

BORALEX

2021

Expansion in full swing

Positioning for sustainable growth

Interim Report 1

As at March 31, 2021



Management's Discussion and Analysis 1

As at March 31, 2021

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Profile

Boralex Inc. ("Boralex" or the "Corporation") 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 expertise and diversification developed over 30 years.

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at March 31, 2021, the Caisse de dépôt et placement du Québec, one of Canada's largest institutional investors, held 12.6% of Boralex's outstanding shares.

Highlights

Three-month periods ended March 31

	IFRS		Combined ⁽¹⁾	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	2021	2020	2021	2020
Power production (GWh) ⁽²⁾	1,630	1,533	1,830	1,837
Revenues from energy sales and feed-in premium	206	200	228	232
EBITDA(A) ⁽¹⁾	151	149	162	169
Net earnings	38	44	43	37
Net earnings attributable to shareholders of Boralex	34	41	39	34
Per share - basic and diluted	\$0.33	\$0.43	\$0.38	\$0.35
Net cash flows related to operating activities	133	133	132	136
Cash flows from operations ⁽¹⁾	115	124	125	137
	As at March, 31	As at Dec. 31	As at March, 31	As at Dec. 31
Total assets	5,837	5,314	6,259	5,753
Debt ⁽³⁾	3,645	3,516	4,044	3,870
Projects ⁽⁴⁾	3,084	3,028	3,483	3,382
Corporate	561	488	561	488

	Three-month periods ended		Twelve-month periods ended	
(in millions of Canadian dollars, unless otherwise specified) (unaudited)	March 31, 2021	March 31, 2020	March 31, 2021	December 31, 2020
Discretionary cash flows ⁽¹⁾ - IFRS	60	68	142	146

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

⁽²⁾ Power production includes the production for which Boralex received financial compensation following power generation limitations imposed by its clients since management uses this measure to evaluate the Corporation's performance. This adjustment facilitates the correlation between power production and revenues from energy sales and feed-in premium.

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

⁽⁴⁾ 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

CAGR	Compound annual growth rate
Caisse	Caisse de dépôt et placement du Québec
Corporate PPA	Power purchase agreement concluded with an energy-consuming company
CRE	Centaurus Renewable Energy LLC
DC&P	Disclosure controls and procedures
DM I and II	Des Moulins Wind Power L.P.
EBITDA	Earnings before taxes, interest, depreciation and amortization
EBITDA(A)	Earnings before taxes, interest, depreciation and amortization adjusted to include other items
EDF	Électricité de France
FiP	Feed-in premium
GWh	Gigawatt-hour
HQ	Hydro-Québec
IASB	International Accounting Standards Board
ICFR	Internal control over financial reporting
IFRS	International Financial Reporting Standards
Interests	Interests in the Joint Ventures and associates
Invenergy	Invenergy Renewables LLC
LP I	Le Plateau Wind Power L.P.
LP II	Le Plateau Community Wind Power L.P.
LTM	Last twelve months
MW	Megawatt
MWac	Megawatt alternating current
MWdc	Megawatt direct current
MWh	Megawatt-hour
NRWF	Niagara Region Wind Farm
NYPA	New York Power Authority
NYSERDA	New York State Energy Research and Development Authority
Ontario ISO	The Independent Electricity System Operator of Ontario
RECs	Renewable Energy Certificates
Repowering	Increase in installed capacity through equipment replacement
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
SDB I	Seigneurie de Beaupré Wind Farms 2 and 3
SDB II	Seigneurie de Beaupré Wind Farms 4
Six Nations	Six Nations of the Grand River
SOP	Standing Offer Program
CAC 40	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.
Anticipated production	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 period ended March 31, 2021, compared with the corresponding period of 2020, as well as the Corporation's financial position as at March 31, 2021, compared to December 31, 2020. 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, 2020.

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

In this MD&A, Boralex or the Corporation means, as applicable, either Boralex and its subsidiaries and divisions or Boralex or one of its subsidiaries or divisions. The information contained in this MD&A reflects all material events up to May 4, 2021, the date on which the Board of Directors approved this annual MD&A and the 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 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 2020.

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.

The information in this MD&A is presented as at March 31, 2021, with the exception of the number of sites, which is as of May 4, 2021. Net installed capacity is presented as at March 31, 2021 and May 4, 2021.

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 ⁽¹⁾		Average rate ⁽²⁾	
	As at March 31,	As at December 31,	Three-month periods ended March 31	
Currency	2021	2020	2021	2020
USD	1.2562	1.2725	1.2660	1.3449
EUR	1.4736	1.5545	1.5251	1.4826
GBP	1.7315	1.7422	1.7457	1.7184

⁽¹⁾ Source: Bloomberg

⁽²⁾ 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 May 4, 2021.

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 shareholders, 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 539 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. As at March 31, 2021, its asset base of net installed capacity comprised 2,455 MW. Since then, the Corporation has disposed of its 12 MW **Blendecques** cogeneration power station and commissioned a wind farm with an installed capacity of 12 MW, maintaining the Corporation's net installed capacity at 2,455 MW as at May 4, 2021. Projects under construction or ready to build represented an additional 61 MW, to be commissioned by the end of 2023, while the pipeline of secured projects amounted to 542 MW.

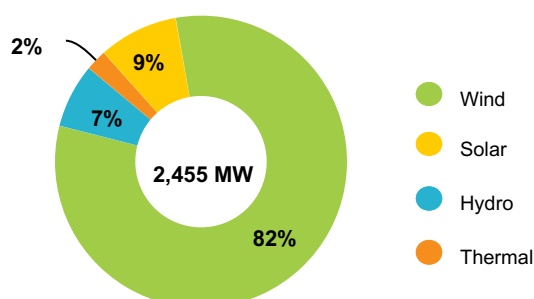
Segment and geographic breakdown

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 leading independent producer of onshore wind power. The following table provides information about the makeup of the Corporation's energy portfolio in operation as at May 4, 2021.

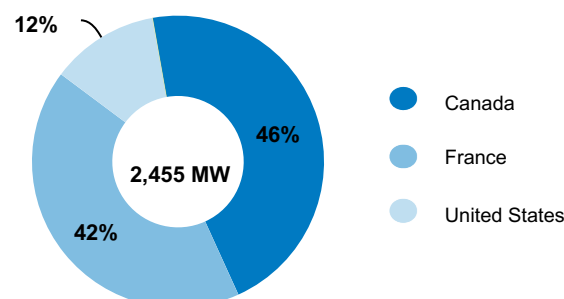
	Canada		France		United States		Total	
	Net installed capacity (MW)	Number of sites	Net installed capacity (MW)	Number of sites	Net installed capacity (MW)	Number of sites	Net installed capacity (MW)	Number of sites
Wind power stations*	989	24	1,025	65	—	—	2,014	89
Solar power stations	1	1	15	2	209	7	225	10
Hydroelectric power stations	100	9	—	—	81	7	181	16
Thermal power stations	35	1	—	—	—	—	35	1
	1,125	35	1,040	67	290	14	2,455	116

* 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



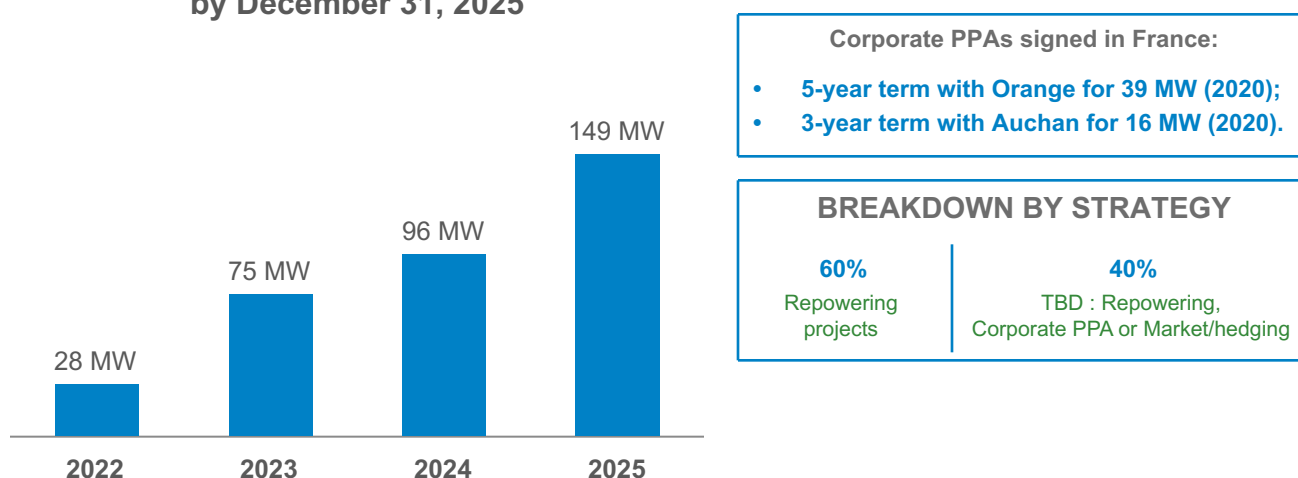
Geographic breakdown



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

Overall, **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 103 MW (4% of net installed capacity or 3% of expected current production) covered by contracts expiring through December 2023, excluding *Growth path* projects for which contracts have been secured. If new contracts have not been negotiated beforehand, this production will then be sold at market prices. Under its strategic plan, Boralex anticipates entering into new agreements, either through the completion of capacity upgrade projects with long-term contracts 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.

Annual volume of contracts maturing by December 31, 2025



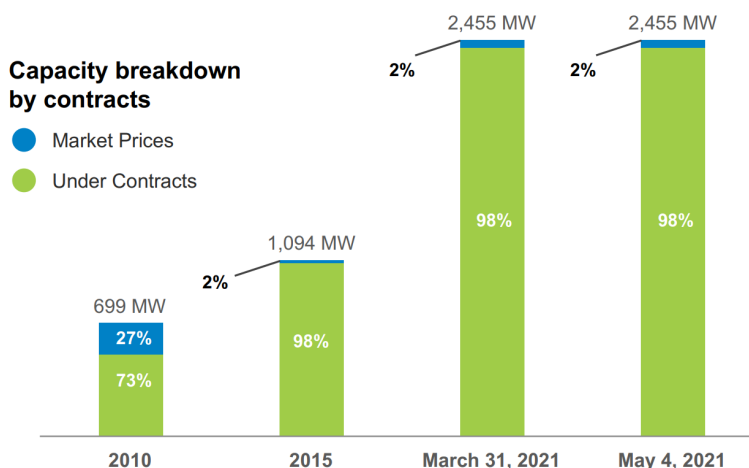
Net installed capacity⁽¹⁾

Boralex's net installed capacity increased from 1,094 MW as at December 31, 2015, to 2,455 MW⁽¹⁾ as at May 4, 2021, which represents annual compound growth of **16%** for this period of slightly more than five years. This growth has been achieved both organically and through acquisitions.

Net installed capacity

(in MW)

Compound annual growth rate: 16%



⁽¹⁾ The net 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 Beaupré Wind Farms in Québec, representing 50% of a total installed capacity of 340 MW, plus 50 MW from interests in two wind farms in Québec, out of a total installed capacity of 95 MW. In November 2020, Boralex acquired the Caisse's interest in three facilities in which Boralex also held an interest in joint ventures. Since this acquisition, Boralex has control over these wind farms and consolidates the results of these subsidiaries.

Selected financial information: A growth company

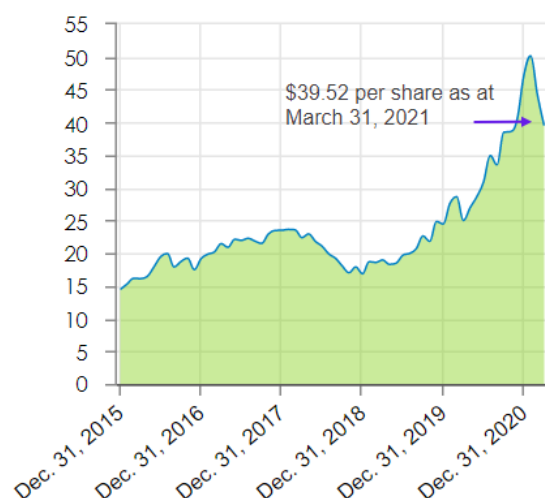
Since December 31, 2015, Boralex's EBITDA(A) and market capitalization have grown at annual compound rates of 20% (18% on a Combined basis) and 32%, respectively. The share price increased at a compound annual rate of 21% over the same period while the amount of dividends paid increased from \$27 million in 2015 to \$67 million for the 12-month period ended March 31, 2021.

Share price

(Monthly closing price in Canadian dollars)

Compound annual growth rate: 21%

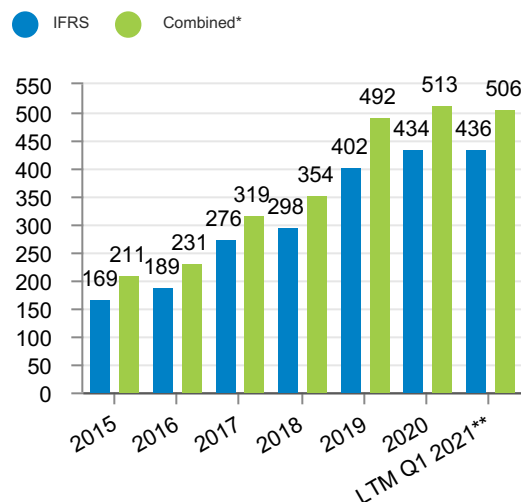
(Toronto Stock Exchange under the ticker BLX)



EBITDA(A)*

(in millions of Canadian dollars)

Compound annual growth rate: 20% (IFRS) and 18% (Combined)



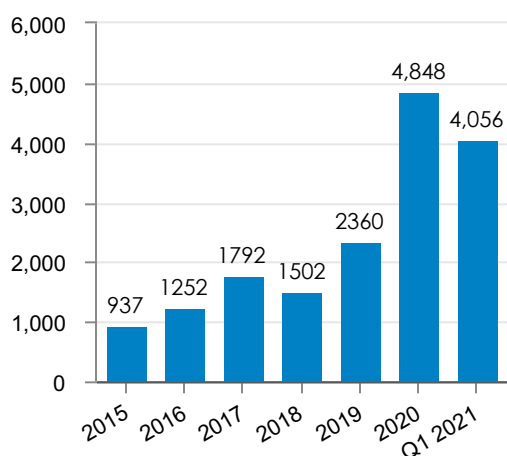
* See the *Non-IFRS measures* section.

** On a Combined basis, for the twelve-month period ended March 31, 2021, EBITDA(A) is broken down as follows; Q1 2021: \$162 million, Q4 2020: \$154 million, Q3 2020: \$83 million and Q2 2020: \$107 million for a total of \$506 million.

Market capitalization

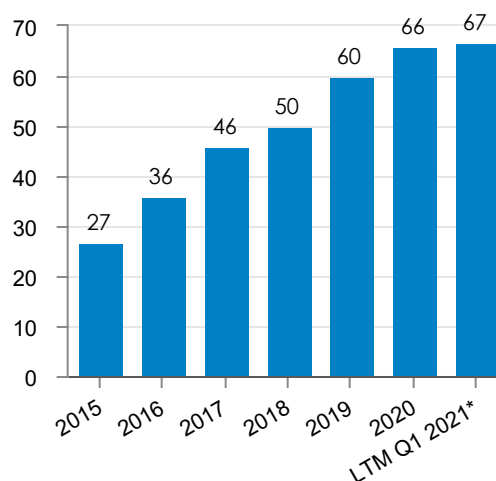
(in millions of Canadian dollars)

Compound annual growth rate: 32%



Dividends paid

(in millions of Canadian dollars)



* For the twelve month period ended March 31, 2021, dividends paid are broken down as follows; Q1 2021: \$17 million, Q4 2020: \$17 million, Q3 2020: \$17 million and Q2 2020: \$16 million, for a total of \$67 million.

