Management’s Discussion and Analysis

As at December 31, 2021

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Highlights

Note that the information provided on a *Consolidated* basis (formerly IFRS) is calculated using the same methodology previously used to prepare the information provided under *IFRS* in previous MD&As.

Three-month periods ended December 31

	Consolidated		Combined[1]	
(in millions of Canadian dollars, unless otherwise specified)	2021	2020	2021	2020
Power production (GWh)[2]	1,492	1,468	1,661	1,763
Revenues from energy sales and feed-in premium	192	193	211	225
Operating income	74	60	82	76
EBITDA(A)[3]	152	137	163	155
Net earnings	20	30	20	36
Net earnings attributable to shareholders of Boralex	17	25	17	31
Per share - basic and diluted	$0.17	$0.24	$0.17	$0.30
Net cash flows related to operating activities	81	59	91	78
Cash flows from operations[1]	116	101	—	—
Discretionary cash flows[1]	58	67	—	—

Years ended December 31

	Consolidated		Combined[1]	
(in millions of Canadian dollars, unless otherwise specified)	2021	2020	2021	2020
Power production (GWh)[2]	5,552	4,727	6,215	5,834
Revenues from energy sales and feed-in premium	671	619	743	738
Operating income	182	172	219	225
EBITDA(A)[3]	490	434	535	513
Net earnings	26	61	30	56
Net earnings attributable to shareholders of Boralex	17	55	21	50
Per share - basic and diluted	$0.16	$0.55	$0.21	$0.51
Net cash flows related to operating activities	345	362	364	399
Cash flows from operations[1]	363	338	—	—
Discretionary cash flows[1]	132	146	—	—
	As at Dec. 31	**As at Dec. 31**	**As at Dec. 31**	**As at Dec. 31**
Total assets	5,751	5,314	6,162	5,753
Debt - Principal balance	3,682	3,609	4,030	3,976
Total project debt	3,141	3,190	3,489	3,557
Total corporate debt	541	419	541	419

(1) The terms, Combined, Cash flows from operations and Discretionary cash flows are non-GAAP financial measures and do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

(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) EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

Abbreviations

CDPQ	Caisse de dépôt et placement du Québec
Corporate PPA / CPPA	Power purchase agreement concluded with commercial and industrial corporations
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
GAAP	Generally accepted accounting principles
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
PPA	Power purchase agreement
RECs	Renewable Energy Certificates
RFP	Request for proposals
Roncevaux	Roncevaux Wind Power L.P.
RTE	Manager of Réseau de Transport d'Électricité (France's transmission system operator)
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
TWh	Terawatt-hour

Definitions

Comparable assets

All the wind farms and power stations in operation during the entirety of a given period and the comparative period.

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.

Repowering

Increase in installed capacity through equipment replacement.

Corporate PPA with additionality

A corporate PPA with additionality contributes to the development of new renewable power supply capabilities, and enables to secure the funds necessary for a future asset's construction and commissioning.

Introductory comments

General

This Management's Discussion and Analysis ("MD&A") reviews the operating results and cash flows for the three-month period and fiscal year ended December 31, 2021, compared with the corresponding periods of 2020, as well as the Corporation's financial position as at December 31, 2021, compared to December 31, 2020. This report should be read in conjunction with the audited consolidated financial statements and related notes found in this Annual Report for the fiscal year ended December 31, 2021.

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 February 22, 2022, 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 and other financial measures* section, this MD&A contains asset and segment performance assessment measures consisting of non-IFRS measures. Theses measures do not have standardized meaning under IFRS; consequently they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

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 December 31, 2021, with the exception of the number of sites, which is as of February 22, 2022. Installed capacity is presented as at December 31, 2021 and February 22, 2022.

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 units for the periods covered by our financial statements and this MD&A.

	Closing rate[1]	
	As at December 31,	
Currency	2021	2020
USD	1.2637	1.2725
EUR	1.4373	1.5545
GBP	1.7107	1.7422

	Average rate[2]			
	Three-month periods ended December 31		Years ended December 31	
Currency	2021	2020	2021	2020
USD	1.2603	1.3030	1.2535	1.3415
EUR	1.4408	1.5537	1.4828	1.5298
GBP	1.6990	1.7206	1.7246	1.7199

[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 February 22, 2022.

This forward-looking information includes statements about the Corporation's strategies, strategic plan, business model (including with respect to results and performance for future periods, installed capacity targets, EBITDA(A)[1] and discretionary cash flows[2], organic growth and growth through mergers and acquisitions, obtaining an investment grade credit rating by 2025, maintaining a quarterly dividend of $0.1650 per share, and corporate social responsibility (CSR) objectives), Corporations's objectives, the 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, installed capacity or megawatt growth objectives, including those set in connection with the Corporation's pipeline of projects and *Growth Path*, growth outlook, the expected timing of project commissioning, planned production[3], 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, as well as the anticipated distribution ratio[4], 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 the 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.

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] Discretionary cash flows is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

[3] Planned production is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

[4] Distribution ratio is a non-GAAP ratio and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named ratios used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

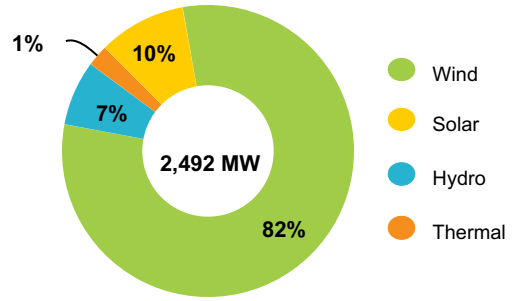
Description of business

Boralex is a Canadian corporation operating in the renewable energy segment for over 30 years. It draws on a workforce of 562 people to develop, build and operate power generating facilities in Canada, France, the United States and the United Kingdom. A leader in the Canadian market and France's largest independent producer of onshore wind power, Boralex's installed capacity has more than doubled over the past five years to 2,492 MW as at December 31, 2021. The Corporation is developing a portfolio of more than 3 GW of wind and solar projects and almost 200 MW of storage projects, guided by its values and its corporate social responsibility (CSR) approach. Projects under construction or ready to build represented an additional 154 MW, to be commissioned by the end of 2023, while the pipeline of secured projects amounts to 493 MW. Through profitable and sustainable growth, Boralex is actively participating in the fight against global warming. With its fearlessness, discipline, expertise and diversity, Boralex remains an industry leader.

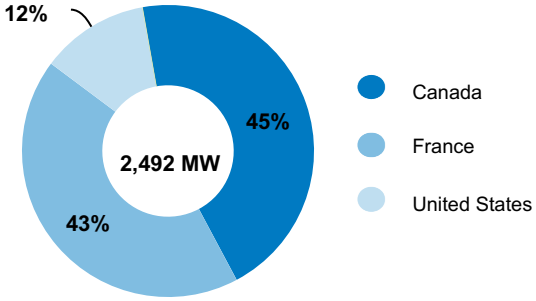
Segment and geographic breakdown

Boralex is active in four complementary power generation segments: wind, solar, hydroelectric and thermal. A major portion of Boralex's installed capacity originates from the wind power segment. The following table provides information about the makeup of the Corporation's energy portfolio in operation as at February 22, 2022.

Segment breakdown



Geographic breakdown



Installed capacity[1][2]

	Canada		France		United States		Total	
	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites	Installed capacity (MW)	Number of sites
Wind power stations	985	23	1,047	67	—	—	2,032	90
Solar power stations[3]	1	1	34	4	209	7	244	12
Hydroelectric power stations	100	9	—	—	81	7	181	16
Thermal power stations	35	1	—	—	—	—	35	1
	1,121	34	1,081	71	290	14	2,492	119

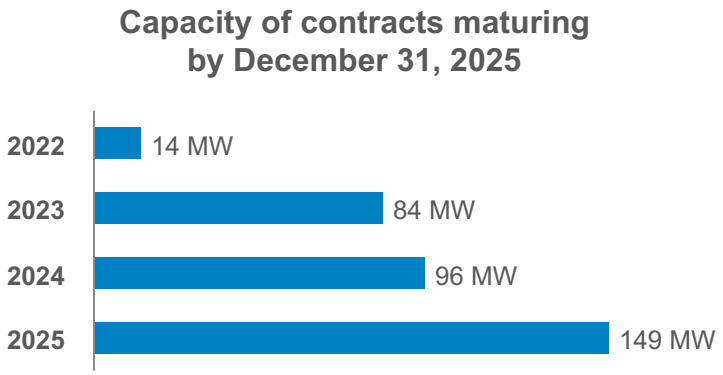
(1) Installed capacity in this MD&A reflects 100% of Boralex's subsidiaries in which Boralex is the controlling shareholder. It also reflects Boralex's share in entities over which it does not have control and which are accounted for using the equity method in this MD&A, consisting of 170 MW in the Joint 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 96 MW. In November 2020, Boralex acquired the CDPQ'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.

(2) 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 installed capacity.

(3) The installed capacity comprises 100% of the 9 MW capacity of the **Clé des Champs** solar power station in France. As at December 31, 2021, only 70% of its total capacity or 6 MW had been brought on stream. Work continues to bring the remaining capacity on stream.

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

Of Boralex's installed capacity, 99 %[1] is covered by indexed, fixed-price energy sales contracts or feed-in premium contracts setting floor prices[2]. These contracts have a weighted average remaining contractual term of 13 years. The Corporation estimates that the equivalent of 343 MW (14% of installed capacity or 11% of expected current production, excluding *Growth path* projects for which contracts have been secured) are covered by contracts expiring through December 2025. If new contracts have not been negotiated beforehand, this production will then be sold at market prices. The Corporation is pursuing entering into long-term contracts with commercial and industrial corporations for its projects under development and capacity upgrade projects.



Weighted average remaining contractual term

Canada and United States	15 years
France and other	9 years
Global weighted average	13 years

Strategy following maturity

60%	40%
Repowering projects	TBD: Repowering, Corporate PPA or Market/hedging

Existing active corporate PPAs:

- 5-year term - Orange (2020);
- 3-year term - Auchan (2020);
- 5-year term - IBM (2021);
- 3-year term - L'Oréal (2021).

Corporate PPA for new project:

- 20-year term - METRO France (2021).

[1] The percentage of installed capacity covered by energy sales contracts or feed-in premium contracts is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

[2] Feed-in premiums (FiP), which are in substance a government grant in the form of a premium between the energy sales prices and a contractually agreed price for each contract, are recorded at the same time as the related energy sales revenue. When the energy sales prices are higher than the contractual price, a negative FiP is recorded only up to the FiP generated since the beginning of the FiP contract. As the Corporation has no legal or constructive obligation to pay the excess negative FiP over and above the FiP received, the excess amounts are not recorded. Some of the Corporation's FiP contracts contain a carry-over provision under which excess negative FiP are reported to subsequent periods to offset any FiP that will be generated over the remaining term of the FiP agreement. However, at expiration of the FiP agreement, any excess negative FiP are eliminated.

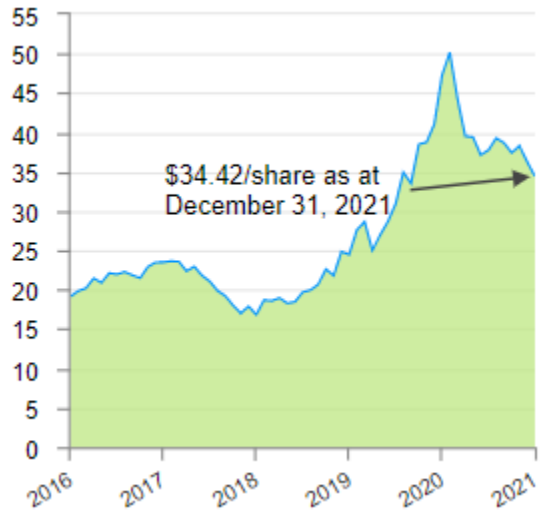
Selected financial information: A growth company

Since December 31, 2016, Boralex's EBITDA(A) and operating income have grown at compound annual rates[1] of 20% (18% on a Combined basis) and 23% (19% on a Combined basis), respectively. Boralex's market capitalization increased at a compound annual rate of 23% over the same period while the share price rose 12%.

Boralex's shares are listed on the Toronto Stock Exchange under the ticker symbol BLX. As at December 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.

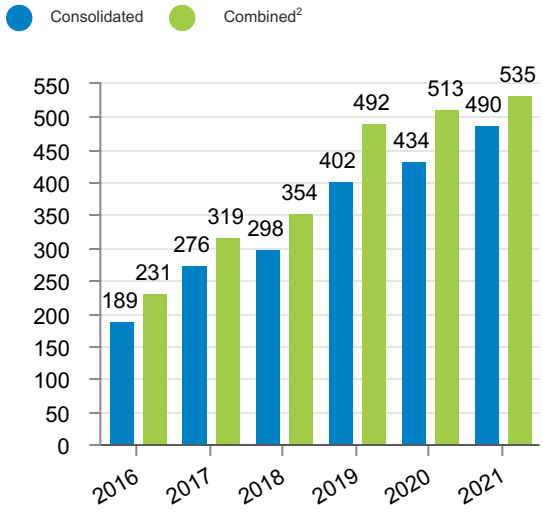
Share price

(Monthly closing price in Canadian dollars)
Compound annual growth rate[1]: 12%
(Toronto Stock Exchange under the ticker BLX)



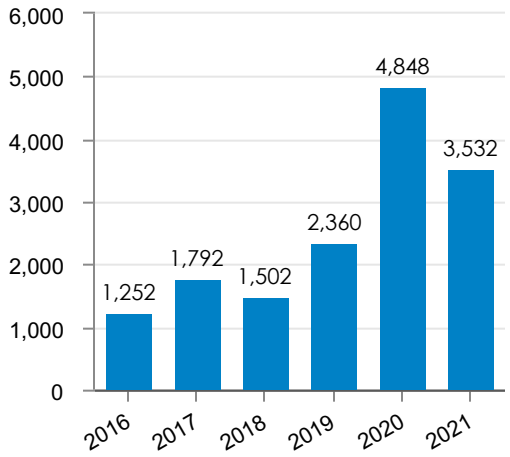
EBITDA(A)[3]

(in millions of Canadian dollars)
Compound annual growth rate[1]: 20% (Consolidated) and 18% (Combined[2])



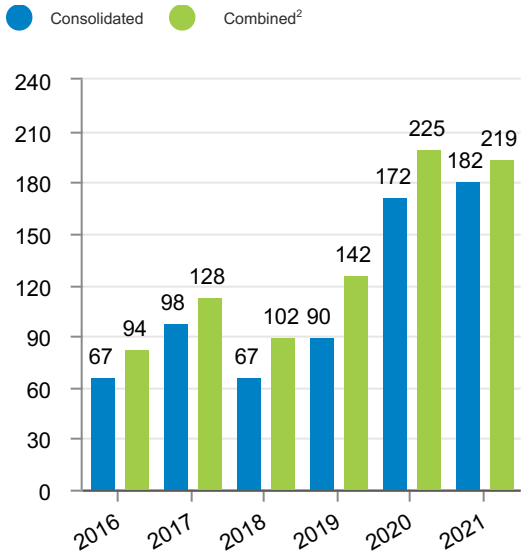
Market capitalization

(in millions of Canadian dollars)
Compound annual growth rate[1]: 23%



Operating Income

(in millions of Canadian dollars)
Compound annual growth rate[1]: 23% (Consolidated) and 19% (Combined[2])



[1] Compound annual growth rate is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

[2] Combined basis is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

[3] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

Overview of past three fiscal years

Selected annual information (Consolidated)

Results and cash flow data

(in millions of Canadian dollars, unless otherwise specified)	Years ended December 31			Change (%)	
	2021	2020	2019	2021 vs 2020	2020 vs 2019
Power production (GWh)[1]	5,552	4,727	4,371	17	8
Revenues from energy sales and feed-in premium	671	619	564	8	10
Operating income	182	172	90	7	91
EBITDA(A)[2]	490	434	402	13	8
Net earnings (loss)	26	61	(43)	(57)	>100
Net earnings (loss) attributable to shareholders of Boralex	17	55	(39)	(69)	>100
Net earnings (loss) per share attributable to shareholders of Boralex - basic and diluted	$0.16	$0.55	($0.43)	(71)	>100
Net cash flows related to operating activities	345	362	294	(5)	23
Cash flows from operations[3]	363	338	310	7	9
Dividends paid on common shares	68	66	60	3	9
Dividends paid per common share	$0.66	$0.66	$0.66	—	—
Weighted average number of shares outstanding – basic	102,618,657	98,547,826	90,604,799	4	9

Statement of financial position data

(in millions of Canadian dollars, unless otherwise specified)	As at December 31			Change (%)	
	2021	2020	2019	2021 vs 2020	2020 vs 2019
Total cash, including restricted cash	259	277	168	(7)	65
Property, plant and equipment	3,227	3,112	2,715	4	15
Total assets	5,751	5,314	4,557	8	17
Debt - principal balance	3,682	3,609	3,149	2	15
Total liabilities	4,540	4,323	3,682	5	17
Total equity	1,211	991	875	22	13
Net debt to market capitalization ratio[4] (%)	48%	41%	56%	7	(8)

[1] Includes compensation following electricity production limitations imposed by clients.
[2] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[3] Cash flows from operations is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.
[4] Net debt to market capitalization ratio is a capital management measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

Changes in the portfolio in operation

Project name	Type of transaction	Total capacity (MW)	Effective date	Segment | Country	Energy contract term / Client	Ownership (%)
Basse Thiérache Nord	Commissioning	20	February 1 and March 1	Wind | France	15 years/EDF/FiP	100
Yellow Falls	Commissioning	16	March 6[(1)]	Hydro | Canada	40 years/IESO	90
Moose Lake	Commissioning	15	April 4[(2)]	Wind | Canada	40 years/BC Hydro	100
Catésis	Commissioning	10	June 1	Wind | France	20 years/EDF/FiP	100
Buckingham[(3)]	Commissioning	10	October 17	Hydro | Canada	25 years/HQ	100
Seuil du Cambrésis	Commissioning	24	December 1	Wind | France	15 years/EDF/FiP	100
2019		**+ 95 MW**			Installed capacity: **2 040 MW**	
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	12.5 years/HQ[(4)]	100[(4)]
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**			Installed capacity: **2 246 MW[(5)]**	
Solar portfolio - Boralex US Solar	Acquisition	209	January 29	Solar | United States	21.5 years[(6)]/CPPA	50-100[(6)]
Blendecques	Disposal	-12	May 1	Thermal | France	N/A	100
Bazougeais	Commissioning	12	May 1	Wind | France	20 years/EDF/FiP	100
Oldman	Disposal	-4	July 9	Wind | Canada	N/A	100
Extension Plaine d'Escrebieux	Commissioning	14	August 1	Wind | France	20 years/EDF/ FiPRFP	100
La Grande Borne	Commissioning	9	December 1	Wind | France	20 years/EDF/FiP	100
Peyrolles	Commissioning	12	December 14	Solar | France	20 years/EDF/ FiPRFP	100
La Clé des Champs	Commissioning	9	December 23[(7)]	Solar | France	20 years/EDF/ FiPRFP	60
2021		**+ 249 MW**			Installed capacity: **2,492 MW[(5)]**	

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

(2) Owing to administrative restrictions, the energy sales contract became effective on April 4, 2019. However, since the facility was already operational, it is therefore considered as having been commissioned in the first quarter of 2019.

(3) This 10 MW capacity increase will result in an additional $5 million in annual EBITDA for total pro forma EBITDA of $8 million for the project and installed capacity of 20 MW.

(4) 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.

(5) 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. During fiscal 2021, for consistency purposes, an adjustment of 3 MW was made to the French solar facilities.

(6) 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 solar power stations.

(7) The power station brought on stream 70% of its total capacity or 6 MW on December 23, 2021.

2021

Acquisitions, commissioning and disposals

In January 2021, the Corporation acquired all of the majority interests held by CRE in solar power stations in the United States with a total installed capacity of 209 MWac. The interests acquired by Boralex represent a net installed capacity of 118 MWac, for a consideration of $275 million.

The Corporation added 56 MW to its installed capacity with the commissioning of three wind farms and two solar power stations in France. Boralex also disposed of a 4 MW wind farm in Alberta, Canada, and the 12 MW Blendecques cogeneration power station, in France, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

Financing transactions

At the same time as the acquisitions of the solar power stations in the United States, Boralex finalized a long-term financing of $192 million (US $149 million) with a seven-year term and a 25-year amortization period.

