —      | —             | 35    | —       | —      | —             | —     | 35     | —    |
| <b>Hydroelectric - total</b>      | 119     | —      | 99            | 218   | 103     | —      | 152           | 255   | (37)   | (15) |
| <b>Thermal</b>                    | 8       | —      | —             | 8     | 38      | —      | —             | 38    | (30)   | (79) |
| <b>Solar</b>                      | —       | 7      | —             | 7     | 1       | 6      | —             | 7     | —      | (7)  |
| <b>Total<sup>(1)</sup></b>        | 727     | 391    | 99            | 1,217 | 716     | 399    | 152           | 1,267 | (50)   | (4)  |

<sup>(1)</sup> Includes the compensation for the equivalent of 55 GWh in light of the power limitation imposed on the NRW facility for the second quarter of 2020 (73 GWh for the second quarter of 2019).

<sup>(2)</sup> See the *Commissioning* table in section II - Analysis of results, cash flows and financial position - IFRS.

On a Combined basis, power production amounted to 1,217 GWh for the second quarter of 2020, down 50 GWh or 4% compared with the corresponding period of 2019. As the facilities of the Joint Ventures and associates experienced more favourable weather conditions than a year earlier, this decrease was attributable to lower performance at comparable wind power assets in France, the temporary shutdown of **Cham Longe I** and a decline in production volume at comparable hydroelectric power facilities. Only a part of these unfavourable differences was offset by the commissioning of new wind farms and the repowering of the **Buckingham** power station.

## Revenues from energy sales and feed-in premium

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

| (in millions of Canadian dollars) (unaudited) | Wind | Hydro | Other segments | Combined    |
|---|------|-------|----------------|-------------|
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2019</b> | 126  | 16    | 6              | <b>148</b>  |
| <b>Segment breakdown</b>                      | 85%  | 10%   | 5%             | <b>100%</b> |
| Acquisitions/commissioning <sup>(1)</sup>     | 1    | —     | —              | <b>1</b>    |
| Volume <sup>(2)</sup>                         | 2    | (4)   | (2)            | <b>(4)</b>  |
| Temporary shutdowns                           | (1)  | 3     | —              | <b>2</b>    |
| Pricing                                       | —    | 3     | (1)            | <b>2</b>    |
| Other   | 1    | —     | 1              | <b>2</b>    |
| Change  | 3    | 2     | (2)            | <b>3</b>    |
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2020</b> | 129  | 18    | 4              | <b>151</b>  |
| <b>Segment breakdown</b>                      | 86%  | 12%   | 2%             | <b>100%</b> |

<sup>(1)</sup> See the *Commissioning* table in section II - Analysis of results, cash flows and financial position - IFRS.

<sup>(2)</sup> Excluding temporary shutdowns.

<sup>(3)</sup> Includes foreign exchange and compensation for prior production limitation.

During the second quarter of 2020, the contributions to revenues from energy sales by the wind farms of the Joint Ventures and associates were up \$3 million or 10% compared with the corresponding quarter of 2019. Accordingly, the \$3 million increase in revenues on a Combined basis is attributable to the contribution of the Joint Ventures and associates since revenues under IFRS were relatively stable.

## EBITDA(A)<sup>(1)</sup>

### Main differences in EBITDA(A)

| (in millions of Canadian dollars) (unaudited) | Wind | Hydro | Other segments | Corporate and eliminations | Combined    |
|---|------|-------|----------------|----------------------------|-------------|
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2019</b> | 104  | 12    | 2              | (15)                       | <b>103</b>  |
| <b>Segment breakdown<sup>(2)</sup></b>        | 88%  | 10%   | 2 %            |                            | <b>100%</b> |
| Acquisitions/commissioning <sup>(3)</sup>     | 1    | —     | —              | —                          | 1           |
| Volume <sup>(4)</sup>                         | 2    | (4)   | (2)            | —                          | (4)         |
| Temporary shutdowns                           | (1)  | 3     | —              | —                          | 2           |
| Pricing                                       | —    | 3     | (1)            | —                          | 2           |
| Development                                   | 1    | —     | —              | 1                          | 2           |
| Other <sup>(5)</sup>                          | 3    | —     | —              | (2)                        | 1           |
| Change  | 6    | 2     | (3)            | (1)                        | 4           |
| <b>THREE-MONTH PERIOD ENDED JUNE 30, 2020</b> | 110  | 14    | (1)            | (16)                       | <b>107</b>  |
| <b>Segment breakdown<sup>(2)</sup></b>        | 89%  | 12%   | (1)%           |                            | <b>100%</b> |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> Excluding corporate segment and eliminations.

<sup>(3)</sup> See the *Commissioning* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

<sup>(4)</sup> Excluding temporary shutdowns.

<sup>(5)</sup> Includes the differences related to salaries, revenues following the repatriation of LP I maintenance work in-house and foreign exchange effect.

The contribution to EBITDA(A) of the Joint Ventures and associates increased by \$2 million or 13% in the second quarter of 2020 compared with the same quarter of last year. The 4% growth in EBITDA(A) on a Combined basis, was therefore attributable to the contribution of the Joint Ventures and associates during the second quarter of 2020, the net impact of temporary shutdowns, the reduction in development costs following the health crisis and the contributions from assets commissioned.

# Analysis of consolidated operating results for the six-month period ended June 30, 2020 - Combined

## Combined

### Total power production

| (GWh)                             | Cumulative 2020 |              |               |              | Cumulative 2019 |              |               |              | Change      |             |
|-----------------------------------|-----------------|--------------|---------------|--------------|-----------------|--------------|---------------|--------------|-------------|-------------|
|                                   | Canada          | France       | United States | Total        | Canada          | France       | United States | Total        | in GWh      | %           |
| <b>Wind</b>                       |                 |              |               |              |                 |              |               |              |             |             |
| Comparable assets <sup>(1)</sup>  | 1,252           | 1,165        | —             | 2,417        | 1,363           | 987          | —             | 2,350        | 67          | 3           |
| Temporary shutdown - Cham Longe I | —               | 19           | —             | 19           | —               | 30           | —             | 30           | (11)        | (37)        |
| Commissioning <sup>(2)</sup>      | 32              | 86           | —             | 118          | 12              | 18           | —             | 30           | 88          | >100        |
| <b>Wind - total</b>               | <b>1,284</b>    | <b>1,270</b> | <b>—</b>      | <b>2,554</b> | <b>1,375</b>    | <b>1,035</b> | <b>—</b>      | <b>2,410</b> | <b>144</b>  | <b>6</b>    |
| <b>Hydroelectric</b>              |                 |              |               |              |                 |              |               |              |             |             |
| Comparable assets                 | 81              | —            | 227           | 308          | 98              | —            | 286           | 384          | (76)        | (20)        |
| Commissioning - Yellow Falls      | 41              | —            | —             | 41           | 30              | —            | —             | 30           | 11          | 37          |
| Temporary shutdown - Buckingham   | 67              | —            | —             | 67           | —               | —            | —             | —            | 67          | —           |
| <b>Hydroelectric - total</b>      | <b>189</b>      | <b>—</b>     | <b>227</b>    | <b>416</b>   | <b>128</b>      | <b>—</b>     | <b>286</b>    | <b>414</b>   | <b>2</b>    | <b>1</b>    |
| <b>Thermal</b>                    | <b>54</b>       | <b>19</b>    | <b>—</b>      | <b>73</b>    | <b>91</b>       | <b>19</b>    | <b>—</b>      | <b>110</b>   | <b>(37)</b> | <b>(34)</b> |
| <b>Solar</b>                      | <b>—</b>        | <b>11</b>    | <b>—</b>      | <b>11</b>    | <b>—</b>        | <b>12</b>    | <b>—</b>      | <b>12</b>    | <b>(1)</b>  | <b>(11)</b> |
| <b>Total<sup>(1)</sup></b>        | <b>1,527</b>    | <b>1,300</b> | <b>227</b>    | <b>3,054</b> | <b>1,594</b>    | <b>1,066</b> | <b>286</b>    | <b>2,946</b> | <b>108</b>  | <b>4</b>    |

<sup>(1)</sup> Includes the compensation for the equivalent of 86 GWh in light of the power limitation imposed on the NRWF facility for the first six months of 2020 (83 GWh for the first six months of 2019).

<sup>(2)</sup> See the *Commissioning* table in section II - Analysis of results, cash flows and financial position - IFRS.

On a Combined basis, power production amounted to 3,054 GWh for the six-month period ended June 30, 2020, up 108 GWh or 4% compared with the corresponding period of 2019. As the facilities of the Joint Ventures and associates experienced less favourable weather conditions than a year earlier, this increase was driven mainly by better performance at comparable wind power assets in France and the commissioning of new wind and hydroelectric power facilities.

### Revenues from energy sales and feed-in premium

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

| (in millions of Canadian dollars) (unaudited) | Wind       | Hydro     | Other segments | Combined    |
|---|------------|-----------|----------------|-------------|
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2019</b>   | <b>314</b> | <b>28</b> | <b>20</b>      | <b>362</b>  |
| <b>Segment breakdown</b>                      | <b>86%</b> | <b>8%</b> | <b>6%</b>      | <b>100%</b> |
| Acquisitions/commissioning <sup>(1)</sup>     | 9          | 2         | —              | 11          |
| Volume <sup>(2)</sup>                         | 10         | (5)       | (3)            | 2           |
| Temporary shutdowns                           | (1)        | 5         | —              | 4           |
| Pricing                                       | —          | 2         | (2)            | —           |
| Other <sup>(3)</sup>                          | 1          | 2         | 1              | 4           |
| Change  | 19         | 6         | (4)            | 21          |
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2020</b>   | <b>333</b> | <b>34</b> | <b>16</b>      | <b>383</b>  |
| <b>Segment breakdown</b>                      | <b>87%</b> | <b>9%</b> | <b>4%</b>      | <b>100%</b> |

<sup>(1)</sup> See the *Commissioning* table in section II - Analysis of results, cash flows and financial position - IFRS.

<sup>(2)</sup> Excluding temporary shutdowns.