Growth strategy and development outlook

Strategic plan and financial objectives for 2023

In 2019, Boralex's management announced the strategic plan for steering 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 and the acceleration of the energy transition in key markets.

In France, as shown in the chart on the next page, 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 procedures and negotiating energy sales contracts directly with electricity-consuming companies.

In the United States, President Biden recently announced a US\$2.3 trillion infrastructure plan to stimulate the economy. This plan includes investments specific to fighting climate change and the electrification of the economy, which will increase demand for electricity in the U.S. market. Investments aimed at expanding and modernizing the grid and electricity transmission across the country will also allow greater market penetration of renewable energy and improved grid resiliency.

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.

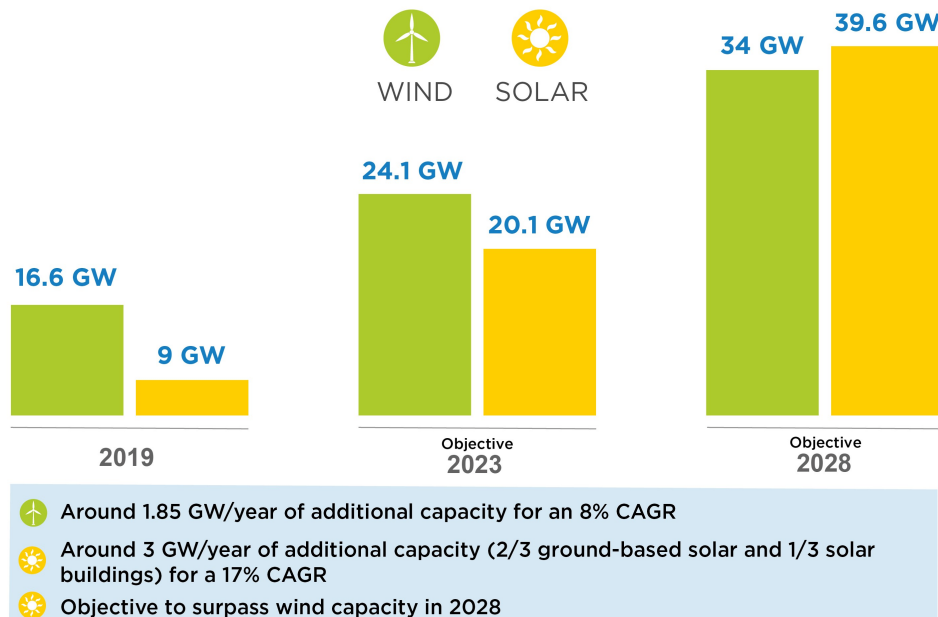
The Governor of the State of New York has repeatedly mentioned his desire to accelerate renewable energy sector development and to relax certain measures in order to achieve the targets. In 2019, the State of New York adopted the *Climate Leadership and Community Protection Act* (CLCPA), committing itself to cut GHG emissions by 85% by 2050. To do so, the state legislation raises the State of New York's clean energy standard to increase the proportion of renewable energy to 70% by 2030 and zero emissions by 2040. It also increases the State of New York's targets for developing offshore wind energy resources to 9,000 MW by 2035, distributed solar energy resources to 6,000 MW by 2025, and energy storage resources by 3,000 MW by 2030. In his 2021 State of the State speech, Governor of the State of New York Andrew Cuomo reiterated his commitment to deal with climate issues by proposing an orderly and equitable transition to clean energy that will create jobs and continue to support green economy development, as the State of New York recovers from the COVID-19 pandemic. Governor Cuomo also announced that the State of New York has launched a request for proposals for the development of new transportation facilities to deliver qualifying renewable energy to NYCA's Zone J. The State of New York is seeking to contract up to 1,500 MW, but this volume could be increased if justified by the proposals received.

In Canada, in December 2020, the federal government launched Canada's strengthened climate plan to protect the environment, create jobs and support communities. A number of more ambitious climate commitments announced should lead to a lower carbon economy, including a \$15 annual increase in the price of a tonne of carbon to reach \$170 per tonne by 2030. Additional investments of \$964 million are to be made over the next four years to enhance grid modernization and greening. This includes support to increase production capacity from renewable energy sources, such as wind and solar, as well as energy storage. An additional amount of \$300 million is planned to reduce dependence on diesel fuel for rural, remote communities and First Nations. Further investments of \$287 million in 2020-2021 have been earmarked to continue the rebate program for zero-emission vehicles. With this climate plan, the Government of Canada has renewed its commitment to continue to collaborate with provinces, utilities and other partners to achieve its target of zero net carbon emissions from electricity generation by 2050.

In Québec, in November 2020, the Minister of the Environment and the Fight against Climate Change announced his Plan for a Green Economy (PEV), which forecasts that Québec will reduce its GHG emissions by 37.5% compared to 1990 levels by 2030 and will become carbon neutral by 2050. Specific measures are provided for, mainly for the electrification of transportation, the most ambitious of which is to have 1.5 million electric vehicles on the roads in Québec by 2030 and zero sales of gasoline-powered vehicles starting in 2035. All the measures announced in the PEV will allow Québec to reach 42% of its target by 2030. An annual review will be presented and other measures will be identified each year. The amount of new supply of electricity needed to implement these measures has not yet been determined. However, the government has recognized the importance of wind power in filling domestic needs as well as for potential export projects. It's in this context that the Québec government has in particular announced the Apuiat project and confirmed its intention to extend contracts for existing wind farms. It also announced that a first request for proposals for energy will be launched by the end of 2021 while stating that this RFP will only cover a portion of Québec's future energy needs.

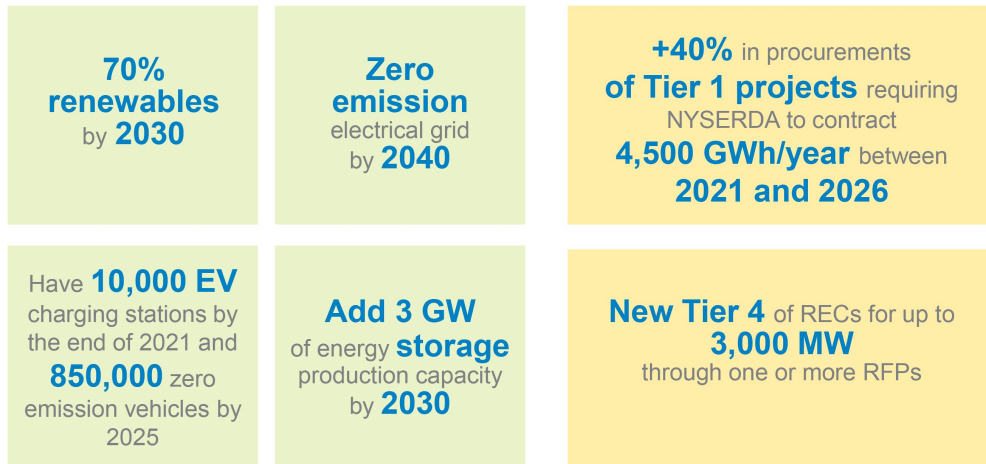
In January 2021, Boralex closed the acquisition of a majority interest in a portfolio of seven solar power stations in the United States with an installed capacity of 209 MWac. Most of these wind farms are located in the State of California, a market that Boralex believes has high development potential. The chart on the following page shows California's targets for the sale of renewable electricity and greenhouse gas emissions. It also shows the growth potential of the solar power and energy storage industry. As mentioned at the time this acquisition was announced, Boralex intends to continue development efforts in this market at the same level as in the State of New York market.

TARGETS OF FRENCH RENEWABLE ENERGY PROGRAM

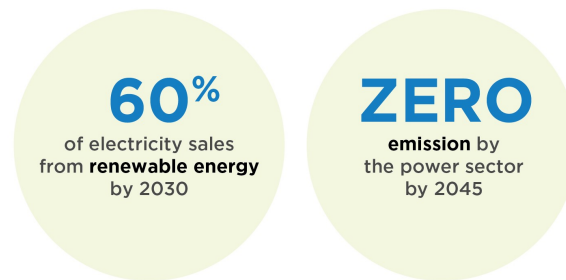


Source: "Programmation pluriannuelle de l'énergie"
CAGR: Compound annual growth rate

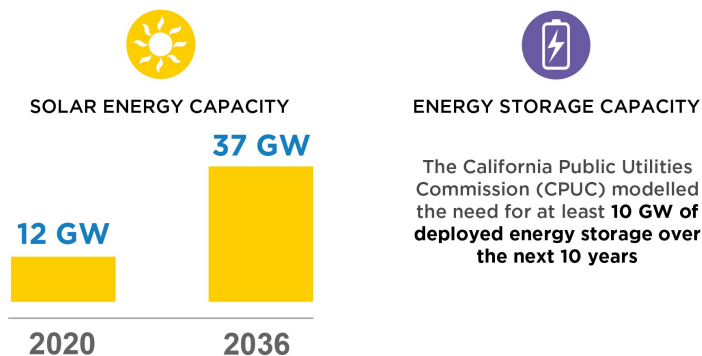
NY STATE, US TARGETS



CALIFORNIA STATE, US TARGETS



SOLAR ENERGY AND STORAGE MARKET POTENTIAL IN CALIFORNIA



Based on the market analysis carried out, Borex'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

GROWTH

in markets with promising renewable energy programs

DIVERSIFICATION

into solar power and energy storage

NEW CUSTOMERS

through corporate PPAs and other sources of revenues

OPTIMIZATION

operational and financial

2023 FINANCIAL OBJECTIVES

DISCRETIONARY CASH FLOW

\$59M

2018

\$140M
to
\$150M

2023 objective

INSTALLED CAPACITY

1,942 MW

2018

2,800 MW

2023 objective

40% TO 60% DIVIDEND PAYOUT RATIO

CSR OBJECTIVE: BEYOND RENEWABLE ENERGY

Diversity and Equal Opportunities

Responsible Corporate Governance

Ethics in Business and Behaviour

Responsible Resource Use

Greenhouse Gas Emissions (scopes 1 and 2)

Responsible Procurement

Adapting to Climate Change

Biodiversity

Health and Safety

Local Community Consultation and Engagement

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, Ontario ISO, NYISO and BC Hydro). These contracts do not contain a price adjustment or production clause for situations such as the COVID-19 epidemic. As at March 31, 2021, 98% of the Corporation's net installed capacity 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. Furthermore, following the acquisition of seven solar power stations in the United States in January 2021 and including the commissioning of sites under construction and secured projects to be included in the *Growth path*, the Corporation expects to surpass the 2,800 MW target once all these projects are commissioned.

In light of the solid execution of its strategic plan, recent acquisitions and taking into account recent changes in the renewable energy market environment including, among others, the announced and upcoming stimulus plans of various governments around the world, Boralex management is currently working on updating its strategic plan and expects to unveil it on June 17, 2021. The plan summary and new objectives will be published on June 17, 2021, which is also Investors Day.

Lastly, significant efforts were made in recent quarters to formalize Boralex's corporate social responsibility strategy and its position regarding ESG (Environmental, Social and Governance) criteria. The Corporation surveyed all of its stakeholders to assess how they perceived its positioning and the relative importance of the various corporate social responsibility issues. Boralex management has also decided to include the implementation of the strategy currently being prepared as part of its strategic objectives, along with the financial objectives. The key objective is to move beyond renewable energy and present the Corporation's policies and achievements not only from an environmental perspective but also from a social and governance viewpoint, as Boralex has always aimed for a balanced approach in the management of its activities.

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 portfolio of projects totalled 2,614 MW, up 112 MW from the previous quarter as projects advanced to the secured phase in the *Growth path* in recent months. The *Growth path* totalled 603 MW, up 59 MW from the previous quarter.

BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

PIPELINE		NORTH AMERICA		EUROPE	TOTAL BORALEX
TOTAL 2,614 MW	EARLY STAGE				
	<ul style="list-style-type: none">Real estate securedInterconnection availableConfirmation of the project by local communities and regulatory risks		315 MW	279 MW	594 MW
			285 MW	127 MW	412 MW
		TOTAL	600 MW	406 MW	1,006 MW
	MID STAGE				
	<ul style="list-style-type: none">North America: Preliminary valuation and design to submit a bid under a request for proposalsEurope: Preliminary design and request to obtain administrative authorizations		560 MW	574 MW	1,134 MW
			-	118 MW	118 MW
		TOTAL	560 MW	692 MW	1,252 MW
	ADVANCED STAGE				
	<ul style="list-style-type: none">North America: Project submitted under a request for proposalsEurope: Project authorized by regulatory authorities and submitted under a request for proposals (France)		-	178 MW	178 MW
			165 MW	13 MW	178 MW
		TOTAL	165 MW	191 MW	356 MW
	TOTAL		875 MW	1,031 MW	1,906 MW
			450 MW	258 MW	708 MW
		TOTAL	1,325 MW	1,289 MW	2,614 MW

GROWTH PATH		NORTH AMERICA		EUROPE	TOTAL BORALEX
TOTAL 603 MW	SECURED STAGE				
	<ul style="list-style-type: none">North America: Contract win (REC or PPA) and interconnection securedEurope: Contract win (PPA) and interconnection secured (France); project authorized by regulatory authorities and interconnection secured (Scotland)		100 MW	242 MW	342 MW
			200 MW	-	200 MW
		TOTAL	300 MW	242 MW	542 MW
	UNDER CONSTRUCTION OR READY-TO-BUILD				
	<ul style="list-style-type: none">Permits obtainedFinancing in progressCommissioning date determinedCleared of any claims (France)Approved by Boralex Board of Directors		-	40 MW	40 MW
			-	21 MW	21 MW
		TOTAL	-	61 MW	61 MW
	TOTAL		100 MW	282 MW	382 MW
			200 MW	21 MW	221 MW
		TOTAL	300 MW	303 MW	603 MW

CURRENTLY IN OPERATION 2,455 MW

Updated as of May 4, 2021

The **wind** power segment remains the Corporation's main driver of growth, with a project pipeline totalling 1,906 MW, down 31 MW from the previous quarter. The **solar** power segment pipeline comprises projects totalling the equivalent of 708 MW, up 143 MW from the previous quarter. This 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 890 MW, down 31 MW from the previous quarter. Building on these achievements, Boralex actively participates in the tendering process for the construction of wind farms in France. For the 2021-2024 period, this process aims to award all feed-in premium contracts in two tranches of 925 MW each every year. Each contract will have a 20-year term as of commissioning. Following the wins under these RFPs since they were launched, 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 producer of onshore wind power in France.

The Moulins du Lohan project, which was selected under the November 2020 RFP and is covered by a 20-year contract, obtained a favourable decision from the Conseil d'État in its ruling issued on April 15, 2021. As a result, the 71 MW project is included under *Secured projects*. For more information on the ruling of the Conseil d'État, see the Subsequent event note to the current quarterly financial statements.

Boralex is also well placed to penetrate the market in Scotland as result of a partnership entered into in October 2017 with Infinergy. A total of 141 MW of projects are included in the Corporation's project portfolio. Furthermore, the 90 MW Limekiln project in Scotland was approved in 2019 and is included under secured projects in the Corporation's *Growth path*.