In September 2021, Boralex had the maturity of its revolving credit facility and letter of credit facility for a total of $525 million extended to September 2026 and obtained a reduction in the interest rate on its line of credit. During the fourth quarter, the credit facility qualified as a sustainable loan for which annual ESG objectives must be met. This is the first sustainable financing for Boralex. The agreement was also enhanced to include an accordion clause that provides Boralex with future access to an additional amount of $150 million under the same terms and conditions as for the line of credit.

In October 2021, Six Nations repaid the amount of the advance including interest, for a total of $31 million.

Results

In 2021, the Corporation generated 5,552 GWh of electricity, up 17% from the prior fiscal year, driven mainly by acquisitions in the first quarter of 2021 and the fourth quarter of 2020. These favourable results with regards to production led to an 8% rise in *Revenues from energy sales and feed-in premium* to $671 million, a 7% growth in *Operating income* to $182 million and a 13% increase in *EBITDA(A)* to $490 million.

2020

Acquisitions and commissioning

The Corporation added 60 MW to its net installed capacity with the commissioning of four wind farms in France, including repowering of the **Cham Longe I** wind farm for a total installed capacity of 35 MW.

In November 2020, the Corporation acquired the CDPQ's 49% interest in three wind farms in Québec, in which Boralex already held 51%, for a consideration of $121 million plus a $4 million contingent consideration if certain future conditions are met. This acquisition represents 145 MW of additional net installed capacity.

Financing transactions

In January 2020, Boralex closed a revolving credit facility amounting to $182 million (€125 million) to finance the construction of future wind and solar power projects in France.

In August 2020, Boralex concluded an $806 million refinancing over 16 years for its 230 MW NRWF wind farm located in Ontario. Boralex is the wind farm operator and owns a 50% interest in the facility. This refinancing generated annual recurring savings of more than $5 million in interest expense. The Corporation also closed a public offering of Class A shares for gross proceeds of $201 million that was used in part to finance the two acquisitions mentioned previously.

Results

In 2020, the Corporation generated 4,727 GWh of electricity, up 8% from the prior fiscal year, driven by better weather conditions during the first quarter of the year and the expanded operating asset base. These favourable results with regards to production led to a 10% rise in *Revenues from energy sales and feed-in premium* to $619 million, a 91% growth in *Operating income* to $172 million and an 8% increase in *EBITDA(A)* to $434 million.

2019

Commissioning

The Corporation added 95 MW to its net installed capacity with the commissioning of three wind farms in France, a fourth wind farm in British Columbia, a first hydroelectric power station in Ontario, and the repowering of the Buckingham power station in Québec.

Financing transactions

During fiscal 2019, Boralex obtained changes to its revolving credit facility for a total authorized amount of $560 million up to April 27, 2023.

In France, the maturity of the bridge financing facility with BNP Paribas was extended to May 18, 2019 for the first tranche and to November 18, 2019 for the second. Both tranches were repaid early by the Corporation during fiscal 2019 following the sale of underlying assets.

Also in France, Boralex completed the financing for the **Santerre** wind farm pursuant to an amendment to the credit agreement for the Sainte-Christine portfolio. This debt was refinanced on November 25, 2019, as described below. The Corporation also came to an agreement regarding the refinancing of a debt totalling $60 million (€40 million) owed to Cube Hydro-Power SARL with a subsidiary of the CDPQ, a shareholder of the Corporation.

Furthermore, the Corporation converted and redeemed its issued and outstanding 4.5% subordinated convertible debentures. Debentures with a total principal amount of $136 million were converted and the Corporation redeemed debentures with a principal amount of $8 million. The debentures were delisted from the Toronto Stock Exchange at market close on October 24, 2019.

In France, as part of its strategic direction for making optimal use of its financial resources, Boralex completed the most extensive refinancing of the renewable energy sector with three credit agreements maturing in 2034, 2036 and 2040, respectively, for a total amount of $1.7 billion.

Lastly, as per the same principles, the Corporation entered into a $209 million agreement to refinance LP I, a wind farm, on more favourable terms. This agreement will reduce the annual interest expense by nearly $2 million on a Combined basis.

Results

In 2019, the Corporation generated 4,371 GWh of electricity, up 23% from the prior fiscal year, driven by better weather conditions and the expanded operating asset base. This increase led to a 20% rise in *Revenues from energy sales and feed-in premium* to $564 million, a 35% growth in *Operating income* to $90 million and a 35% increase in *EBITDA(A)* to $402 million.

Growth strategy and development outlook

Strategic plan and financial objectives for 2025

In June 2021, Boralex's management announced its updated strategic plan for steering its actions to achieve the new corporate objectives by 2025. The Corporation continues to build on the four key strategic directions of the plan launched in 2019 and also integrates its corporate social responsibility (CSR) strategy.

The plan describes the rapid and significant changes in renewable energy development policies and greenhouse gas emission reduction targets in some countries, and also reports strong demand for renewable energy from environmentally conscious companies. These factors have created a business environment that offers numerous opportunities for growth, both organic and through acquisitions.

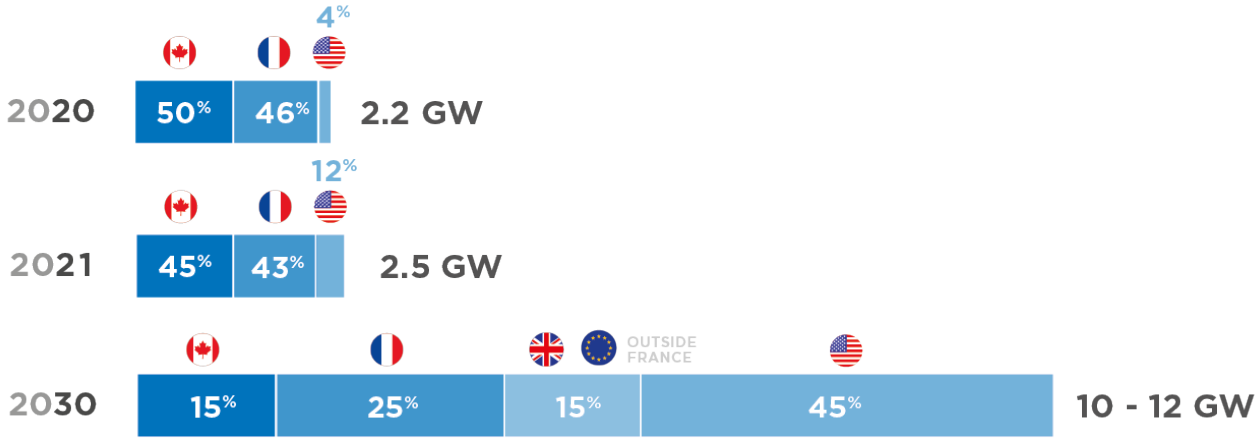
This plan is a continuation of the actions undertaken to date in sectors with strong growth potential and for which the Corporation has developed solid expertise. It also includes complementary initiatives to diversify and optimize its activities and revenue sources. Boralex will continue growing in its high-potential markets in Canada, United States, France and other European countries. The implementation of sustainable recovery plans and more ambitious greenhouse gas reduction targets in these countries should accelerate the demand for renewable energy and the need for interconnections between networks, particularly in Canada and the United States.

Highlights of the 2025 strategic plan

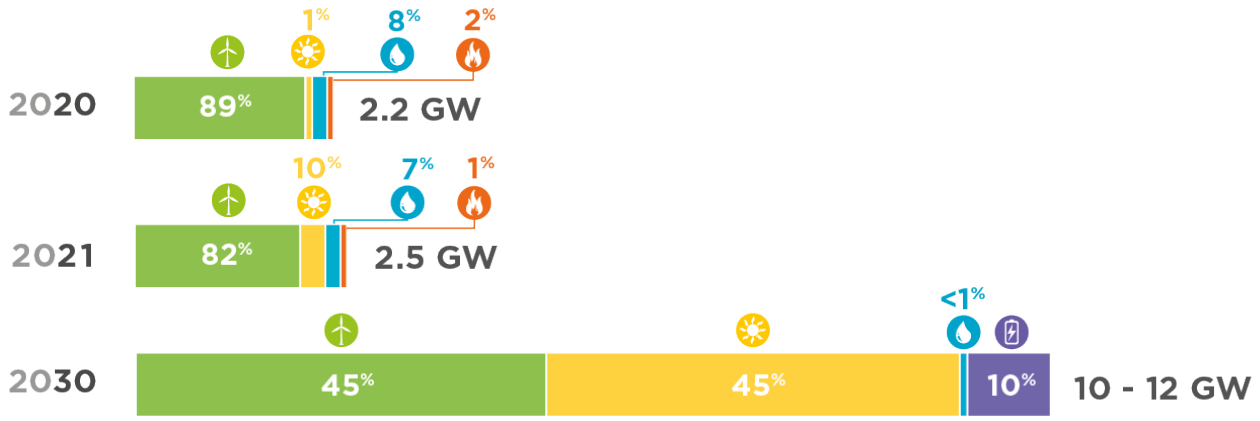
- Significantly increase the share of solar power in the portfolio of assets and projects and make inroads into the energy storage market.
- Position the United States as the main development market, diversify geographical presence in Europe as well as in U.S. states, other than those in which Boralex already owns assets.
- Accelerate wind power development in Canada.
- Optimize the capital structure by increasing the share of corporate financing, including the new sustainable financing facilities.
- Broaden the current client base to directly supply electricity-consuming industries seeking to improve their climate and social footprint.
- Integrate the Corporate Social Responsibility (CSR) strategy, including the environmental, social and governance (ESG) priorities, in Boralex's strategic directions.

As shown by the charts below, the plan announced by Boralex provides for strong growth in installed capacity targets over the next nine years with an optimized breakdown of installed capacity by geographical location and technology. Under the plan, the proportion of installed capacity under contracts is expected to be maintained at a very high level.

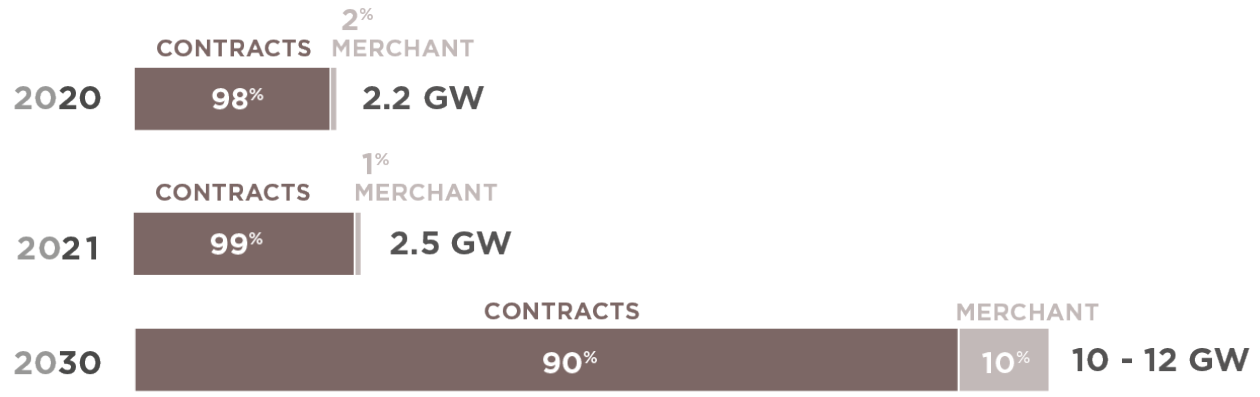
TARGETED GEOGRAPHICAL BREAKDOWN OF INSTALLED CAPACITY (IN GW)



TARGETED TECHNOLOGICAL BREAKDOWN OF INSTALLED CAPACITY (IN GW)



TARGETED BREAKDOWN BY CONTRACT TYPE OF INSTALLED CAPACITY (IN GW)



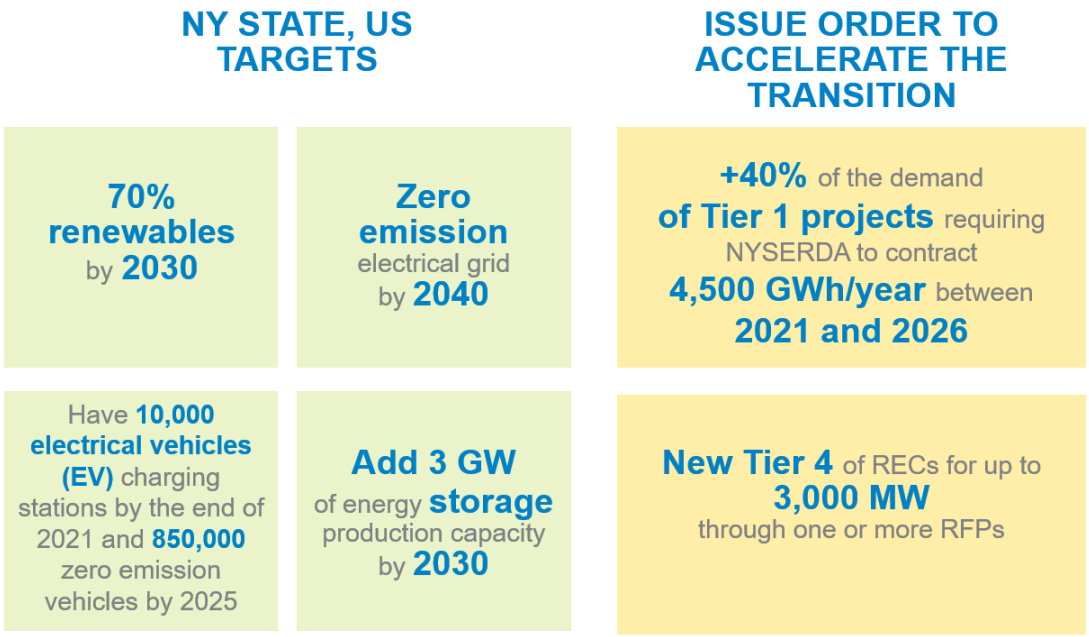
Growth prospects by territory

United States

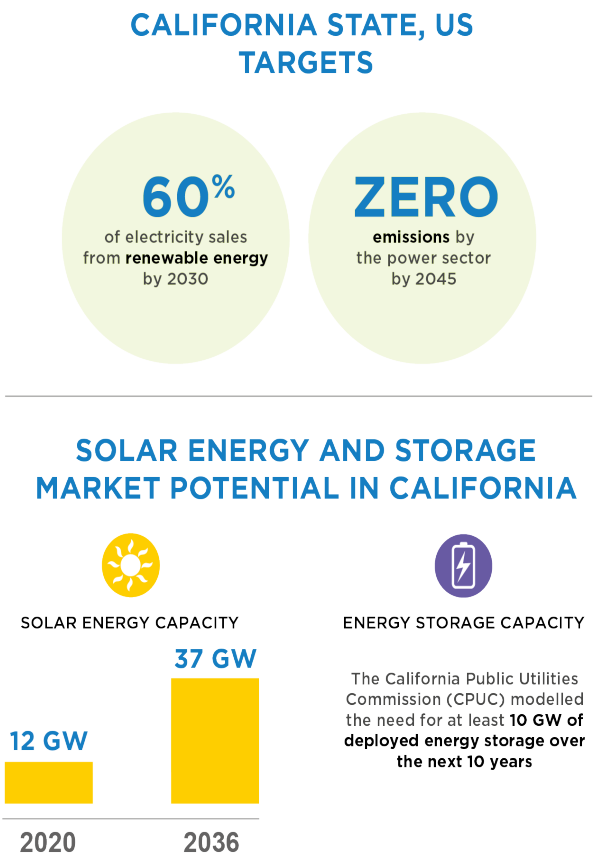
Political and consumer support for renewable energy remains high. Both Republican and Democratic voters are generally supportive of implementing policies and initiatives to promote increased renewable energy deployment. President Biden and Congressional Democrats are committed to deal with the climate crisis. In November, the U.S. House of Representatives passed the Build Back Better (BBB) bill, which included US$550 billion in domestic investment to reduce greenhouse gas emissions of the power generation sector. Despite delays, the Speaker of Congress is making progress toward signing the bill into law to increase and expand renewable energy tax benefits, either as part of BBB or as a stand-alone measure.

The Department of Energy has outlined in a new report how the U.S. could move toward generating nearly half of its electricity from solar power by 2050 (about 3,000 GW). To achieve this objective, the U.S. would need to double the installed capacity of solar power each year over the next four years, and then double it again by 2030.

In August, Kathy Hochul was sworn in as the 57th Governor of the State of New York. Upon taking office, she reiterated her commitment to achieve the State's climate-related targets through the accelerated deployment of renewable energy. In September 2021, Governor Hochul announced the results of the Tier 4 RFP. Two renewable energy transmission projects were selected: the Clean Path NY ("CPNY") project, developed by Forward Power (a joint venture of Invenergy and EnergyRe) and the New York Power Authority, and the Champlain Hudson Power Express ("CHPE") project, developed by Transmission Developers, Inc. (backed by Blackstone) and Hydro-Québec. Together, these projects could provide New York City with approximately 18 million MWh of renewable energy per year, enough to power more than 2.5 million homes. These two renewable energy transmission projects will support the construction of projects in both upstate New York and Québec.



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. The majority of the facilities are in the state of California, a fast-growing market for renewable energy. In June 2021, the California Public Utilities Commission ("CPUC") ordered state utilities to procure the equivalent of 11,500 MW of new electricity resources, such as distributed energy resources, renewables, and zero-emitting sources.



When announcing its 2025 strategic plan in June 2021, Boralex stated its intention to make the United States its primary growth market and expand its presence in the coming years to other States with high potential for growth. To do this, the Corporation is investing in expanding its U.S. development team and is working to set up an integrated structure of development for new facilities and acquisitions in order to accelerate its growth.

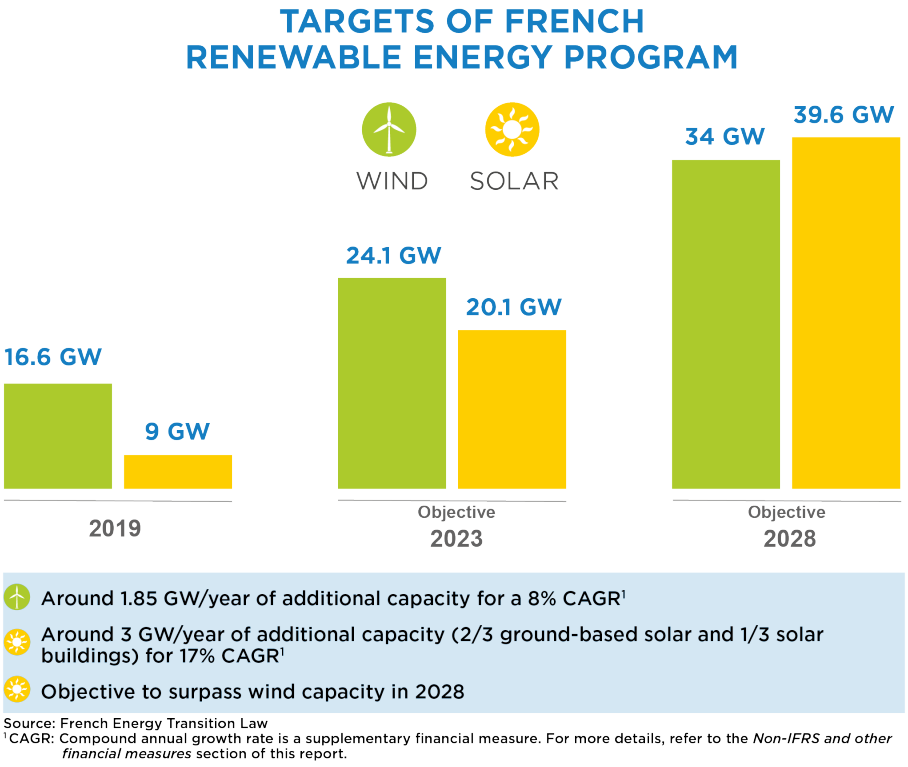
Canada

The Canadian government remains firmly committed to fighting climate change, increasing its 2030 greenhouse gas (GHG) reduction target from 40% to 45% of 2005 levels. Concrete measures are being proposed to achieve this goal, ranging from carbon pricing to the transition to a carbon neutral electricity grid. We expect these measures to have a structural impact on the entire Canadian electricity grid, resulting in a significant increase in demand for electricity from renewable sources.