<sup>(3)</sup> Includes foreign exchange and compensation for prior production limitation.

During the six-month period ended June 30, 2020, the contributions to revenues from energy sales by the wind farms of the Joint Ventures and associates declined \$7 million or 10% compared with the corresponding period of 2019. Accordingly, the 10% growth in revenues on a Combined basis resulted from favourable differences owing to better conditions enjoyed by French wind farms during the first quarter and to an expanded operating asset base in the wind and hydroelectric power segments.

## EBITDA(A)<sup>(1)</sup>

### Main differences in EBITDA(A)

| (in millions of Canadian dollars)           | Wind | Hydro | Other segments | Corporate and eliminations | Combined    |
|---|------|-------|----------------|----------------------------|-------------|
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2019</b> | 256  | 20    | 9              | (28)                       | <b>257</b>  |
| <b>Segment breakdown<sup>(5)</sup></b>      | 89%  | 8%    | 3%             |                            | <b>100%</b> |
| Acquisitions/commissioning <sup>(2)</sup>   | 7    | 2     | —              | —                          | <b>9</b>    |
| Volume <sup>(3)</sup>                       | 10   | (5)   | (2)            | —                          | <b>3</b>    |
| Temporary shutdown                          | (1)  | 5     | —              | —                          | <b>4</b>    |
| Pricing                                     | —    | 2     | (2)            | —                          | <b>—</b>    |
| Development                                 | 2    | —     | (1)            | 1                          | <b>2</b>    |
| Other <sup>(4)</sup>                        | 6    | 2     | (1)            | (6)                        | <b>1</b>    |
| Change                                      | 24   | 6     | (6)            | (5)                        | <b>19</b>   |
| <b>SIX-MONTH PERIOD ENDED JUNE 30, 2020</b> | 280  | 26    | 3              | (33)                       | <b>276</b>  |
| <b>Segment breakdown<sup>(5)</sup></b>      | 91%  | 8%    | 1%             |                            | <b>100%</b> |

<sup>(1)</sup> See the *Non-IFRS measures* section.

<sup>(2)</sup> See the *Commissioning* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

<sup>(3)</sup> Excluding temporary shutdowns.

<sup>(4)</sup> Including differences related to salaries, revenues following the repatriation of LP I maintenance work in-house and foreign exchange effect.

<sup>(5)</sup> Excluding corporate segment and eliminations.

The contribution to EBITDA(A) of the Joint Ventures and associates declined by \$7 million or 11% during the six-month period ended June 30, 2020 compared with the corresponding period of 2019. The 7% growth in EBITDA(A) on a Combined basis was therefore attributable to the additional \$9 million in EBITDA(A) resulting from the expansion of the operating base since the start of 2019. In addition, there were a volume effect of \$3 million given the performance of comparable assets mainly in France, a net favourable difference in temporary shutdown of \$4 million and the reduction of \$2 million in development costs following the health crisis.

## Non-IFRS measures

### Performance 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 audited 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.

### Reconciliation between IFRS and Combined information

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

#### Consolidated

|  | 2020  |                               |          | 2019  |                               |          |
|--|-------|-------------------------------|----------|-------|-------------------------------|----------|
| (in millions of Canadian dollars) (unaudited)  | IFRS  | Reconciliation <sup>(1)</sup> | Combined | IFRS  | Reconciliation <sup>(1)</sup> | Combined |
| <b>Three-month period ended June 30:</b>       |       |                               |          |       |                               |          |
| Power production (GWh)                         | 937   | 280                           | 1,217    | 1,009 | 258                           | 1,267    |
| Revenues from energy sales and feed-in premium | 121   | 30                            | 151      | 121   | 27                            | 148      |
| EBITDA(A)                                      | 86    | 21                            | 107      | 83    | 20                            | 103      |
| Net loss                                       | (6)   | 1                             | (5)      | (15)  | —                             | (15)     |
| Net cash flows related to operating activities | 98    | 21                            | 119      | 113   | 11                            | 124      |
| Cash flows from operations                     | 51    | 15                            | 66       | 55    | 4                             | 59       |
| <b>Six-month period ended June 30:</b>         |       |                               |          |       |                               |          |
| Power production (GWh)                         | 2,470 | 584                           | 3,054    | 2,293 | 653                           | 2,946    |
| Revenues from energy sales and feed-in premium | 321   | 62                            | 383      | 293   | 69                            | 362      |
| EBITDA(A)                                      | 235   | 41                            | 276      | 214   | 43                            | 257      |
| Net earnings                                   | 38    | (6)                           | 32       | 16    | —                             | 16       |
| Net cash flows related to operating activities | 230   | 22                            | 252      | 178   | 18                            | 196      |
| Cash flows from operations                     | 175   | 28                            | 203      | 156   | 24                            | 180      |
| <b>As at June 30:</b>                          |       |                               |          |       |                               |          |
| Total assets <sup>(3)</sup>                    | 4,618 | 684                           | 5,302    | 4,557 | 689                           | 5,246    |
| Debt <sup>(2)(3)</sup>                         | 3,125 | 578                           | 3,703    | 3,067 | 593                           | 3,660    |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS.

<sup>(2)</sup> Includes *Debt* and *Current portion of debt*.

<sup>(3)</sup> As at December 31, 2019 for comparative amounts.



## Wind

|  | 2020  |                               |          | 2019  |                               |          |
|--|-------|-------------------------------|----------|-------|-------------------------------|----------|
| (in millions of Canadian dollars) (unaudited)  | IFRS  | Reconciliation <sup>(1)</sup> | Combined | IFRS  | Reconciliation <sup>(1)</sup> | Combined |
| <b>Three-month period ended June 30:</b>       |       |                               |          |       |                               |          |
| Power production (GWh)                         | 649   | 280                           | 929      | 636   | 258                           | 894      |
| NRWF compensation                              | 55    | —                             | 55       | 73    | —                             | 73       |
|  | 704   | 280                           | 984      | 709   | 258                           | 967      |
| Revenues from energy sales and feed-in premium | 99    | 30                            | 129      | 99    | 27                            | 126      |
| EBITDA(A)                                      | 90    | 20                            | 110      | 84    | 20                            | 104      |
| <b>Six-month period ended June 30:</b>         |       |                               |          |       |                               |          |
| Power production (GWh)                         | 1,884 | 584                           | 2,468    | 1,674 | 653                           | 2,327    |
| NRWF compensation                              | 86    | —                             | 86       | 83    | —                             | 83       |
|  | 1,970 | 584                           | 2,554    | 1,757 | 653                           | 2,410    |
| Revenues from energy sales and feed-in premium | 271   | 62                            | 333      | 245   | 69                            | 314      |
| EBITDA(A)                                      | 240   | 40                            | 280      | 214   | 42                            | 256      |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS.

## EBITDA(A)

EBITDA(A) represents earnings before taxes, interest, depreciation and amortization, adjusted to exclude other items such as other gains, 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, in the following table.

|  | 2020       |                               |            | 2019       |                               |            |
|--|------------|-------------------------------|------------|------------|-------------------------------|------------|
| (in millions of Canadian dollars) (unaudited)  | IFRS       | Reconciliation <sup>(1)</sup> | Combined   | IFRS       | Reconciliation <sup>(1)</sup> | Combined   |
| <b>Three-month period ended June 30:</b>   |            |                               |            |            |                               |            |
| Net loss   | (6)        | 1                             | (5)        | (15)       | —                             | (15)       |
| Income tax recovery  | (2)        | 1                             | (1)        | (4)        | —                             | (4)        |
| Financing costs  | 31         | 10                            | 41         | 35         | 9                             | 44         |
| Amortization   | 58         | 12                            | 70         | 64         | 11                            | 75         |
| <b>EBITDA</b>  | <b>81</b>  | <b>24</b>                     | <b>105</b> | <b>80</b>  | <b>20</b>                     | <b>100</b> |
| Adjustments:   |            |                               |            |            |                               |            |
| Reversal of excess of distributions received over the share in net earnings of Joint Venture SDB I | 3          | (3)                           | —          | —          | —                             | —          |
| Other  | 2          | —                             | 2          | 3          | —                             | 3          |
| <b>EBITDA(A)</b>   | <b>86</b>  | <b>21</b>                     | <b>107</b> | <b>83</b>  | <b>20</b>                     | <b>103</b> |
| <b>Six-month period ended June 30:</b>   |            |                               |            |            |                               |            |
| Net earnings   | 38         | (6)                           | 32         | 16         | —                             | 16         |
| Income tax expense   | 15         | (2)                           | 13         | 4          | —                             | 4          |
| Financing costs  | 64         | 18                            | 82         | 68         | 19                            | 87         |
| Amortization   | 116        | 24                            | 140        | 126        | 25                            | 151        |
| Impairment   | —          | —                             | —          | 2          | —                             | 2          |
| <b>EBITDA</b>  | <b>233</b> | <b>34</b>                     | <b>267</b> | <b>216</b> | <b>44</b>                     | <b>260</b> |
| Adjustments:   |            |                               |            |            |                               |            |
| Excess of distributions received over the share in net earnings of Joint Venture SDB I             | (8)        | 8                             | —          | —          | —                             | —          |
| Other gains  | —          | (1)                           | (1)        | —          | (1)                           | (1)        |
| Other  | 10         | —                             | 10         | (2)        | —                             | (2)        |
| <b>EBITDA(A)</b>   | <b>235</b> | <b>41</b>                     | <b>276</b> | <b>214</b> | <b>43</b>                     | <b>257</b> |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS.