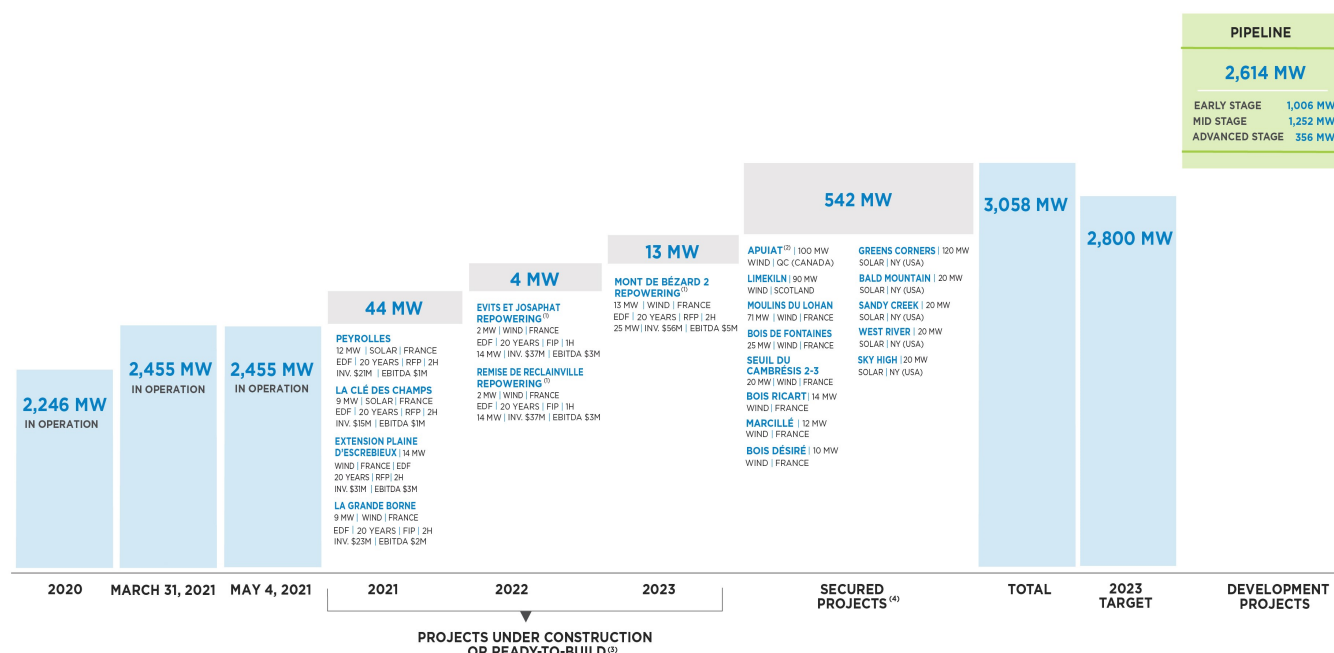
Boralex has a portfolio of **solar** power projects at varying stages of completion, with a capacity of about 258 MW (228 MW in France and 30 MW in Scotland), up 28 MW from the previous quarter in France. Details on the segment's development program are provided in the *Diversification* section of this report.

North America

Boralex's portfolio of **wind** power projects in North America represents 875 MW. The recent announcement of the signing of a power purchase agreement for the Apuiat project marks the recovery of the wind power sector in Québec. The State of New York has also made several announcements aimed at accelerating its energy transition.

The Corporation also has a portfolio of **solar** power projects totalling 450 MW, up 115 MW from the previous quarter. Details on the development program for this segment are provided in the *Diversification* section of this report.

Growth path



(1) 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 25 MW with an increase of 13 MW.

(2) The Corporation holds 50% of the shares of the 200 WM wind power project but does not have control over it.

(3) The total project investment and the estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on March 31, 2021.

(4) Some projects will be commissioned after 2023.

As shown in the chart above, Boralex had assets in operation with 2,455 MW of net installed capacity as at May 4, 2021. This works out to a 209 MW increase from December 31, 2020 given the acquisition of majority interests in solar power stations in the United States in January, disposal of the **Blendecques** cogeneration power station and commissioning of the **Bazougeais** wind farm, both in early May.

Total capacity in MW of *Projects under construction or ready to build* for the 2021-2023 period remained relatively stable during the quarter as the inclusion of a secured project, namely **La Grande Borne**, under *Projects under construction or ready to build* offset the reduction resulting from the commissioning of **Bazougeais** wind farm.

In France, five wind farms and two solar power stations 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 2021, 2022 and 2023.

Note that three *Growth path* projects that are in the *Projects under construction or ready-to-build phase* aim to replace existing wind turbines with new equipment (repowering) for wind farms with energy sales contracts expiring over the next few years. These wind farms with 36 MW of overall installed capacity before repowering work will benefit from a 17 MW increase for a total of 53 MW after the work, covered by new 20-year energy sales contracts with EDF in France.

Overall, the contribution to EBITDA of *Projects under construction or ready-to-build phase* is estimated at \$18 million, 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 \$9 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 \$217 million, financed by debts up to \$174 million. As at March 31, 2021, the amounts already invested in these projects totalled over \$62 million.

Total MW of *Secured projects* was up 62 MW from the previous quarter, given the inclusion of the **Moulins du Lohan** project, which more than offset the inclusion of **La Grande Borne** project under *Projects under construction or ready to build*.

Commissioning of secured facilities and projects under construction is expected to bring Boralex's net installed capacity to 3,058 MW, exceeding the 2023 target of 2,800 MW.

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

Growth

- Signing of a power purchase agreement for the 200 MW (net 100 MW) **Apuiat** wind farm in partnership with the Innu Nation.
- Addition of 112 MW to the project pipeline.
- Inclusion of **La Grande Borne** (9 MW) under *Projects under construction or ready to build*.
- Inclusion of the **Moulins du Lohan** (71 MW) project under *Secured projects*, which was selected under the most recent RFP in France and following the Conseil d'État's favourable ruling.
- Commissioning of **Bazougeais** wind farm (12 MW) in France on May 1.

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 708 MW.

Europe

France is a potential market totalling 11,100 MW for the development of solar power stations 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 2021, Boralex has 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 2021 and 2024, two thirds of which represent ground mounted projects, which is the market targeted by Boralex.

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 (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 for 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 450 MW as at March 31, 2021.

On March 13, 2020, Boralex announced that the four solar power projects it had submitted were selected by NYSERDA 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 NYSERDA finalized agreements to purchase the Environmental Credits associated with the energy generated by each project. These contracts were signed in January 2021, allowing for these projects to be added to the secured phase in the Corporation's *Growth path*. Also, contracted NYSERDA and Sky High projects were recently converted into indexed RECs. This new contract formula (indexed RECs) has been used in recent RFPs. An Indexed Renewable Energy Certificate (Indexed REC) is a certificate whose price is based on a benchmark market index adjusted monthly over the REC contract term. The contracts awarded to Boralex under the NYSERDA RFP have a 20-year term.

Boralex also submitted bids for three projects totalling 140 MW under NYSERDA's October 2020 RFP. These bids were not selected by NYSERDA but the Corporation will have the opportunity to submit these projects again under the fifth annual RFP launched on April 22, 2021 for which the bid submission deadline is expected to be in summer 2021.

Lastly, in January 2021, the Corporation acquired all of the majority interests held by CRE in seven solar power stations in the United States for a cash consideration of \$277 million. The solar power stations in operation, totalling a gross installed capacity of 209 MWac, are located in California, Alabama and Indiana. They are covered by long-term power purchase agreements that will expire between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years as at the date of acquisition. This acquisition marks Boralex's entry into these three states and will serve as a launching pad to our involvement in these regional energy markets, particularly in California where the Corporation sees more development potential that can be tapped into, among others, with the resources deployed for the assets covered by the transaction. These high quality assets are covered by purchase contracts and are perfectly aligned with the growth and diversification orientations of Boralex's strategic plan.

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.

In early 2020, Boralex commissioned its first electricity storage asset with an installed capacity of 2 MW at one of its existing wind farms in France. Boralex continued its research into storage projects during the first quarter.

The boxed information below provides the Diversification highlights.

Diversification

- Acquisition of interests in seven solar power projects in the United States with an installed capacity of 209 MWac and the start of their integration process.
- Conversion of contracts to the indexed RECs formula for five secured projects totalling 200 MW.

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 PPAs), as well as the gradual addition of complementary services offered to energy transmission networks and large-scale electricity consumers.

During the first quarter, Boralex signed a new five-year renewable power purchase agreement with IBM France. Through this contract, Boralex will provide IBM France with the green energy equivalent of 55% of the annual consumption of sites and data centers established by IBM in France. This agreement is part of IBM's initiative to use 100% renewable electricity in France. The electricity supplied will come from Boralex's portfolio of assets whose contracts with EDF have expired.

Note that during fiscal 2020, Boralex announced it had entered into two energy sales contracts totalling 51 MW with the Orange and Auchan groups.

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.

The boxed information below provides the Customers highlights.

Customers

- Signing of a five-year renewable power purchase agreement with IBM France for its electricity consumption (Corporate PPA).

Optimization

This strategic direction has two main components:

- Increase synergies across the Corporation and ensure optimal use of existing resources and assets;
- 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 repowering initiatives for certain wind farms 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. Note that operations were resumed at the **Cham Longe I** wind farm during fiscal 2020, following the completion of its repowering project.

Construction on three other repowering projects will begin. During the first quarter, preparatory work was begun at the **Mont de Bézard 2** wind farm while work continued at the **Évits et Josaphat** and **Remise de Reclainville** wind farms. The latter two wind farms will have an installed capacity of 14 MW following repowering work, representing a 2 MW increase in capacity, while the **Mont de Bézard 2** wind farm will increase its capacity by 13 MW to 25 MW. The wind farms will benefit from more high-performance equipment and new 20-year contracts.

At the end of April, Boralex announced the disposal of the 12 MW **Blendecques** cogeneration power station in France. With this decision made in line with its strategic plan for 2023, Boralex can position itself as a 100% green energy operator in Europe and focus more on its renewable energy production activities.

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. The Corporation has taken the necessary measures to repatriate maintenance work in-house starting June 2021 for assets with a total installed capacity of 136 MW in Canada.

The boxed information below provides Optimization highlights.

Optimization

- Progress made on the preparatory work for repowering the **Mont de Bézard 2** wind farm.
- Optimization of service and maintenance for a wind farm totalling 136 MW in Canada.
- Disposal of the **Blendecques** (12 MW) cogeneration power station in line with Boralex's strategic mission.
- Integration of interests in seven solar power stations acquired in the U.S. to ensure optimization and future synergies.

Implementation of CSR plan

Boralex published its first separate corporate social responsibility (CSR) plan at the end of February 2021. This report illustrates the disciplined approach taken by the Corporation in developing its CSR strategy, which is also well aligned with its strategic plan as well as its financial objectives.

The Corporation consulted all of its stakeholders to identify the priority issues for which specific actions plans have been developed and will be implemented over the coming years. Ten issues have been identified and are presented in the report under three separate headings: Leading through example, Making renewable energy in a sustainable and resilient manner, and Respect our people, our planet and our community.

In 2021, Boralex will focus on the following issues: diversity and equal opportunities; assessment of greenhouse gas emissions (scopes 1 and 2) as well as workplace health and safety, including the importance of psychological health.

To accelerate implementation of its CSR strategy and ensure a smooth and disciplined deployment, Boralex hired, in mid-April, a CSR director reporting directly to the President and CEO.

The CSR strategy will be an integral part of Boralex's updated strategic plan, to be unveiled in the coming quarter.

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.

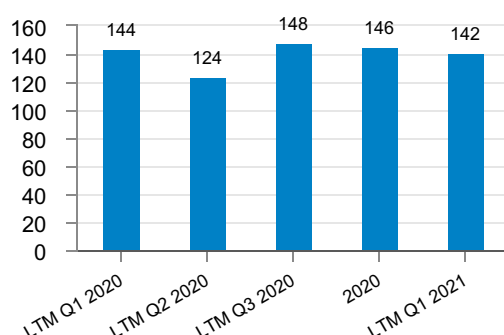
1. Discretionary cash flows

Discretionary cash flows amounted to \$60 million for the entire three-month period ended March 31, 2021 compared with \$68 million for the corresponding quarter of fiscal 2020. This difference is explained by the wind power production well above the anticipated production in France during the first quarter of 2020, partially offset by the contribution from acquired and commissioned facilities during the first quarter of 2021.

For the twelve-month period ended March 31, 2021, discretionary cash flows reached \$142 million compared with \$146 million for the twelve-month period ended December 31, 2020.

Discretionary cash flows*

(in millions of Canadian dollars)



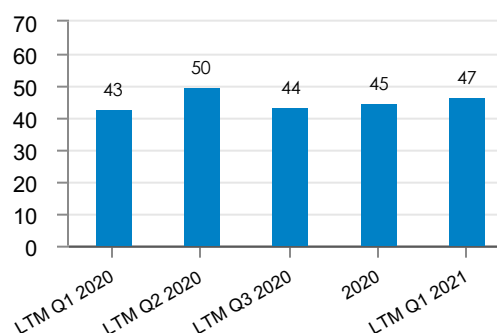
* See the *Non-IFRS measures* section.

2. Dividends

The dividends paid to shareholders during the three-month period ended March 31, 2021 represented a payout ratio of 47%, 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.

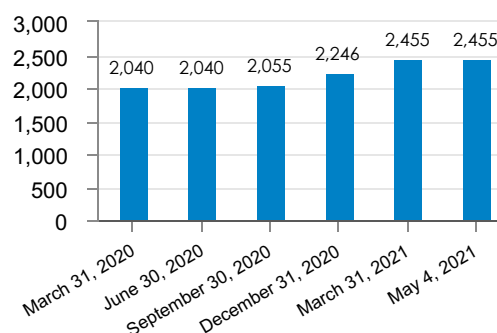
3. Net installed capacity

As at May 4, 2021, Boralex had a net installed capacity totalling 2,455 MW, 209 MW higher than the level as at the end of fiscal 2020.

In addition, the Corporation reported an additional net installed capacity of 415 MW year-over-year, as a result of acquisitions and assets commissioned in 2020 and beginning of fiscal 2021.

Net installed capacity

(in MW)



Financial highlights

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31			
	2021	2020	Change	
			GWh or \$	%
POWER PRODUCTION (GWh)⁽¹⁾				
Wind power stations	1,312	1,266	46	4
Hydroelectric power stations	171	198	(27)	(14)
Thermal power stations	70	65	5	8
Solar power stations	77	4	73	>100
	1,630	1,533	97	6
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM				
Wind power stations	171	172	(1)	(1)
Hydroelectric power stations	15	16	(1)	(9)
Thermal power stations	13	11	2	21
Solar power stations	7	1	6	>100
	206	200	6	3
EBITDA(A)⁽²⁾				
Wind power stations	148	150	(2)	(2)
Hydroelectric power stations	10	12	(2)	(14)
Thermal power stations	5	4	1	47
Solar power stations	6	—	6	>100
	169	166	3	1
Corporate and eliminations	(18)	(17)	(1)	(1)
	151	149	2	1
NET EARNINGS	38	44	(6)	(13)
NET EARNINGS ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	34	41	(7)	(18)
NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	\$0.33	\$0.43	(\$0.10)	(23)
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES	133	133	—	—
CASH FLOWS FROM OPERATIONS⁽²⁾	115	124	(9)	(7)
DIVIDENDS PAID ON COMMON SHARES	17	16	1	6
DIVIDENDS PAID PER COMMON SHARE	\$0.165	\$0.165		
Weighted average number of shares outstanding – basic	102,618,520	96,464,534		

⁽¹⁾ Includes financial compensation following electricity production limitations imposed by clients.

⁽²⁾ See the *Non-IFRS measures* section.