In Québec, the government and Hydro-Québec continue to focus on wind power to meet future energy needs. Two calls for tenders are underway – 300 MW of wind power and 480 MW of renewable energy – which will only cover a portion of Québec's power needs up to 2029. Hydro-Québec's 2020-2029 Electricity Supply Plan will require new supply ranging from 1.9 TWh in 2026 to 6.9 TWh in 2029. The government intends to earmark a significant portion for wind power. The forecasted needs for Québec are mainly based on the implementation of the 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. Projects to export power to the Northeastern United States have to be added to these new domestic needs, namely the CHPE project to power New York City, and the annual 9.45 TWh in power for the Massachusetts export project (NECEC).

France and other European countries

In France, as shown in the following chart, government programs anticipate a substantial and sustained increase in the share of wind and solar power as energy sources over the next decade. From an economic perspective, projects are made to compete against each other through tendering mechanisms, and purchase agreements are negotiated directly with electricity consuming companies. The RTE study published in September 2021, "Futurs Énergétiques 2050," shows that large-scale development of renewable energy, including onshore wind power and solar photovoltaics, will be necessary to achieve carbon neutrality in 2050 and ensure the security of power supplies.



Source: French Energy Transition Law
[1] CAGR: Compound annual growth rate is a supplementary financial measure. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

When announcing its 2025 strategic plan in June 2021, Boralex stated its intention to expand its presence in the coming years to other European countries with high potential for growth, particularly in the solar power segment. The markets of Spain and Sweden represent high-potential markets suitable for the type of development contemplated by Boralex. The Corporation will prioritize these markets as well as the United Kingdom where it is developing both organic and acquisition projects outside France with its partner Infinergy.

A plan built around four strategic directions

Based on the market analysis carried out, Boralex's management built its strategic plan around four main directions and six corporate objectives. To successfully implement its plan, the Corporation relies on its solid expertise and long track record in project development.

UPDATED STRATEGIC DIRECTIONS AND INTEGRATION OF CSR STRATEGY

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

The Corporation intends to accelerate organic growth to maximize future value creation across the identified markets. It wishes to make the United States the priority market and extend its European presence by targeting a few additional growth markets. The Corporation is also seeking to complement organic growth with targeted acquisitions. It has a portfolio of projects at various stages of development, according to clearly identified criteria.

BREAKDOWN OF BORALEX DEVELOPMENT PROJECTS

PIPELINE

TOTAL **3,243 MW**

STORAGE **190 MW**

	CANADA AND UNITED STATES	FRANCE AND OTHERS	TOTAL BORALEX
EARLY STAGE			
• Real estate secured • Interconnection available • Confirmation of the project by local communities and regulatory risks	315 MW	315 MW	630 MW
	115 MW	193 MW	308 MW
PRODUCTION CAPACITY	430 MW	508 MW	938 MW
STORAGE	190 MW	-	190 MW
MID STAGE			
• North America: Preliminary valuation and design to submit a bid under a request for proposals • Europe: Preliminary design and request to obtain administrative authorizations	500 MW	617 MW	1,117 MW
	-	121 MW	121 MW
PRODUCTION CAPACITY	500 MW	738 MW	1,238 MW
STORAGE	-	-	-
ADVANCED STAGE			
• North America: Project submitted under a request for proposals[1] • Europe: Project authorized by regulatory authorities and submitted under a request for proposals (France)[1] [1] or actively looking for a partner for the Corporate PPA projects	60 MW	162 MW	222 MW
	845 MW	-	845 MW
PRODUCTION CAPACITY	905 MW	162 MW	1,067 MW
STORAGE	-	-	-
TOTAL	875 MW	1,094 MW	1,969 MW
	960 MW	314 MW	1,274 MW
PRODUCTION CAPACITY	1,835 MW	1,408 MW	3,243 MW
STORAGE	190 MW	-	190 MW

GROWTH PATH

TOTAL **647 MW**

STORAGE **3 MW**

SECURED STAGE			
• North America: Contract win (REC or PPA) and interconnection secured • Europe: Contract win (PPA) and interconnection secured (France); project authorized by regulatory authorities and interconnection secured (Scotland)	100 MW	180 MW	280 MW
	200 MW	13 MW	213 MW
PRODUCTION CAPACITY	300 MW	193 MW	493 MW
STORAGE	-	-	-
UNDER CONSTRUCTION OR READY-TO-BUILD			
• Permits obtained • Financing in progress • Commissioning date determined • Cleared of any claims (France) • Aproved by Boralex Board of Directors	-	142 MW	142 MW
	-	12 MW	12 MW
PRODUCTION CAPACITY	-	154 MW	154 MW
STORAGE	-	3 MW	3 MW
TOTAL	100 MW	322 MW	422 MW
	200 MW	25 MW	225 MW
PRODUCTION CAPACITY	300 MW	347 MW	647 MW
STORAGE	-	3 MW	3 MW

CURRENTLY IN OPERATION 2,492 MW
As at December 31, 2021[1]

[1] And as at February 22 2022

The pipeline comprises projects totalling the equivalent of 3,243 MW, up 99 MW from the end of the third quarter of 2021. The *Growth path* totals 647 MW, down 17 MW from the previous quarter.

The **wind** power segment remains the Corporation's main driver of growth, with a project pipeline totalling 1,969 MW, up 79 MW from the previous quarter. The **solar** power segment pipeline comprises projects totalling 1,274 MW, up 20 MW from the previous quarter. This segment offers high growth potential in Europe and North America.

Note that in France, 137 MW of wind and solar projects were added to the early stage projects pipeline during the fourth quarter for a total addition of 973 MW for fiscal 2021, in addition to 193 MW of storage projects added during the year.

Europe

The Corporation has a portfolio of **wind** power projects at varying stages of completion, equal to a capacity of about 953 MW, up 79 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 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 65 MW project is included under *Projects under construction or ready to build*. For more information on the ruling of the Conseil d'État, see the *Commitments and contingencies* note to the annual 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 314 MW in France, up 20 MW from the previous quarter. Details on the segment's development program are provided in the *Diversification* section of this report.

North America

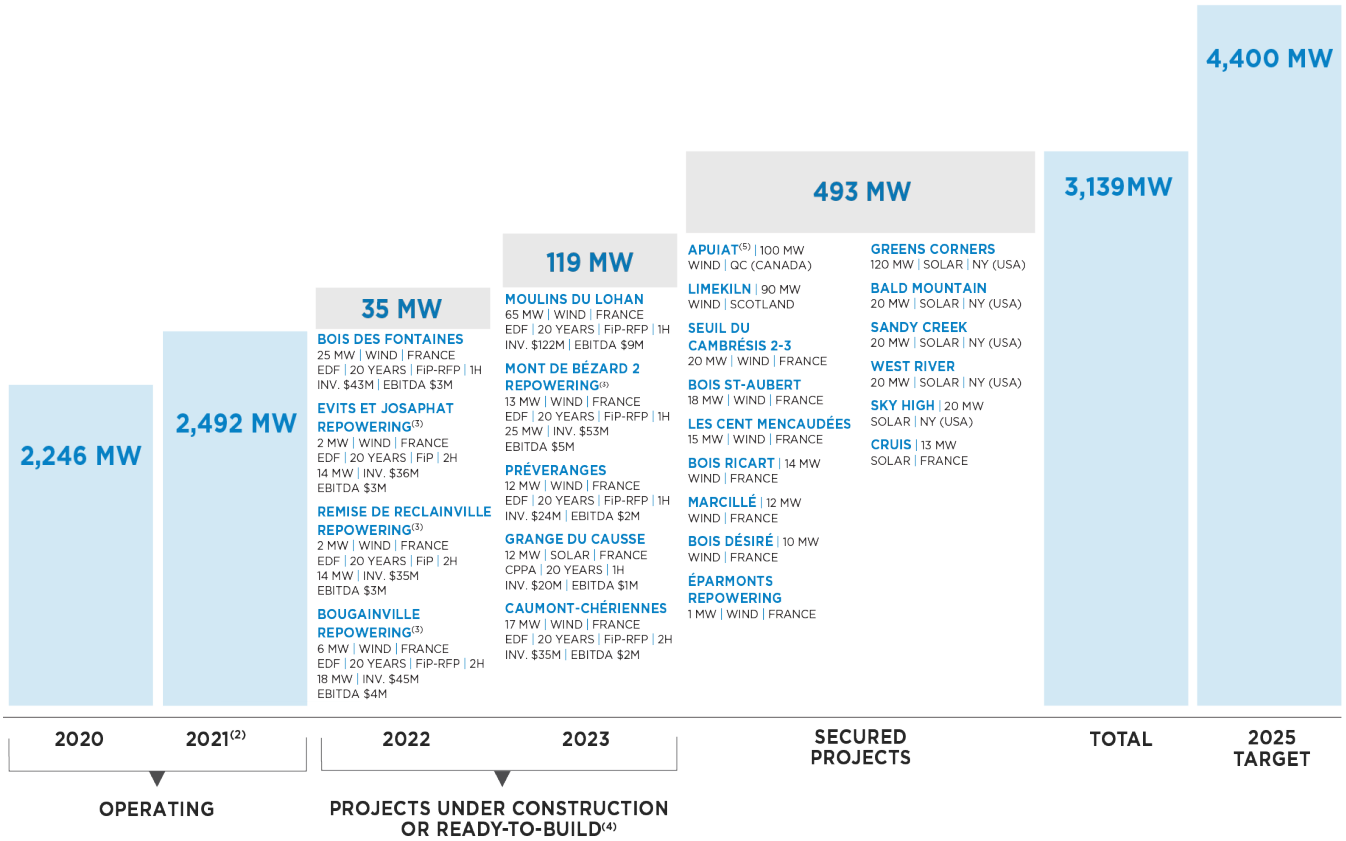
Boralex's portfolio of **wind** power projects in North America represents 875 MW. The signing of a power purchase agreement for the **Apuiat** project in February 2021 marks the recovery of the wind power sector in Québec.

In December 2021, Hydro-Québec called for tenders for 480 MW of renewable energy and 300 MW of wind power as part of its efforts to increase its energy supply amid growing domestic and export demand as well as electrification and carbon neutral projects. The contracts to be entered into with Hydro-Québec will ensure power supplies over the long term, that is, for a target of 30 years with a minimum of 20 years. The State of New York will be sourcing imported energy from Canada, which will increase demand for power in Québec.

The Corporation also has a portfolio of **solar** power projects totalling 960 MW, stable from the previous quarter. Details on the development program for this segment are provided in the *Diversification* section of this report.

Growth path

Installed capacity[1]



(1) Installed capacity of production, excluding the installed capacity of energy storage projects.
(2) As at December 31, 2021 and February 22, 2022.
(3) The Evits et Josaphat repowering project represents a total capacity of 14 MW with an increase of 2 MW, the Remise de Reclainville repowering project represents a total capacity of 14 MW up 2 MW, the Bougainville repowering project represents a total capacity of 18 MW up 6 MW and the Mont de Bézard 2 repowering project represents a total capacity of 25 MW up 13 MW.
(4) Total project investment and estimated annual EBITDA for projects in France have been translated into Canadian dollars at the closing rate on December 31, 2021.
(5) The Corporation holds 50% of the shares of the 200 MW wind power project but does not have control over it.

As shown in the chart above, Boralex had assets in operation with 2,492 MW of installed capacity as at December 31, 2021, up 246 MW from December 31, 2020, mainly following the acquisition of solar power stations in the United States totalling 209 MW, the commissioning of 56 MW of wind and solar power stations and the sale of a wind farm and a thermal power station totalling 16 MW of installed capacity.

Boralex has an additional 30 MW of assets in operation compared with the end of the third quarter of 2021, following the commissioning of two solar power stations and one wind farm during the last few months of 2021.

In France, eight wind power projects, one solar power project and an energy storage project are under construction or have completed all preliminary stages and obtained pre-construction approvals. The wind and solar power projects are all subject to long-term feed-in premium contracts or power purchase agreements with commercial and industrial corporations. These projects will contribute to the Corporation's results when commissioned in 2022 and 2023 as illustrated in the *Growth path*.

Overall, the contribution to EBITDA of *Projects under construction or ready-to-build* is estimated at $32 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 estimated contribution to EBITDA of $23 million, taking into account the estimated EBITDA generated by the wind farms before the repowering work. The implementation of these projects is expected to require total planned investments[1] of about $413 million and planned financing[1] of up to $331 million. As at December 31, 2021, the funds invested[1] in these projects totalled $126 million.

The capacity of *Secured projects* was down 28 MW from the previous quarter, following the inclusion of the **Préveranges** and **Caumont Chériennes** projects as ready to build or under construction.

Commissioning of secured facilities and projects under construction is expected to bring Boralex's installed capacity to 3,139 MW.

The boxed information below provides the *Growth* highlights.

Growth

- Commissioning in France of a wind farm and two solar power stations with a total installed capacity of 30 MW.
- Inclusion of two wind power projects totalling 29 MW under *Projects under construction or ready to build*.
- Addition of wind power projects totalling 71 MW to the preliminary phase of the project portfolio.

Diversification

The Corporation intends to strengthen its presence in the solar power sector and participate in developing storage markets. It is also seeking to accelerate the development of its energy marketing skills in order to optimize its portfolio of contracts.

Boralex is focusing its business diversification efforts on its **solar** power segment. Projects considered to be part of Diversification represent a potential additional capacity of 1,274 MW.

Europe

Boralex has accelerated the development of this segment's initiatives in France with the aim of actively competing in RFPs. Under this process, feed-in premium contracts will be awarded through 2026, of which more than two thirds of the volume is allocated for ground mounted projects above 5 MWac, the market targeted by Boralex. The initial round foresees a capacity of 700 MWac and nine more rounds will take place twice a year until 2025, and then once in 2026, for 925 MWac of capacity.

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 potential acquisitions. Accordingly, two solar power stations were commissioned during the fourth quarter: **Peyrolles**, a 12 MWac floating solar power project and **La Clé des Champs**, a 9 MWac ground mounted solar power project of which 70% of capacity has been brought on stream.

The Corporation has joined forces with Sun'Agri to develop agrivoltaics in France and Europe and build new solar power stations that protect agricultural operations from increasing challenging weather conditions. This partnership consists of a 10-year framework agreement under which Boralex will work exclusively with Sun'Agri to develop agrivoltaic projects in the European Union.

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 it has a competitive advantage. The Corporation has an office in New York City and employs nearly twenty highly qualified local employees to carry out prospecting, marketing, financing and liaise with communities and governments. They have been 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.

Note that during the third quarter of 2021, Boralex submitted proposals for solar power projects totalling 800 MW under NYSERDA's fifth Tier 1 RFP in the State of New York. The results are expected during the first quarter of 2022.

[1] Total planned investments, planned financing and funds invested are supplementary financial measures. For more details, refer to the *Non-IFRS and other financial measures* section of this report.

Under the Tier 4 RFP in the State of New York, Boralex had an agreement to include in the Clean Path line portfolio projects totalling 200 MWac that were selected under the 2019 Tier 1 RFP. Since the Clean Path NY (CPNY) project was selected under that RFP, Boralex can potentially count on additional revenues from these projects when this line will be completed.

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. Its portfolio of projects represents 190 MW in this respect.

Also, during the fourth quarter, the Corporation's second energy storage asset with an installed capacity of 3 MW was added to the *Projects under construction or ready-to-build* phase. It will be located on an existing wind farm.

During the third quarter, the Corporation also submitted bids for energy storage associated with solar power projects under NYSERDA's Tier 1 RFP.

The boxed information below provides the *Diversification* highlights.

Diversification

- Commissioning of the **Peyrolles** solar power station and coming on stream of the **La Clé des Champs** solar power station.
- Addition of solar projects totalling 66 MW to the preliminary phase of the project portfolio.
- Addition of a 12 MW solar power project and a 3 MW energy storage asset to the *Projects under construction or ready-to-build phase*.

Customers

As indicated in its updated strategic plan, the Corporation intends to develop and expand its current clientele to directly supply energy-consuming industries seeking to reduce their carbon footprint. Boralex also wishes to adjust its business practices to focus on customer needs based on geographic location.

The Corporation has deployed commercial teams in France and the United States to serve a wider customer base. The main objective is to sign power purchase agreements 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 fourth quarter, the Corporation announced the signing of a power purchase agreement with METRO France, which will enable the financing and construction of the 12 MWac **Grange du Causse** solar power station. With the signing of this first corporate PPA with "additionality", Boralex demonstrates its ability to respond to the need for competitive, green power supply for businesses.

The Corporation has also entered into a three-year electricity supply contract with the L'Oréal group in France, through an existing wind farm.

Note that during the first quarter of 2021, Boralex entered into a new five-year renewable power purchase agreement with IBM France. The signing of such 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 power purchase agreement terms.

During the year, Boralex observed an increase in demand from potential clients owing to the rise in energy prices.

The boxed information below provides the *Customers* highlights.

Customers

- Signing of a 20-year renewable power purchase agreement with METRO France for its electricity consumption (Corporate PPA).
- Signing of a 3-year renewable power purchase agreement with L'Oréal in France for its electricity consumption (Corporate PPA).

Optimization

This strategic direction has three main components:

- Optimize our assets and promote our organization's sustainable performance culture;
- Use corporate financing, including sustainable financing, and partnerships to promote our growth;
- Increase the efficiency of corporate services through simplification, digitalization, and automation.

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. Note that four *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 power purchase agreements that have expired or will expire over the next few years. This initiative will substantially increase installed capacity and is expected to result in an additional contribution to annual EBITDA and a new 20-year contract.

Construction for the **Mont de Bézard 2 Repowering** project was started while work continued on three other repowering projects. The **Éparmonts Repowering** project is in the secured phase since the second quarter of 2021. Following repowering work, these five projects will increase their total installed capacity from 60 MW to 84 MW, an increase of 24 MW. These projects will benefit from more high-performance equipment and a new 20-year feed-in premium contract.

Boralex intends to take over and perform service and maintenance work in-house for assets in several wind farms in Canada, currently under external maintenance contracts. During the fourth quarter of 2021, the Corporation also repatriated service and maintenance work in-house for assets with a total installed capacity of 161 MW in Canada.

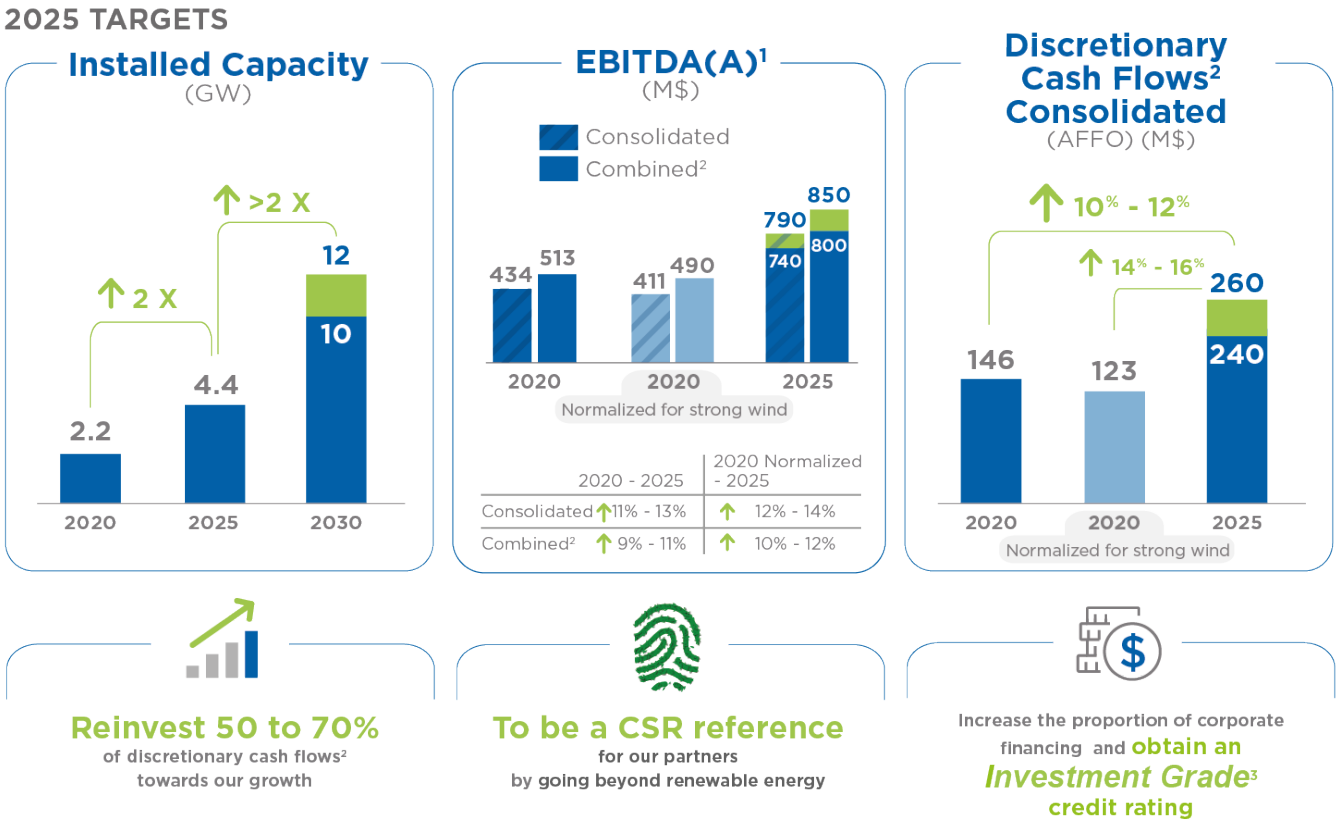
In June 2021, the Corporation announced the signing of long-term maintenance contracts with Vestas for its assets equipped with Vestas wind turbines that are currently operating (328 MW). The term of these contracts coincides with that of power purchase agreements specific to these wind farms. These contracts will allow Boralex to benefit from competitive operating costs, production commitments in line with its optimization strategy and an optimal allocation of Boralex maintenance teams across its 1 GW of operating assets. They also guarantee availability, ensure maximum effectiveness and maintain connections with Boralex's host regions. Internal teams dedicated to operational excellence will continue to track the performance of all of Boralex's assets in France, including those serviced by Vestas.