## 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:

|  | 2020       |                               |            | 2019       |                               |            |
|--|------------|-------------------------------|------------|------------|-------------------------------|------------|
| (in millions of Canadian dollars) (unaudited)            | IFRS       | Reconciliation <sup>(1)</sup> | Combined   | IFRS       | Reconciliation <sup>(1)</sup> | Combined   |
| <b>Three-month period ended June 30:</b>                 |            |                               |            |            |                               |            |
| Net cash flows related to operating activities           | 98         | 21                            | 119        | 113        | 11                            | 124        |
| Change in non-cash items related to operating activities | (47)       | (6)                           | (53)       | (58)       | (7)                           | (65)       |
| <b>CASH FLOWS FROM OPERATIONS</b>                        | <b>51</b>  | <b>15</b>                     | <b>66</b>  | <b>55</b>  | <b>4</b>                      | <b>59</b>  |
| <b>Six-month period ended June 30:</b>                   |            |                               |            |            |                               |            |
| Net cash flows related to operating activities           | 230        | 22                            | 252        | 178        | 18                            | 196        |
| Change in non-cash items related to operating activities | (55)       | 6                             | (49)       | (22)       | 6                             | (16)       |
| <b>CASH FLOWS FROM OPERATIONS</b>                        | <b>175</b> | <b>28</b>                     | <b>203</b> | <b>156</b> | <b>24</b>                     | <b>180</b> |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest less adjustments to reverse recognition of these interests under IFRS.

## 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                             |                                      | Combined                         |                                      |
|--|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
|  | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> |
| (in millions of Canadian dollars) (unaudited)      |                                  |                                      |                                  |                                      |
| Debt   | 2,927                            | 2,895                                | 3,476                            | 3,460                                |
| Current portion of debt                            | 198                              | 172                                  | 227                              | 200                                  |
| Transaction costs, net of accumulated amortization | 79                               | 82                                   | 94                               | 97                                   |
| Less:  |                                  |                                      |                                  |                                      |
| Cash and cash equivalents                          | 286                              | 153                                  | 313                              | 167                                  |
| Restricted cash                                    | 4                                | 15                                   | 3                                | 22                                   |
| <b>Net debt</b>                                    | <b>2,914</b>                     | <b>2,981</b>                         | <b>3,481</b>                     | <b>3,568</b>                         |

The Corporation defines total market capitalization as follows:

|   | IFRS                             |                                      | Combined                         |                                      |
|---|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
|   | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> |
| (in millions of Canadian dollars, unless otherwise specified) (unaudited) |                                  |                                      |                                  |                                      |
| Number of outstanding shares (in thousands)                               | 96,465                           | 96,464                               | 96,465                           | 96,464                               |
| Share market price (in \$ per share)                                      | 30.90                            | 24.46                                | 30.90                            | 24.46                                |
| Market value of equity attributable to shareholders                       | 2,981                            | 2,360                                | 2,981                            | 2,360                                |
| Non-controlling shareholders  | 13                               | 15                                   | 13                               | 15                                   |
| Net debt  | 2,914                            | 2,981                                | 3,481                            | 3,568                                |
| Total market capitalization   | 5,908                            | 5,356                                | 6,475                            | 5,943                                |

The Corporation computes the net debt ratio as follows:

|   | IFRS                             |                                      | Combined                         |                                      |
|---|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
|   | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> |
| (in millions of Canadian dollars, unless otherwise specified) (unaudited) |                                  |                                      |                                  |                                      |
| Net debt  | 2,914                            | 2,981                                | 3,481                            | 3,568                                |
| Total market capitalization   | 5,908                            | 5,356                                | 6,475                            | 5,943                                |
| <b>NET DEBT RATIO</b> (market capitalization)                             | 49%                              | 56%                                  | 54%                              | 60%                                  |

## 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 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).

### Payout ratio

The payout ratio is defined as dividends paid to shareholders of Boralex divided by discretionary cash flows. 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 June 30, 2020, the dividends paid to shareholders by the Corporation corresponded to 50 % of discretionary cash flows.

Dividends per share paid to shareholders are defined as 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:

| (in millions of Canadian dollars, unless otherwise specified)<br>(unaudited) | IFRS                      |                         |                         |                         |                            |                             |
|--|---------------------------|-------------------------|-------------------------|-------------------------|----------------------------|-----------------------------|
|  | Three-month periods ended |                         | Six-month periods ended |                         | Twelve-month periods ended |                             |
|  | June 30,<br><b>2020</b>   | June 30,<br><b>2019</b> | June 30,<br><b>2020</b> | June 30,<br><b>2019</b> | June 30,<br><b>2020</b>    | December 31,<br><b>2019</b> |
| Cash flows from operations   | 51                        | 55                      | 175                     | 156                     | 329                        | 310                         |
| Repayments on non-current debt (projects) <sup>(1)</sup>                     | (64)                      | (38)                    | (99)                    | (96)                    | (179)                      | (176)                       |
| Temporary adjustment <sup>(2)</sup>  | 10                        | —                       | 10                      | —                       | 10                         | —                           |
| Adjustment for non-recurring items <sup>(3)</sup>                            | —                         | 2                       | (22)                    | 2                       | (36)                       | (14)                        |
|  | (3)                       | 19                      | 64                      | 62                      | 124                        | 120                         |
| Principal payments related to lease liabilities                              | (2)                       | (2)                     | (5)                     | (5)                     | (11)                       | (10)                        |
| Distributions paid to non-controlling shareholders                           | (2)                       | (5)                     | (3)                     | (5)                     | (5)                        | (7)                         |
| Additions to property, plant and equipment<br>(maintenance of operations)    | (1)                       | (2)                     | (1)                     | (4)                     | (5)                        | (7)                         |
| Development costs (from statement of earnings)                               | 4                         | 6                       | 9                       | 12                      | 21                         | 24                          |
| <b>Discretionary cash flows</b>  | (4)                       | 16                      | 64                      | 60                      | 124                        | 120                         |
| Dividends paid to shareholders   | 16                        | 14                      | 32                      | 29                      | 63                         | 60                          |
| Weighted average number of<br>outstanding shares – basic (in thousands)      | 96,465                    | 89,200                  | 96,465                  | 89,193                  | 94,217                     | 90,605                      |
| Discretionary cash flows - per share   | (\$0.04)                  | \$0.17                  | \$0.67                  | \$0.64                  | \$1.29                     | \$1.33                      |
| Dividends paid to shareholders – per share                                   | \$0.1650                  | \$0.1650                | \$0.3300                | \$0.3300                | \$0.6600                   | \$0.6600                    |
| <b>Payout ratio</b>  |                           |                         |                         |                         | 50 %                       | 50 %                        |

<sup>(1)</sup> Excluding the bridge financing, the VAT bridge financing and the early debt repayments.

<sup>(2)</sup> Temporary adjustment related to the schedule of debt repayments of wind farms in France following the refinancing. This adjustment will be reversed in the third quarter.

<sup>(3)</sup> A \$22 million adjustment to debt repayments to reflect a normalized debt service following debt refinancing in France in the first quarter of 2020, a \$15 million exceptional distribution received following the LP1 debt refinancing in the fourth quarter of 2019 and a \$2 million miscellaneous repayment in the second quarter of 2019.



## Commitments

|  | Commitments<br>entered into during<br>2020 | Commitments as at<br>June 30, 2020 |
|--|--|------------------------------------|
| Purchase and construction<br>contracts | 28   | 92                                 |
| Maintenance contracts                  | 12   | 200                                |
| Contingent consideration               | —  | 23                                 |
| Other                                  | 2  | 29                                 |
|  | 42   | 344                                |

Subsequent to June 30, 2020, the Corporation has entered into contracts amounting to \$3 million, mainly relating to purchases and construction.

## Risk factors and uncertainties

### Risk factors

With the exception of the following, the Corporation has not observed any major change with respect to the risks to which it is subject, which are described under *Risk factors* in Management's Discussion and Analysis contained in the Annual Report for the fiscal year ended December 31, 2019.

The COVID-19 epidemic has resulted in governments worldwide enacting emergency measures to combat the spread of the coronavirus, including confinement, mandatory closure of various businesses considered non-essential under the circumstances and implementation of travel restrictions. These measures have caused material disruption to many businesses globally resulting in a foreseeable economic slowdown.

The Corporation continues to monitor the evolution of COVID-19. The governmental restrictions and measures have not impacted the Corporation in a material way to date as its production has been maintained as an essential service and is generally under contract at fixed and indexed prices with major government corporations. Current or future governmental restrictions and measures, and their impact on the financial stability of the Corporation's suppliers and other counterparties, could have an adverse effect on the Corporation's operating results and financial position. The procurement of equipment and spare parts, issuance of permits and other authorizations, launch of requests for proposals, negotiation and finalization of agreements with stakeholders or partners and the construction of assets under development could be delayed or suspended, which could adversely affect the Corporation's development opportunities, operating results and financial position.

The second quarter saw the gradual opening up of economies across the world. Various levels of government stated their intention to use renewable energy in their recovery plans. In line with applicable deconfinement policies, Boralex employees have gradually begun their return to the Corporation's offices and places of business while complying with the measures indicated by the various public health authorities.

### Estimations and sources of uncertainty

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 *Factors of uncertainty* in Boralex's annual MD&A for the year ended December 31, 2019.

## Accounting policies

### Changes in accounting policies

#### IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations*. The amendments are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as a group of assets. The amendments apply prospectively to acquisitions made during annual periods beginning on or after its implementation. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this standard.

#### IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of “material” across the standards and to clarify certain aspects of the definition. The amendments are intended to improve financial reporting by promoting a better understanding of the existing requirements and should not significantly impact an entity’s materiality judgments. The amendments apply prospectively to annual periods beginning on or after its implementation. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this standard, and this change had no material impact on the Corporation’s consolidated financial statements.

#### Conceptual Framework for Financial Reporting

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting: the revised *Conceptual Framework for Financial Reporting* (“*Conceptual Framework*”), which replaces its previous version. It assists companies in developing accounting policies when no IFRS standard applies to a particular transaction and more broadly helps stakeholders to better understand the standards. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this new framework, and this change had no material impact on the Corporation’s consolidated financial statements.

#### IFRS 16, Leases

In response to the COVID-19 pandemic, IASB released amendments to IFRS 16, *Leases*, allowing entities to not consider rent concessions received arising from the pandemic as contract amendments under certain conditions. During the quarter, the Corporation early adopted this amended standard and this change had no impact on the Corporation’s consolidated financial statements as no such concessions were received.

### 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 June 30, 2020, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.