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	As at March 31, 2021	As at December 31, 2020
Total cash, including restricted cash	267	277
Property, plant and equipment	3,344	3,112
Total assets	5,837	5,314
Debt, including current portion of debt	3,645	3,516
Total liabilities	4,547	4,323
Total equity	1,290	991
Net debt to market capitalization ratio ⁽¹⁾ (%)	45%	41%

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

Changes in the portfolio in operation

Project name	Type of transaction	Total capacity (MW)	Effective date	Segment / Country	Energy contract term / Client	Ownership (%)
Santerre	Commissioning	15	August 1	Wind/France	20 years/EDF/FiP	100
Blanches Fosses	Commissioning	11	November 1	Wind/France	20 years/EDF/FiP	100
LP I, DM I and II	Acquisition	145	December 1	Wind/Canada	Note ⁽¹⁾	Note ⁽¹⁾
Cham Longe I Repowering	Commissioning	17	December 1	Wind/France	20 years/EDF/FiP	100
Extension Seuil de Bapaume	Commissioning	17	December 1	Wind/France	20 years/EDF/FiP	100
2020		+ 205 MW		Net installed capacity: 2,246 MW⁽²⁾		
Portfolio acquired from CRE	Acquisition	209	January 29	Solar/United States	Note ⁽³⁾	Note ⁽³⁾
Blendecques	Disposal	-12	May 1	Thermal/France	N/A	100
Bazougeais	Commissioning	12	May 1	Wind/France	20 years/EDF/FiP	100
May 4, 2021		+ 209 MW		Net installed capacity: 2,455 MW		

⁽¹⁾ Boralex now owns 100% of the shares of these three wind farms. The long-term power purchase agreements entered into with Hydro-Québec Distribution expire between 2032 and 2033 with a weighted average remaining term under contract of nearly 12.5 years as at the date of acquisition.

⁽²⁾ During fiscal 2020, capacity increases totalling 2 MW were made to existing French facilities while net capacity in the United States was reduced by 1 MW.

⁽³⁾ The long-term power purchase agreements will expire between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years as at the date of acquisition. Boralex has a controlling interest ranging from 50% to 100% in the seven solar power projects.

Analysis of consolidated operating results for the three-month period ended March 31, 2021

Total production up 6%, driven mainly by the expansion of the Corporation's operating base.

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

Total power production

(GWh)	Q1 2021				Q1 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	In GWh	%
Wind										
Comparable assets ⁽¹⁾	366	646	—	1,012	380	870	—	1,250	(238)	(19)
Acquisition - LP I, DM I and II	238	—	—	238	—	—	—	—	238	—
Commissioning ⁽²⁾	—	35	—	35	—	—	—	—	35	—
Temporary shutdown - Cham Longe I	—	27	—	27	—	16	—	16	11	62
Wind - total	604	708	—	1,312	380	886	—	1,266	46	4
Hydroelectric										
Comparable assets	88	—	83	171	70	—	128	198	(27)	(14)
Hydroelectric - total	88	—	83	171	70	—	128	198	(27)	(14)
Solar										
Comparable assets	—	4	—	4	—	4	—	4	—	(3)
Acquisitions - CRE ⁽¹⁾	—	—	73	73	—	—	—	—	73	—
Solar - total	—	4	73	77	—	4	—	4	73	>100
Thermal	51	19	—	70	46	19	—	65	5	8
Total⁽¹⁾	743	731	156	1,630	496	909	128	1,533	97	6

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (22 GWh for Q1 2021, including 16 GWh for wind and 6 GWh for solar, and 31 GWh for Q1 2020, for wind only).

⁽²⁾ See the *Changes in the portfolio in operation* table in this section.

Boralex produced 1,608 GWh of electricity in the first quarter of 2021 and received compensation for the equivalent of 22 GWh, bringing total production to 1,630 GWh, up 6% from 1,533 GWh for the same quarter of 2020, comprising production of 1,502 GWh and the equivalent of 31 GWh for which compensation was received. Excluding contributions from acquired and commissioned assets, the Corporation recorded a 3% decline in output from comparable assets, owing to less favourable weather conditions for both wind farms and hydroelectric power stations.

Wind

Total production of wind farms for the first quarter of 2021 amounted to 1,312 GWh, up from 1,266 GWh for the corresponding quarter of 2020. Most of the growth resulted from the acquisition of the Caisse's interest in wind farms and the commissioning of facilities since the beginning of the first quarter of 2020 (see the *Changes in the portfolio in operation* table in this section), which offset the decline recorded by comparable assets.

- In **France**, weather conditions were less favourable than a year ago, resulting in a 26% decline in production volumes from comparable wind farms in the first quarter of 2021 compared with the corresponding quarter of 2020, when weather conditions were significantly more favourable than average. The contribution for the entire most recent quarter of the facilities commissioned during the past year combined with the resumption of operations at Cham Longe I following a temporary shutdown (see the *Changes in the portfolio in operation* table in this section) decreased the impact of less favourable wind conditions, resulting in a 20% decline in production volume to 708 GWh in the first quarter of 2021 compared with the same quarter of 2020.

- In **Canada**, the wind power segment experienced slightly less favourable wind conditions than in the past year. Comparable assets reported a production volume of 366 GWh in the first quarter of 2021, down 4% from 380 GWh for the same period of 2020. Including the contributions of the LP I and DM I and II wind farms following the acquisition of the Caisse's 49% interest in these facilities, the Canadian wind power segment ended the first quarter of 2021 with a production volume of 604 GWh, up 59% from the same period of last year.

Hydroelectric

In the first quarter of 2021, the Corporation's hydroelectric power stations generated 171 GWh compared with 198 GWh in the corresponding quarter of 2020, down 14% owing to less favourable conditions for the U.S. power stations.

- In **Canada**, the hydroelectric power segment benefited from more favourable water flow conditions and reported a production volume of 88 GWh in the first quarter of 2021, up 25% from 70 GWh for the same quarter of 2020.
- In the **United States**, water flow conditions were less favourable compared with last year, resulting in a 35% decrease in production volume to 83 GWh for the first quarter of 2021 from 128 GWh for the corresponding period of 2020.

Solar

The solar power stations generated 77 GWh in the first quarter of 2021 compared with 4 GWh for the corresponding quarter of 2020, following the acquisition of interests in seven solar power stations in the United States in January 2021.

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	Solar	Other segments	Consoli- dated
THREE-MONTH PERIOD ENDED MARCH 31, 2020	172	16	1	11	200
Segment breakdown	86%	8%	—%	6%	100%
Acquisitions/ commissioning ⁽¹⁾	31	—	6	—	37
Volume	(32)	(2)	—	1	(33)
Foreign exchange effect	4	—	—	—	4
Pricing	(2)	1	—	—	(1)
Other	(2)	—	—	1	(1)
Change	(1)	(1)	6	2	6
THREE-MONTH PERIOD ENDED MARCH 31, 2021	171	15	7	13	206
Segment breakdown	83%	8%	3%	6%	100%

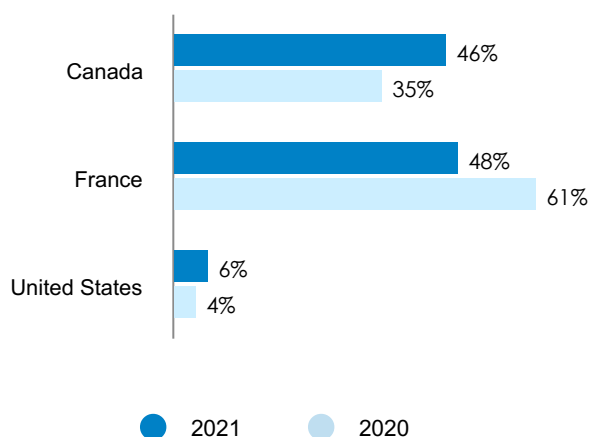
⁽¹⁾ See the *Changes in the portfolio in operation* table in this section.

For the three-month period ended March 31, 2021, revenues from energy sales totalled \$206 million, a similar result to the \$200 million for the corresponding quarter of 2020. The expansion of the Corporation's operating base (see the *Changes in the portfolio in operation* table in this section) and, to a lesser extent, fluctuations in the euro against the Canadian dollar, offset the unfavourable volume effect resulting from less favourable conditions affecting comparable assets.

Broken down geographically, for the first quarter of 2021, 46% of revenues were generated in Canada and 48% in France, compared with 35% and 61%, respectively, for the first quarter of 2020. These changes resulted mainly from the acquisition of the Caisse's interest in the LP I, DM I and II wind farms while comparable assets in France reported lower revenues owing to less favourable wind conditions compared with last year. Also, the acquisition of solar power stations in the United States contributed to the increase in of that country's share of revenues.

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

(Three-month periods ended March 31)



- For the first quarter of 2021, the wind power segment posted revenues of \$171 million, a similar result to the \$172 million recorded for the same period of 2020. The contribution of facilities acquired in Canada and those commissioned in France, for a total of \$31 million, and the \$4 million favourable foreign exchange effect arising from the strengthening of the euro against the Canadian dollar offset the \$32 million decline stemming from lower production volume for comparable assets, plus the \$2 million unfavourable price effect, primarily in France.

Overall, revenues recorded by the French wind power segment were down 20% compared with the first quarter of 2020, while revenues at Canadian wind farms were up 41%.

- For the first quarter of 2021, the **hydroelectric** power segment generated revenues of \$15 million, down 9% from \$16 million for the same quarter of 2020. This decline stemmed primarily from the lower production volume in the United States owing to less favourable water flow conditions, partly offset by higher prices.

Revenues of Canadian power stations were up 22% in the first quarter of 2021 compared with the same period of 2020. U.S. power stations reported a 35% decline.

- Solar** power segment revenues rose \$6 million to \$7 million from \$1 million for the comparative period of 2020, following the acquisition of interests in seven solar power stations in the United States.

EBITDA(A)⁽¹⁾

Main differences in EBITDA(A)

(in millions of Canadian dollars, unless otherwise specified)
(unaudited)

	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Consolidated
THREE-MONTH PERIOD ENDED MARCH 31, 2020	150	12	—	4	(17)	149
Segment breakdown⁽²⁾	91%	7%	—%	2%		100%
Acquisitions/commissioning ⁽³⁾	24	—	5	—	—	29
Volume	(32)	(2)	—	—	—	(34)
Pricing	(2)	1	—	—	—	(1)
Foreign exchange effect	2	—	—	—	—	2
Maintenance	2	—	—	—	—	2
Other ⁽⁴⁾	4	(1)	1	1	(1)	4
Change	(2)	(2)	6	1	(1)	2
THREE-MONTH PERIOD ENDED MARCH 31, 2021	148	10	6	5	(18)	151
Segment breakdown⁽²⁾	88%	6%	3%	3%		100%

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

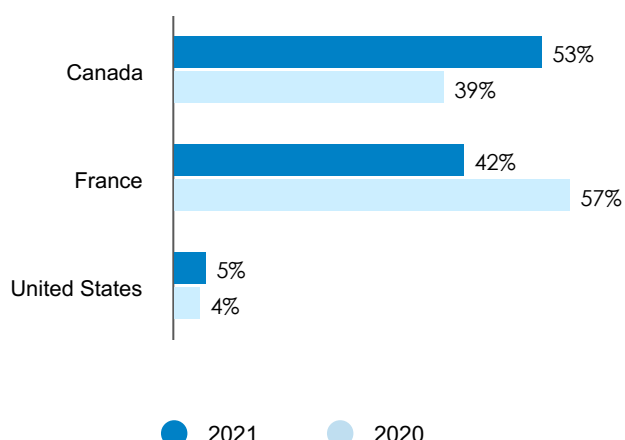
⁽²⁾ Excluding corporate segment and eliminations.

⁽³⁾ See the *Changes in the portfolio in operation* table this section.

⁽⁴⁾ The \$4 million difference in the wind power segment mainly includes the differences related to a \$2 million reduction in taxes in France, a \$1 million increase in the share of interests and a \$1 million decrease in development costs.

Geographic breakdown of EBITDA(A)⁽¹⁾

(Three-month periods ended March 31)

⁽¹⁾ Excluding the corporate segment and eliminations.

For the first quarter of 2021, the Corporation recorded consolidated EBITDA(A) of \$151 million, up \$2 million or 1% from the corresponding quarter of 2020. As explained above for the revenues from energy sales and feed-in premium, the contribution of facilities acquired and commissioned combined with the foreign exchange effect, lower maintenance costs and reduction in taxes paid in France offset the unfavourable difference resulting from lower production volume at comparable assets.

In the first quarter of 2021, 53% of EBITDA(A) was generated in Canada and 42% in France, compared with 39% and 57%, respectively, for the first quarter of 2020. This change is attributable to the same factors discussed above regarding the geographic breakdown of revenues from energy sales and feed-in premium.

- The **wind** power segment recorded EBITDA(A) of \$148 million for the first quarter of 2021, down \$2 million from the corresponding quarter of 2020. The unfavourable volume effect was largely offset by the contribution of facilities acquired in Canada and those commissioned in France, the foreign exchange effect arising from the strengthening of the euro against the Canadian dollar, the lower maintenance costs and the reduction in taxes paid in France.

At the French wind farms, EBITDA(A) was down 26% to \$69 million, while the Canadian wind farms reported a 36% improvement to \$79 million, driven by the contribution of acquired facilities.

- **Hydroelectric** power segment EBITDA(A) amounted to \$10 million for the first quarter of 2021, down \$2 million or 14% compared with the corresponding quarter of 2020. This decline stemmed from the lower production volume at the U.S. power stations, partly offset by the favourable price effect.

- **Solar** power segment EBITDA(A) rose \$6 million in the first quarter of 2021 from the comparative period of 2020, following the acquisition of interests in seven solar power stations in the United States.

Excluding the acquisitions, the facilities commissioned and the resumption of operations following repowering projects, revenues from energy sales and feed-in premium declined 15% in the first quarter of 2021 compared with last year, due primarily to less favourable weather conditions while operating expenses remained relatively stable. The higher payroll was offset by a reduction in taxes in France.

Main differences in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars) (unaudited)

THREE-MONTH PERIOD ENDED MARCH 31, 2020	41
EBITDA(A) ⁽¹⁾	2
Excess of the interest over the net assets of Joint Venture SDB I	(16)
Change in fair value of a derivative included in the share of the Apuiat Joint Venture	8
Amortization	(16)
Impairment	(1)
Acquisition costs	(3)
Financing costs	(3)
Income taxes	3
Non-controlling shareholders	(1)
Other gains	9
Other	11
Change	(7)
THREE-MONTH PERIOD ENDED MARCH 31, 2021	34

⁽¹⁾ See the *Non-IFRS measures* section.**Excess of the interest over the net assets of Joint Venture SDB I**

During the first quarter of 2021, the Corporation reversed the excess of the interest over the net assets of Joint Venture SDB I recorded in 2020 for a total amount of \$6 million, compared with an excess amount of \$10 million for the corresponding period of 2020, thereby resulting in a \$16 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 the interest over the net assets 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 amount. The Corporation presents this excess amount in the *Share in earnings of the Joint Ventures and associates* in the consolidated statements of earnings.

Change in fair value of a derivative included in the share of the Apuiat Joint Venture

During the first quarter of 2021, a gain on the change in fair value of a derivative financial instrument related to the power purchase agreement was recognized in the project earnings, which affected the share of the Apuiat joint venture. The Corporation has reported this change in the *Share in earnings of the Joint Ventures and associates* in the consolidated statements of earnings.

Amortization

Amortization expense for the first quarter of 2021 was up \$16 million to \$74 million, owing mainly to the expansion in the Corporation's operating base and the revision of estimated useful lives of repowered facilities, partially offset by a \$2 million reduction in amortization expense following changes made to the useful lives of certain components of wind farms with concrete towers.

Acquisition costs

During the first quarter of 2021, the Corporation recorded costs of \$3 million, mostly for the acquisition of interests in seven solar power stations in the United States completed in January 2021.

Financing costs

Financing costs amounted to \$36 million for the first quarter of 2021, up \$3 million from last year, mainly due to the acquisition of 49% interests in the LP I, DM I and II partnerships, previously held at 51%.

Income taxes

Given the level of earnings before income taxes, the Corporation's income tax expense decreased by \$3 million compared with the corresponding quarter of the previous year. This decrease was mainly due to the \$9 million decrease in earnings before income taxes for the three-month period ended March 31, 2021, and certain non-deductible expenses.

Other gains

The \$9 million favourable difference was attributable to a reversal of a financial liability following a settlement reached with a supplier.