On September 29, 2021, the Corporation obtained a five-year extension to September 29, 2026 for its revolving credit facility. Including Export Development Canada's guaranteed letter of credit facility, the total authorized amount is $525 million. The facility also includes an amount of $150 million under an accordion clause that can be drawn as needed. This renewal resulted in an enhancement of lines of credit as well as favourable amendments and adjustments to the general terms and conditions.

The boxed information below provides the *Optimization* highlights.

Optimization

- Start of construction work on the **Mont de Bézard 2 Repowering** project.
- Optimization of service and maintenance for wind farms in Canada with a total installed capacity of 161 MW (of which Boralex's share is 119 MW).



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.

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 or feed-in premium contracts setting floor prices with financially solid corporations (including 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 pandemic. As at December 31, 2021, 99% of the Corporation's installed capacity was covered under contracts with a weighted average remaining term of 13 years.

Lastly, significant efforts were made in recent quarters to formalize Boralex's Corporate Social Responsibility (CSR) strategy and its position regarding ESG (environmental, social and governance) criteria. Boralex management has also decided to integrate the CSR strategy in its corporate objectives for 2025. This plan will allow Boralex to accelerate its development initiatives in the high-growth renewable energy sector. This development will be carried out in a disciplined manner and with the utmost respect for environmental, social and corporate governance criteria. Our primary objective is to become the leading CSR reference for our partners by going beyond renewable energy.

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[2] Combined basis and discretionary cash flows are non-GAAP measures and do not have a standardized meaning under IFRS. Accordingly, they may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.
[3] Minimum corporate credit rating of BBB.

E ENVIRONMENT

Growing in a Sustainable and Resilient Manner

Greenhouse Gas Emissions
(scopes 1 and 2)

Responsable Resource Utilization

Biodiversity

Adapting to Climate Change

S SOCIETY

Respect our People, our Planet and our Community

Inclusion, Diversity and Equal Opportunities

Health and Safety

Local Communities and Territories Consultation and Engagement

G GOVERNANCE

Leading Through Example

Responsible Corporate Governance

Ethics in Business and Behaviour

Responsible Procurement

Corporate objectives for 2025 - 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 financial criteria included in the corporate objectives for 2025.

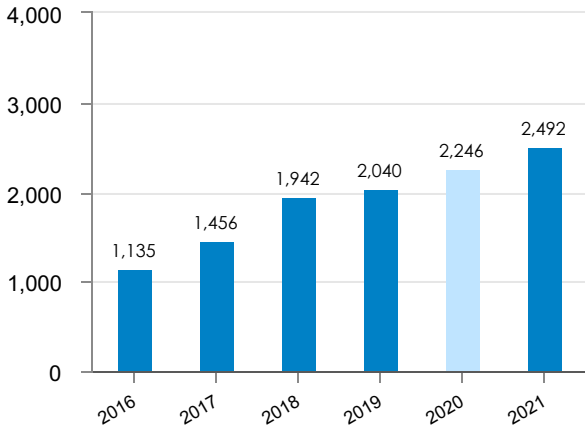
1. Double 2020 installed capacity between 2020 and 2025

Boralex's installed capacity increased from 1,135 MW as at December 31, 2016 to 2,492 MW as at December 31, 2021, which represents compound annual growth of **17%** for this five-year period. This growth has been achieved both organically and through acquisitions. Since the end of fiscal 2020, Boralex's installed capacity has grown by 246 MW.

Installed capacity

(in MW)

Compound annual growth rate[1]: 17%



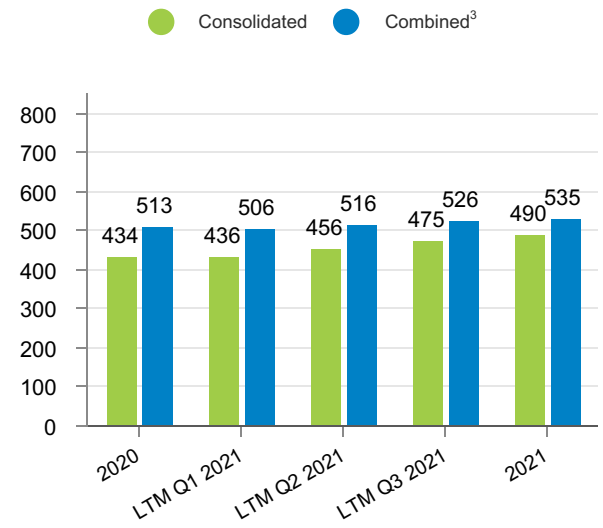
2. Achieve $740 million to $790 million of consolidated EBITDA(A), or $800 million to $850 million of EBITDA(A) on a Combined basis, by 2025

EBITDA(A) amounted to $152 million on a Consolidated basis and $163 million on a Combined basis for the three-month period ended December 31, 2021, compared with $137 million and $155 million, respectively, for the corresponding quarter of 2020. These differences stemmed mainly from the contributions of commissioned and acquired facilities, which largely offset lower volumes, mainly for comparable assets in the wind power segment.

EBITDA(A) amounted to $490 million on a Consolidated basis and $535 million on a Combined basis for the year ended December 31, 2021 compared with $434 million and $513 million, respectively, for fiscal 2020. This change was mainly due to the growth of the Corporation.

EBITDA(A)[2]

(in millions of Canadian dollars)



[1] Compound annual growth rate is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

[3] Combined basis is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

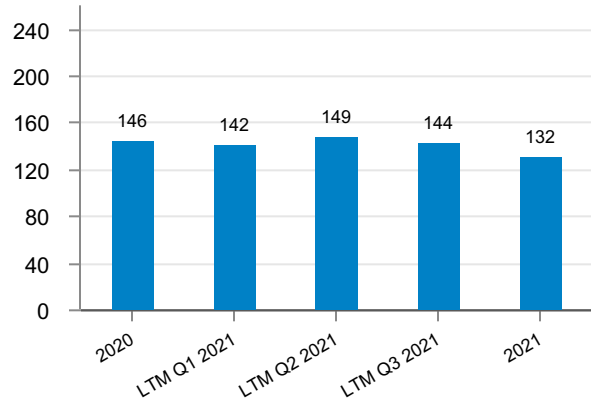
3. Generate $240 million to $260 million in discretionary cash flows by 2025

Discretionary cash flows amounted to $58 million for the three-month period ended December 31, 2021 compared with $67 million for the corresponding quarter of fiscal 2020.

For the year ended December 31, 2021, discretionary cash flows reached $132 million compared with $146 million for the year ended December 31, 2020. This $14 million decrease is explained by lower volumes in 2021 mainly for comparable assets in the wind power segment. It should be recalled that during the first quarter of 2020, discretionary cash flows benefited from wind production well above anticipated levels in France.

Discretionary cash flows[1]

(in millions of Canadian dollars)

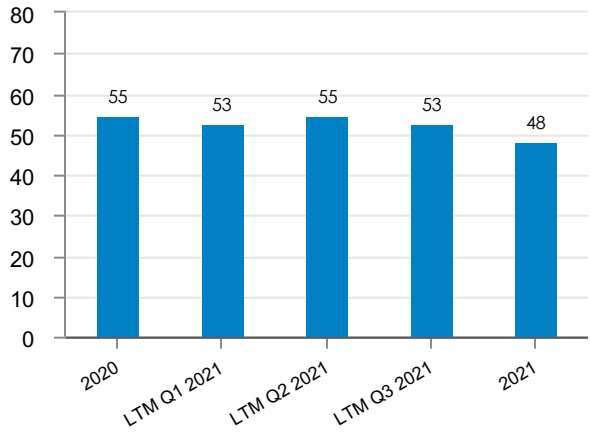


4. Reinvest 50% to 70% of discretionary cash flows in growth

For the year ended December 31, 2021, the reinvestment ratio[2] stood at 48%, close to the target range of 50% to 70%.

Reinvestment ratio[2]

(as a %)



[1] Discretionary cash flows is a non-GAAP measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] Reinvestment ratio is a non-GAAP ratio and does not have a standardized meaning under IFRS. Accordingly, this ratio may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

5. Be the leading CSR reference for our partners

Boralex published its first separate corporate social responsibility (CSR) report in 2021 with a second separate report to be published along with the 2021 Annual Report. 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 corporate objectives. The Corporation consulted all of its stakeholders to identify the priority issues for which specific action plans have been developed and will be implemented over the coming years. Ten priorities 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. 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. Also created in 2021, the CSR committee brings together all the leaders responsible for one of the 10 CSR priorities and who represent Boralex's geographic diversity.

In 2021, Boralex made disclosures to various third parties:

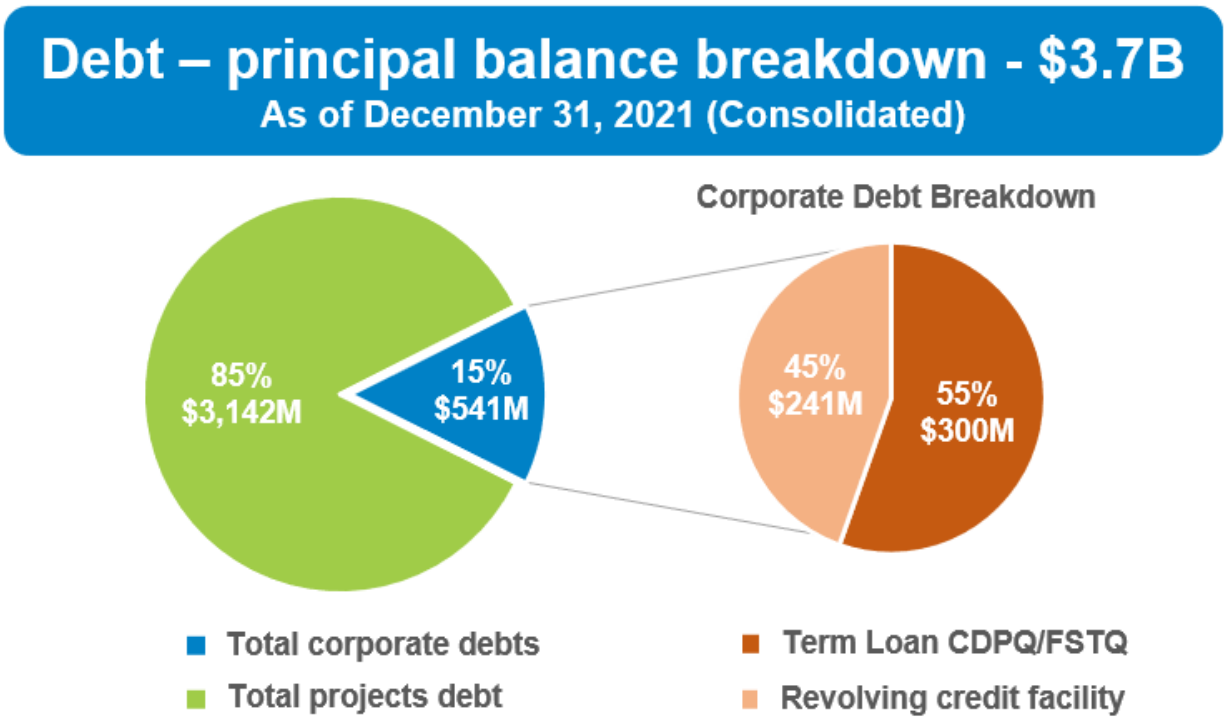
- EcoVadis, a sustainability and CSR ratings organization, which awarded a silver medal to Boralex for its commitment and placed it in the 92nd percentile in its industry.
- The Institutional Shareholder Services group of companies' (ISS) ESG Corporate Rating, for which Boralex obtained a B- rating and Prime status. A company is ranked as Prime if it achieves or exceeds the sustainability performance requirements as defined by ISS ESG for a given industry.
- S&P Global Corporate Sustainability Assessment (CSA), an annual assessment of corporate sustainability practices, which covers over 10,000 businesses across the world and focuses on sustainability criteria that are both industry-specific and financially material. In 2021, Boralex received an overall score of 38/100, which matches the average score in its industry.
- CDP, formerly the Carbon Disclosure Project, which runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts and is considered the global benchmark for environmental information. In 2021, Boralex received a D score. Note that this score for this benchmark does not take into account important environmental initiatives implemented during 2021, particularly the quantification of Boralex's CO2 emissions and the work begun to assess the impacts of climate change on the Corporation.
- Board Games, a ranking of Canadian corporate boards compiled by The Globe and Mail using a set of governance criteria that go well beyond the rules imposed by regulatory organizations. Researchers from University of Toronto's David and Sharon Johnston Centre for Corporate Governance Innovation evaluated the work of the boards of 220 S&P/TSX Composite Index companies and trusts for the quality of their governance practices. Boralex placed 105th in this prestigious Canadian ranking, up from rank 125 in 2020.

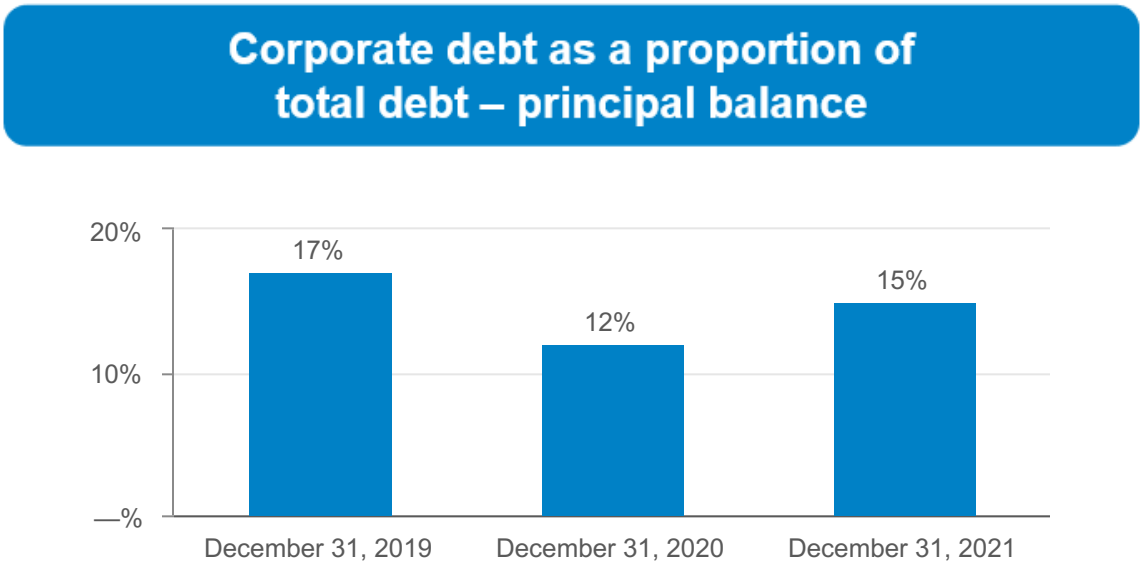
We evaluate the results of each external benchmark to identify areas for continuous improvement to drive the ongoing evolution of our CSR strategy.

6. Increase the portion of corporate financing, including sustainable financing, and obtain an investment grade credit rating

Boralex intends to make greater use of corporate financing by slightly reducing its use of project financing and by obtaining a prime investment grade credit rating from at least one recognized credit rating agency. In addition to more diversified access to financial markets, this type of financing has other advantages compared with project financing, as it is generally subject to fewer restrictions, thereby reducing the need to build up financial reserves, increasing financial flexibility and allowing Boralex to better use the cash generated by the operation of its facilities. Also, although the terms are shorter, corporate financing generally costs less and does not require principal repayments before maturity.

Also, during the third quarter, the Corporation renewed its $525 million revolving credit facility for a residual five-year term with an amount of $150 million under an accordion clause that can be drawn as needed. This renewal has resulted in a lower interest rate, facilitates development in the United States and the flow of cash generated by the operation of U.S. facilities. The credit facility qualified as a sustainability-linked financing for which annual ESG objectives must be met. This is Boralex's first sustainability-linked financing.





Analysis of results, cash position and financial position - Consolidated

Segment and geographic financial information for the three-month periods and years ended December 31

	Three-month periods ended December 31				Years ended December 31			
	2021	2020	Change		2021	2020	Change	
(in millions of Canadian dollars, unless otherwise specified)			GWh or $	%			GWh or $	%
POWER PRODUCTION (GWh)[1]	**1,492**	**1,468**	**24**	**2**	**5,552**	**4,727**	**825**	**17**
Wind power stations	1,168	1,228	(60)	(5)	4,135	3,794	341	9
Canada	555	513	42	8	1,987	1,456	531	36
France	613	715	(102)	(14)	2,148	2,338	(190)	(8)
Hydroelectric power stations	223	186	37	20	789	746	43	6
Canada	91	115	(24)	(21)	382	409	(27)	(7)
United States	132	71	61	85	407	337	70	21
Solar power stations	81	3	78	>100	483	21	462	>100
United States	76	—	76	—	461	—	461	—
France	5	3	2	40	22	21	1	4
Thermal power stations[2]	20	51	(31)	(60)	145	166	(21)	(12)
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM	**192**	**193**	**(1)**	**(1)**	**671**	**619**	**52**	**8**
Wind power stations	164	170	(6)	(3)	542	526	16	3
Canada	72	71	1	2	259	210	49	23
France	92	99	(7)	(7)	283	316	(33)	(11)
Hydroelectric power stations	18	15	3	20	64	63	1	2
Canada	9	10	(1)	(16)	36	40	(4)	(10)
United States	9	5	4	>100	28	23	5	23
Solar power stations	7	—	7	>100	44	5	39	>100
United States	6	—	6	—	39	—	39	—
France	1	—	1	41	5	5	—	2
Thermal power stations[2]	3	8	(5)	(64)	21	25	(4)	(18)
EBITDA(A)[3]	**152**	**137**	**15**	**10**	**490**	**434**	**56**	**13**
Wind power stations	152	155	(3)	(2)	475	464	11	2
Canada	71	74	(3)	(5)	248	210	38	17
France	81	81	—	—	227	254	(27)	(10)
Hydroelectric power stations	13	10	3	30	47	45	2	4
Canada	6	7	(1)	(17)	27	30	(3)	(12)
United States	7	3	4	>100	20	15	5	39
Solar power stations	5	1	4	>100	37	3	34	>100
United States	4	—	4	—	33	—	33	—
France	1	1	—	—	4	3	1	3
Thermal power stations[2]	—	—	—	(44)	4	2	2	59
Corporate and eliminations	(18)	(29)	11	35	(73)	(80)	7	9

[1] Includes compensation following electricity production limitations imposed by clients.

[2] On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.

[3] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

23% increase in operating income and 10% growth in EBITDA(A), driven in large part by expansion in the Corporation's operating base.