# Consolidated financial statements

## Unaudited interim

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# Consolidated statements of financial position

| (in millions of Canadian dollars) (unaudited)  | Note | As at<br>June 30,<br><b>2020</b> | As at<br>December 31,<br><b>2019</b> |
|--|------|----------------------------------|--------------------------------------|
| <b>ASSETS</b>                                  |      |                                  |                                      |
| Cash and cash equivalents                      |      | 286                              | 153                                  |
| Restricted cash                                |      | 4                                | 15                                   |
| Trade and other receivables                    |      | 111                              | 153                                  |
| Other current financial assets                 | 6    | —                                | 17                                   |
| Other current assets                           |      | 24                               | 25                                   |
| <b>CURRENT ASSETS</b>                          |      | <b>425</b>                       | <b>363</b>                           |
| Property, plant and equipment                  |      | 2,728                            | 2,715                                |
| Right-of-use assets                            |      | 264                              | 260                                  |
| Intangible assets                              |      | 704                              | 700                                  |
| Goodwill                                       |      | 193                              | 188                                  |
| Interests in the Joint Ventures and associates |      | 223                              | 236                                  |
| Other non-current financial assets             | 6    | 62                               | 76                                   |
| Other non-current assets                       |      | 19                               | 19                                   |
| <b>NON-CURRENT ASSETS</b>                      |      | <b>4,193</b>                     | <b>4,194</b>                         |
| <b>TOTAL ASSETS</b>                            |      | <b>4,618</b>                     | <b>4,557</b>                         |
| <b>LIABILITIES</b>                             |      |                                  |                                      |
| Trade and other payables                       |      | 128                              | 118                                  |
| Current portion of debt                        | 4    | 198                              | 172                                  |
| Current portion of lease liabilities           |      | 11                               | 11                                   |
| Other current financial liabilities            | 6    | —                                | 3                                    |
| <b>CURRENT LIABILITIES</b>                     |      | <b>337</b>                       | <b>304</b>                           |
| Debt   | 4    | 2,927                            | 2,895                                |
| Lease liabilities                              |      | 203                              | 197                                  |
| Deferred income tax liability                  |      | 127                              | 136                                  |
| Decommissioning liability                      |      | 94                               | 90                                   |
| Other non-current financial liabilities        | 6    | 95                               | 38                                   |
| Other non-current liabilities                  |      | 22                               | 22                                   |
| <b>NON-CURRENT LIABILITIES</b>                 |      | <b>3,468</b>                     | <b>3,378</b>                         |
| <b>TOTAL LIABILITIES</b>                       |      | <b>3,805</b>                     | <b>3,682</b>                         |
| <b>EQUITY</b>                                  |      |                                  |                                      |
| Equity attributable to shareholders            |      | 800                              | 860                                  |
| Non-controlling shareholders                   |      | 13                               | 15                                   |
| <b>TOTAL EQUITY</b>                            |      | <b>813</b>                       | <b>875</b>                           |
| <b>TOTAL LIABILITIES AND EQUITY</b>            |      | <b>4,618</b>                     | <b>4,557</b>                         |

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

# Consolidated statements of earnings (loss)

| (in millions of Canadian dollars, unless otherwise specified) (unaudited)                            | Note | Three-month periods<br>ended June 30 |          | Six-month periods<br>ended June 30 |        |
|--|------|--------------------------------------|----------|------------------------------------|--------|
|  |      | 2020                                 | 2019     | 2020                               | 2019   |
| <b>REVENUES</b>  |      |                                      |          |                                    |        |
| Revenues from energy sales   |      | 115                                  | 119      | 308                                | 288    |
| Feed-in premium  |      | 6                                    | 2        | 13                                 | 5      |
| <b>Revenues from energy sales and feed-in premium</b>  |      | 121                                  | 121      | 321                                | 293    |
| Other income   |      | 3                                    | 2        | 7                                  | 4      |
|  |      | 124                                  | 123      | 328                                | 297    |
| <b>COSTS AND OTHER</b>   |      |                                      |          |                                    |        |
| Operating  |      | 29                                   | 26       | 75                                 | 69     |
| Administrative   |      | 9                                    | 9        | 20                                 | 17     |
| Development  |      | 4                                    | 6        | 9                                  | 12     |
| Amortization   |      | 58                                   | 64       | 116                                | 126    |
| Impairment   |      | —                                    | —        | —                                  | 2      |
|  |      | 100                                  | 105      | 220                                | 226    |
| <b>OPERATING INCOME</b>  |      | 24                                   | 18       | 108                                | 71     |
| Financing costs  |      | 31                                   | 35       | 64                                 | 68     |
| Share in earnings of the Joint Ventures and associates   |      | (1)                                  | (1)      | (19)                               | (15)   |
| Other  |      | 2                                    | 3        | 10                                 | (2)    |
| <b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>   |      | (8)                                  | (19)     | 53                                 | 20     |
| Income tax expense (recovery)  |      | (2)                                  | (4)      | 15                                 | 4      |
| <b>NET EARNINGS (LOSS)</b>   |      | (6)                                  | (15)     | 38                                 | 16     |
| <b>NET EARNINGS (LOSS) ATTRIBUTABLE TO:</b>  |      |                                      |          |                                    |        |
| Shareholders of Boralex  |      | (6)                                  | (13)     | 35                                 | 16     |
| Non-controlling shareholders   |      | —                                    | (2)      | 3                                  | —      |
| <b>NET EARNINGS (LOSS)</b>   |      | (6)                                  | (15)     | 38                                 | 16     |
| <b>NET EARNINGS (LOSS) PER SHARE ATTRIBUTABLE<br/>TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED</b> | 5    | (\$0.07)                             | (\$0.14) | \$0.36                             | \$0.18 |

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<br>ended June 30 |      | Six-month periods<br>ended June 30 |      |
|--|--------------------------------------|------|------------------------------------|------|
|  | 2020                                 | 2019 | 2020                               | 2019 |
| <b>NET EARNINGS (LOSS)</b>   | (6)                                  | (15) | 38                                 | 16   |
| <b>Other comprehensive loss to be subsequently reclassified to net earnings when certain conditions are met</b>      |                                      |      |                                    |      |
| Translation adjustments:   |                                      |      |                                    |      |
| Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations | (12)                                 | (6)  | 25                                 | (34) |
| Net investment hedge:  |                                      |      |                                    |      |
| Change in fair value   | 6                                    | 4    | (24)                               | 17   |
| Cash flow hedges:  |                                      |      |                                    |      |
| Change in fair value   | (16)                                 | (21) | (75)                               | (56) |
| Hedging items realized and recognized in net earnings (loss)   | 5                                    | 3    | 10                                 | 5    |
| Income taxes   | 3                                    | 5    | 16                                 | 13   |
| Cash flow hedges – Interests:  |                                      |      |                                    |      |
| Change in fair value   | (4)                                  | (5)  | (26)                               | (14) |
| Hedging items realized and recognized in net earnings (loss)   | 2                                    | 1    | 3                                  | 2    |
| Income taxes   | —                                    | 1    | 6                                  | 3    |
| Total other comprehensive loss   | (16)                                 | (18) | (65)                               | (64) |
| <b>COMPREHENSIVE LOSS</b>  | (22)                                 | (33) | (27)                               | (48) |
| <b>COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>   |                                      |      |                                    |      |
| Shareholders of Boralex  | (22)                                 | (30) | (26)                               | (45) |
| Non-controlling shareholders   | —                                    | (3)  | (1)                                | (3)  |
| <b>COMPREHENSIVE LOSS</b>  | (22)                                 | (33) | (27)                               | (48) |

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



# Consolidated statements of changes in equity

Six-month period  
ended June 30

**2020**

| (in millions of Canadian dollars) (unaudited)      | Equity attributable to shareholders |                     |                     |                                      |       | Non-controlling shareholders | Total equity |
|--|-------------------------------------|---------------------|---------------------|--------------------------------------|-------|------------------------------|--------------|
|  | Capital stock                       | Contributed surplus | Accumulated deficit | Accumulated other comprehensive loss | Total |                              |              |
| <b>BALANCE AS AT JANUARY 1, 2020</b>               | 1,125                               | 9                   | (233)               | (41)                                 | 860   | 15                           | 875          |
| Net earnings                                       | —                                   | —                   | 35                  | —                                    | 35    | 3                            | 38           |
| Other comprehensive loss                           | —                                   | —                   | —                   | (61)                                 | (61)  | (4)                          | (65)         |
| <b>COMPREHENSIVE INCOME (LOSS)</b>                 | —                                   | —                   | 35                  | (61)                                 | (26)  | (1)                          | (27)         |
| Dividends (note 5)                                 | —                                   | —                   | (32)                | —                                    | (32)  | —                            | (32)         |
| Transaction with a non-controlling shareholder     | —                                   | —                   | (2)                 | —                                    | (2)   | 3                            | 1            |
| Repurchase of a non-controlling shareholder        | —                                   | —                   | —                   | —                                    | —     | (1)                          | (1)          |
| Distributions paid to non-controlling shareholders | —                                   | —                   | —                   | —                                    | —     | (3)                          | (3)          |
| <b>BALANCE AS AT JUNE 30, 2020</b>                 | 1,125                               | 9                   | (232)               | (102)                                | 800   | 13                           | 813          |