Other

The \$11 million favourable difference resulted mainly from a \$3 million net gain on financial instruments in the first quarter of 2021 compared with a \$6 million net loss on financial instruments in 2020. The net gain on financial instruments resulted from ineffectiveness while the net loss on financial instruments in 2020 was mainly attributable to recognition of an amount following the settlement of litigation regarding the calculation of a contingent consideration related to a past acquisition.

Net earnings

Overall, for the three-month period ended March 31, 2021, Boralex recognized net earnings of \$38 million, compared with net earnings of \$44 million for the same period of 2020. Net earnings attributable to non-controlling shareholders of Boralex for the first quarter of 2021 totalled \$4 million, compared with net earnings of \$3 million for the same quarter of 2020.

As shown in the accompanying table, for the first quarter of 2021, the Corporation recognized net earnings attributable to shareholders of Boralex of \$34 million or \$0.33 per share (basic and diluted), compared with net earnings attributable to shareholders of Boralex of \$41 million or \$0.43 per share (basic and diluted) for the corresponding period of 2020. The unfavourable difference of \$7 million is explained by the previously mentioned items.

Cash flows

Cash flows reflected the Corporation's capacity to generate net cash flows related to operating activities comparable to the first quarter of 2020 despite less favourable weather conditions and to maintain financial strength following the expansion of Boralex's operating base.

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31	
	2021	2020
Cash flows from operations ⁽¹⁾	115	124
Change in non-cash items related to operating activities	18	9
Net cash flows related to operating activities	133	133
Net cash flows related to investing activities	(322)	(6)
Net cash flows related to financing activities	182	(7)
Translation adjustment on cash and cash equivalents	(4)	8
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11)	128
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	275	153
CASH AND CASH EQUIVALENTS – END OF PERIOD	264	281

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

Operating activities

For the three-month period ended March 31, 2021, Boralex reported \$115 million in cash flows from operations, compared with \$124 million for the same period last year. The \$2 million growth in EBITDA(A) was offset by a \$3 million decrease in distributions received from the *Interests in the Joint Ventures and associates*, and a \$5 million increase in *Interest paid*, primarily attributable to the acquisition of the Caisse's interest in three wind farms in Québec at the end of 2020, and a \$3 million increase in *Acquisition costs*.

Distributions received from the Joint Ventures and associates

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31		
	2021	2020	Change \$
SDB I and II	3	5	(2)
LP II and Roncevaux	1	1	—
DM I and II and LP I	—	1	(1)
	4	7	(3)

Cash generated by the non-cash items related to operating activities in the amount of \$18 million during the three-month period ended March 31, 2021 resulted from a decrease in *Trade and other receivables* related to the receipt of value added tax refunds in France for the facilities commissioned in 2020.

Operating activities generated net cash flows totalling \$133 million in the first quarter of 2021, the same amount as in the period a year earlier.

Investing activities

Investing activities used cash in the amount of \$322 million compared with \$6 million for the same period of 2020. The Corporation made investments in property, plant and equipment in the amount of \$30 million for the three-month period ended March 31, 2021, broken down as shown below. In addition, the Corporation paid \$274 million, net of cash acquired, to acquire interests in seven solar power stations in the United States and \$6 million to increase its interest in the Joint Ventures and associates for the Apuiat project.

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

(in millions of Canadian dollars) (unaudited)	Canada	Europe	United States	Total
Wind				
Construction ⁽¹⁾	—	22	—	22
In operation	—	—	—	—
Wind - total	—	22	—	22
Hydroelectric				
Construction ⁽¹⁾	—	—	—	—
In operation	—	—	—	—
Hydroelectric - total	—	—	—	—
Solar	—	4	3	7
Corporate	1	—	—	1
Total	1	26	3	30

⁽¹⁾ See the *Changes in the portfolio in operation* table this section.

The Corporation also paid \$8 million mainly as additional consideration for the **Extension Plaine d'Escrebieux** project.

Financing activities

Financing activities for the three-month period ended March 31, 2021 generated total net cash flows of \$182 million.

New financing arrangements and repayments on existing debt

During the three-month period ended March 31, 2021, new non-current debt contracted by Boralex totalled \$331 million comprising:

- \$136 million on revolving credit facility;
- \$192 million to finance the acquisition of interest in seven solar power stations in the United States;
- \$3 million for the Sainte-Christine portfolio in France;

Conversely, during the three-month period ended March 31, 2021, the Corporation made debt repayments totalling \$59 million relating to projects in operation, repaid \$12 million in value added tax bridge financing for the Sainte-Christine portfolio and settled \$4 million in lease liabilities. Boralex also repaid \$59 million on its revolving credit facility.

Dividends and other items

During the three-month period ended March 31, 2021, the Corporation paid dividends to shareholders totalling \$17 million compared with \$16 million for the same period of 2020. For both quarters, dividends paid amounted to \$0.1650 per share per quarter.

The Corporation paid \$2 million to non-controlling shareholders for the three-month period ended March 31, 2021 compared with \$1 million for the same period of last year. During the first quarter of 2021, the Corporation also received \$5 million from the settlement of an interest rate swap and paid \$3 million in financing costs, both related to the financing transaction to acquire interests in seven solar power stations in the United States.

Net change in cash and cash equivalents

Total cash movements in the three-month period ended March 31, 2021 resulted in a \$11 million decrease, bringing *Cash and cash equivalents* to \$264 million as at March 31, 2021 compared with \$275 million as at December 31, 2020.

Discretionary cash flows and payout ratio⁽¹⁾

Discretionary cash flows amounted to \$60 million for the three-month period ended March 31, 2021 compared with \$68 million for the same period a year earlier. This unfavourable difference resulted from better wind conditions for the French wind power segment, in the first quarter of last year compared to this year, offset by the contribution of acquired and commissioned facilities for the current quarter.

Discretionary cash flows amounted to \$0.59 per share for the three-month period ended March 31, 2021 compared with \$0.71 per share for the three-month period ended March 31, 2020.

Discretionary cash flows amounted to \$142 million for the twelve-month period ended March 31, 2021 compared with \$146 million for the twelve-month period ended December 31, 2020, which amounted to \$1.42 and \$1.49 per share, respectively. The dividends paid to shareholders during this period represented a payout ratio of 47%, which falls within the target payout ratio range of 40% to 60% set in the Corporation's financial objectives for 2023.

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

Financial position

Overview of the consolidated condensed statements of financial position

	As at March 31, 2021	As at December 31, 2020	Change (\$)
(in millions of Canadian dollars) (unaudited)			
ASSETS			
Cash and cash equivalents	264	275	(11)
Restricted cash	3	2	1
Other current assets	181	195	(14)
CURRENT ASSETS	448	472	(24)
Property, plant and equipment	3,344	3,112	232
Right-of-use assets	345	316	29
Intangible assets	1,216	1,027	189
Goodwill	219	222	(3)
Interests in the Joint Ventures and associates	119	74	45
Other non-current assets	146	91	55
NON-CURRENT ASSETS	5,389	4,842	547
TOTAL ASSETS	5,837	5,314	523
LIABILITIES			
CURRENT LIABILITIES	385	403	(18)
Debt	3,434	3,287	147
Lease liabilities	273	243	30
Other non-current liabilities	455	390	65
NON-CURRENT LIABILITIES	4,162	3,920	242
TOTAL LIABILITIES	4,547	4,323	224
EQUITY			
TOTAL EQUITY	1,290	991	299
TOTAL LIABILITIES AND EQUITY	5,837	5,314	523

Summary of significant changes

Assets

As at March 31, 2021, Boralex's total assets amounted to \$5,837 million, up \$523 million from total assets of \$5,314 million as at December 31, 2020. This result was due primarily to the \$547 million increase in *Non-current assets*.

The \$24 million change in *Current assets* was primarily attributable to the \$11 million decrease in *Cash and cash equivalents* as discussed previously and a \$14 million decrease in *Other current assets* due to the change in *Trade and other receivables*.

Non-current assets were up \$547 million, owing primarily to the following changes:

- A \$232 million increase in the value of *Property, plant and equipment* (net of amortization for the period) which breaks down as follows:
 - A \$75 million decrease related to exchange rate fluctuations;
 - A \$47 million decrease related to amortization of assets in operation;
 - A \$22 million increase mainly related to projects under construction (see the *Cash flows* section);
 - A \$333 million increase related to the acquisition of interests in seven solar power stations in the United States;
- A \$29 million increase in *Right-of-use assets*, including \$24 million resulting from the acquisition of interests in seven solar power stations in the United States;

- A \$189 million increase in *Intangible assets* primarily due to a \$224 million increase related to the acquisition of interests in seven solar power stations in the United States, \$8 million in additional consideration for the acquisition of projects under construction, mainly for the **Extension Plaine d'Escrebieux** project, the whole offset in part by the \$24 million unfavourable foreign exchange difference and the amortization of assets in operation in the amount of \$21 million;
- A \$45 million increase in *Interests in the Joint Ventures and associates* owing to:
 - The \$28 million contribution to the **Apuiat** project;
 - The \$17 million share in net earnings, which includes the gain on the embedded derivative of the Apuiat project ;
 - The \$11 million share in other comprehensive income ;
 - The \$6 million reversal of the excess of the interest over the net assets of Joint Venture SDB I ;
 - Less \$4 million in distributions.
- A \$55 million increase in *Non-current assets*, owing to the change in *Other non-current financial assets* resulting from changes in the fair value of financial instruments caused by higher interest rates.

Current liabilities

Current liabilities as at March 31, 2021 amounted to \$385 million compared with \$403 million recognized as at December 31, 2020. The decrease of \$18 million is mainly due to the \$18 million decline in the *Current portion of debt* following the \$12 million refund of value added tax for the Sainte-Christine portfolio.

Working capital

As at March 31, 2021, the Corporation had working capital of \$63 million for a ratio of 1.16:1, compared with working capital of \$69 million and a ratio of 1.17:1 as at December 31, 2020.

Non-current liabilities

Total *Non-current liabilities* grew \$242 million to total \$4,162 million.

The increase stems primarily from a \$147 million increase in *Non-current debt*, which resulted mainly from:

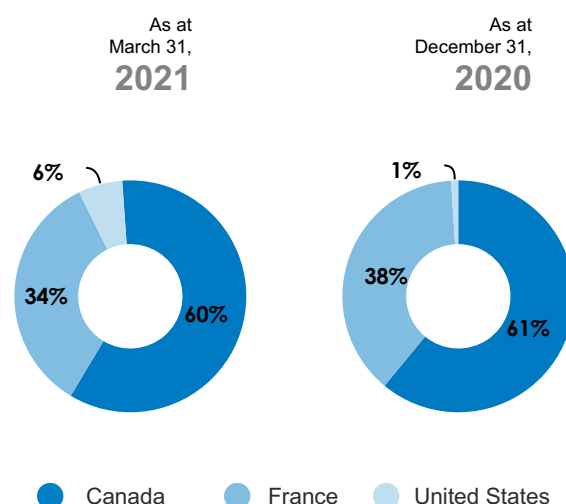
- A \$139 million increase in debt, mainly related to the drawdowns of \$136 million on the revolving credit facility;
- A \$192 million increase related to the financing of the acquisition of seven solar power stations in the United States;
- A \$72 million decrease resulting from exchange rate fluctuations;
- A \$118 million decrease resulting from the repayment of various debts, including \$59 million on the revolving credit facility and \$59 million on the debt related to projects in operation and \$12 million for the repayment of value added tax bridge financing for the Sainte-Christine portfolio.

The increase in *Non-current financial liabilities* also resulted from:

- A \$30 million increase in lease liabilities including \$24 million related to the acquisition of interests in seven solar power stations;
- A \$65 million increase in *Other non-current liabilities* including a \$35 million increase in *Deferred income tax liabilities* and a \$12 million increase in *Decommissioning liability*. Also, *Other non-current liabilities* increased by \$18 million following the acquisition of interests in seven solar power stations in the United States and the Apuiat project, comprising \$44 million related to the acquisition-date fair value of tax equity financing and \$20 million due to the Apuiat joint venture, partly offset by a \$46 million decrease in the fair value of liabilities related to interest rate swaps and cross-currency swaps.

As at March 31, 2021, Boralex had \$249 million in debt contracted for its construction projects that remained undrawn. Boralex could still draw on the \$50 million accordion feature as well as an amount of \$204 million available on the revolving credit facility as at March 31, 2021.

Geographic breakdown of debt



Equity

During the three-month period ended March 31, 2021, total *Equity* increased by \$299 million to \$1,290 million as at March 31, 2021, driven by net earnings of \$38 million and a \$58 million increase in *Other comprehensive income* mainly related to the change in fair value of financial instruments following higher interest rates, plus the share of a non-controlling shareholder following a business combination in the amount of \$220 million. The increase was partly offset by \$17 million in dividends paid to shareholders of Boralex and distributions of \$2 million to non-controlling shareholders.

Debt ratios

Net debt, as defined under the *Non-IFRS measures* section, amounted to \$3,468 million as at March 31, 2021 compared with \$3,332 million as at December 31, 2020.

As a result, the net debt to market capitalization ratio, as defined under *Non-IFRS measures*, rose from 41% as at December 31, 2020 to 45% as at March 31, 2021.

Boralex's share price was \$39.52 per share as at March 31, 2021 compared with 47.24 per share as at December 31, 2020.

Information about the Corporation's equity

As at March 31, 2021, Boralex's capital stock consisted of 102,618,702 Class A shares issued and outstanding (102,616,653 as at December 31, 2020) due to the issuance of 2,049 shares following the exercise of stock options held by management and key employees.

As at March 31, 2021, there were 275,656 outstanding stock options, of which 168,562 were exercisable.

From April 1 to May 4, 2021, no new shares were issued on the 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, 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 March 31, 2021, the lease liability related to rent amounted to \$10 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 \$59 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 the maturity date. For the three-month period ended March 31, 2021, the interest related to these transactions amounted to \$4 million (\$4 million in 2020).

On November 30, 2020, Boralex announced the closing of the acquisition of the Caisse's 49% interest in three wind farms in Québec, in which Boralex already held 51%, for a cash consideration of \$121 million (\$98 million net of cash acquired), plus a \$4 million contingent consideration subject to the settlement of certain future conditions.

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 three-month period ended March 31, 2021, the advance including interest totalled \$30 million (\$29 million as at December 31, 2020).

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 three-month periods ended March 31, 2021 and 2020, interest related to this amount owing to a non-controlling shareholder was not material.

The Corporation charges management fees and maintenance costs to certain joint ventures for services rendered. The related revenues for the three-month period ended March 31, 2021 amounted to \$4 million (\$4 million in 2020).

In February 2021, the Corporation entered into a partnership for the Apuiat wind power project in which Boralex has a 50-50 interest with Innu communities. Boralex recorded an amount of \$20 million due to a joint venture as at March 31, 2021 following recognition of its interest in the project.

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended							
	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019	March 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	March 31, 2021
POWER PRODUCTION (GWh)⁽¹⁾								
Wind power stations	709	574	1,102	1,266	704	596	1,228	1,312
Hydroelectric power stations	255	131	211	198	218	144	186	171
Thermal power stations	38	—	48	65	8	42	51	70
Solar power stations	7	7	3	4	7	7	3	77
	1,009	712	1,364	1,533	937	789	1,468	1,630
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	99	78	149	172	99	85	170	171
Hydroelectric power stations	16	11	22	16	18	14	15	15
Thermal power stations	5	1	7	11	2	4	8	13
Solar power stations	1	2	1	1	2	2	—	7
	121	92	179	200	121	105	193	206
EBITDA(A)⁽²⁾								
Wind power stations	84	52	145	150	90	69	155	148
Hydroelectric power stations	12	6	17	12	14	9	10	10
Thermal power stations	1	(1)	1	4	(2)	—	—	5
Solar power stations	1	2	1	—	1	1	1	6
	98	59	164	166	103	79	166	169
Corporate and eliminations	(15)	(14)	(21)	(17)	(17)	(17)	(29)	(18)
	83	45	143	149	86	62	137	151
NET EARNINGS (LOSS)	(15)	(36)	(23)	44	(6)	(8)	30	38
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	(13)	(29)	(26)	41	(6)	(6)	25	34
Per share - basic	(0.14 \$)	(0.32 \$)	(0.28 \$)	0.43 \$	(0.07 \$)	(0.06 \$)	0.24 \$	0.33 \$
Per share - diluted	(0.14 \$)	(0.32 \$)	(0.28 \$)	0.43 \$	(0.07 \$)	(0.06 \$)	0.24 \$	0.33 \$
CASH FLOWS FROM OPERATIONS⁽²⁾	55	35	119	124	51	63	101	115

⁽¹⁾ Includes financial compensation following electricity production limitations imposed by clients.