The following table shows the main differences in production, revenues from energy sales and FiP, and EBITDA(A):

(in millions of Canadian dollars, except as otherwise stated)	Production (GWh)	Energy sales and FiP	EBITDA(A)[1]
Consolidated			
Three-month period ended December 31, 2020	1,468	193	137
Acquisitions[2]	196	19	13
Commissioning, temporary shutdown and disposition [2]	36	5	9
Pricing, power purchase agreements and FiP	—	8	8
Volume	(208)	(27)	(27)
Foreign exchange effect	—	(7)	(5)
Other	—	1	17
Three-month period ended December 31, 2021	**1,492**	**192**	**152**
Wind power stations			
Three-month period ended December 31, 2020	1,228	170	155
Acquisitions[2]	120	12	9
Commissioning and temporary shutdown[2]	47	9	9
Pricing, power purchase agreements and FiP	—	8	8
Volume	(227)	(28)	(28)
Foreign exchange effect	—	(7)	(6)
Other	—	—	5
Three-month period ended December 31, 2021	**1,168**	**164**	**152**
Hydroelectric power station			
Three-month period ended December 31, 2020	186	15	10
Volume	37	2	2
Other	—	1	1
Three-month period ended December 31, 2021	**223**	**18**	**13**
Solar power stations			
Three-month period ended December 31, 2020	3	—	1
Acquisitions[2]	76	7	4
Commissioning[2]	1	—	—
Volume	1	—	—
Three-month period ended December 31, 2021	**81**	**7**	**5**
Thermal power stations			
Three-month period ended December 31, 2020	51	8	—
Disposition[2]	(12)	(4)	—
Volume	(19)	(1)	(1)
Other	—	—	1
Three-month period ended December 31, 2021	**20**	**3**	**—**
Corporate and eliminations			
Three-month period ended December 31, 2020			(29)
Foreign exchange effect			1
Other			10
Three-month period ended December 31, 2021			**(18)**

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[2] See the *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section.

Acquisitions, commissioning and disposition

In the **wind** power segment, the acquisition in **Canada** of the CDPQ's 49% interest in the LP I and DM I and II wind farms in the fourth quarter of 2020 added 120 GWh to production, $12 million to revenues from energy sales and FiP, and $9 million to EBITDA(A).

In **France**, the commissioning of new facilities and the resumption of operations at the Cham Longe I wind farm after a temporary shutdown (see *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section) added 47 GWh to production and $9 million to revenues from energy sales and FiP, and EBITDA(A).

In the **solar** power segment, the acquisition of interests in facilities in the **United States** in the first quarter of 2021 added 76 GWh to production, $7 million to revenues from energy sales and FiP, and $4 million to EBITDA(A).

Volume

The **wind** power segment experienced less favourable wind conditions in both France and in Canada. As a result, comparable assets recorded a decline of 20% or 227 GWh in production volume, which gave rise to an unfavourable difference of $28 million for both revenues from energy sales and FiP, and EBITD(A).

In the **hydroelectric** segment, better water flow conditions allowed the U.S. power stations to double their production to 132 GWh, offsetting the 21% decline in volume at Canadian facilities and resulting in favourable differences of 37 GWh for production and $2 million for both revenues from energy sales and FiP, and EBITDA(A).

Pricing, power purchase agreements and FiP

During the three-month period ended December 31, 2021, the Corporation generated higher revenues from energy sales for facilities earning feed-in premiums, given higher market prices in France. Given the structure of feed-in premium contracts for wind farms in operation, the Corporation is not required to repay the difference between the market price and the benchmark tariff for the feed-in premium when the cumulative amount paid by the Corporation equals the cumulative feed-in premiums received.

Other

The $17 million favourable difference in EBITDA(A) resulted mainly from an $8 million decline in payroll and a $6 million decrease in the maintenance expense.

Reconciliation between EBITDA(A) and operating income

For the three-month period ended December 31, 2021, the Corporation recorded operating income of $74 million, an increase of $14 million from $60 million for the corresponding period of 2020. EBITDA(A) also increased by $15 million from $137 million to $152 million.

Relationship between revenues and costs

Excluding the acquisitions, the facilities commissioned and the resumption of operations following repowering projects, revenues from energy sales and FiP declined 18% in the fourth quarter of 2021 compared with a year earlier, taking into account less favourable weather conditions while operating expenses decreased by about 33%, primarily due to savings on maintenance, taxes and the short-term incentive plan.

Net earnings

Overall, for the three-month period ended December 31, 2021, Boralex recognized net earnings of $20 million, compared with $30 million for the same period of 2020.

As shown in the accompanying table, for the fourth quarter of 2021, the Corporation reported net earnings attributable to shareholders of Boralex of $17 million or $0.17 per share (basic and diluted), compared with $25 million or $0.24 per share (basic and diluted) for the corresponding period of 2020.

Main differences in net income attributable to shareholders of Boralex

(in millions of Canadian dollars)

Net earnings for the three-month period ended December 31, 2020	25
EBITDA(A)[1]	15
Excess of the interest over the net assets of Joint Venture SDB I	8
Change in fair value of a derivative included in the share of Joint Ventures	(6)
Amortization	(13)
Impairment	4
Acquisition costs	4
Financing costs	(7)
Income taxes	(18)
Non-controlling shareholders	2
Other gains	1
Other	2
Change	(8)
Net earnings for the three-month period ended December 31, 2021	17

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

The $8 million unfavourable difference resulted mainly from:

- A $13 million increase in the amortization expense related to the expansion in the Corporation's operating base, partly offset by exchange rate differences;
- A $7 million increase in financing costs, also due to the expansion in the operating base;
- An $18 million increase in the income tax expense attributable to the increase in income for the three-month period, non-deductible expenses and the provision for impairment for certain losses of a subsidiary in France;
- A $6 million unfavourable difference in fair value of a derivative included in the joint ventures.

Partly offset by:

- A $15 million increase in EBITDA(A);
- An $8 million favourable difference resulting from the change in the Excess of the interest over the net assets of Joint Venture SDB I;
- A $4 million favourable difference resulting from the higher impairment loss recorded in 2020 compared with 2021; and
- A $4 million favourable difference resulting from acquisition costs recorded in 2020.

Analysis of consolidated operating results for the year ended December 31, 2021

7% increase in operating income and 13% growth in EBITDA(A), driven in large part by expansion in the Corporation's operating base.

(in millions of Canadian dollars, except as otherwise stated)	Production (GWh)	Energy sales and FiP	EBITDA(A)[1]
Consolidated			
Year ended December 31, 2020	4,727	619	434
Acquisitions[2]	1,136	110	96
Commissioning, temporary shutdown and disposition[2]	163	21	22
Volume	(474)	(66)	(66)
Foreign exchange effect	—	(10)	(5)
Other	—	(3)	9
Year ended December 31, 2021	**5,552**	**671**	**490**
Wind power stations			
Year ended December 31, 2020	3,794	526	464
Acquisitions[2]	675	71	63
Commissioning and temporary shutdown[2]	174	25	22
Volume	(508)	(68)	(68)
Exchange rate effect	—	(7)	(6)
Other	—	(5)	—
Year ended December 31, 2021	**4,135**	**542**	**475**
Hydroelectric power station			
Year ended December 31, 2020	746	63	45
Volume	43	2	2
Foreign exchange effect	—	(3)	—
Other	—	2	—
Year ended December 31, 2021	**789**	**64**	**47**
Solar power stations			
Year ended December 31, 2020	21	5	3
Acquisitions[2]	461	39	33
Commissioning[2]	1	—	—
Other	—	—	1
Year ended December 31, 2021	**483**	**44**	**37**
Thermal power stations			
Year ended December 31, 2020	166	25	2
Disposition[2]	(12)	(4)	—
Volume	(9)	—	—
Other	—	—	2
Year ended December 31, 2021	**145**	**21**	**4**
Corporate and eliminations			
Year ended December 31, 2020			(80)
Foreign exchange effect			1
Other			6
Year ended December 31, 2021			**(73)**

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[2] See the *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section.

Acquisitions, commissioning and disposition

In the **wind** power segment, the acquisition, in **Canada,** of the CDPQ's 49% interest in the LP I and DM I and II wind farms in the fourth quarter of 2020 added 675 GWh to production, $71 million to revenues from energy sales and FiP, and $63 million to EBITDA(A).

In **France**, the commissioning of new facilities and the resumption of operations at the Cham Longe I wind farm after a temporary shutdown (see *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section) added 174 GWh to production, $25 million to revenues from energy sales and FiP, and $22 million to EBITDA(A).

In the **solar** power segment, the acquisition of interests in facilities in the **United States** in the first quarter of 2021 added 461 GWh to production, $39 million to revenues from energy sales and FiP, and $33 million to EBITDA(A).

Volume

The **wind** power segment experienced less favourable wind conditions in both France and Canada. As a result, comparable assets recorded a decline of 14% or 508 GWh in production volume, giving rise to an unfavourable difference of $68 million for both revenues from energy sales and FiP, and EBITDA(A).

In the **hydroelectric** power segment, better water flow conditions in the second half of 2021 allowed the U.S. power stations to offset the 7% decline in volume at Canadian facilities, resulting in favourable differences of 6% or 43 GWh for production and $2 million for both revenues from energy sales and FiP, and EBITDA(A).

Other

The $9 million favourable difference in EBITDA(A) resulted mainly from an $8 million decline in payroll and a $5 million decrease in the maintenance expense, partly offset by $6 million unfavourable difference in the *Share of Joint Ventures and associates*.

Reconciliation between EBITDA(A) and operating income

For the year ended December 31, 2021, the Corporation recorded EBITDA(A) of $490 million, an increase of $56 million from $434 million for the corresponding period of 2020. Operating income increased by $10 million from $172 million in 2020 to $182 million in 2021. The $46 million difference between the two measures was mainly attributable to the $60 million increase in amortization and the $3 million decrease in impairment between the two fiscal years.

Relationship between revenues and costs

Excluding the acquisitions, the facilities commissioned and the resumption of operations following repowering projects, revenues from energy sales and FiP declined 14% in fiscal 2021 compared with last year, taking into account less favourable weather conditions for the wind power segment while operating expenses decreased by about 15%, primarily due to savings on maintenance, taxes, leases and the short-term incentive plan.

Net earnings

Overall, for the year ended December 31, 2021, Boralex recognized net earnings of $26 million, compared with net earnings of $61 million for 2020.

As shown in the table below, the Corporation reported net earnings attributable to shareholders of Boralex of $17 million or $0.16 per share (basic and diluted) for fiscal 2021, compared with net earnings attributable to shareholders of Boralex of $55 million or $0.55 per share (basic and diluted) in 2020.

Main changes in net earnings attributable to shareholders of Boralex

(in millions of Canadian dollars)	
Net earning for the year ended December 31, 2020	55
EBITDA(A)[1]	56
Excess of the interest over the net assets of Joint Venture SDB I	(12)
Change in fair value of a derivative included in the share of Joint Ventures	2
Amortization	(60)
Impairment	3
Financing costs	(31)
Income taxes	(13)
Non-controlling shareholders	(3)
Other gains	5
Other	15
Change	(38)
Net earnings for the year ended December 31, 2021	17

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

The $38 million unfavourable difference resulted mainly from:

- A $60 million increase in the amortization expense related to the expansion in the Corporation's operating base, partly offset by the revision of estimated useful lives of certain equipment and exchange rate fluctuations;
- A $31 million increase in financing costs, also due to the expansion in the operating base;
- A $12 million unfavourable difference resulting from the Excess of the interest over the net assets of Joint Venture SDB I;
- A $13 million increase in income tax expense mainly attributable to non-deductible expenses and the provision for impairment for certain losses of a subsidiary in France.

Partly offset by:

- A $56 million increase in EBITDA(A);
- A $3 million favourable difference resulting from the higher impairment loss recorded in 2020 compared with 2021;
- A $15 million favourable difference in *Other*, attributable to a loss on financial instruments recorded in 2020 as well as a loss on deemed disposal of the repurchase of interests in the LP1 and DM I and II wind farms.

Cash flows

Cash flows for the year ended December 31, 2021 reflected the Corporation's capacity to generate net cash flows related to operating activities, through its growth strategy, comparable with the same period of 2020 despite less favourable weather conditions overall for comparable assets.

(in millions of Canadian dollars) (unaudited)	2021	2020
Net cash flows related to operating activities	345	362
Net cash flows related to investing activities	(433)	(247)
Net cash flows related to financing activities	75	—
Translation adjustment on cash and cash equivalents	(6)	7
NET CHANGE IN CASH AND CASH EQUIVALENTS	(19)	122
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	275	153
CASH AND CASH EQUIVALENTS – END OF YEAR	256	275

For the three-month period ended December 31, 2021

Operating activities

During the fourth quarter of 2021, net cash flows related to operating activities generated $81 million, comprising cash flows from operations[1] of $116 million and an unfavourable difference in non-cash operating items of $35 million.

Investing activities

Net cash flows related to investing activities represent a cash outflow of $60 million for the fourth quarter following the addition of property, plant and equipment of $32 million and the payment in deposits totalling $61 million for facilities under construction. During the quarter, the Corporation received repayment of the $31 million advance made to a non-controlling shareholder, namely Six Nations, for their investment in FWRN LP's equity.

Financing activities

As part of its financing activities, the Corporation drew down $79 million from its revolving credit facility and $13 million from the construction facility of the Boralex Energy Investments portfolio and repaid $76 million on its non-current debt. The Corporation also paid $4 million in lease liabilities, $7 million in distributions to non-controlling shareholders and $17 million in dividends to shareholders of Boralex. Net cash flows related to financing activities represent a cash outflow of $14 million for the fourth quarter of 2021.

Net change in cash and cash equivalents

Total cash movements in the fourth quarter of 2021 resulted in an $8 million increase, bringing *Cash and cash equivalents* to $256 million as at December 31, 2021.

For the year ended December 31, 2021

Operating activities

Excluding non-cash net earnings items, the $25 million increase in cash flows from operations for fiscal 2021 compared with fiscal 2020 resulted in particular from growth of $56 million in EBITDA(A), as discussed above. This increase was partially offset by a $21 million increase in *Interest paid*, owing primarily to the acquisition of the CDPQ's interest in the three wind farms in Québec at the end of 2020 and the interests in solar power stations in the United States, and a $12 million decrease in *Distributions received from the Joint Ventures and associates* and a $9 million increase in *Income taxes paid*.

[1] Cash flows from operations is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the Non-IFRS and other financial measures section in this report.

Distributions received from the Joint Ventures and associates

(in millions of Canadian dollars)	2021	2020	Change $
SDB I and II	16	16	—
LP II and Roncevaux	4	4	—
DM I and II and LP I [1]	—	12	(12)
	20	32	(12)

[1] On November 30, 2020, the Corporation acquired control of these entities, which were subsidiaries as at December 31, 2021.

Funds used after changes in non-cash operating items amounted to $18 million in fiscal 2021, owing primarily to an increase in *Trade and other receivables* related to account receivables from Joint Ventures for maintenance performed by the Corporation.

Operating activities generated net cash inflows totalling $345 million for fiscal 2021, compared with $362 million for the prior year.

Investing activities

Investing activities for the year ended December 31, 2021 used cash amounting to $433 million compared with $247 million in 2020. In particular, the Corporation invested $106 million in additions to property, plant and equipment as broken down below and paid $61 million in deposits for construction sites. In addition, in the first quarter of 2021, the Corporation paid $274 million, net of cash acquired, to acquire interests in solar power stations in the United States and invested $6 million in the Joint Venture for the **Apuiat** project.

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

(in millions of Canadian dollars)	Canada	Europe	United States	**Total**
Wind				
Construction[1]	—	60	—	**60**
In operation	1	3	—	**4**
Wind - total	**1**	**63**	**—**	**64**
Hydroelectric				
In operation	3	—	1	**4**
Hydroelectric - total	**3**	**—**	**1**	**4**
Solar	**—**	**29**	**6**	**35**
Corporate	**1**	**2**	**—**	**3**
Total	**5**	**94**	**7**	**106**

[1] See the Changes in the portfolio in operation table in the Overview of past three fiscal years section.

In 2021, the Corporation paid $12 million consisting primarily of additional consideration for the **Extension Plaine d'Escrebieux** and **La Grande Borne** wind farms. The Corporation also received the entire amount due and interest on the advance to a non-controlling shareholder for a total amount of $31 million.

In 2020, Boralex invested $145 million in additions to property, plant and equipment, including $124 million in the wind power segment in France. The Corporation also paid the $98 million consideration, net of cash acquired, for the acquisition of the CDPQ's interest in three wind farms in Québec as well as the $11 million additional consideration for the **Extension Seuil de Bapaume** project. During the same fiscal year, restricted cash decreased by $12 million, largely due to the release of funds early in the year subsequent to the refinancing in France.

Financing activities

Financing activities for the year ended December 31, 2021 generated total net cash flows of $75 million.

New financing arrangements and repayments on existing debt

For fiscal 2021 as a whole, new non-current debt contracted by Boralex totalled $553 million, comprising:

- $261 million under the revolving credit facility including $87 million (US$69 million) for the acquisition of interests in solar power stations in the United States;
- $192 million to finance the acquisition of interests in solar power stations in the United States;
- $67 million drawn down under the term loan related to the Sainte-Christine portfolio in France;
- $33 million drawn down under the term loan related to the Boralex Energy Investments portfolio.

Conversely, the Corporation repaid $222 million in total for debt related to various facilities in operation and $12 million in value added tax bridge financing for the Sainte-Christine portfolio. Boralex also repaid $137 million on its revolving credit facility.

Dividends and other items

During fiscal 2021, the Corporation paid dividends to shareholders totalling $68 million, compared with $66 million in fiscal 2020. For both years, dividends paid were equivalent to $0.1650 per share per quarter.

Note that in the third quarter of 2020, Boralex announced the closing of a public offering of Class A common shares for proceeds of $194 million, net of issuance costs.

Also, in 2021, the Corporation paid $20 million to non-controlling shareholders, compared with $6 million in 2020. The increase resulted primarily from the distributions to non-controlling shareholders of the solar power stations acquired in the United States.

Net change in cash and cash equivalents

Total cash movements for fiscal 2021 resulted in a $19 million decrease in *Cash and cash equivalents* to $256 million as at December 31, 2021 from $275 million a year earlier.

Discretionary cash flows and payout ratio

Fiscal 2021 generated $132 million in discretionary cash flows compared with $146 million in fiscal 2020.

This $14 million decrease resulted mainly from the lower volumes mainly recorded by comparable assets in the wind power segment. Note that in the first quarter of 2020, discretionary cash flows benefited from wind production well above anticipated levels in France.

Discretionary cash flows amounted to $1.28 per share for fiscal 2021 compared with $1.48 per share in 2020. The reinvestment ratio stood at 48%, slightly below the target range of 50% to 70%.

Financial position

Overview of the consolidated condensed statements of financial position

(in millions of Canadian dollars) (unaudited)	As at December 31, 2021	2020	Change ($)
ASSETS			
Cash and cash equivalents	256	275	(19)
Restricted cash	3	2	1
Other current assets	201	195	6
CURRENT ASSETS	460	472	(12)
Property, plant and equipment	3,227	3,112	115
Right-of-use assets	407	316	91
Intangible assets	1,147	1,027	120
Goodwill	218	222	(4)
Interests in the Joint Ventures and associates	107	74	33
Other non-current assets	185	91	94
NON-CURRENT ASSETS	5,291	4,842	449
TOTAL ASSETS	5,751	5,314	437
LIABILITIES			
CURRENT LIABILITIES	395	403	(8)
Debt	3,383	3,287	96
Lease liabilities	290	243	47
Other non-current liabilities	472	390	82
NON-CURRENT LIABILITIES	4,145	3,920	225
TOTAL LIABILITIES	4,540	4,323	217
EQUITY			
TOTAL EQUITY	1,211	991	220
TOTAL LIABILITIES AND EQUITY	5,751	5,314	437

Highlights

Assets

As at December 31, 2021, Boralex's total assets amounted to $5,751 million, up $437 million from total assets of $5,314 million as at December 31, 2020. This difference resulted primarily from a $449 million increase in *Non-current assets,* partially offset by a $12 million decline in *Current assets*.

The $12 million change in *Current assets* was primarily driven by a $19 million decrease in *Cash and cash equivalents* as previously explained.