Six-month period  
ended June 30

**2019**

| (in millions of Canadian dollars) (unaudited)      | Equity attributable to shareholders |  |                     |                     |   | Non-controlling shareholders | Total equity |
|--|-------------------------------------|--|---------------------|---------------------|---|------------------------------|--------------|
|  | Capital stock                       | Equity component of convertible debentures | Contributed surplus | Accumulated deficit | Accumulated other comprehensive income (loss) |                              |              |
| <b>BALANCE AS AT JANUARY 1, 2019</b>               | 984                                 | 4  | 9                   | (123)               | 2   | 31                           | 907          |
| Impact of adopting IFRS 16 – net of taxes          | —                                   | —  | —                   | (9)                 | —   | (4)                          | (13)         |
| <b>BALANCE AS AT JANUARY 1, 2019 – RESTATED</b>    | 984                                 | 4  | 9                   | (132)               | 2   | 27                           | 894          |
| Net earnings                                       | —                                   | —  | —                   | 16                  | —   | —                            | 16           |
| Other comprehensive loss                           | —                                   | —  | —                   | —                   | (61)  | (3)                          | (64)         |
| <b>COMPREHENSIVE INCOME (LOSS)</b>                 | —                                   | —  | —                   | 16                  | (61)  | (3)                          | (48)         |
| Dividends (note 5)                                 | —                                   | —  | —                   | (29)                | —   | —                            | (29)         |
| Exercise of options                                | 1                                   | —  | —                   | —                   | —   | —                            | 1            |
| Distributions paid to non-controlling shareholders | —                                   | —  | —                   | —                   | —   | (5)                          | (5)          |
| Other  | —                                   | —  | —                   | (1)                 | —   | —                            | (1)          |
| <b>BALANCE AS AT JUNE 30, 2019</b>                 | 985                                 | 4  | 9                   | (146)               | (59)  | 19                           | 812          |

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 | Six-month periods<br>ended June 30 |             | Six-month periods<br>ended June 30 |              |
|---|------|------------------------------------|-------------|------------------------------------|--------------|
|   |      | 2020                               | 2019        | 2020                               | 2019         |
| Net earnings (loss)   |      | (6)                                | (15)        | 38                                 | 16           |
| Distributions received from the Joint Ventures and associates |      | 3                                  | 9           | 10                                 | 18           |
| Financing costs   |      | 31                                 | 35          | 64                                 | 68           |
| Interest paid   |      | (31)                               | (35)        | (53)                               | (62)         |
| Income tax expense (recovery)                                 |      | (2)                                | (4)         | 15                                 | 4            |
| Income taxes paid   |      | (3)                                | —           | (3)                                | (1)          |
| Non-cash items in earnings:                                   |      |                                    |             |                                    |              |
| Amortization  |      | 58                                 | 64          | 116                                | 126          |
| Share in earnings of the Joint Ventures and associates        |      | (1)                                | (1)         | (19)                               | (15)         |
| Impairment  |      | —                                  | —           | —                                  | 2            |
| Net loss on financial instruments                             |      | 3                                  | 3           | 9                                  | —            |
| Other   |      | (1)                                | (1)         | (2)                                | —            |
| Change in non-cash items related to operating activities      |      | 47                                 | 58          | 55                                 | 22           |
| <b>NET CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>         |      | <b>98</b>                          | <b>113</b>  | <b>230</b>                         | <b>178</b>   |
| Additions to property, plant and equipment                    |      | (25)                               | (38)        | (44)                               | (74)         |
| Acquisition of energy sales contracts                         |      | (10)                               | (15)        | (10)                               | (15)         |
| Change in restricted cash                                     |      | (1)                                | (22)        | 11                                 | (1)          |
| Change in reserve funds                                       |      | —                                  | (1)         | 2                                  | (10)         |
| Other   |      | (1)                                | (1)         | (2)                                | (2)          |
| <b>NET CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>         |      | <b>(37)</b>                        | <b>(77)</b> | <b>(43)</b>                        | <b>(102)</b> |
| Increase in debt  |      | 39                                 | 90          | 90                                 | 153          |
| Repayments on debt  |      | (64)                               | (56)        | (99)                               | (175)        |
| Principal payments relating to lease liabilities              |      | (2)                                | (2)         | (5)                                | (5)          |
| Distributions paid to non-controlling shareholders            |      | (2)                                | (5)         | (3)                                | (5)          |
| Change in restricted cash - Lanouée forest                    |      | —                                  | —           | —                                  | 43           |
| Dividends paid to shareholders                                | 5    | (16)                               | (14)        | (32)                               | (29)         |
| Settlement on financial instruments                           |      | (8)                                | —           | (8)                                | —            |
| Other   |      | —                                  | (4)         | (2)                                | (4)          |
| <b>NET CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>         |      | <b>(53)</b>                        | <b>9</b>    | <b>(59)</b>                        | <b>(22)</b>  |
| <b>TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>    |      | <b>(3)</b>                         | <b>(2)</b>  | <b>5</b>                           | <b>(6)</b>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                |      | <b>5</b>                           | <b>43</b>   | <b>133</b>                         | <b>48</b>    |
| <b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>        |      | <b>281</b>                         | <b>162</b>  | <b>153</b>                         | <b>157</b>   |
| <b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>              |      | <b>286</b>                         | <b>205</b>  | <b>286</b>                         | <b>205</b>   |

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

# Notes to consolidated financial statements

As at June 30, 2020

(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 August 6, 2020, the Corporation had interests in 86 wind farms, 16 hydroelectric power stations, two thermal power stations and three solar power stations, representing an asset base with a net installed capacity under its control and Boralex's share in entities over which it does not have control totalling 2,055 megawatts (“MW”). In addition, Boralex currently has new projects under development, representing an additional 61 MW of power and a portfolio of secured projects amounting to 228 MW. 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 are listed on the Toronto Stock Exchange (“TSX”).

## 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”), including IAS 34, *Interim Financial Reporting*. 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, 2019, 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. These interim consolidated financial statements do not constitute a complete set of financial statements, and should therefore be read in conjunction with the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019. The Corporation's operations and results are partly subject to seasonal cycles and other cyclical factors that vary by segment. The operating results in the interim financial statements are therefore not necessarily indicative of the expected annual results, as historically the first and fourth quarters generate higher results. The Management's Discussion and Analysis provides further information on the seasonal fluctuations in the Corporation's results under section II – *Analysis of results and financial position - IFRS*.

The Board of Directors approved these unaudited interim condensed consolidated financial statements on August 6, 2020.

## Note 3. Changes in accounting policies

### IFRS 3, Business Combinations

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3, *Business Combinations*. The amendments are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as a group of assets. The amendments apply prospectively to acquisitions made during annual periods beginning on or after its implementation. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this standard.

### IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to align the definition of “material” across the standards and to clarify certain aspects of the definition. The amendments are intended to improve financial reporting by promoting a better understanding of the existing requirements and should not significantly impact an entity’s materiality judgments. The amendments apply prospectively to annual periods beginning on or after its implementation. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this standard, and this change had no material impact on the Corporation’s consolidated financial statements.

### Conceptual Framework for Financial Reporting

In March 2018, the IASB issued a comprehensive set of concepts for financial reporting: the revised *Conceptual Framework for Financial Reporting* (“*Conceptual Framework*”), which replaces its previous version. It assists companies in developing accounting policies when no IFRS standard applies to a particular transaction and more broadly helps stakeholders to better understand the standards. The amendments are effective for annual periods beginning on or after January 1, 2020, the date at which the Corporation adopted this new framework, and this change had no material impact on the Corporation’s consolidated financial statements.

### IFRS 16, Leases

In response to the COVID-19 pandemic, IASB released amendments to IFRS 16, *Leases*, allowing entities to not consider rent concessions received arising from the pandemic as contract amendments under certain conditions. During the quarter, the Corporation early adopted this amended standard and this change had no impact on the Corporation’s consolidated financial statements as no such concessions were received.

## Note 4. Debt

| (in millions of Canadian dollars, unless otherwise specified) (unaudited) | Maturity | Rate <sup>(1)</sup> | Currency of origin <sup>(2)</sup> | As at June 30, 2020 | As at December 31, 2019 |
|---|----------|---------------------|-----------------------------------|---------------------|-------------------------|
| Revolving credit facility   | 2023     | 2.02                |                                   | 323                 | 242                     |
| Subordinated debt <sup>(3)</sup>  | 2028     | 5.64                |                                   | 300                 | 300                     |
| Term loan payable:  |          |                     |                                   |                     |                         |
| Ocean Falls hydroelectric power station                                   | 2024     | 6.55                |                                   | 4                   | 5                       |
| Yellow Falls hydroelectric power station                                  | 2056     | 4.89                |                                   | 72                  | 73                      |
| Thames River wind farms   | 2031     | 7.05                |                                   | 116                 | 120                     |
| Témiscouata I wind farm   | 2032     | 5.25                |                                   | 40                  | 41                      |
| Témiscouata II wind farm  | 2033     | 5.64                |                                   | 104                 | 106                     |
| Niagara Region Wind Farm ("NRWF")   | 2034     | 3.50                |                                   | 661                 | 685                     |
| Port Ryerse wind farm   | 2034     | 3.91                |                                   | 26                  | 27                      |
| Frampton wind farm  | 2035     | 4.17                |                                   | 61                  | 63                      |
| Côte-de-Beaupré wind farm   | 2035     | 4.23                |                                   | 52                  | 52                      |
| Moose Lake wind farm  | 2043     | 4.66                |                                   | 48                  | 49                      |
| Jamie Creek hydroelectric power station                                   | 2054     | 5.42                |                                   | 55                  | 55                      |
| Other debt  | —        | —                   |                                   | 6                   | 4                       |
| <b>CANADA</b>   |          |                     |                                   | <b>1,868</b>        | <b>1,822</b>            |
| Term loan payable:  |          |                     |                                   |                     |                         |
| CDPQ Fixed Income Inc. ("Caisse")   | 2024     | 4.05                |                                   | 40                  | 61                      |
| Sainte-Christine portfolio of wind farms and projects                     | 2039     | 1.60                |                                   | 417                 | 636                     |
| Val aux Moines wind farm  | 2034     | 1.33                |                                   | 15                  | 23                      |
| Boralex Production portfolio of wind farms                                | 2030     | 0.91                |                                   | 150                 | 228                     |
| Boralex Énergie France portfolio of wind farms                            | 2036     | 1.52                |                                   | 218                 | 332                     |
| Other debt  | —        | —                   |                                   | 3                   | 5                       |
| <b>FRANCE</b>   |          |                     |                                   | <b>843</b>          | <b>1,285</b>            |
| Senior secured U.S. note  | 2026     | 3.51                |                                   | 38                  | 51                      |
| <b>UNITED STATES</b>  |          |                     |                                   | <b>38</b>           | <b>51</b>               |
|   |          | 3.12                |                                   | 3,204               | 3,149                   |
| Current portion of debt   |          |                     |                                   | (198)               | (172)                   |
| Transaction costs, net of accumulated amortization                        |          |                     |                                   | (79)                | (82)                    |
|   |          |                     |                                   | <b>2,927</b>        | <b>2,895</b>            |

<sup>(1)</sup> Weighted average rates, adjusted to reflect the impact of interest rate swaps and calculated using the effective interest method, where applicable.