⁽²⁾ 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's facilities are covered by 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's 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.
- For solar power, sunlight conditions are typically more favourable in the spring and summer.

- 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.

Net installed capacity (MW)	Power production average of the past five years ⁽¹⁾			
	Q1	Q2	Q3	Q4
Wind	33%	20%	17%	30%
Solar	20%	31%	33%	16%
Hydroelectric	25%	31%	20%	24%
Thermal	41%	16%	18%	25%
Total power production	32%	22%	17%	29%

⁽¹⁾ The historical average of power production is based on the last five full fiscal years of the Corporation, from 2016 to 2020.

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 has 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 mainly 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 can also enter 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. To hedge the foreign exchange risk on its investment to acquire the interests in seven solar power stations in the United States, the Corporation made a drawdown in US dollars from its revolving credit facility, in addition to largely financing the acquisition directly in the U.S.

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 US 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 March 31, 2021, substantially all of the French and Canadian power stations and two power stations in the United States were covered by long-term energy sales contracts, the vast majority of which were subject to partial or full indexation clauses tied to inflation. Consequently, only 2% of Boralex's net installed capacity is exposed to this price risk at present.

Interest rate risk

As at March 31, 2021, approximately 78% 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 12% of total debt.

The following table summarizes the Corporation's derivative financial instruments as at March 31, 2021:

As at March 31,

2021

(in millions of Canadian dollars) (unaudited)	Currency	Current notional		Fair value	
		(currency of origin)	(CAD)	(currency of origin)	(CAD)
Interest rate swaps	EUR	654	964	(22)	(33)
Interest rate swaps	CAD	1,042	1,042	28	28
Interest rate swaps	USD	138	173	7	9
Cross-currency swaps	EUR vs. CAD	264	405	15	15
					19

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 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 greater detail, see the *Significant accounting policies* note to the financial statements in the Annual Report.

Interests in the Joint Ventures and associates

The analysis of results takes into account the significant Joint Ventures and associates in operation of the Corporation. Data is shown below as a percentage of interests held by Boralex:

	Boralex % of interests	
	As at March, 31	
	2021	2020
SDB I and II	50.00%	50.00%
DM I and II ⁽¹⁾	—% ⁽¹⁾	51.00% ⁽¹⁾
LP I ⁽¹⁾	—% ⁽¹⁾	51.00% ⁽¹⁾
LP II	59.96%	59.96%
Roncevaux	50.00%	50.00%
Apuiat	50.00%	—%

⁽¹⁾ The Corporation acquired control of these entities on November 30, 2020. As at March 31, 2021, the entities were subsidiaries.

Highlights of the Joint Ventures and associates⁽²⁾

	2021			2020				
	SDB I and II	LP II and Roncevaux	Total	SDB I and II	LP II and Roncevaux	DM I and II and LP I	Total	Change (%)
Three-month periods ended March 31:								
Wind power production (GWh)	156	44	200	148	42	114	304	(34)
Revenues from energy sales	18	4	22	16	4	12	32	(33)
EBITDA(A)	15	4	19	14	3	10	27	(32)
Net earnings	8	—	8	6	—	1	7	12
Cash flows related to operating activities	2	1	3	3	1	5	9	(63)
Cash flows from operations	12	3	15	11	2	7	20	(28)
Shares in the assets ⁽¹⁾	355	134	489	351	135	—	486	1
Shares of borrowings ⁽¹⁾	274	80	354	273	81	—	354	—

⁽¹⁾ As at December 31, 2020 for the comparative figures.

⁽²⁾ Excludes the Apuiat joint venture as it was not in operation. The impact on net earnings is the change in fair value included in the share of \$8 million.

Analysis of consolidated operating results for the three-month period ended March 31, 2021 - Combined

Total power production

(GWh)	Q1 2021				Q1 2020				Change	
	Canada	France	United States	Total	Canada	France	United States	Total	in GWh	%
Wind										
Comparable assets ⁽¹⁾	688	646	—	1,334	684	870	—	1,554	(220)	(14)
Acquisition - LP I, DM I and II	116	—	—	116	—	—	—	—	116	—
Commissioning ⁽²⁾	—	35	—	35	—	—	—	—	35	—
Temporary shutdown - Cham Longe I	—	27	—	27	—	16	—	16	11	62
Wind - total	804	708	—	1,512	684	886	—	1,570	(58)	(4)
Hydroelectric										
Comparable assets	88	—	83	171	70	—	128	198	(27)	(14)
Hydroelectric - total	88	—	83	171	70	—	128	198	(27)	(14)
Solar										
Comparable assets	—	4	—	4	—	4	—	4	—	(3)
Acquisitions - CRE ⁽¹⁾	—	—	73	73	—	—	—	—	73	—
Solar - total	—	4	73	77	—	4	—	4	73	>100
Thermal	51	19	—	70	46	19	—	65	5	8
Total⁽¹⁾	943	731	156	1,830	800	909	128	1,837	(7)	—

⁽¹⁾ Includes compensation following power generation limitations imposed by clients (22 GWh for Q1 2021, including 16 GWh for wind and 6 GWh for solar, and 31 GWh for Q1 2020, for wind only).

⁽²⁾ See the *Changes in the portfolio in operation* table in section II - Analysis of results, cash flows and financial position - IFRS.

In the first quarter of 2021, the contribution of the facilities of the Joint Ventures and associates to production volume was down 34% from the previous year, reflecting primarily that the LP I, DM I and II wind farms are now considered wholly owned entities of the Corporation. As a result, on a Combined basis, power generation amounted to 1,830 GWh in the first quarter of 2021, down 7 GWh from the corresponding period of 2020, compared with a 6% increase under IFRS. This favourable difference resulted from the inclusion of 100% of the results of LP1, DM I and II since the Caisse's interests were acquired. On a Combined basis, the acquired and commissioned facilities could not offset the lower volumes recorded mainly in France.

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	Solar	Other segments	Combined
THREE-MONTH PERIOD ENDED MARCH 31, 2020	204	16	1	11	232
Segment breakdown	88%	7%	—%	5%	100%
Acquisitions/commissioning ⁽¹⁾	19	—	6	—	25
Volume	(31)	(2)	—	1	(32)
Foreign exchange effect	4	—	—	—	4
Pricing	(2)	1	—	—	(1)
Other	(1)	—	—	1	—
Change	(11)	(1)	6	2	(4)
THREE-MONTH PERIOD ENDED MARCH 31, 2021	193	15	7	13	228
Segment breakdown	85%	6%	3%	6%	100%

⁽¹⁾ See the *Changes in the portfolio in operation* table in section II - Analysis of results, cash flows and financial position - IFRS.

As mentioned above for the production, the acquisition of the Caisse's share in **LP I, DM I and II** had less of an impact on the Combined results compared with IFRS since Boralex's share of revenues from *Energy sales and feed-in premium* amounting to \$12 million was already included in the first quarter of 2020. Accordingly, on a Combined basis, newly acquired and commissioned facilities had less of an offsetting impact on the lower volumes recorded mainly in France.

EBITDA(A)⁽¹⁾**Main differences in EBITDA(A)**

(in millions of Canadian dollars) (unaudited)	Wind	Hydro	Solar	Other segments	Corporate and eliminations	Combined
THREE-MONTH PERIOD ENDED MARCH 31, 2020	170	12	—	4	(17)	169
Segment breakdown⁽²⁾	92 %	6 %	—%	2%		100%
Acquisitions/commissioning ⁽³⁾	15	—	5	—	—	20
Volume	(31)	(2)	—	—	—	(33)
Pricing	(2)	1	—	—	—	(1)
Foreign exchange effect	2	—	—	—	—	2
Maintenance	2	—	—	—	—	2
Other ⁽⁴⁾	2	(1)	1	1	—	3
Change	(12)	(2)	6	1	—	(7)
THREE-MONTH PERIOD ENDED MARCH 31, 2021	158	10	6	5	(17)	162
Segment breakdown⁽²⁾	88 %	6 %	3%	3%		100%

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

⁽²⁾ Excluding the corporate segment and eliminations.

⁽³⁾ See the *Changes in the portfolio in operation* table in section II - *Analysis of results, cash flows and financial position - IFRS*.

⁽⁴⁾ The \$2 million difference in the wind power segment includes mainly differences related to a \$2 million reduction in taxes in France, a \$1 million decrease in development costs, partly offset by various items in the amount of \$1 million.

On a Combined basis, the acquired and commissioned facilities could not offset the lower volumes recorded mainly in France caused by average wind conditions well above average in the first quarter of 2020. As Boralex's share in joint ventures LP1, DM I and II amounted to \$10 million in the first quarter of 2020, the impact of this acquisition was \$11 million on a Combined basis and \$20 million under IFRS. These elements resulted in the \$7 million year-over-year decline in EBITDA(A) on a Combined basis compared with a \$2 million increase under IFRS.

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

	2021			2020		
(in millions of Canadian dollars) (unaudited)	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended March 31:						
Power production (GWh) ⁽²⁾	1,630	200	1,830	1,533	304	1,837
Revenues from energy sales and feed-in premium	206	22	228	200	32	232
EBITDA(A)	151	11	162	149	20	169
Net earnings	38	5	43	44	(7)	37
Net cash flows related to operating activities	133	(1)	132	133	3	136
Cash flows from operations	115	10	125	124	13	137
As at March 31:						
Total assets ⁽²⁾	5,837	422	6,259	5,314	439	5,753
Debt ⁽³⁾⁽⁴⁾	3,645	354	3,999	3,516	354	3,870

⁽¹⁾ 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.

⁽²⁾ Includes compensation following power generation limitations imposed by clients (22 GWh for Q1 2021, including 16 GWh for wind and 6 GWh for solar, and 31 GWh for Q1 2020, for wind only).

⁽³⁾ As at December 31, 2020 for comparative amounts.

⁽⁴⁾ Includes *Debt* and *Current portion of debt*.

Wind

	2021			2020		
(in millions of Canadian dollars) (unaudited)	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Three-month period ended March 31:						
Power production (GWh) ⁽²⁾	1,312	200	1,512	1,266	304	1,570
Revenues from energy sales and feed-in premium	171	22	193	172	32	204
EBITDA(A)	148	10	158	150	20	170

⁽¹⁾ 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.

⁽²⁾ Includes compensation following power generation limitations imposed by clients (16 GWh for Q1 2021 and 31 GWh for Q1 2020).

EBITDA(A)

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

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31					
	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Net earnings	38	5	43	44	(7)	37
Income tax recovery	14	2	16	17	(3)	14
Financing costs	36	5	41	33	9	42
Amortization	74	6	80	58	12	70
Impairment	1	—	1	—	—	—
EBITDA	163	18	181	152	11	163
Adjustments:						
Acquisition costs	3	—	3	—	—	—
Other gains	(9)	(1)	(10)	—	(1)	(1)
Excess of the interest over the net assets of Joint Venture SDB I	6	(6)	—	(10)	10	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	(8)	8	—	—	—	—
Other	(4)	(8)	(12)	7	—	7
EBITDA(A)	151	11	162	149	20	169

⁽¹⁾ 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:

Three-month periods ended March 31						
	2021			2020		
(in millions of Canadian dollars) (unaudited)	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Net cash flows related to operating activities	133	(1)	132	133	3	136
Change in non-cash items related to operating activities	(18)	11	(7)	(9)	10	1
CASH FLOWS FROM OPERATIONS	115	10	125	124	13	137

⁽¹⁾ 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 March 31, 2021	As at December 31, 2020	As at March 31, 2021	As at December 31, 2020
(in millions of Canadian dollars) (unaudited)				
Debt	3,434	3,287	3,769	3,620
Current portion of debt	211	229	230	247
Transaction costs, net of accumulated amortization	90	93	101	105
Less:				
Cash and cash equivalents	264	275	280	293
Restricted cash	3	2	3	2
Net debt	3,468	3,332	3,817	3,677

The Corporation defines total market capitalization as follows:

	IFRS		Combined	
	As at March 31, 2021	As at December 31, 2020	As at March 31, 2021	As at December 31, 2020
(in millions of Canadian dollars, unless otherwise specified) (unaudited)				
Number of outstanding shares (in thousands)	102,619	102,617	102,619	102,617
Share market price (in \$ per share)	39.52	47.24	39.52	47.24
Market value of equity attributable to shareholders	4,056	4,848	4,056	4,848
Non-controlling shareholders	228	2	228	2
Net debt	3,468	3,332	3,817	3,677
Total market capitalization	7,752	8,182	8,101	8,527

The Corporation computes the net debt ratio as follows:

	IFRS		Combined	
	As at March 31, 2021	As at December 31, 2020	As at March 31, 2021	As at December 31, 2020
(in millions of Canadian dollars, unless otherwise specified) (unaudited)				
Net debt	3,468	3,332	3,817	3,677
Total market capitalization	7,752	8,182	8,101	8,527
NET DEBT RATIO (market capitalization)	45%	41%	47%	43%

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.

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); (iv) principal payments related to lease liabilities; (v) temporary adjustments and adjustments for non-recurring items; plus (vi) 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 March 31, 2021, the dividends paid to shareholders by the Corporation corresponded to 47% 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:

	IFRS			
	Three-month periods ended		Twelve-month periods ended	
	March 31, 2021	March 31, 2020	March 31, 2021	December 31, 2020
(in millions of Canadian dollars, unless otherwise specified) (unaudited)				
Cash flows from operations	115	124	329	338
Repayments on non-current debt (projects) ⁽¹⁾	(59)	(35)	(199)	(175)
Adjustment for non-recurring items ⁽²⁾	5	(22)	13	(17)
	61	67	143	146
Principal payments related to lease liabilities	(4)	(3)	(12)	(11)
Distributions paid to non-controlling shareholders	(2)	(1)	(7)	(6)
Additions to property, plant and equipment (maintenance of operations)	—	—	(5)	(6)
Development costs (from statement of earnings)	5	5	23	23
Discretionary cash flows	60	68	142	146
Dividends paid to shareholders	17	16	67	66
Weighted average number of outstanding shares – basic (in thousands)	102,619	96,465	100,079	98,548
Discretionary cash flows – per share	\$0.59	\$0.71	\$1.42	\$1.49
Dividends paid to shareholders – per share	\$0.165	\$0.165	\$0.660	\$0.660
Payout ratio			47%	45%

⁽¹⁾ Excluding the bridge financing, VAT bridge financing, early debt repayments and the debt repayments made in December for LP I, DM I and II in respect of the months prior to the acquisition (Q4-2020).

⁽²⁾ For the twelve-month period ended March 31, 2021: favourable adjustment of \$13 million comprising mainly acquisition costs, interest paid on LP I, DM I and II debt for the months prior to the acquisition in the fourth quarter of 2020 and a one-time payment in the fourth quarter of 2020. For the twelve-month period ended December 31, 2020: Favourable adjustment of \$5 million comprising mainly of interest paid on LP I, DM I and II debt for the months prior to the acquisition in the fourth quarter of 2020 and a one-time payment in the fourth quarter 2020, less \$22 million in debt repayments to reflect a normalized debt service following debt refinancing in France in the first quarter of 2020.

Commitments

	Commitments entered into during 2021	Commitments as at March 31, 2021
Purchase and construction contracts	18	84
Maintenance contracts	4	178
Contingent consideration	—	16
Other	2	42
	24	320

Subsequent event

Moulins du Lohan litigation

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities (the “Administration”) and construction had already begun before the acquisition by the Corporation.