Non-current assets were up $449 million due primarily to the following:

- A $115 million increase in the value of *Property, plant and equipment* (net of amortization for the period), which breaks down as follows:
  - A $118 million increase mainly related to projects under construction;
  - A $314 million increase related to the acquisition of interests in solar power stations in the United States;
  - A $112 million decrease related to exchange rate fluctuations;
  - A $183 million decrease related to amortization of assets in operation.
- A $91 million increase in *Right-of-use assets*, including $47 million from additions, $57 million from revisions to cash flow projections, $24 million from the acquisition of interests in solar power stations in the United States, all partly offset by amortization expense of $22 million and a $12 million decrease related to exchange rate fluctuations.
- A $120 million increase in *Intangible assets* primarily as a result of a $220 million increase related to the acquisition of interests in solar power stations in the United States, and $12 million in additional consideration for the acquisition of projects under construction, in particular for the **Extension Plaine d'Escrebieux** wind farm and the **La Grande Borne** project, all partially offset by the $30 million unfavourable foreign exchange difference and a $92 million amortization expense for assets in operation.

- A $33 million increase in *Interests in the Joint Ventures and associates* owing to:
  - A $28 million contribution to the **Apuiat** project;
  - A $17 million share in net earnings, which includes the gain on the embedded derivative in the power purchase agreement of the **Apuiat** project;
  - A $14 million share in other comprehensive income;
  - A decrease resulting from $20 million in distributions and a $6 million reversal of the excess of the interest over the net assets of Joint Venture **SDB I.**
- A $94 million change in *Other non-current assets*, owing to an increase of $25 million in *Other non-current financial assets* resulting from changes in the fair value of financial instruments following increases in interest rates and an increase of $69 in *Other non-current assets* due to a change in deposits for facilities under construction.

Current liabilities

Current liabilities as at December 31, 2021 amounted to $395 million compared with $403 million recognized as at December 31, 2020. The $8 million decrease resulted from a $9 million decline in the *Current portion of debt* following a $12 million refund of value added tax for the Sainte-Christine portfolio in 2021.

Working capital[1]

As at December 31, 2021, the Corporation had working capital of $65 million for a ratio[1] 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 $225 million to $4,145 million as at December 31, 2021.

The increase stems primarily from a $96 million rise in *Non-current debt*, which resulted mainly from:

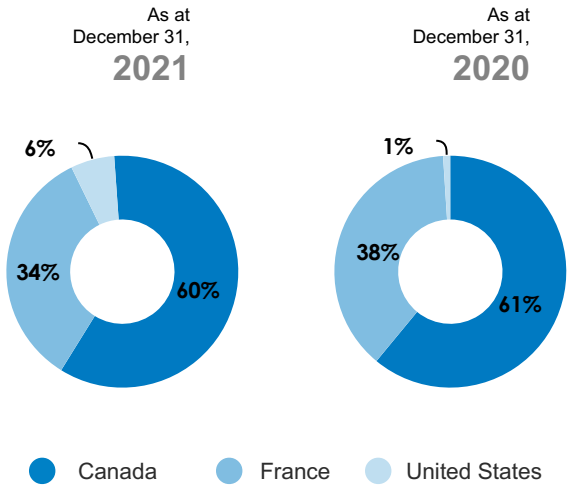
- An increase related to a $261 million drawdown under the revolving credit facility (including $87 million (US$69 million) for the acquisition of solar power stations in the United States);
- A $192 million increase related to the direct financing of the acquisition of solar power stations in the United States;
- A $102 million decrease in value resulting from exchange rate fluctuations;
- A $358 million decrease resulting from various debt repayments, excluding the refund of value added tax, including $137 million under the revolving credit facility and $215 million in respect of term loans related to facilities in operation.

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

- A $47 million increase in lease liabilities resulting from additions and indexing;
- An $82 million increase in *Other non-current liabilities* including a $36 million increase in *Deferred income tax liabilities* and a $63 million increase in the *Decommissioning liability* all partly offset by a $24 million decrease in *Other non-current financial liabilities*.

As at December 31, 2021, Boralex had $159 million in debt contracted for construction projects[1] that remained undrawn. At the same date, the Corporation also had access to a $150 million accordion clause as well as to an amount of $251 million available under its revolving credit facility and letters of credit facility. Project debt included letters of credit facilities with a total authorized amount of $229 million as at December 31, 2021. As at December 31, 2021, $119 million was drawn down to issue letters of credit

Geographic breakdown of debt



Equity

Total *Equity* increased $220 million during fiscal 2021 to $1,211 million as at December 31, 2021. This increase resulted from net earnings of $26 million and a $62 million increase in *Other comprehensive income*, related primarily to the change in fair value of financial instruments following higher interest rates, in addition to a $218 million share of a non-controlling shareholder resulting from a business combination. The increase was partly offset by $68 million in dividends paid to shareholders of Boralex and $20 million in distributions to non-controlling shareholders.

[1] Working capital, working capital ratio and debt contracted for construction projects are supplementary financial measure. For more details, see the Non-IFRS and other financial measures section in this report.

Debt ratios[1]

Net debt[1] amounted to $3,423 million as at December 31, 2021 compared with $3,332 million as at December 31, 2020.

As a result, the net debt to market capitalization ratio rose from 41% as at December 31, 2020 to 48% as at December 31, 2021.

Boralex's share price was $34.42 per share as at December 31, 2021 compared with $47.24 per share as at December 31, 2020.

Information about the Corporation's equity

As at December 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 December 31, 2021, there were 322,946 outstanding stock options, 210,816 of which were exercisable.

From January 1 to February 22, 2022, no new shares were issued on exercise of stock options.

Related party transactions

Boralex 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. For the years ended December 31, 2021 and 2020, management fees were not material.

The Corporation had an office lease with Ivanhoé Cambridge, an entity in which the CDPQ holds interests. On September 1, 2021, Ivanhoé Cambridge sold its interests to The Manufacturers Life Insurance Company and is no longer the property manager.

In addition, the Corporation holds a $250 million financing arrangement with the CDPQ in the form of an unsecured term loan with a 10-year maturity as well as a $57 million (€40 million) term loan maturing in five years with repayment of the full amount of both loans on the maturity date. For the year ended December 31, 2021, the interest related to these loans amounted to $17 million ($17 million in 2020).

On November 30, 2020, Boralex announced the closing of the acquisition of the CDPQ'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 by Boralex 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 sales contract. In October 2021, Six Nations repaid the advance including interest in the total amount of $31 million. As at December 31, 2021, the amount of the advance plus interest was $29 million.

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 finance construction of the facility. This amount is repayable in 2024. For the years ended December 31, 2021 and 2020, interest related to this amount owing was not material.

The Corporation charges management fees and maintenance costs to certain joint ventures for services rendered. The related revenues for the year ended December 31, 2021 amounted to $18 million ($12 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 a $20 million amount owing to a joint venture following recognition of its interest in the project. As at December 31, 2021, the amount owing stood at $18 million.

[1] Debt ratio and net debt are capital management measures. For more details, see the *Non-IFRS and other financial measures* section in this report

Seasonal factors

(in millions of Canadian dollars, unless otherwise specified) (unaudited)	March 31, 2020	June 30, 2020	Sept. 30, 2020	Dec. 31, 2020	March. 31, 2021	June 30, 2021	Sept. 30, 2021	Dec 31, 2021
POWER PRODUCTION (GWh)								
Wind power stations	1,266	704	596	1,228	1,312	940	716	1,168
Hydroelectric power stations	198	218	144	186	171	190	205	223
Solar power stations	4	7	7	3	77	176	150	81
Thermal power stations[1]	65	8	42	51	70	17	37	20
	1,533	937	789	1,468	1,630	1,323	1,108	1,492
REVENUES FROM ENERGY SALES AND FEED-IN PREMIUM								
Wind power stations	172	99	85	170	171	115	92	164
Hydroelectric power stations	16	18	14	15	15	14	17	18
Solar power stations	1	2	2	—	7	16	14	7
Thermal power stations[1]	11	2	4	8	13	2	3	3
	200	121	105	193	206	147	126	192
OPERATING INCOME	84	24	3	60	77	25	7	74
EBITDA(A)[2]								
Wind power stations	150	90	69	155	148	101	75	152
Hydroelectric power stations	12	14	9	10	10	11	13	13
Solar power stations	—	1	1	1	6	13	12	5
Thermal power stations[1]	4	(2)	—	—	5	(1)	—	—
	166	103	79	166	169	124	100	170
Corporate and eliminations	(17)	(17)	(17)	(29)	(18)	(18)	(19)	(18)
	149	86	62	137	151	106	81	152
NET EARNINGS (LOSS)	44	(6)	(8)	30	38	(10)	(22)	20
NET EARNINGS (LOSS) ATTRIBUTABLE TO SHAREHOLDERS OF BORALEX	41	(6)	(6)	25	34	(14)	(20)	17
Per share (basic and diluted)	$0.43	($0.07)	($0.06)	$0.24	$0.33	($0.14)	($0.20)	$0.17
CASH FLOWS FROM OPERATIONS[3]	124	51	63	101	115	66	66	116

[1] On May 1, 2021, the Corporation disposed of the Blendecques cogeneration power station, its last fossil energy production asset, thus becoming a 100% renewable energy producer.
[2] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.
[3] Cash flows from operations is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

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 energy sales contracts at fixed and indexed prices or feed-in premiums setting floor prices, 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 by 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 with power generation limitation periods for Boralex. Since the disposal of its co-generation plant in France in April 2021, Boralex's thermal energy production is generated solely by its power station in Canada.

	Installed capacity (MW)[2]	Power production average of the past five years[1]			
		Q1	Q2	Q3	Q4
Wind	2,032	32%	20%	17%	31%
Solar	244	19%	32%	32%	17%
Hydroelectric	181	24%	30%	20%	26%
Thermal	35	43%	17%	16%	24%
Total power production	2,492	31%	22%	18%	29%

[1] The power production average over the past five years is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.
[2] As of February 22, 2022.

Financial risk management

To mitigate the various financial risks to which it is exposed, the Corporation employs various strategies, including the use of derivative instruments and natural hedge management techniques.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk through:

Net investments in foreign operations - The Corporation operates internationally and is subject to fluctuations in exchange rates on its investments in foreign operations and primarily on the residual liquidity that can be distributed to the parent company. The Corporation benefits from partial natural coverage from this risk exposure, as revenues, expenses and financing are in the local currencies. The Corporation contracts debt denominated in foreign currencies and derivative financial instruments, including foreign exchange forward contracts and cross-currency swaps to mitigate this risk. Cross-currency swaps mainly provide a hedge of the net investment in Europe and allow the conversion of the amounts drawn from the revolving credit facility in Canada to benefit from the lower interest rates in other countries. Local currency debt was incurred for the acquisition of solar power stations in the United States and was designated as a hedging item for this net foreign investment. With the expected increase in strategic investments in the United States, the Corporation will manage the U.S. dollar more actively during the coming years.

Equipment purchases - Significant future expenditures (wind turbines and solar panels) may be denominated in foreign currencies and the Corporation will use derivatives to protect the anticipated return on its projects, as necessary.

Price risk

Revenues from energy sales – The energy sales price risk represents the risk that future cash flows will fluctuate based on changes in prices that vary according to supply, demand and certain external factors including weather conditions, and the price of energy from other sources. Substantially all of the power stations have long-term energy sales contracts, the vast majority of which are subject to partial or full indexation clauses tied to inflation or feed-in premiums setting floor prices. The Corporation is thus exposed to fluctuations in energy prices when power production is sold at market prices without feed-in premiums or under short-term contracts. As at December 31, 2021, about 1% of the Corporation's power production was sold at market prices without feed-in premiums or under short-term contracts.

Interest rate risk

As at December 31, 2021, about 79% of term loan - projects bore interest at variable rates, exposing the Corporation to fluctuations in the loan amounts. To mitigate this risk, the Corporation has entered into interest rate swaps to lock in loan interest rates, reducing its exposure to 15% of total debt[1].

The following table summarizes the Corporation’s hedging relationships as at December 31, 2021:

As at December 31,

2021

(in millions of Canadian dollars)

				Current notional		Fair value[1]	
Hedging instrument	**Hedged type / Hedged item**	**Hedged risk**	**Currency**	(currency of origin)	(CAD)	(currency of origin)	(CAD)
Cross-currency swaps	Cash flows / Net investment in Europe	Foreign currency risk	EUR for CAD	264	405	25	25
Cross-currency swaps	Cash flows	Foreign currency risk	CAD for USD	101	130	(3)	(3)
U.S. dollar-denominated debt	Cash flows / Net investment in the United States	Foreign currency risk	USD	69	87	—	—
Interest rate swaps	Cash flows / Term borrowings in Euro	Interest rate risk	EUR	716	1,029	(14)	(20)
Interest rate swaps	Cash flows / Term borrowings in USD	Interest rate risk	USD	136	172	3	4
Interest rate swaps	Cash flows / Term borrowings in CAD	Interest rate risk	CAD	1,002	1,002	22	22

[1] Unfavourable values only indicate future fluctuations in interest rates or exchange rates and have no bearing on the effectiveness of the risk management strategy.

[1] Percentage of non-current debt bearing interest at a variable rate is a supplementary financial measure. For more details, see the *Non-IFRS and other financial measures* section in this report.

Non-IFRS and other financial measures

Performance measures

In order to assess the performance of its assets and reporting segments, Boralex uses 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 and other financial measures also provide investors with insight into the Corporation's decision making as the Corporation uses these non-IFRS financial measures to make financial, strategic and operating decisions. The non-IFRS and other financial measures should not be considered as a substitute for IFRS measures.

These non-IFRS financial 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 and other financial measures are not audited. They 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 financial measures.

Non-GAAP financial measures			
Specific financial measure	***Use***	***Composition***	***Most directly comparable IFRS measure***
Financial data - Combined (all disclosed financial data)	To assess the operating performance and the ability of a company to generate cash from its operations. The Interests represent significant investments by Boralex.	Results from the combination of the financial information of Boralex Inc. under IFRS and the share of the financial information of the Interests. 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 then replaced with Boralex's respective share (ranging from 50% to 59.96%) in the financial statements of the Interests (revenues, expenses, assets, liabilities, etc.)	Respective financial data - Consolidated
Cash flows from operations	To assess the cash generated by the Corporation's operations and its ability to finance its expansion from these funds.	Net cash flows related to operating activities before changes in non-cash items related to operating activities.	Net cash flows related to operating activities
Discretionary cash flows	To assess the cash generated from operations and the amount available for future development or to be paid as dividends to common shareholders while preserving the long-term value of the business. *Corporate objectives for 2025* from the strategic plan.	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), (iii) repayments on non-current debt (projects) and repayments to tax equity investors; (iv) principal payments related to lease liabilities; (v) adjustments for non-operational items; plus (vi) development costs (from the statement of earnings).	Net cash flows related to operating activities

Non-GAAP financial measures - Non-GAAP ratios		
Specific financial measure	***Use***	***Composition***
Net debt ratio - Combined	For capital management purposes.	Net debt - Combined divided by the sum of (i) market value of equity attributable to shareholders, (ii) non-controlling shareholders, (iii) net debt.
Reinvestment ratio	To assess the portion of cash flows available for reinvestment in growth for the Corporation. *Corporate objectives for 2025* from the strategic plan.	Discretionary cash flows less dividends paid to shareholders divided by discretionary cash flows.
Payout ratio	To assess ability to sustain current dividends as well as its ability to fund its future development.	Dividends paid to shareholders divided by discretionary cash flows.
Discretionary cash flows per share	To assess the amount per share available for future development or to be paid as dividends to common shareholders while preserving the long-term value of the business as well as to assess operating results.	Discretionary cash flows divided by the weighted average number of basic outstanding shares

Other financial measures - Total of segment measures	
Specific financial measure	***Most directly comparable IFRS measure***
EBITDA(A)	Operating income

Other financial measures - Capital management measures	
Specific financial measure	***Use***
Net debt ratio - Consolidated	For capital management purposes
Net debt	To assess debt level for capital management purposes.

Other financial measures - Supplementary financial measures	
Specific financial measure	***Composition***
Total market capitalization	Total market capitalization consists of the sum of market value of equity attributable to shareholders, non-controlling shareholders and net debt.
Working capital ratio	Working capital ratio is calculated by dividing current assets by current liabilities.
Debt contracted for construction projects	Debt contracted for construction projects consists of the amount of debt for which the Corporation has obtained financing and for which the full amount available has not been drawn.
Planned financing	Planned financing represents financing the Corporation expects to obtain for the construction of its projects.
Working capital	Working capital is the difference between current assets and current liabilities.
Power production average of the past five years	5-year average of historical power production is calculated using the average electricity generated during the last five full fiscal years of the Corporation, from 2017 to 2021.
Total planned investments	Total planned investments represent the sums that will need to be invested to complete the projects up to commissioning.
Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts.	Percentage of installed capacity subject to power purchase agreements or feed-in premium contracts represents the portion of total installed capacity of Boralex subject to power purchase agreements or feed-in premium contracts.
Percentage of non-current debt bearing interest at variable rates	Percentage of non-current debt bearing interest at variable rates is calculated by dividing total variable rate debt excluding the revolving credit facility and subordinated debt by total non-current debt.
Exposure percentage of total debt	The percentage of actual exposure of non-current debt to interest rate fluctuations is calculated by dividing the amount of debt less the notional amounts of interest rate swaps by the total value of non-current debt.
Planned production	For older sites, planned production by the Corporation is based on adjusted historical averages, planned commissioning and shutdowns and, for all other sites, on the production studies carried out.
Funds invested in projects under construction	Funds invested in projects under construction are amounts that have been invested and recognized in the financial statement as of the date of this document.
Compound annual growth rate (CAGR)	The CAGR is a growth rate indicating the annual variation as if the growth had been constant throughout the period for a period of more than one fiscal year.
Market value of equity attributable to shareholders	Market value of equity attributable to shareholders is the number of outstanding shares multiplied by the share market price.

Combined

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

	2021			2020		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended December 31:						
Power production (GWh)[2]	1,492	169	1,661	1,468	295	1,763
Revenues from energy sales and feed-in premium	192	19	211	193	32	225
Operating income	74	8	82	60	16	76
EBITDA(A)	152	11	163	137	18	155
Net earnings	20	—	20	30	6	36
Net cash flows related to operating activities	81	10	91	59	19	78
Years ended December 31:						
Power production (GWh)[2]	5,552	663	6,215	4,727	1,107	5,834
Revenues from energy sales and feed-in premium	671	72	743	619	119	738
Operating income	182	37	219	172	53	225
EBITDA(A)	490	45	535	434	79	513
Net earnings	26	4	30	61	(5)	56
Net cash flows related to operating activities	345	19	364	362	37	399
As at December 31:						
Total assets	5,751	411	6,162	5,314	439	5,753
Debt - Principal amount	3,682	348	4,030	3,609	367	3,976

[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 financial compensation following electricity production limitations imposed by clients.

Wind

	2021			2020		
(in millions of Canadian dollars)	Consolidated	Reconciliation[1]	Combined	Consolidated	Reconciliation[1]	Combined
Three-month periods ended December 31:						
Power production (GWh)[2]	1,168	169	1,337	1,228	295	1,523
Revenues from energy sales and feed-in premium	164	19	183	170	32	202
EBITDA(A)	152	11	163	155	17	172
Years ended December 31:						
Power production (GWh)[2]	4,135	663	4,798	3,794	1,107	4,901
Revenues from energy sales and feed-in premium	542	72	614	526	119	645
EBITDA(A)	475	42	517	464	77	541

[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 financial compensation following electricity production limitations imposed by clients.

EBITDA(A)

EBITDA(A) is a total of segments financial measure and represents earnings before interest, taxes, depreciation and amortization, 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.*

Management uses EBITDA(A) to assess the performance of the Corporation's reporting segments.