<sup>(2)</sup> Currencies of origin are CAD (Canada), EUR (France) and USD (United States).

<sup>(3)</sup> Lenders are CDPQ Fixed Income Inc., a subsidiary of a shareholder of the Corporation, and the Fonds de solidarité FTQ.

### Revolving credit facility

On January 29, 2020, Boralex closed a revolving credit facility amounting to \$182 million (€125 million) to finance the construction of future wind and solar power projects in France. This credit facility was undrawn as at June 30, 2020.

### Current portion of debt

| (in millions of Canadian dollars) (unaudited) | As at June 30, 2020 | As at December 31, 2019 |
|---|---------------------|-------------------------|
| Term loan payable – projects                  | 192                 | 167                     |
| Value added tax bridge financing facility     | 6                   | 5                       |
|   | <b>198</b>          | <b>172</b>              |

### Financial ratios and guarantees

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.

On June 30, 2020 and December 31, 2019, the Corporation considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

## Note 5. Net earnings (loss) per share

### (a) Net earnings (loss) per share – basic

| (in millions of Canadian dollars, unless otherwise specified) (unaudited)     | Three-month periods<br>ended June 30 |            | Six-month periods<br>ended June 30 |            |
|---|--------------------------------------|------------|------------------------------------|------------|
|   | 2020                                 | 2019       | 2020                               | 2019       |
| Net earnings (loss) attributable to shareholders of Boralex                   | (6)                                  | (13)       | 35                                 | 16         |
| Weighted average number of shares - basic                                     | 96,464,691                           | 89,200,490 | 96,464,612                         | 89,192,754 |
| Net earnings (loss) per share attributable to shareholders of Boralex - basic | (\$0.07)                             | (\$0.14)   | \$0.36                             | \$0.18     |

### (b) Net earnings (loss) per share – diluted

| (in millions of Canadian dollars, unless otherwise specified) (unaudited)       | Three-month periods<br>ended June 30 |            | Six-month periods<br>ended June 30 |            |
|---|--------------------------------------|------------|------------------------------------|------------|
|   | 2020                                 | 2019       | 2019                               | 2018       |
| Net earnings (loss) attributable to shareholders of Boralex - diluted           | (6)                                  | (13)       | 35                                 | 16         |
| Weighted average number of shares - basic                                       | 96,464,691                           | 89,200,490 | 96,464,612                         | 89,192,754 |
| Dilutive effect of stock options  | —                                    | —          | 127,767                            | 181,168    |
| Weighted average number of shares - diluted                                     | 96,464,691                           | 89,200,490 | 96,592,379                         | 89,373,922 |
| Net earnings (loss) per share attributable to shareholders of Boralex - diluted | (\$0.07)                             | (\$0.14)   | \$0.36                             | \$0.18     |

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 earnings (loss) per common share due to their anti-dilutive effect:

|   | Three-month periods<br>ended June 30 |           | Six-month periods<br>ended June 30 |           |
|---|--------------------------------------|-----------|------------------------------------|-----------|
|   | 2020                                 | 2019      | 2020                               | 2019      |
| Shares reserved for convertible debentures excluded due to their anti-dilutive effect | —                                    | 7,331,990 | —                                  | 7,331,990 |
| Stock options excluded due to their anti-dilutive effect                              | 364,591                              | 585,869   | 52,609                             | 61,182    |

### (c) Dividends paid

On June 15, 2020, the Corporation paid a dividend of \$0.1650 per common share. The Corporation paid for the six-month periods ended June 30, 2020 a dividend of \$32 million (\$29 million in 2019).

On August 6, 2020, a dividend of \$0.1650 per common share was declared, to be paid on September 16, 2020 to holders of record at the close of business on August 31, 2020.



## Note 6. Financial instruments

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

|  | As at<br>June 30,<br><b>2020</b> |               | As at<br>December 31,<br><b>2019</b> |               |
|--|----------------------------------|---------------|--------------------------------------|---------------|
|  | Carrying<br>amount               | Fair<br>value | Carrying<br>amount                   | Fair<br>value |
| <b>OTHER CURRENT FINANCIAL ASSETS</b>            |                                  |               |                                      |               |
| Cross-currency swaps (EUR for CAD)               | —                                | —             | 16                                   | 16            |
| Foreign exchange forward contracts (EUR for CAD) | —                                | —             | 1                                    | 1             |
|  | —                                | —             | 17                                   | 17            |
| <b>OTHER NON-CURRENT FINANCIAL ASSETS</b>        |                                  |               |                                      |               |
| Advance to a non-controlling shareholder         | 39                               | 40            | 37                                   | 39            |
| Reserve funds                                    | 14                               | 14            | 15                                   | 15            |
| Interest rate swaps                              | —                                | —             | 15                                   | 15            |
| Options to purchase a partner's interests        | 9                                | 9             | 9                                    | 9             |
|  | 62                               | 63            | 76                                   | 78            |
| <b>OTHER CURRENT FINANCIAL LIABILITIES</b>       |                                  |               |                                      |               |
| Cross-currency swaps (USD for CAD)               | —                                | —             | 3                                    | 3             |
| <b>DEBT<sup>(1)</sup></b>                        | 3,125                            | 3,326         | 3,067                                | 3,264         |
| <b>OTHER NON-CURRENT FINANCIAL LIABILITIES</b>   |                                  |               |                                      |               |
| Interest rate swaps                              | 89                               | 89            | 31                                   | 31            |
| Due to a non-controlling shareholder             | 6                                | 7             | 6                                    | 6             |
| Foreign exchange forward contracts (EUR for CAD) | —                                | —             | 1                                    | 1             |
|  | 95                               | 96            | 38                                   | 38            |

<sup>(1)</sup> Includes *Debt* and *Current portion of debt*.

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 as well as trade and other payables approximate their carrying amounts due to their short-term maturities or high liquidity.

The fair value of reserve funds is equivalent to their carrying amounts as they bear interest at market rates.

The fair values of the advance to a non-controlling shareholder, options to purchase a partner's interests, debt and the amount due to a non-controlling shareholder are essentially based on discounted cash flows. Discount rates, ranging from 1.36% to 8.00% (1.10% to 8.00% as at December 31, 2019), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions.

## 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 June 30,

| <b>2020</b>         | Currency | Fixed-rate payer | Floating-rate receiver | Maturity  | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|---------------------|----------|------------------|------------------------|-----------|------------------------------|------------------------|
| Interest rate swaps | EUR      | -0.16% to 1.79%  | 3-month EURIBOR        | 2030-2039 | 1,067                        | (42)                   |
| Interest rate swaps | CAD      | 1.81% to 2.68%   | 3-month CDOR           | 2034-2043 | 729                          | (47)                   |

As at December 31,

| <b>2019</b>         | Currency | Fixed-rate payer | Floating-rate receiver | Maturity  | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|---------------------|----------|------------------|------------------------|-----------|------------------------------|------------------------|
| Interest rate swaps | EUR      | -0.16% to 1.79%  | 3 month EURIBOR        | 2030-2039 | 1,069                        | (27)                   |
| Interest rate swaps | CAD      | 1.81% to 2.68%   | 3-month CDOR           | 2034-2043 | 753                          | 11                     |

## 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 December 31,

| <b>2019</b>                                      | Exchange rate | Maturity  | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|--|---------------|-----------|------------------------------|------------------------|
| Foreign exchange forward contracts (EUR for CAD) | 1.5475        | 2020-2025 | 93                           | —                      |

## 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 June 30,

| <b>2020</b>                        | Exchange rate | Maturity | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|------------------------------------|---------------|----------|------------------------------|------------------------|
| Cross-currency swaps (EUR for CAD) | 1.5325        | 2023     | 487                          | —                      |

As at December 31,

| <b>2019</b>                        | Exchange rate | Maturity | Current notional<br>(in CAD) | Fair value<br>(in CAD) |
|------------------------------------|---------------|----------|------------------------------|------------------------|
| Cross-currency swaps (EUR for CAD) | 1.5071        | 2020     | 479                          | 16                     |
| Cross-currency swaps (USD for CAD) | 1.3171        | 2020     | 245                          | (3)                    |

## 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.

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:

|   | As at<br>June 30,<br><b>2020</b> | Fair value hierarchy levels |         |         |
|---|----------------------------------|-----------------------------|---------|---------|
|   |                                  | Level 1                     | Level 2 | Level 3 |
| <b>NON-DERIVATIVE FINANCIAL ASSETS</b>      |                                  |                             |         |         |
| Advance to a non-controlling shareholder    | 40                               | —                           | —       | 40      |
|   | 40                               | —                           | —       | 40      |
| <b>DERIVATIVE FINANCIAL ASSETS</b>          |                                  |                             |         |         |
| Options to purchase a partner's interests   | 9                                | —                           | —       | 9       |
|   | 9                                | —                           | —       | 9       |
| <b>NON-DERIVATIVE FINANCIAL LIABILITIES</b> |                                  |                             |         |         |
| Debt <sup>(1)</sup>                         | 3,326                            | —                           | 3,326   | —       |
| Due to a non-controlling shareholder        | 7                                | —                           | —       | 7       |
|   | 3,333                            | —                           | 3,326   | 7       |
| <b>DERIVATIVE FINANCIAL LIABILITIES</b>     |                                  |                             |         |         |
| Interest rate swaps                         | 89                               | —                           | 89      | —       |
|   | 89                               | —                           | 89      | —       |

<sup>(1)</sup> Includes *Debt* and *Current portion of debt*.