Project opponents had filed an interim application against the project on April 14, 2017, seeking to halt construction pending a decision of the courts regarding a petition for cancellation of the permits issued by the Préfet of Morbihan. Since then, construction has ceased amidst proceedings on the merits of the case. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the authorizations for the **Moulins du Lohan** project based on its subjective risk assessment of landscape damage to the interests protected under the Environmental Code. The Corporation appealed the decision. The Administrative Court of Nantes ruled in favour of Boralex on March 5, 2019. In May 2019, the Société pour la protection des paysages et de l'esthétique de la France filed an appeal in cassation of these rulings of the Administrative Appeal Court of Nantes. In its judgment issued on April 15, 2021, the Conseil d'État made the decision, which is final and without appeal, to validate all the authorizations required for the project and whose validity were initially challenged by the plaintiffs. The project had been selected under an RFP issued by the French Energy and Regulation Commission and is covered by a 20-year power purchase agreement.

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, 2020.

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, 2020.

Accounting policies

Changes in accounting policies

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform - Phase 2)

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, *Financial instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The amendments included in Phase 2 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complete those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after January 1, 2021. The impact of this reform on the Corporation's consolidated financial statements will depend on the facts and circumstances of future changes relating to financial instruments, if any, and any future changes to the benchmark rates, if any, to which the Corporation's financial instruments are indexed. As at March 31, 2021, no financial instruments have been affected in connection with this reform.

Future changes in accounting policies

IAS 16, Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use* (amendments to IAS 16). The amendments prohibit entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Corporation must recognize the proceeds from sale as well as the production costs in net income. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The Corporation is currently assessing the impact of adopting this amendment on its financial statements.

The limitation on the scope is based primarily on the time required to assess DC&P and ICFR with respect to information relating to the majority interests in the portfolio of seven solar power stations.

Since the acquisition date, these majority interests in the portfolio of seven solar power stations have contributed \$6 million (US\$5 million) to revenues from energy sales and generated a negligible net earnings. In addition, current assets and current liabilities represented 2% and 1% of consolidated current assets and liabilities, respectively. Non-current assets and non-current liabilities each represented 7% and 2% of consolidated non-current assets and liabilities, respectively.

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 March 31, 2021, no changes were made to ICFR that have materially affected, or are reasonably likely to affect, ICFR.

Limitation on the scope and design of DC&P and ICFR

The limitation on the scope and design of the Corporation's DC&P and ICFR as at March 31, 2021, did not cover the controls and procedures of the majority interests in a portfolio of seven solar power stations in the United States representing 209 MWac acquired on January 29, 2021, and which are included in the March 31, 2021 consolidated financial statements. The Corporation has elected to apply section 3.3(1)(b) of Regulation 52-109, which allows this acquisition to be excluded from the evaluation of the design of DC&P and ICFR for a maximum of 365 days from the acquisition date.

Unaudited interim

Consolidated financial statements

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Consolidated statements of financial position

(in millions of Canadian dollars) (unaudited)		As at March 31, 2021	As at December 31, 2020
	Note		
ASSETS			
Cash and cash equivalents		264	275
Restricted cash		3	2
Trade and other receivables		136	157
Other current assets		45	38
CURRENT ASSETS		448	472
Property, plant and equipment		3,344	3,112
Right-of-use assets		345	316
Intangible assets		1,216	1,027
Goodwill		219	222
Interests in the Joint Ventures and associates		119	74
Other non-current financial assets	7	126	70
Other non-current assets		20	21
NON-CURRENT ASSETS		5,389	4,842
TOTAL ASSETS		5,837	5,314
LIABILITIES			
Trade and other payables		160	161
Current portion of debt	5	211	229
Current portion of lease liabilities		13	13
Other current financial liabilities	7	1	—
CURRENT LIABILITIES		385	403
Debt	5	3,434	3,287
Lease liabilities		273	243
Deferred income tax liability		172	137
Decommissioning liability		140	128
Other non-current financial liabilities	7	118	100
Other non-current liabilities		25	25
NON-CURRENT LIABILITIES		4,162	3,920
TOTAL LIABILITIES		4,547	4,323
EQUITY			
Equity attributable to shareholders		1,062	989
Non-controlling shareholders		228	2
TOTAL EQUITY		1,290	991
TOTAL LIABILITIES AND EQUITY		5,837	5,314

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

Consolidated statements of earnings

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Three-month periods ended March 31	
		2021	2020
REVENUES			
Revenues from energy sales		201	193
Feed-in premium		5	7
Revenues from energy sales and feed-in premium		206	200
Other income		5	3
		211	203
COSTS AND OTHER			
Operating		54	46
Administrative		9	10
Development		5	5
Amortization		74	58
Impairment		1	—
Other gains		(9)	—
		134	119
OPERATING INCOME		77	84
Acquisition costs	4	3	—
Financing costs		36	33
Share in earnings of the Joint Ventures and associates		(10)	(17)
Other		(4)	7
EARNINGS BEFORE INCOME TAXES		52	61
Income tax expense		14	17
NET EARNINGS		38	44
NET EARNINGS ATTRIBUTABLE TO:			
Shareholders of Boralex		34	41
Non-controlling shareholders		4	3
NET EARNINGS		38	44
NET EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX – BASIC AND DILUTED	6	\$0.33	\$0.43

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

Consolidated statements of comprehensive income (loss)

(in millions of Canadian dollars) (unaudited)	Three-month periods ended March 31	
	2021	2020
NET EARNINGS	38	44
Other comprehensive income (loss) to be subsequently reclassified to net earnings (loss) when certain conditions are met		
Translation adjustments:		
Unrealized foreign exchange gain (loss) on translation of financial statements of self-sustaining foreign operations	(29)	37
Net investment hedge:		
Change in fair value	22	(30)
Income taxes	(3)	—
Cash flow hedges:		
Change in fair value	67	(59)
Hedging items realized and recognized in net earnings	8	5
Income taxes	(19)	13
Cash flow hedges – Interests:		
Change in fair value	16	(22)
Hedging items realized and recognized in net earnings	1	1
Income taxes	(5)	6
Total other comprehensive loss	58	(49)
COMPREHENSIVE INCOME (LOSS)	96	(5)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:		
Shareholders of Boralex	90	(4)
Non-controlling shareholders	6	(1)
COMPREHENSIVE INCOME (LOSS)	96	(5)

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

Consolidated statements of changes in equity

Three-month period ended
March 31

2021

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders				Total	Non-controlling shareholders	Total equity
	Capital stock	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss			
BALANCE AS AT JANUARY 1, 2021	1,320	9	(249)	(91)	989	2	991
Net earnings	—	—	34	—	34	4	38
Other comprehensive income	—	—	—	56	56	2	58
COMPREHENSIVE INCOME	—	—	34	56	90	6	96
Dividends (note 6)	—	—	(17)	—	(17)	—	(17)
Contribution by a non-controlling shareholder	—	—	—	—	—	2	2
Non-controlling interest resulting from a business combination (note 4)	—	—	—	—	—	220	220
Distributions paid to non-controlling shareholders	—	—	—	—	—	(2)	(2)
BALANCE AS AT MARCH 31, 2021	1,320	9	(232)	(35)	1,062	228	1,290

Three-month period ended
March 31

2020

(in millions of Canadian dollars) (unaudited)	Equity attributable to shareholders				Total	Non-controlling shareholders	Total equity
	Capital stock	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss			
BALANCE AS AT JANUARY 1, 2020	1,125	9	(233)	(41)	860	15	875
Net earnings	—	—	41	—	41	3	44
Other comprehensive loss	—	—	—	(45)	(45)	(4)	(49)
COMPREHENSIVE INCOME (LOSS)	—	—	41	(45)	(4)	(1)	(5)
Dividends (note 6)	—	—	(16)	—	(16)	—	(16)
Repurchase of a non-controlling shareholder	—	—	—	—	—	(1)	(1)
Distributions paid to non-controlling shareholders	—	—	—	—	—	(1)	(1)
BALANCE AS AT MARCH 31, 2020	1,125	9	(208)	(86)	840	12	852

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

Consolidated statements of cash flows

(in millions of Canadian dollars) (unaudited)	Note	Three-month periods ended March 31	
		2021	2020
Net earnings		38	44
Distributions received from the Joint Ventures and associates		4	7
Financing costs		36	33
Interest paid		(27)	(22)
Income tax expense		14	17
Income taxes paid		(2)	—
Non-cash items in earnings:			
Amortization		74	58
Share in earnings of the Joint Ventures and associates		(10)	(17)
Impairment		1	—
Other		(13)	4
Change in non-cash items related to operating activities		18	9
NET CASH FLOWS RELATED TO OPERATING ACTIVITIES		133	133
Business acquisitions, net of cash acquired	4	(274)	—
Increase in the interests in the Joint Ventures and associates		(6)	—
Additions to property, plant and equipment		(30)	(19)
Acquisition of energy sales contracts		(8)	—
Change in restricted cash		(1)	12
Change in reserve funds		—	2
Other		(3)	(1)
NET CASH FLOWS RELATED TO INVESTING ACTIVITIES		(322)	(6)
Increase in debt		331	51
Repayments on debt		(130)	(35)
Principal payments relating to lease liabilities		(4)	(3)
Distributions paid to non-controlling shareholders		(2)	(1)
Dividends paid to shareholders	6	(17)	(16)
Debt and share issuance costs		(3)	(1)
Settlement on financial instruments		5	1
Other		2	(3)
NET CASH FLOWS RELATED TO FINANCING ACTIVITIES		182	(7)
TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS		(4)	8
NET CHANGE IN CASH AND CASH EQUIVALENTS		(11)	128
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD		275	153
CASH AND CASH EQUIVALENTS – END OF PERIOD		264	281

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

Notes to consolidated financial statements

As at March 31, 2021

(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 March 31, 2021, the Corporation had interests in 88 wind farms, 16 hydroelectric power stations, two thermal power stations and ten 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 2,455 megawatts (“MW”). Since March 31, 2021, the Corporation disposed of its 12 MW Blendecques cogeneration power station and commissioned a 12 MW wind farm, maintaining the Corporation’s net installed capacity at 2,455 MW as at May 4, 2021. In addition, Boralex currently has new projects under development, representing an additional 61 MW of power and a portfolio of secured projects amounting to 542 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 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, 2020, 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, 2020. 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 May 4, 2021.

Note 3. Changes in accounting policies

Amendments to IAS 39, IFRS 9 and IFRS 7 (Interest Rate Benchmark Reform - Phase 2)

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, which amends IFRS 9, *Financial instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*. The amendments included in Phase 2 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. These amendments complete those issued in 2019 and focus on issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The amendments are effective for annual periods beginning on or after January 1, 2021. The impact of this reform on the Corporation’s consolidated financial statements will depend on the facts and circumstances of future changes relating to financial instruments, if any, and any future changes to the benchmark rates, if any, to which the Corporation’s financial instruments are indexed. As at March 31, 2021, no financial instruments have been affected in connection with this reform.

Future changes in accounting policies

IAS 16, Property, Plant and Equipment — Proceeds before Intended Use

In May 2020, the IASB issued *Property, Plant and Equipment — Proceeds before Intended Use* (amendments to IAS 16). The amendments prohibit entities deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the Corporation must recognize the proceeds from sale as well as the production costs in net income. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The Corporation is currently assessing the impact of adopting this amendment on its financial statements.

Note 4. Business combinations

Acquisition of interests in seven solar power stations in the United States

On January 29, 2021, and as announced in December 2020, Boralex acquired the majority interests of Centaurus Renewable Energy LLC ("CRE") in a portfolio of seven solar power stations in the United States for a cash consideration of \$277 million (US\$215.4 million), subject to adjustments provided for in the acquisition agreements. Boralex holds equity interests of 50% to 100% with CRE and other investors holding minority interests in the assets. For three of the seven projects, there are tax equity investors. The Corporation's interest in these power stations in operation represents 209 MWac, while the interests acquired represent a net installed capacity of 118 MWac for Boralex. Five of the solar power stations are located in California, one in Alabama and the other in Indiana. They were commissioned between 2014 and 2017 and are covered by long-term power purchase agreements ("PPAs") expiring between 2029 and 2046 with a weighted average remaining term of nearly 21.5 years.

As at March 31, 2021, transaction costs amounted to \$6 million including \$3 million incurred in 2020.

Facilities acquired	Boralex % interest	PPA expiry	Installed capacity (MWac)	Boralex's share of installed capacity (MWac)
IMS	100%	July 2029	9	9
Westlands	50%	February 2034	18	9
Lancaster	100%	December 2034	3	3
Kettleman	50%	August 2040	20	10
Five Points	50%	October 2041	60	30
Lafayette	60%	December 2045	79	47
Frontier	50%	July 2046	20	10
Total			209	118

Note 4. Business combinations (cont'd)

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

	Preliminary allocation	
	(in \$)	(in US\$)
Cash and cash equivalents	3	2
Trade and other receivables	2	1
Other current assets	1	1
Property, plant and equipment	333	259
Right-of-use asset	24	18
Intangible assets (energy sales contracts)	224	175
Goodwill	1	1
Current liabilities	(2)	(2)
Assumed non-current liabilities (tax equity investors)	(47)	(37)
Lease liability	(24)	(18)
Decommissioning liability	(18)	(14)
Non-controlling shareholders	(220)	(171)
Net assets acquired	277	215
Less:		
Cash and cash equivalents	(3)	(2)
Net consideration paid for the acquisition	274	213

The preliminary allocation of the purchase price was established based on fair values of assets acquired and liabilities assumed as at acquisition date. The balance sheet items that are likely to change following the final determination of fair values as at acquisition date are *Property, plant and equipment*, *Intangible assets*, *Goodwill* and *Assumed non-current liabilities*. The final recognition of the business combination could differ from amounts presented and could also result in favourable or unfavourable impacts, among others, on the currently recorded amortization and income tax expenses. These changes would be recorded retrospectively as at the acquisition date.

Trade and other receivables acquired as part of the acquisition has a fair value of \$2 million and the Corporation expects to collect the entire amount during 2021.

Boralex recognized the share of non-controlling shareholders according to the non-controlling share in identifiable net assets in the acquired entity.

Since the acquisition date, in 2021, the acquired entity contributed \$6 million (US\$5 million) to revenues from energy sales and generated insignificant net income. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenues from energy sales and feed-in premium for the period ended March 31, 2021, would have increased by \$2 million (US\$1 million) to \$208 million and net earnings would have amounted to \$38 million. These estimates are based on the assumption that the fair market value adjustments that were made on the date of acquisition would have been the same had the acquisition occurred on January 1, 2021.