EBITDA(A) is reconciled to the most comparable IFRS measure, namely, operating income, in the following table:

	2021			2020			Variation 2021 vs 2020	
(in millions of Canadian dollars)	**Consolidated**	**Reconciliation[1]**	**Combined**	**Consolidated**	**Reconciliation[1]**	**Combined**	**Consolidated**	**Combined**
Three-month periods ended December 31:								
Operating income	74	8	82	60	16	76	14	6
Amortization	75	6	81	62	11	73	13	8
Impairment	2	—	2	6	—	6	(4)	(4)
Share in earnings of Joint Ventures and associates	(4)	4	—	1	(1)	—	(5)	—
Excess of the interest over the net assets of Joint Venture SDB I	—	—	—	8	(8)	—	(8)	—
Change in fair value of a derivative included in the share of the Joint Ventures	6	(6)	—	—	—	—	6	—
Other gains	(1)	(1)	(2)	—	(1)	(1)	(1)	(1)
EBITDA(A)	152	11	163	137	17	154	15	9
Years ended December 31:								
Operating income	182	37	219	172	53	225	10	(6)
Amortization	297	23	320	237	47	284	60	36
Impairment	4	—	4	7	—	7	(3)	(3)
Share in earnings of Joint Ventures and associates	9	(9)	—	25	(25)	—	(16)	—
Excess of the interest over the net assets of Joint Venture SDB I	6	(6)	—	(6)	6	—	12	—
Change in fair value of a derivative included in the share of the Joint Ventures	(2)	2	—	—	—	—	(2)	—
Other gains	(6)	(2)	(8)	(1)	(2)	(3)	(5)	(5)
EBITDA(A)	490	45	535	434	79	513	56	22

[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

Consolidated “net debt ratio” is a capital management measure and represents the ratio of “net debt” over “total market capitalization”, each calculated as described below.

Combined “net debt ratio” is a non-IFRS ratio.

	Consolidated		Combined	
	As at December 31,		As at December 31,	
(in millions of Canadian dollars)	2021	2020	2021	2020
Debt	3,383	3,287	3,700	3,624
Current portion of debt	220	229	240	247
Transaction costs, net of accumulated amortization	79	93	90	105
Debt - Principal balance	3,682	3,609	4,030	3,976
Less:				
Cash and cash equivalents	256	275	271	293
Restricted cash	3	2	3	2
Net debt	3,423	3,332	3,756	3,681

The Corporation defines total market capitalization as follows:

	Consolidated		Combined	
	As at December 31,		As at December 31,	
(in millions of Canadian dollars, unless otherwise specified)	2021	2020	2021	2020
Number of outstanding shares (in thousands)	102,619	102,617	102,619	102,617
Share market price (in $ per share)	34.42	47.24	34.42	47.24
Market value of equity attributable to shareholders	3,532	4,848	3,532	4,848
Non-controlling shareholders	210	2	210	2
Net debt	3,423	3,332	3,756	3,681
Total market capitalization	7,165	8,182	7,498	8,531

The Corporation computes the net debt ratio as follows:

	Consolidated		Combined	
	As at December 31,		As at December 31,	
(in millions of Canadian dollars, unless otherwise specified)	2021	2020	2021	2020
Net debt	3,423	3,332	3,756	3,681
Total market capitalization	7,165	8,182	7,498	8,531
NET DEBT RATIO, market capitalization	48%	41%	50%	43%

Cash flow from operations, discretionary cash flows, reinvestment ratio and payout ratio

The Corporation computes the cash flow from operations, discretionary cash flows, payout ratio and reinvestment ratio as follows:

	Consolidated			
	Three-month periods ended December 31,		Years ended December 31,	
(in millions of Canadian dollars, unless otherwise specified)	2021	2020	2021	2020
Net cash flows related to operating activities	**81**	**59**	**345**	**362**
Change in non-cash items relating to operating activities	35	42	18	(24)
Cash flows from operations	**116**	**101**	**363**	**338**
Repayments on non-current debt (projects)[1]	(50)	(40)	(222)	(175)
Adjustment for non-operational items[2]	—	7	8	(17)
	66	68	149	146
Principal payments related to lease liabilities	(4)	(4)	(13)	(11)
Distributions paid to non-controlling shareholders	(7)	(1)	(20)	(6)
Additions to property, plant and equipment (maintenance of operations)	(3)	(3)	(8)	(6)
Development costs (from statement of earnings)	6	7	24	23
Discretionary cash flows	**58**	**67**	**132**	**146**
Dividends paid to shareholders	17	17	68	66
Weighted average number of outstanding shares – basic (in thousands)	102,619	102,571	102,619	98,548
Discretionary cash flows – per share	$0.56	$0.65	$1.28	$1.48
Dividends paid to shareholders – per share	$0.165	$0.165	$0.66	$0.66
Payout ratio			52%	45%
Reinvestment ratio			48%	55%

(1) Excluding 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 year ended December 31, 2021: favourable adjustment of $8 million consisting mainly of $5 million of expense payments and assumed liabilities related to acquisitions as well as $3 million for previous financing activities or not related to operating sites. For the year ended December 31, 2020: unfavourable adjustment of $17 million comprising mainly of interest paid of $3 million on LP I, DM I and II debt for the months prior to the acquisition in Q4-2020, less $22 million in debt repayments to reflect a normalized debt service following debt refinancing in France in Q1-2020.

Analysis of operating results - Combined

The combined information ("Combined") in this management's discussion and analysis ("MD&A") results from the combination of the financial information of Boralex Inc. ("Boralex" or the "Corporation") under IFRS ("Consolidated") and the share of the financial information of the Interests. For more information, see section *III - Non-IFRS and other financial measures* in this MD&A.

Interests in the Joint Ventures and associates

The analysis of results in Combined takes into account the *Joint Ventures and associates* in operation of the Corporation. The data is shown as a percentage of interests held by Boralex. The main *Joint Ventures and associates* are:

	Sector	Country	Status	Boralex % of interests		
				As at Dec. 31		
				2021	2020	
SDB I and II	Wind	Canada	Operating	50.00%	50.00%	
DM I and II[1]	Wind	Canada	Operating	—%	51.00%	(1)
LP I[1]	Wind	Canada	Operating	—%	51.00%	(1)
LP II	Wind	Canada	Operating	59.96%	59.96%	
Roncevaux	Wind	Canada	Operating	50.00%	50.00%	
Apuiat	Wind	Canada	Secured project	50.00%	—%	

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

Highlights - Combined[1]

	SDB I and II[2]		Combined[1]		Variation	
	2021	2020	2021	2020	GWh or $	%
Three-month periods ended December 31:						
Wind power production (GWh)	132	164	1,661	1,763	(102)	(6)
Revenues from energy sales and feed-in premium	15	18	211	225	(14)	(6)
Operating income	8	11	82	76	6	8
EBITDA(A)[3]	11	15	163	155	8	5
Net earnings	4	8	20	36	(16)	(43)
Cash flows related to operating activities	10	14	91	78	13	15
Years ended December 31:						
Wind power production (GWh)	517	566	6,215	5,834	381	7
Revenues from energy sales and feed-in premium	58	63	743	738	5	1
Operating income	34	39	219	225	(6)	(3)
EBITDA(A)[3]	47	54	535	513	22	4
Net earnings	17	22	30	56	(26)	(45)
Cash flows related to operating activities	32	35	364	399	(35)	(8)
Total assets	342	351	6,162	5,753	409	7
Debt - Principal balance	270	285	3,940	3,870	70	2

(1) Combined information is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

(2) SDB I and II are considered material joint ventures to the Corporation.

(3) EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

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

	Production	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Three-month period ended December 31, 2020	1,468	193	137
Acquisitions[2]	196	19	13
Commissioning, temporary shutdown and disposition[2]	36	5	9
Pricing, power purchase agreements and FiP	—	8	8
Volume	(208)	(27)	(27)
Foreign exchange effect	—	(7)	(5)
Other	—	1	17
Three-month period ended December 31, 2021	**1,492**	**192**	**152**
Impact of Joint Ventures, associates and eliminations			
Three-month period ended December 31, 2020	295	32	18
Acquisitions[3]	(62)	(6)	(3)
Volume	(64)	(7)	(7)
Other	—	—	3
Three-month period ended December 31, 2021	**169**	**19**	**11**
Combined[4]			
Three-month period ended December 31, 2020	1,763	225	155
Acquisitions[3]	134	13	10
Commissioning, temporary shutdown and disposition[2]	36	5	9
Pricing, power purchase agreements and FiP	—	8	8
Volume	(272)	(34)	(34)
Foreign exchange effect	—	(7)	(5)
Other	—	1	20
Three-month period ended December 31, 2021	**1,661**	**211**	**163**

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] See the *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section.

[3] The acquisition of LP I, DM I and II had a different impact on the Consolidated information because it adds 100% to production and results of these wind farms, compared with a 49% impact on a Combined basis, considering that Boralex already held a 51% interest before the acquisition.

[4] Combined information is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

In the fourth quarter of 2021, power production on a Combined basis amounted to 1,661 GWh, down 6% and 102 GWh from the corresponding period of 2020 while revenues from energy sales and FiP were down 6% and EBITDA(A) was up 5% to reach $211 million and $163 million, respectively. The declines in production and revenues from energy sales was attributable in large part to less favourable weather conditions, as explained in the Consolidated section.

Excluding the 2020 data for **LP I, DM I and II**, the contributions of the comparable facilities of the *Joint Ventures and associates* to production volume was down 21%, revenues from energy sales and FiP were down 17%, and EBITDA(A) was down 24%, compared with a year earlier.

Analysis of operating results for the year ended December 31, 2021

	Production	Revenues from energy sales and FiP	EBITDA(A)[1]
Consolidated			
Year ended December 31, 2020	4,727	619	434
Acquisitions[2]	1,136	110	96
Commissioning, temporary shutdown and disposition[2]	163	21	22
Volume	(474)	(66)	(66)
Foreign exchange effect	—	(10)	(5)
Other	—	(3)	9
Year ended December 31, 2021	**5,552**	**671**	**490**
Impact of Joint Ventures, associates and eliminations			
Year ended December 31, 2020	1,107	119	79
Acquisitions[3]	(345)	(36)	(32)
Volume	(99)	(10)	(10)
Other	—	(1)	8
Year ended December 31, 2021	**663**	**72**	**45**
Combined			
Year ended December 31, 2020	5,834	738	513
Acquisitions[2]	791	74	64
Commissioning, temporary shutdown and disposition[2]	163	21	22
Volume	(573)	(76)	(76)
Foreign exchange effect	—	(10)	(5)
Other	—	(4)	17
Year ended December 31, 2021	**6,215**	**743**	**535**

[1] EBITDA(A) is a total of segment measures. For more details, see the *Non-IFRS and other financial measures* section in this report.

[2] See the *Changes in the portfolio in operation* table in the *Overview of past three fiscal years* section.

[3] The acquisition of LP I, DM I and II had a different impact on the Consolidated information because it adds 100% to production and results of these wind farms, compared with a 49% impact on a Combined basis, considering that Boralex already held a 51% interest before the acquisition.

[4] Combined information is a non-GAAP financial measure and does not have a standardized meaning under IFRS. Accordingly, it may not be comparable to similarly named measures used by other companies. For more details, see the *Non-IFRS and other financial measures* section in this report.

For the year ended December 31, 2021, power production on a Combined basis amounted to 6,215 GWh, up 7% or 381 GWh from the corresponding period of 2020, while revenues from energy sales and FiP, and EBITDA(A) increased by 1% and 4% to reach $743 million and $535 million, respectively. These increases resulted mostly from the contribution of acquired facilities in the Canadian wind power and the U.S. solar power segments, partially offset by the impact of less favourable wind conditions for comparable wind assets.

Excluding the 2020 data for the **LP I, DM I and II wind farms**, the contributions of the comparable facilities of the *Joint Ventures and associates* to production volume was down 9%, revenues from energy sales and FiP were down 8%, and EBITDA(A) was down 12%, compared with a year earlier.

Commitments and contingencies

	Note	Payments			
		Current portion	From 1 to 5 years	Over 5 years	Total
Purchase and construction contracts	a)	161	13	—	174
Maintenance contracts	b)	31	102	164	297
Contingent consideration	c)	12	11	—	23
Other	d)	5	12	24	41
		209	138	188	535

(a) Purchase and construction contracts

The Corporation has entered into turbine purchase, construction and grid connection contracts for projects under development.

(b) Maintenance contracts

The Corporation has entered into wind farm and solar power station maintenance contracts with initial terms between 15 and 20 years in Canada and United States and from three to 20 years in France. The Corporation is committed to pay variable amounts based on the achievement of production and availability levels. These amounts are not included in the above commitment table.

(c) Contingent consideration

Upon completion of certain phases in the development of projects acquired, Boralex will be required to pay these amounts to the seller.

(d) Other commitments

The Corporation is bound by First Nations royalty and community agreements expiring between 2036 and 2059. The community agreements include clauses relating to the preservation of the natural habitat, use of roads and the community fund.

The Corporation is bound by royalty contracts and is subject to variable conditional royalties related to the operation of its wind farms, solar power stations and hydroelectric power stations. The commitment table above does not include these amounts.

Energy sales contracts

The Corporation is committed to sell its power output under long-term contracts. Most of these contracts are subject to annual indexation. These contracts have the following characteristics:

		Term
Wind	Canada	2029 - 2059
	France	2022 - 2042
Hydroelectric	Canada	2023 - 2059
	United States	2034 - 2035
Solar	United States	2029 - 2046
	France	2031 - 2042

For secured projects, the Corporation has energy sales or feed-in premium agreements for terms of 20 years. These contracts will take effect when the facilities are commissioned.

Contingencies

COVID-19 outbreak

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

Current or future governmental restrictions and measures, and their impact on the financial stability of the Corporation’s suppliers and other counterparties, could have an adverse effect on the Corporation’s operating results and financial position. The procurement of equipment and spare parts, issuance of permits and other authorizations, launch of requests for proposals, negotiation and finalization of agreements or contracts with stakeholders or partners and the construction of assets under development could be delayed or suspended, which could adversely affect the Corporation’s development opportunities, operating results and financial position.

Since restrictions were enforced by authorities to combat COVID-19, Boralex implemented a crisis management plan for continuity of its business, considered essential in all the regions it operates. Administrative personnel have been working remotely since mid-March 2020 and have continued to support the Corporation's day-to-day needs and comply with the Corporation's different business and regulatory requirements.

The Corporation continues to monitor the evolution of COVID-19. The governmental restrictions and measures have not impacted the Corporation's revenues in a material way to date as its production has been maintained and is generally under contract at fixed and indexed prices, or feed-in premium agreements setting a floor price with major government corporations.

Since the beginning of governmental restrictions, health measures have continued to evolve in regions where Boralex operates its assets and develops its projects. In line with applicable deconfinement policies and where possible, Boralex employees have gradually begun their return to the Corporation's offices and places of business while complying with the measures indicated by the various public health authorities. For now, current construction projects are going ahead as planned.

Lastly, different levels of government have mentioned that they intend to use renewable energy in their respective recovery plans.

France - Innovent

On May 17, 2021, Boralex Inc. announced that the Tribunal de Commerce de Lille rendered a decision in its favour, ordering Innovent SAS (“Innovent”) and its president, Grégoire Verhaeghe to pay Boralex $72.7 million (€50.6 million) for breach of contractual obligations. The dispute arose in the context of a transaction between the parties that occurred in 2012 whereby Boralex acquired construction-ready wind projects from Innovent. As part of such transaction, the parties entered into a development services agreement pursuant to which Innovent and Mr. Verhaeghe had the obligation to offer Boralex the right to acquire certain wind projects under development. In a well-reasoned judgement, the Court found that the defendants were in breach of their obligation with respect to the then under development Eplessier-Thieulloy-l'Abbaye and Buire-Le-Sec projects, thereby depriving Boralex of its right to acquire the projects at the agreed price and terms. Given such default, Innovent and Grégoire Verhaeghe were ordered by the Court to pay to Boralex $72.7 million (€50.6 million), which decision included a provisional order. Innovent and Grégoire Verhaeghe appealed the decision, including the provisional order.

In addition to appealing the decision, Innovent undertook various additional unfounded legal proceedings in France, challenging the evidence on which the court based its decision in order to prevent the provisional order from being carried out and its assets from being seized. These proceedings were rejected by various authorities and courts or are currently ongoing.

On December 29, 2021, Innovent formally filed a $359 million (€250 million) claim against Boralex, through the Tribunal de Commerce de Paris. The claim alleges that Boralex’s actions and counsel in the context of the legal proceedings before the Tribunal de Commerce de Lille, leading to a decision in Boralex’s favour, deprived Innovent from going public. Boralex believes that such an appeal is unfounded and intends to defend the matter vigorously.

France - Moulins du Lohan

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 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 Feed-in Premium agreement. The 65 MW project has been included in the *Projects under construction or ready-to-build* phase of the *Growth Path* following approval from the Board of Directors. Its commissioning is scheduled for the first half of 2023.

Canada - Contingencies

Local content

Under the energy sales contracts entered into with Hydro-Québec Distribution for its wind power projects, the Corporation's project entities must comply with certain regional content requirements regarding the costs associated with wind farm turbines (the "regional content requirements") and certain Québec content requirements regarding overall wind farm costs (collectively with the regional content requirements, the "local content requirements"). These requirements apply to all Québec wind power projects built by the Corporation's project entities or other producers under requests for proposals issued from 2005 to 2009. Failure to comply with these requirements may result in penalties being imposed under these energy sales contracts. In accordance with customary practices, in circumstances where the compliance or non-compliance with local content requirements under an energy sales contract primarily depends on the wind turbine manufacturer's compliance, the Québec projects of Boralex had obtained a commitment from Enercon Canada inc. ("Enercon Canada") to pay any associated penalties. Enercon Canada's obligations under the wind turbine purchase contracts are guaranteed by its parent company, Enercon GmbH. There is a dispute between Hydro-Québec on one hand, and Enercon Canada and Enercon GmbH on the other hand, regarding in particular the costing calculation methodology for wind turbines and wind turbines components to be used to determine project compliance with regional content requirements.

In connection with this dispute, Hydro-Québec filed an originating application on April 18, 2019 with the Superior Court of Québec against Le Plateau Wind Power L.P. (a partnership operating the **LP I** wind farm in which the Corporation indirectly held 51% of the outstanding units at the time and holds 100% of the outstanding units as of November 30, 2020), Enercon Canada and Enercon GmbH to determine the applicable calculation methodology and to obtain documents in the possession of Enercon Canada and Enercon GmbH. The application also seeks to order the defendants, *in solidum*, to pay Hydro-Québec an amount of less than $1 million together with interest and additional indemnities. Hydro-Québec specifies that this amount represents the minimum penalty only, that is, the difference of one percentage point between the regional content requirements and the regional content actually achieved, and that this amount needs to be adjusted as it considers that the actual difference is greater than one percentage point.

Le Plateau Wind Power L.P. impleaded Enercon Canada and Enercon GmbH in warranty under the turbine purchase agreement, requiring Enercon Canada and Enercon GmbH to pay the applicable penalties. Moreover, Enercon contends that Invenergy Wind Canada Development ULC ("Invenergy") failed to meet its obligations under a separate agreement, which constituted a quid pro quo for Enercon Canada in respect of its commitment to increase guaranteed regional content to 51%. In the circumstances, Invenergy made an application for voluntary intervention on the grounds of this allegation by Enercon. All actions filed will be dealt with simultaneously in order to settle the issue. In the event of non-payment, Hydro-Québec Distribution may exercise its right to offset any penalty against the amounts payable to Le Plateau Wind Power L.P. for the energy delivered by the wind farm in question, which would affect the revenues received by those wind farms until Enercon Canada and Enercon GmbH have paid the penalties in full. It should be noted that such amounts deducted by Hydro-Québec should be limited to an amount that would not cause a default on the payment under the facility's credit agreement. Based on the above information and at this stage of the matter, the Corporation is not able to determine the eventual outcome of this dispute or to reliably estimate the amount of penalties to be claimed due to the preliminary stage of the matter. However, in the Corporation's opinion, it is not likely that it would be subject to significant penalties, if any, under these energy sales contracts.

Canada - DM I

On March 31, 2016, an application for authorization of a class action against **DM I** and Hydro-Québec was granted.

According to the plaintiffs, the **DM I** project (i) causes abnormal neighborhood disturbances during the construction and operation periods, including traffic, dust, pollution, continuous noise, vibrations and strobe effects, presence of flashing and visible red lights from their residences, negative consequences on the landscape, moving shadows and health consequences, (ii) negatively affects the value of their properties and (iii) is an intentional infringement of their rights, including their right to property.

The plaintiffs, on behalf of the members of the class, are seeking (i) compensatory damages for the alleged abnormal annoyances suffered during the construction and operation periods, (ii) punitive damages for the alleged intentional infringement of their rights, and (iii) the destruction of all wind turbines that have already been built less than three kilometers from a residence. Claims arising from an eventual judgment in favour of the plaintiffs could be paid in whole or in part by the insurers, depending on their nature and taking into account the exclusions set out in the insurance policy. Based on this information, the Corporation assessed that the outcome of this class action is not expected to have a material impact on the Corporation's financial position.