Note 6. Financial instruments (cont'd)

|  | Fair value hierarchy levels          |         |         |         |
|--|--------------------------------------|---------|---------|---------|
|  | As at<br>December 31,<br><b>2019</b> | Level 1 | Level 2 | Level 3 |
| <b>NON-DERIVATIVE FINANCIAL ASSETS</b>           |                                      |         |         |         |
| Advance to a non-controlling shareholder         | 39                                   | —       | —       | 39      |
|  | 39                                   | —       | —       | 39      |
| <b>DERIVATIVE FINANCIAL ASSETS</b>               |                                      |         |         |         |
| Cross-currency swaps (EUR for CAD)               | 16                                   | —       | 16      | —       |
| Interest rate swaps                              | 15                                   | —       | 15      | —       |
| Options to purchase a partner's interests        | 9                                    | —       | —       | 9       |
| Foreign exchange forward contracts               | 1                                    | —       | 1       | —       |
|  | 41                                   | —       | 32      | 9       |
| <b>NON-DERIVATIVE FINANCIAL LIABILITIES</b>      |                                      |         |         |         |
| Debt <sup>(1)</sup>                              | 3,264                                | —       | 3,264   | —       |
| Due to a non-controlling shareholder             | 6                                    | —       | —       | 6       |
|  | 3,270                                | —       | 3,264   | 6       |
| <b>DERIVATIVE FINANCIAL LIABILITIES</b>          |                                      |         |         |         |
| Interest rate swaps                              | 31                                   | —       | 31      | —       |
| Cross-currency swaps (USD for CAD)               | 3                                    | —       | 3       | —       |
| Foreign exchange forward contracts (EUR for CAD) | 1                                    | —       | 1       | —       |
|  | 35                                   | —       | 35      | —       |

<sup>(1)</sup> Including *Debt* and *Current portion of debt*.

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

|  | Options to<br>purchase a<br>partner's interests |
|--|---|
| <b>Balance as at January 1, 2019</b>   | 15  |
| Changes in fair value                  | (6)   |
| <b>Balance as at December 31, 2019</b> | 9   |
| <b>Balance as at June 30, 2020</b>     | 9   |

## Note 7. Commitments and contingencies

|                                     | Commitments<br>entered into during<br>2020 | Commitments as at<br>June 30, 2020 |
|-------------------------------------|--|------------------------------------|
| Purchase and construction contracts | 28   | 92                                 |
| Maintenance contracts               | 12   | 200                                |
| Contingent consideration            | —  | 23                                 |
| Other                               | 2  | 29                                 |
|                                     | 42   | 344                                |

Subsequent to June 30, 2020, the Corporation has entered into contracts amounting to \$3 million, mainly relating to purchases and construction.

### COVID-19 outbreak

The COVID-19 epidemic has resulted in governments worldwide enacting emergency measures to combat the spread of the coronavirus, including confinement, mandatory closure of various businesses considered non-essential under the circumstances and implementation of travel restrictions. These measures have caused material disruption to many businesses globally resulting in a foreseeable economic slowdown.

The Corporation continues to monitor the evolution of COVID-19. The governmental restrictions and measures have not impacted the Corporation in a material way to date as its production has been maintained as an essential service and is generally under contract at fixed and indexed prices with major government corporations. Current or future governmental restrictions and measures, and their impact on the financial stability of the Corporation's suppliers and other counterparties, could have an adverse effect on the Corporation's operating results and financial position. The procurement of equipment and spare parts, issuance of permits and other authorizations, launch of requests for proposals, negotiation and finalization of agreements with stakeholders or partners and the construction of assets under development could be delayed or suspended, which could adversely affect the Corporation's development opportunities, operating results and financial position.

The second quarter saw the gradual opening up of economies across the world. Various levels of government stated their intention to use renewable energy in their recovery plans. In line with applicable deconfinement policies, Boralex employees have gradually begun their return to the Corporation's offices and places of business while complying with the measures indicated by the various public health authorities.

## Note 8. Segmented information

The Corporation's operations 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 operating activities. The same accounting rules are used for segmented information as for the consolidated financial statements.

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 other gain, 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 audited annual consolidated financial statements for the year ended December 31, 2019.

EBITDA and EBITDA(A) are reconciled to the most comparable IFRS measure, namely net earnings, in the following table.

| Three-month periods ended June 30  |           |                               |            |           |                               |            |
|--|-----------|-------------------------------|------------|-----------|-------------------------------|------------|
|  | 2020      |                               |            | 2019      |                               |            |
|  | IFRS      | Reconciliation <sup>(1)</sup> | Combined   | IFRS      | Reconciliation <sup>(1)</sup> | Combined   |
| Net loss   | (6)       | 1                             | (5)        | (15)      | —                             | (15)       |
| Income tax recovery  | (2)       | 1                             | (1)        | (4)       | —                             | (4)        |
| Financing costs  | 31        | 10                            | 41         | 35        | 9                             | 44         |
| Amortization   | 58        | 12                            | 70         | 64        | 11                            | 75         |
| <b>EBITDA</b>  | <b>81</b> | <b>24</b>                     | <b>105</b> | <b>80</b> | <b>20</b>                     | <b>100</b> |
| Adjustments:   |           |                               |            |           |                               |            |
| Excess of distributions received over the share in net earnings of Joint Venture SDB I | 3         | (3)                           | —          | —         | —                             | —          |
| Other  | 2         | —                             | 2          | 3         | —                             | 3          |
| <b>EBITDA(A)</b>   | <b>86</b> | <b>21</b>                     | <b>107</b> | <b>83</b> | <b>20</b>                     | <b>103</b> |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest, less adjustments to reverse recognition of these interests under IFRS.



Note 8. Segmented information (cont'd)

Six-month periods ended June 30

|  | 2020       |                               |            | 2019       |                               |            |
|--|------------|-------------------------------|------------|------------|-------------------------------|------------|
|  | IFRS       | Reconciliation <sup>(1)</sup> | Combined   | IFRS       | Reconciliation <sup>(1)</sup> | Combined   |
| Net earnings   | 38         | (6)                           | 32         | 16         | —                             | 16         |
| Income tax expense   | 15         | (2)                           | 13         | 4          | —                             | 4          |
| Financing costs  | 64         | 18                            | 82         | 68         | 19                            | 87         |
| Amortization   | 116        | 24                            | 140        | 126        | 25                            | 151        |
| Impairment   | —          | —                             | —          | 2          | —                             | 2          |
| <b>EBITDA</b>  | <b>233</b> | <b>34</b>                     | <b>267</b> | <b>216</b> | <b>44</b>                     | <b>260</b> |
| Adjustments:   |            |                               |            |            |                               |            |
| Other gains  | —          | (1)                           | (1)        | —          | (1)                           | (1)        |
| Excess of distributions received over the share in net earnings of Joint Venture SDB I | (8)        | 8                             | —          | —          | —                             | —          |
| Other  | 10         | —                             | 10         | (2)        | —                             | (2)        |
| <b>EBITDA(A)</b>   | <b>235</b> | <b>41</b>                     | <b>276</b> | <b>214</b> | <b>43</b>                     | <b>257</b> |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest, less adjustments to reverse recognition of these interests under IFRS.

Three-month periods ended June 30

|   | 2020   |                                 |               |       | 2019   |                                 |               |       |
|---|--------|---------------------------------|---------------|-------|--------|---------------------------------|---------------|-------|
|   | Canada | France and other <sup>(1)</sup> | United States | Total | Canada | France and other <sup>(1)</sup> | United States | Total |
| <b>Power production (GWh)</b>                         |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 265    | 384                             | —             | 649   | 243    | 393                             | —             | 636   |
| NRWF compensation                                     | 55     | —                               | —             | 55    | 73     | —                               | —             | 73    |
|   | 320    | 384                             | —             | 704   | 316    | 393                             | —             | 709   |
| Hydroelectric power stations                          | 119    | —                               | 99            | 218   | 103    | —                               | 152           | 255   |
| Thermal power stations                                | 8      | —                               | —             | 8     | 38     | —                               | —             | 38    |
| Solar power stations                                  | —      | 7                               | —             | 7     | 1      | 6                               | —             | 7     |
|   | 447    | 391                             | 99            | 937   | 458    | 399                             | 152           | 1,009 |
| <b>Revenues from energy sales and feed-in premium</b> |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 47     | 52                              | —             | 99    | 46     | 53                              | —             | 99    |
| Hydroelectric power stations                          | 12     | —                               | 6             | 18    | 6      | —                               | 10            | 16    |
| Thermal power stations                                | 1      | 1                               | —             | 2     | 3      | 2                               | —             | 5     |
| Solar power stations                                  | —      | 2                               | —             | 2     | —      | 1                               | —             | 1     |
|   | 60     | 55                              | 6             | 121   | 55     | 56                              | 10            | 121   |
| <b>EBITDA(A)</b>                                      |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 47     | 43                              | —             | 90    | 42     | 42                              | —             | 84    |
| Hydroelectric power stations                          | 10     | —                               | 4             | 14    | 4      | —                               | 8             | 12    |
| Thermal power stations                                | (2)    | —                               | —             | (2)   | 1      | —                               | —             | 1     |
| Solar power stations                                  | —      | 1                               | —             | 1     | —      | 1                               | —             | 1     |
| Corporate and eliminations                            | (8)    | (8)                             | (1)           | (17)  | (7)    | (7)                             | (1)           | (15)  |
|   | 47     | 36                              | 3             | 86    | 40     | 36                              | 7             | 83    |
| <b>Additions to property, plant and equipment</b>     |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | —      | 23                              | —             | 23    | —      | 25                              | —             | 25    |
| Hydroelectric power stations                          | 1      | —                               | —             | 1     | 10     | —                               | —             | 10    |
| Thermal power stations                                | —      | —                               | —             | —     | —      | 1                               | —             | 1     |
| Corporate   | 1      | —                               | —             | 1     | 1      | 1                               | —             | 2     |
|   | 2      | 23                              | —             | 25    | 11     | 27                              | —             | 38    |

<sup>(1)</sup> United Kingdom and Denmark.