Note 5. Debt

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Note	Maturity	Rate ⁽¹⁾	Currency of origin ⁽²⁾	As at March 31, 2021	As at December 31, 2020
Revolving credit facility		2023	1.91		196	119
Subordinated debt ⁽³⁾		2028	5.64		300	300
Term loan payable:						
Ocean Falls hydroelectric power station		2024	6.55		4	4
Thames River wind farms		2031	7.05		109	112
Témiscouata I wind farm		2032	5.14		39	39
LP I wind farm		2032	3.88		171	176
Témiscouata II wind farm		2033	5.59		101	102
DM I and II wind farm		2033	5.78		252	252
Niagara Region Wind Farm ("NRWF")		2034	2.66		746	759
Port Ryerse wind farm		2034	3.80		25	26
Frampton wind farm		2035	4.13		59	59
Côte-de-Beaupré wind farm		2035	4.18		51	51
Moose Lake wind farm		2043	4.54		47	47
Jamie Creek hydroelectric power station		2054	5.42		55	55
Yellow Falls hydroelectric power station		2056	4.89		72	72
Other debt		—	—		4	6
CANADA					2,231	2,179
Term loan payable:						
CDPQ Fixed Income Inc. ("Caisse")		2024	4.05	40	59	62
Boralex Production portfolio of wind farms and projects		2030	0.90	132	195	216
Val aux Moines wind farm		2034	1.33	14	21	22
Boralex Énergie France portfolio of wind farms and projects		2036	1.50	207	305	329
Sainte-Christine portfolio of wind farms and projects		2039	1.43	469	691	752
Other debt		—	—	3	4	4
FRANCE				865	1,275	1,385
Senior secured U.S. note		2026	3.51	32	41	45
Term loan:						
7 solar power stations	(a)	2028	2.72	149	188	—
UNITED STATES				181	229	45
			3.12		3,735	3,609
Current portion of debt					(211)	(229)
Transaction costs, net of accumulated amortization					(90)	(93)
					3,434	3,287

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

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

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

(a) Acquisition of interests in seven solar power stations in the United States

At the same time as the acquisition, Boralex closed a long-term financing arrangement of \$192 million (US\$149 million). The loan interest rate is variable and is based on the LIBOR, plus a margin. The Corporation entered into an interest rate swap for this loan to cover approximately 90% of expected future interest cash flows. With this swap, the fixed portion of the rate is set at 2.83%. The loan will be amortized over a 25-year period. The 7-year term loan will have a balance at maturity of \$146 million (US\$116 million).

Current portion of debt

(in millions of Canadian dollars) (unaudited)	As at March 31, 2021	As at December 31, 2020
Term loan payable – projects	211	217
Value added tax bridge financing facility	—	12
	211	229

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.

As at March 31, 2021, and December 31, 2020, management considers that Boralex and its subsidiaries were in compliance with all their ratios and financial commitments.

Note 6. Net earnings per share

(a) Net earnings per share – basic

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31	
	2021	2020
Net earnings attributable to shareholders of Boralex	34	41
Weighted average number of shares - basic	102,618,520	96,464,534
Net earnings per share attributable to shareholders of Boralex - basic	\$0.33	\$0.43

(b) Net earnings per share – diluted

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	Three-month periods ended March 31	
	2021	2020
Net earnings attributable to shareholders of Boralex - diluted	34	41
Weighted average number of shares - basic	102,618,520	96,464,534
Dilutive effect of stock options	160,511	124,607
Weighted average number of shares - diluted	102,779,031	96,589,141
Net earnings per share attributable to shareholders of Boralex - diluted	\$0.33	\$0.43

On March 15, 2021, the Corporation paid a dividend of \$0.1650 per common share for a total amount of \$17 million (\$16 million in 2020).

On May 4, 2021, a dividend of \$0.1650 per common share was declared, to be paid on June 15, 2021, to holders of record at the close of business on May 31, 2021.

Note 7. Financial instruments

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

		As at March 31, 2021		As at December 31, 2020	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
OTHER NON-CURRENT FINANCIAL ASSETS					
Advance to a non-controlling shareholder		29	28	29	29
Reserve funds		34	34	34	34
Interest rate swaps		48	48	7	7
Cross-currency swaps (EUR for CAD)		15	15	—	—
		126	125	70	70
OTHER CURRENT FINANCIAL LIABILITIES					
Tax equity financing	(a)	1	1	—	—
DEBT⁽¹⁾	5	3,645	3,858	3,516	3,703
OTHER NON-CURRENT FINANCIAL LIABILITIES					
Interest rate swaps		44	44	82	82
Due to a non-controlling shareholder		6	6	6	7
Cross-currency swaps (EUR for CAD)		—	—	8	8
Tax equity financing	a)	44	44	—	—
Contingent consideration		4	4	4	4
Due to a joint venture		20	20	—	—
		118	118	100	101

⁽¹⁾ 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, tax equity financing, debt, the amount due to a non-controlling shareholder, contingent consideration and amounts due to a joint venture are essentially based on discounted cash flows. Discount rates, ranging from 0.25% to 8.04% (0.42% to 7.51% as at December 31, 2020), were determined based on local government bond yields adjusted for the risks specific to each of the borrowings and for credit market liquidity conditions.

(a) Tax equity financing

At the time of the CRE acquisition, Boralex recorded assumed non-current liabilities of \$47 million (US\$37 million) in respect of tax equity financing. Under tax equity financing, the tax equity investors ("TEIs") make a cash contribution when initial investments are made in projects. In accordance with the substance of the contractual agreements, the initial contributions made by the TEIs are classified as financial instrument liabilities on Boralex's consolidated statement of financial position.

TEIs are guaranteed a return on their contribution as set out in the agreements and are allocated most of the tax attributes of the projects such as investment tax credits, almost all of the taxable results in the first few years of the life of the projects (including accelerated tax amortization policy) as well as cash distributions.

The structure reaches a flip point when the agreed upon return on contribution is achieved. The maturity date of these obligations may change and depends on the dates on which the TEIs achieves the agreed rate of return. Once the flip point is reached, the tax attributes are allocated to the partners and the TEIs are then entitled to a limited portion of future cash distributions. Their interests are repurchased by the project partners or they remain as minority partners exposed to similar return risks as other partners. At all times, both before and after the project flip point, Boralex retains control over the projects. These financial liabilities are classified as financial liabilities at amortized cost in Boralex's consolidated financial statements.

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 March 31,

2021	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	-0.16% to 1.79%	3-month EURIBOR	2030-2039	964	(33)
Interest rate swaps	USD	1.42% to 1.43%	3-month USD LIBOR	2028	173	9
Interest rate swaps	CAD	1.12% to 2.68%	3-month CDOR	2025-2043	1,042	28

As at December 31,

2020	Currency	Fixed-rate payer	Floating-rate receiver	Maturity	Current notional (in CAD)	Fair value (in CAD)
Interest rate swaps	EUR	-0.16% to 1.79%	3-month EURIBOR	2030-2039	1,045	(46)
Interest rate swaps	USD	1.01%	3-month USD LIBOR	2046	166	2
Interest rate swaps	CAD	1.12% to 2.68%	3-month CDOR	2025-2043	1,060	(31)

Cross-currency swaps

The Corporation also entered into cross-currency swaps. These derivatives mainly 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 can also enter 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 March 31,

2021	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5325	2023	405	15

As at December 31,

2020	Exchange rate	Maturity	Current notional (in CAD)	Fair value (in CAD)
Cross-currency swaps (EUR for CAD)	1.5324	2023	472	(8)

Hierarchy of financial assets and liabilities measured at fair value

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

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

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

Note 7. Financial instruments (cont'd)

For debt, interest rate swaps, 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, tax equity financing, the amount due to a non-controlling shareholder, contingent consideration, and the amounts due to a joint venture, 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.

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

	Fair value hierarchy levels			
	As at March 31, 2020	Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	28	—	—	28
	28	—	—	28
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	48	—	48	—
Cross-currency swaps (Euro for CAD)	15	—	15	—
	63	—	63	—
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt ⁽¹⁾	3,858	—	3,858	—
Due to a non-controlling shareholder	6	—	—	6
Tax equity financing	45	—	—	45
Contingent consideration	4	—	—	4
Due to a joint venture	20	—	—	20
	3,933	—	3,858	75
DERIVATIVE FINANCIAL LIABILITIES				
Interest rate swaps	44	—	44	—
	44	—	44	—

	Fair value hierarchy levels			
	As at December 31, 2020	Level 1	Level 2	Level 3
NON-DERIVATIVE FINANCIAL ASSETS				
Advance to a non-controlling shareholder	29	—	—	29
	29	—	—	29
DERIVATIVE FINANCIAL ASSETS				
Interest rate swaps	7	—	7	—
	7	—	7	—
NON-DERIVATIVE FINANCIAL LIABILITIES				
Debt ⁽¹⁾	3,703	—	3,703	—
Due to a non-controlling shareholder	7	—	—	7
Contingent consideration	4	—	—	4
	3,714	—	3,703	11
DERIVATIVE FINANCIAL LIABILITIES				
Interest rate swaps	82	—	82	—
Cross-currency swaps (Euro for CAD)	8	—	8	—
	90	—	90	—

⁽¹⁾ Includes Debt and Current portion of debt.

Note 7. Financial instruments (cont'd)

The financial instruments classified as Level 3 which are measured at fair value through profit or loss have changed as follows:

	Options to purchase a partner's interests	Contingent consideration
Balance as at January 1, 2020	9	—
Reversal following the acquisition of the partner's interests	(9)	—
Business combination	—	4
Balance as at December 31, 2020	—	4
Balance as at March 31, 2021	—	4

Note 8. Commitments

	Commitments entered into during 2021	Commitments as at March 31, 2021
Purchase and construction contracts	18	84
Maintenance contracts	4	178
Contingent consideration	—	16
Other	2	42
	24	320

Note 9. Segmented information

The Corporation's operations are grouped into four distinct operating segments – wind, hydroelectric, solar and thermal 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 and amortization, adjusted to exclude other items such as acquisition costs, other gains, 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* section in note 3. *Significant accounting policies* of the annual financial statements.

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

Note 9. Segmented information (cont'd)

Three-month periods ended March 31

	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Net earnings	38	5	43	44	(7)	37
Income tax expense	14	2	16	17	(3)	14
Financing costs	36	5	41	33	9	42
Amortization	74	6	80	58	12	70
Impairment	1	—	1	—	—	—
EBITDA	163	18	181	152	11	163
Adjustments:						
Acquisition costs	3	—	3	—	—	—
Other gains	(9)	(1)	(10)	—	(1)	(1)
Excess of the interest over the net assets of Joint Venture SDB I	6	(6)	—	(10)	10	—
Change in fair value of derivative included in the share of the Apuiat Joint Venture	(8)	8	—	—	—	—
Other	(4)	(8)	(12)	7	—	7
EBITDA(A)	151	11	162	149	20	169

⁽¹⁾ 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 March 31

	2021				2020			
	Canada	France and other ⁽¹⁾	United States	Total	Canada	France and other ⁽¹⁾	United States	Total
Power production (GWh)⁽²⁾								
Wind power stations	604	708	—	1,312	380	886	—	1,266
Hydroelectric power stations	88	—	83	171	70	—	128	198
Thermal power stations	51	19	—	70	46	19	—	65
Solar power stations	—	4	73	77	—	4	—	4
	743	731	156	1,630	496	909	128	1,533
Revenues from energy sales and feed-in premium								
Wind power stations	78	93	—	171	56	116	—	172
Hydroelectric power stations	9	—	6	15	7	—	9	16
Thermal power stations	7	6	—	13	6	5	—	11
Solar power stations	—	1	6	7	—	1	—	1
	94	100	12	206	69	122	9	200
EBITDA(A)								
Wind power stations	79	69	—	148	58	92	—	150
Hydroelectric power stations	6	—	4	10	5	—	7	12
Thermal power stations	4	1	—	5	2	2	—	4
Solar power stations	—	1	5	6	—	—	—	—
Corporate and eliminations	(8)	(9)	(1)	(18)	(7)	(9)	(1)	(17)
	81	62	8	151	58	85	6	149
Additions to property, plant and equipment								
Wind power stations	—	22	—	22	—	9	—	9
Hydroelectric power stations	—	—	—	—	9	—	—	9
Thermal power stations	—	—	—	—	—	—	—	—
Solar power stations	—	4	3	7	—	—	—	—
Corporate	1	—	—	1	1	—	—	1
	1	26	3	30	10	9	—	19

⁽¹⁾ United Kingdom and Denmark.

⁽²⁾ Includes compensation for 22 GWh for the first quarter of 2021 for power limitations imposed by clients (31 GWh for the first quarter of 2020).

Note 9. Segmented information (cont'd)

For the three-month period ended March 31, 2021, revenues from energy sales for facilities not covered by energy sales contracts amounted to \$2 million (\$2 million for the same period of 2020).

	As at March 31 2021				As at December 31 2020			
	Canada	France and other ⁽¹⁾	United States	Total	Canada	France and other ⁽¹⁾	United States	Total
Total assets								
Wind power stations	2,499	1,915	—	4,414	2,441	2,082	—	4,523
Hydroelectric power stations	423	—	151	574	426	—	155	581
Thermal power stations	15	15	—	30	14	11	—	25
Solar power stations	2	41	606	649	2	32	24	58
Corporate	81	67	22	170	39	64	24	127
	3,020	2,038	779	5,837	2,922	2,189	203	5,314
Non-current assets⁽²⁾								
Wind power stations	2,258	1,745	—	4,003	2,251	1,835	—	4,086
Hydroelectric power stations	406	—	147	553	408	—	152	560
Thermal power stations	7	6	—	13	8	6	—	14
Solar power stations	1	36	588	625	1	28	15	44
Corporate	41	19	16	76	28	20	16	64
	2,713	1,806	751	5,270	2,696	1,889	183	4,768
Total liabilities								
Wind power stations	1,973	1,479	—	3,452	1,972	1,591	—	3,563
Hydroelectric power stations	139	—	92	231	140	—	96	236
Thermal power stations	5	6	—	11	5	3	—	8
Solar power stations	—	10	277	287	—	3	4	7
Corporate	480	76	10	566	411	88	10	509
	2,597	1,571	379	4,547	2,528	1,685	110	4,323

⁽¹⁾ United Kingdom and Denmark.

⁽²⁾ Excludes *Interests in the Joint Ventures and associates*.

Reconciliation	Three-month periods ended March 31					
	2021			2020		
	IFRS	Reconciliation ⁽¹⁾	Combined	IFRS	Reconciliation ⁽¹⁾	Combined
Power production (GWh)⁽²⁾	1,630	200	1,830	1,533	304	1,837
Wind power stations ⁽²⁾	1,312	200	1,512	1,266	304	1,570
Revenues from energy sales and feed-in premium	206	22	228	200	32	232
Wind power stations	171	22	193	172	32	204
EBITDA(A)	151	11	162	149	20	169
Wind power stations	148	10	158	150	20	170
Additions to property, plant and equipment	30	—	30	19	—	19
Wind power stations	22	—	22	9	—	9

⁽¹⁾ 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.

⁽²⁾ Includes compensation for 22 GWh for the first quarter of 2021 for power limitations imposed by clients, including 16 GWh for wind power stations (31 GWh for the first quarter of 2020, for wind power stations only).

Note 10. Subsequent event

Moulins du Lohan litigation

On September 16, 2016, the Corporation completed the acquisition of a portfolio of wind power projects of about 200 MW in France and Scotland, including **Moulins du Lohan** project in Brittany, France. The building permits had been obtained in 2014 from the Morbihan department administrative authorities (the “Administration”) and construction had already begun before the acquisition by the Corporation.

Project opponents had filed an interim application against the project on April 14, 2017, seeking to halt construction pending a decision of the courts regarding a petition for cancellation of the permits issued by the Préfet of Morbihan. Since then, construction has ceased amidst proceedings on the merits of the case. On July 7, 2017, the Administrative Tribunal of Rennes cancelled the authorizations for the **Moulins du Lohan** project based on its subjective risk assessment of landscape damage to the interests protected under the Environmental Code. The Corporation appealed the decision. The Administrative Court of Nantes ruled in favour of Boralex on March 5, 2019. In May 2019, the Société pour la protection des paysages et de l'esthétique de la France filed an appeal in cassation of these rulings of the Administrative Appeal Court of Nantes. In its judgment issued on April 15, 2021, the Conseil d'État made the decision, which is final and without appeal, to validate all the authorizations required for the project and whose validity were initially challenged by the plaintiffs. The project had been selected under an RFP issued by the French Energy and Regulation Commission and is covered by a 20-year power purchase agreement.

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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

Pour obtenir une version française du rapport annuel, veuillez communiquer avec les Affaires publiques et corporatives de Boralex.

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SHAREHOLDER INFORMATION

Virtual meeting via live audio webcast at <https://web.lumiagm.com/262304484>, on May 5 at 11 a.m. Shareholders will not be able to attend the meeting in person. Information on how to participate and vote in this webcast can be found in the Proxy Circular.

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Printed in Canada