Six-month periods ended June 30

|   | 2020   |                                 |               |       | 2019   |                                 |               |       |
|---|--------|---------------------------------|---------------|-------|--------|---------------------------------|---------------|-------|
|   | Canada | France and other <sup>(1)</sup> | United States | Total | Canada | France and other <sup>(1)</sup> | United States | Total |
| <b>Power production (GWh)</b>                         |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 614    | 1,270                           | —             | 1,884 | 639    | 1,035                           | —             | 1,674 |
| NRWF compensation                                     | 86     | —                               | —             | 86    | 83     | —                               | —             | 83    |
|   | 700    | 1,270                           | —             | 1,970 | 722    | 1,035                           | —             | 1,757 |
| Hydroelectric power stations                          | 189    | —                               | 227           | 416   | 128    | —                               | 286           | 414   |
| Thermal power stations                                | 54     | 19                              | —             | 73    | 91     | 19                              | —             | 110   |
| Solar power stations                                  | —      | 11                              | —             | 11    | 1      | 11                              | —             | 12    |
|   | 943    | 1,300                           | 227           | 2,470 | 942    | 1,065                           | 286           | 2,293 |
| <b>Revenues from energy sales and feed-in premium</b> |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 103    | 168                             | —             | 271   | 106    | 139                             | —             | 245   |
| Hydroelectric power stations                          | 19     | —                               | 15            | 34    | 9      | —                               | 19            | 28    |
| Thermal power stations                                | 7      | 6                               | —             | 13    | 10     | 8                               | —             | 18    |
| Solar power stations                                  | —      | 3                               | —             | 3     | —      | 2                               | —             | 2     |
|   | 129    | 177                             | 15            | 321   | 125    | 149                             | 19            | 293   |
| <b>EBITDA(A)</b>                                      |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | 105    | 135                             | —             | 240   | 111    | 103                             | —             | 214   |
| Hydroelectric power stations                          | 15     | —                               | 11            | 26    | 5      | —                               | 15            | 20    |
| Thermal power stations                                | 1      | 1                               | —             | 2     | 5      | 2                               | —             | 7     |
| Solar power stations                                  | —      | 2                               | (1)           | 1     | —      | 2                               | —             | 2     |
| Corporate and eliminations                            | (15)   | (17)                            | (2)           | (34)  | (14)   | (14)                            | (1)           | (29)  |
|   | 106    | 121                             | 8             | 235   | 107    | 93                              | 14            | 214   |
| <b>Additions to property, plant and equipment</b>     |        |                                 |               |       |        |                                 |               |       |
| Wind power stations                                   | —      | 32                              | —             | 32    | 3      | 50                              | —             | 53    |
| Hydroelectric power stations                          | 10     | —                               | —             | 10    | 16     | —                               | —             | 16    |
| Thermal power stations                                | —      | —                               | —             | —     | 1      | 1                               | —             | 2     |
| Corporate   | 2      | —                               | —             | 2     | 2      | 1                               | —             | 3     |
|   | 12     | 32                              | —             | 44    | 22     | 52                              | —             | 74    |

<sup>(1)</sup> United Kingdom and Denmark.

For the three-month period ended June 30, 2020, revenues from energy sales for facilities not covered by energy sales contracts amounted to \$1 million (\$2 million for the same period of 2019). For the six-month period ended June 30, 2020, revenues from energy sales for facilities not covered by energy sales contracts amounted to \$2 million (\$4 million for the same period of 2019).

Note 8. Segmented information (cont'd)

|   | As at June 30<br>2020 |                                 |               |       | As at December 31<br>2019 |                                 |               |       |
|---|-----------------------|---------------------------------|---------------|-------|---------------------------|---------------------------------|---------------|-------|
|   | Canada                | France and other <sup>(1)</sup> | United States | Total | Canada                    | France and other <sup>(1)</sup> | United States | Total |
| <b>Total assets</b>                     |                       |                                 |               |       |                           |                                 |               |       |
| Wind power stations                     | 1,814                 | 1,947                           | —             | 3,761 | 1,878                     | 1,854                           | —             | 3,732 |
| Hydroelectric power stations            | 429                   | —                               | 169           | 598   | 437                       | —                               | 168           | 605   |
| Thermal power stations                  | 12                    | 16                              | —             | 28    | 18                        | 15                              | —             | 33    |
| Solar power stations                    | 2                     | 32                              | 13            | 47    | 2                         | 30                              | 11            | 43    |
| Corporate                               | 78                    | 74                              | 32            | 184   | 54                        | 53                              | 37            | 144   |
|   | 2,335                 | 2,069                           | 214           | 4,618 | 2,389                     | 1,952                           | 216           | 4,557 |
| <b>Non-current assets<sup>(2)</sup></b> |                       |                                 |               |       |                           |                                 |               |       |
| Wind power stations                     | 1,518                 | 1,755                           | —             | 3,273 | 1,568                     | 1,685                           | —             | 3,253 |
| Hydroelectric power stations            | 411                   | —                               | 166           | 577   | 417                       | —                               | 163           | 580   |
| Thermal power stations                  | 9                     | 10                              | —             | 19    | 10                        | 10                              | —             | 20    |
| Solar power stations                    | 1                     | 28                              | 7             | 36    | 1                         | 28                              | 4             | 33    |
| Corporate                               | 28                    | 22                              | 15            | 65    | 29                        | 28                              | 15            | 72    |
|   | 1,967                 | 1,815                           | 188           | 3,970 | 2,025                     | 1,751                           | 182           | 3,958 |
| <b>Total liabilities</b>                |                       |                                 |               |       |                           |                                 |               |       |
| Wind power stations                     | 1,411                 | 1,469                           | —             | 2,880 | 1,424                     | 1,401                           | —             | 2,825 |
| Hydroelectric power stations            | 142                   | —                               | 107           | 249   | 151                       | —                               | 105           | 256   |
| Thermal power stations                  | 4                     | 3                               | —             | 7     | 4                         | 3                               | —             | 7     |
| Solar power stations                    | —                     | 4                               | —             | 4     | —                         | 4                               | —             | 4     |
| Corporate                               | 587                   | 72                              | 6             | 665   | 511                       | 73                              | 6             | 590   |
|   | 2,144                 | 1,548                           | 113           | 3,805 | 2,090                     | 1,481                           | 111           | 3,682 |

<sup>(1)</sup> United Kingdom and Denmark.

<sup>(2)</sup> Excludes *Interests in the Joint Ventures and associates*.

Three-month periods ended June 30

| Reconciliation  | 2020 |                               |          | 2019  |                               |          |
|---|------|-------------------------------|----------|-------|-------------------------------|----------|
|   | IFRS | Reconciliation <sup>(1)</sup> | Combined | IFRS  | Reconciliation <sup>(1)</sup> | Combined |
|   |      | Canada                        | Total    |       | Canada                        | Total    |
| <b>Power production (GWh)<sup>(2)</sup></b>           | 937  | 280                           | 1,217    | 1,009 | 258                           | 1,267    |
| Wind power stations <sup>(2)</sup>                    | 704  | 280                           | 984      | 709   | 258                           | 967      |
| <b>Revenues from energy sales and feed-in premium</b> | 121  | 30                            | 151      | 121   | 27                            | 148      |
| Wind power stations                                   | 99   | 30                            | 129      | 99    | 27                            | 126      |
| <b>EBITDA(A)</b>                                      | 86   | 21                            | 107      | 83    | 20                            | 103      |
| Wind power stations                                   | 90   | 20                            | 110      | 84    | 20                            | 104      |
| <b>Additions to property, plant and equipment</b>     | 25   | —                             | 25       | 38    | —                             | 38       |
| Wind power stations                                   | 23   | —                             | 23       | 25    | —                             | 25       |

Six-month periods ended June 30

| Reconciliation  | 2020  |                               |          | 2019  |                               |          |
|---|-------|-------------------------------|----------|-------|-------------------------------|----------|
|   | IFRS  | Reconciliation <sup>(1)</sup> | Combined | IFRS  | Reconciliation <sup>(1)</sup> | Combined |
|   |       | Canada                        | Total    |       | Canada                        | Total    |
| <b>Power production (GWh)<sup>(2)</sup></b>           | 2,470 | 584                           | 3,054    | 2,293 | 653                           | 2,946    |
| Wind power stations <sup>(2)</sup>                    | 1,970 | 584                           | 2,554    | 1,757 | 653                           | 2,410    |
| <b>Revenues from energy sales and feed-in premium</b> | 321   | 62                            | 383      | 293   | 69                            | 362      |
| Wind power stations                                   | 271   | 62                            | 333      | 245   | 69                            | 314      |
| <b>EBITDA(A)</b>                                      | 235   | 41                            | 276      | 214   | 43                            | 257      |
| Wind power stations                                   | 240   | 40                            | 280      | 214   | 42                            | 256      |
| <b>Additions to property, plant and equipment</b>     | 44    | —                             | 44       | 74    | —                             | 74       |
| Wind power stations                                   | 32    | —                             | 32       | 53    | —                             | 53       |

<sup>(1)</sup> Includes the respective contribution of Joint Ventures and associates as a percentage of Boralex's interest, less adjustments to reverse recognition of these interests under IFRS.

<sup>(2)</sup> Includes compensation of 55 GWh for the second quarter of 2020 in light of the power limitation imposed on the NRWF facility (73 GWh for the second quarter of 2019). For the six-month period ended June 30, 2020, compensation included in the power production is 86 GWh (83 GWh for the same period of 2019).

# General Information

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## WEBSITE AND SOCIAL MEDIA

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## BUSINESS OFFICES

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## ADDITIONAL INFORMATION MAY BE OBTAINED FROM:

### Public and Corporate Affairs

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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

## TRANSFERT AGENT AND REGISTRAR

### Computershare Investor Services Inc.

1500 Robert-Bourassa Boulevard, 7<sup>th</sup> 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 Wednesday, May 6, 2020, at 11 a.m. in the form of a virtual presentation:

For further information, please visit our website.

## INVESTORS RELATIONS

Stéphane Milot  
Director, Investors Relations  
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Our thanks to our employees who accepted  
to be on the cover:  
Raquel Amorim (Montréal, Québec)  
Bastien Albenque (Lyon, France)