Subsequent event

In February 2022, Boralex Inc. announced an agreement to sell the Senneterre power station with installed capacity of 34.5 MW, the last biomass energy production asset in its portfolio. Senneterre has a power purchase agreement with Hydro-Québec effective until January 2027, and the sale will take effect when the customary closing conditions have been met, including the receipt of Hydro-Québec's consent. This power station's assets have been classified as current assets under *Other current assets*.

Risk factors

The Corporation's Board of Directors approved a risk management policy in August 2019. The Corporation's risk management framework follows the guidance of COSO's *Enterprise Risk Management — Integrated Framework*. Its purpose is to identify, assess and mitigate key strategic, operational, financial and compliance risks that may impact the achievement of the Corporation's objectives. As part of the risk management process, a risk register has been developed across the organization through ongoing risk identification and assessment exercises. Key risks are reviewed by the Executive Committee and are presented periodically to the Audit Committee.

The Corporation is subject to a number of risks and uncertainties, some of which are described below and do not constitute an exhaustive list of all the exposures which Boralex faces or could face. Moreover, there can be no assurance that the Corporation's risk management activities will identify, assess and mitigate the risks to which the Corporation is exposed. The actual effect of any event on the Corporation's business could be materially different from what is anticipated or described herein.

Strategic risk

Strategic positioning

The Corporation could develop a strategic plan that fails to optimize the political, legislative, regulatory, economic, competitive, or technological environments, or take into account its competitive advantages, risks, or stakeholder expectations.

In order to create value for its shareholders, the Corporation has a strategic plan that will guide it in achieving its financial objectives over the next few years, notably by continuing the actions undertaken in sectors with strong growth potential, but also by implementing complementary initiatives with a view to diversifying and optimizing its activities, revenue sources and clientele. The Corporation also intends to achieve environmental, social and governance objectives.

Deployment of the strategic plan

Insufficient financial, IT or human resources could prevent the Corporation from attaining optimal achievement of the objectives of its strategic plan, or the Corporation could fail to respond promptly to major changes in its environment

The Corporation currently operates in the renewable energy segment mainly in Canada, France and the United States. This area of operation is affected by competition from large utilities or large independent energy producers. Boralex competes with other companies with sometimes significantly greater resources, financial or otherwise, in connection with the awarding of energy sales contracts, the acquiring of projects, the establishment of partnerships or the recruitment of qualified personnel. This can adversely affect implementation of the Corporation's long-term vision and prevent it from seizing opportunities available via its development projects.

The implementation of the strategic plan and complementary initiatives requires prudent business judgment and considerable resources. However, there can be no assurance that the strategic plan will be successful. Changes in economic, political and regulatory conditions and the materialization of the risks described in this section could adversely affect the Corporation's ability to execute its strategy and its operating results, business operations and prospects.

Operational risks

Uneconomic projects

The Corporation could fail to identify, develop or select the best opportunities to invest in assets that would enable it to achieve the objectives of its strategic plan.

Economic and political environment

While the Corporation operates primarily in Canada, Europe and the United States, it continually assesses potential in other regions. There can be no assurance that economic and political conditions in the countries in which the Corporation operates or intends to operate will continue as they are at present. The effect of such factors is unpredictable.

Ability to secure appropriate land

There is significant competition for appropriate sites for new power generating facilities. Optimal sites are difficult to identify and obtain given that geographic features, legal restrictions and ownership rights naturally limit the areas available for site development. There can be no assurance that the Corporation will be successful in obtaining any particular desirable site.

Social acceptance of renewable energy projects

Social acceptance by local stakeholders, including local communities, First Nations and other aboriginal peoples, is critical to the Corporation's ability to find and develop new sites suitable for viable renewable energy projects. Failure to obtain proper social acceptance for a project may prevent the development and construction of a potential project, lead to the loss of all investments made in the development by the Corporation and require it to write off such a prospective project. In addition, any other allegations made by these local stakeholders related to the social acceptance of projects in operation or their expansion could adversely affect the operation of existing sites and their results.

Acquisitions

The Corporation believes that the acquisitions recently completed and expected to be completed will have benefits for the Corporation. However, it is possible that all or some of the anticipated benefits, including financial benefits and those that are the subject of forward-looking financial information, may not materialize, particularly within the time frame set by the Corporation's management. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Corporation.

It is also possible that the Corporation did not detect in its due diligence during the completion of the acquisitions any liabilities and contingencies for which the Corporation may not be indemnified. Discovery of any material liability or contingency with respect to shares, assets or businesses acquired following such acquisitions could have a material adverse effect on the business acquired and the Corporation's financial position and operating results.

Lastly, the integration of assets acquired or to be acquired as part of the Corporation's acquisitions could pose significant challenges, and the Corporation's management may be unable to complete the integration or succeed in doing so only by investing significant amounts of money. There can be no assurance that management will be able to successfully integrate the assets acquired or expected to be acquired pursuant to these acquisitions or to realize the full benefits expected from the acquisitions.

Construction risk

Construction of facilities presents risks of cost overruns, delays and diminished performance.

Design, development and construction

The Corporation participates in the construction and development of new power generating facilities. Delays and cost overruns may occur during the construction phase of development projects, in particular delays in obtaining permits, key supplier withdrawal, increases in construction prices due to inflation or otherwise, changes in engineering design, labour conflicts, inclement weather and the availability of financing. Even when completed, a facility may not operate as planned, or design and manufacturing flaws may occur, which could conceivably not be covered by warranty, due in particular to poor equipment performance. Development projects have no operating history and may employ recently developed, technologically complex equipment.

Moreover, energy sales contracts entered into with counterparties early in the development phase of a project may enable counterparties to terminate the agreement or retain security posted as liquidated damages if a project fails to achieve commercial operation or certain operating levels by specified dates or if the Corporation fails to make specified payments. As a result, a new facility may be unable to generate necessary revenues to fund principal and interest payments under its financing obligations. A default under such a financing obligation could result in the Corporation losing its interest in such a facility.

Equipment supply

Development and operation of the Corporation's power stations are dependent on the supply of third-party equipment. Equipment prices can increase rapidly depending on, among other things, equipment availability, raw material prices and the market for such products. Any significant increase in equipment procurement prices and any delay in their delivery could adversely affect the future profitability of the Corporation's power stations and the Corporation's ability to implement other projects. There can be no assurance that manufacturers will meet all of their contractual obligations. Any failure by a supplier to meet its commitments could adversely affect the Corporation's ability to complete projects on schedule and meet its commitments under the power purchase agreements.

Power purchase agreements

There can be no assurance that the Corporation will be able to win power purchase agreements or renew such contracts under equivalent terms.

Obtaining new power purchase and feed-in premium agreements is a key component for the sustainability of the Corporation's profits and cash resources. Winning new power purchase and feed-in premium agreements involves certain risks owing to the competitive environment in which the Corporation operates. In several instances, the Corporation obtains new power purchase and feed-in premium agreements by submitting offers in response to requests for proposals issued by large clients. There is no assurance that the Corporation will be able to effectively compete against its competitors over the long term or that it will be selected as energy supplier following such processes or that existing power purchase agreements will be renewed or will be renewed under equivalent terms and conditions on expiry.

Sales at market prices

Supply and demand volatility in the energy market could adversely affect power prices.

Price risk

In Northeastern United States and in France, 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. In addition, the Corporation estimates that 343 MW (14% of installed capacity) covered by contracts expiring through December 2025 will then be sold at market prices. In France, feed-in-premiums protect the Corporation from declines in market prices, while allowing it to benefit from increases, in some circumstances.

The market price of energy in individual jurisdictions can be volatile, even beyond control. 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 drop significantly to levels at which the power stations are unable to yield an operating profit, and the economic prospects of the Corporation's projects in facilities in operation that rely, in whole or in part, on market prices, or development projects in which the Corporation has an interest, could be significantly reduced or rendered uneconomic. If this pricing differential occurs or continues, it could negatively impact the Corporation's financial results and cash flows. A material reduction in such prices could have a material adverse effect on the Corporation's financial position.

Partners

It is possible that Boralex's partners (suppliers, joint ventures, clients) fail to meet their contractual commitments and, by association, affect the Corporation's results and reputation.

Relationships with stakeholders

The Corporation enters into various types of arrangements with communities or partners for the development of its projects or for operations. Certain of these partners may have or develop interests or objectives which are different from or even in conflict with the objectives of the Corporation. Any such differences could have a negative impact on the success of the Corporation's projects. The Corporation is sometimes required through the permitting and approval process to notify and consult with various stakeholder groups, including landowners, First Nations and municipalities. Any unforeseen delays in this process may negatively impact the ability of the Corporation to complete any given project on time and according to schedule or at all.

Non-performance by counterparties

The Corporation sells the majority of its energy to a limited number of clients with long-standing credit histories or investment grade ratings. However, the inability of one or more of these clients to meet their commitments under their respective contracts could result in revenue losses.

Where a client does not have a public credit rating, the Corporation minimizes this risk through the selection and diversification of counterparties, regular monitoring of their credit risk exposure and changes in their financial position, use of standard trading contracts and guarantee requirements.

Low production volumes

Hydro, wind and solar resources at Boralex's facilities could vary significantly against historical data and forecasts.

The amount of power generated by the Corporation's hydroelectric power stations is dependent on available water flow. Accordingly, revenues and cash flows may be affected by low and high water flow in the watersheds. There can be no assurance that the long-term historical water availability will remain unchanged or that no material hydrologic event will impact water conditions in a particular watershed. Annual deviations from the long-term average are sometimes significant.

Furthermore, the amount of power generated by the Corporation's wind farms and solar power facilities is dependent on wind and sunlight, which are naturally variable. Decreases in the wind regime at the Corporation's different wind farms could reduce its revenues and profitability. For the wind power segment, variations in wind conditions compared to long-term expectations can also be significant.

Hydroelectric, wind and solar resources will vary. Although the Corporation believes that past resource studies and production data collected demonstrate that the sites are economically viable, historical data and engineering forecasts may not accurately reflect the strength and consistency of resources in the future.

If resources are insufficient, the assumptions underlying the financial projections for the volume of electricity to be produced by renewable energy facilities might not materialize, which could have a material adverse effect on the Corporation's cash flows and profitability.

Power station and facility performance

The Corporation could fail to optimize operations at its facilities due to a shortfall in operational efficiency or resource optimization, or owing to inadequate maintenance plans or operation in extreme conditions.

Power station operation and equipment failure

The Corporation's facilities are subject to the risk of equipment failure due to deterioration of the asset resulting from wear and tear, age, hidden defects or design errors. The ability of the power stations to generate the maximum amount of power is a key determinant of the Corporation's profitability. If the power stations require longer downtime than expected for maintenance and repairs, or if power production is suspended for other reasons, it could adversely affect the Corporation's profitability.

Segment and geographical diversification

The Corporation pursues a strategy of diversification in its power generation sources and geography. This diversification is reflected in the Corporation's operating revenues and EBITDA(A). Given the size of some of its operating segments, the Corporation could, however, be exposed to significant financial consequences in the event of a substantial downturn in its wind power segment.

Seasonal factors

By the nature of its business, the Corporation's earnings are sensitive to changes in climate and weather conditions from period to period. Changes in winter weather affect demand for electrical heating requirements. Changes in summer weather affect demand for electrical cooling requirements. These fluctuations in demand, primarily in the Northeastern United States where the Corporation operates hydroelectric facilities, translate into spot market price volatility, which has an impact, albeit limited, on approximately 1% of the Corporation's total installed capacity.

Availability and reliability of electric transmission systems

The Corporation's ability to sell electricity is impacted by the availability of the various power transmission systems in each jurisdiction in which it operates. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Corporation's ability to deliver electricity to its various counterparties, thereby adversely impacting the Corporation's operating results, financial position or prospects.

Increase in water rental cost or changes to regulations on water use

The Corporation is required to make rental payments for water rights once its hydroelectric projects are in commercial operation. Significant increases in water rental costs in the future or changes in the way governments regulate water supply or apply such regulations could have a material adverse effect on the Corporation's business, operating results, financial position or prospects.

Dam safety

Hydroelectric power stations in Québec, which represented 2% of total installed capacity as at December 31, 2021, are subject to the *Dam Safety Act* and its regulation. Depending on the region where the power stations are located, dams must comply with some criteria defined in this Act. Generally speaking, once the Corporation's recommendations are accepted by the Ministère de l'Environnement et de la Lutte contre les changements climatiques, an action plan is prepared reflecting the relative urgency of the work required. The Corporation is also subject to disclosure requirements and regulations relating to the monitoring of structural integrity of the power stations it operates in British Columbia and the United States.

A dam breach at any of the Corporation's hydroelectric power stations could result in a loss of production capacity, and repairing such failures could require the Corporation to incur significant expenditures of capital and other resources. Such failures could expose the Corporation to significant liability for damages. Other dam safety regulations could change from time to time, potentially impacting the Corporation's costs and operations. Upgrading all dams to enable them to withstand all events could require the Corporation to incur significant expenditures of capital and other substantial resources, particularly on occurrence of an extraordinary event or a case of force majeure. In conclusion, a dam failure could have a material adverse effect on the Corporation's business, operating results, financial position and outlook. Compliance with dam safety laws (and any future changes to these laws) and the requirements of licenses, permits and other approvals will remain material to the Corporation.

Insurance limits

The Corporation believes that its insurance coverage addresses all material insurable risks, provides adequate coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and is subject to deductibles, limits and exclusions that are customary or reasonable. However, given the cost of procuring insurance, current operating conditions and the credit quality of the different insurance companies on the market, there can be no assurance that such insurance will continue to be offered on an economically affordable basis, or that such insurance will cover all events which could give rise to a loss or claim involving insured assets or operations of the Corporation.

Accidents, health and safety

The Corporation might be unable to ensure its employees' occupational mental health and well-being or to prevent and manage employee and third-party accidents at the facilities under development, under construction or in operation in accordance with health and safety regulations.

The construction, ownership and operation of the Corporation's generation assets carry an inherent risk of liability related to worker health and safety, including the risk of government-imposed orders to remedy unsafe conditions, of potential penalties for contravention of health and safety laws, licenses, permits and other approvals, and of potential civil liability for the Corporation. Compliance with health and safety laws (and any future changes to these laws) and the requirements of licences, permits and other approvals will remain material to the Corporation. In addition, the Corporation may become subject to government orders, investigations, inquiries or civil suits relating to health and safety matters. Potential penalties or other remediation orders could have a material adverse effect on the Corporation's business and results of operations.

Natural disasters and force majeure events

A natural disaster could affect the assets of Boralex and its business partners, adversely impacting the ability to meet contractual commitments and result in force majeure events. Climate change could cause natural disasters.

The Corporation's power generation facilities and operations are exposed to damage and/or destruction resulting from environmental disasters (for example, floods, high winds, freezing rain, fires and earthquakes) that could lead to equipment failure and the like. Climate change could result in such extreme weather conditions. Moreover, such disasters could impede access to facilities.

The occurrence of a significant event which disrupts the production capacity of the Corporation's assets or prevents it from selling its energy for an extended period, such as an event that precludes existing clients from purchasing energy, could have a material adverse impact on the Corporation. The Corporation's generation assets or a facility owned by a third party to which the transmission assets are connected could be exposed to effects of severe weather conditions, natural disasters and unforeseen catastrophic events, major accidents, etc. In certain cases, there is the potential that some events may not excuse the Corporation from performing its obligations pursuant to agreements entered into with third parties. In addition, a number of the Corporation's generation assets are located in remote areas, which makes access for repair of damage difficult. Any such scenario could have a material adverse effect on the Corporation's business, operating results and financial position.

Pandemics

Pandemics can impact the health of the employees of the Corporation and its business partners, thereby slowing down operations and the achievement of strategic objectives.

The Company is monitoring and adapting to the COVID-19 pandemic as it evolves. Compared with other businesses, COVID-19 has not had a material impact on the Corporation's operations and financial position.

The pandemic and the health measures implemented by authorities to limit the virus from spreading can slow all of the Corporation's activities, in particular as regards to new project development. Current business disruptions could impact our suppliers which in turn could impact the operating results of the Corporation. The pandemic could impact procurement of equipment and spare parts. Construction, operation and maintenance of the Corporation's assets may be halted or delayed. The pandemic could also have the effect of increasing the other risks discussed in this section. It could therefore have a material adverse effect on the Corporation's business, financial position and operating results.

However, the governments of countries in which Boralex operates are promoting the renewable energy sector to stimulate the economy following the slowdown caused by the pandemic.

Litigation and breach of contract

The Corporation could be involved in litigation that could have a material impact on its results.

In the normal course of its operations, the Corporation may become involved in various legal actions, typically concerning claims relating to bodily injuries, financial losses, inconveniences, excess construction costs, damages related to the social acceptability of projects, noise, environmental compliance, property damage and disputes related to property taxes, land rights and contracts. The Corporation maintains adequate provisions for outstanding claims with merit. The final outcome with respect to outstanding or future disputes cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on the financial position or operating results of the Corporation in a particular quarter or fiscal year.

Financial risks

Limited access to financing

The ability to finance our operations is subject to various risks related to financial market conditions. Our financing is subject to restrictions that may not be met.

Additional financing and debt

The Corporation's projects require significant capital. The Corporation expects to finance the future development and construction of new facilities, the growth of projects under development and potential projects, acquisitions and other capital expenditures from cash flows from operating activities and also partly from borrowings or the issuance or sale of additional shares by the Corporation.

To the extent that external sources of capital, including the issuance of additional securities of the Corporation, become limited, unavailable, or unavailable under reasonable terms and conditions, the Corporation's ability to make the necessary capital investments to build new power stations or maintain its existing power stations and remain in business would be impaired.

The degree to which the Corporation is leveraged could have important consequences to shareholders, including: (i) the Corporation's ability to obtain additional financing for working capital, capital expenditures, acquisitions or other project developments in the future may be limited; (ii) a significant portion of the Corporation's cash flows from operations may be dedicated to the payment of the principal and interest on indebtedness, thereby reducing funds available for future operations; and (iii) exposing the Corporation to increased interest expense on borrowings at variable rates.

Furthermore, the ability to refinance, renew or extend debt instruments is dependent on capital markets up to their maturity, which may affect the availability, price or terms of alternative financing.

Moreover, investors could suffer dilution to their holdings of securities of the Corporation if financing were to be obtained by issuing additional Class A shares of the Corporation.

Interest rate and refinancing

Given the high-leverage financing strategy used by the Corporation, interest rate fluctuations are a factor which may materially affect its profitability. When a loan is taken on a variable rate basis, in order to limit the effect of changes in interest rates, the Corporation simultaneously arranges interest rate swaps covering a significant portion of the corresponding loan. The hedged portion is typically between 75% and 90% of anticipated variable interest cash flows and the duration of the instrument is generally aligned with the amortization period of the loans, which limits the risk related to the changes in benchmark rates when refinancing. As at December 31, 2021, excluding the revolving credit and term loan, and given the effect of the interest rate swaps in force, only about 15% and 14% of the total debt was exposed to interest rate fluctuations on a Consolidated and a Combined basis.

A sharp increase in interest rates in the future could affect the liquid assets available to fund the Corporation's projects. In addition, the ability of the Corporation to refinance debt when due is dependent on capital market conditions, which change over time. A sharp increase in interest rates could reduce the anticipated profitability of projects won through calls for tenders or under feed-in-tariff programs below the return required by the Corporation. For larger scale projects, the Corporation could decide to arrange financial instruments to protect such return during the development period prior to the closing of financing for the project.

Restrictive covenants

The Corporation uses a project-based or project group-based financing approach to optimize its leverage. The cash flows from several of the power stations are subordinated to senior debt when financed through project financing. Such financing arrangements are typically secured by project assets and contracts, as well as Boralex's interests in the project operating entity.

The Corporation is subject to operating and financial restrictions through covenants in the instruments governing its debts. These restrictions prohibit or limit the Corporation's operating flexibility and may limit the Corporation's ability to obtain additional financing, withstand downturns in the Corporation's business and take advantage of business opportunities. Moreover, the Corporation may be required to seek additional debt or equity financing on terms that include more restrictive covenants, require repayment on an accelerated schedule or impose other obligations that limit the Corporation's ability to grow the business, acquire projects and other assets or take other actions the Corporation might otherwise consider appropriate or desirable.

There is a risk that a loan may go into default if the Corporation does not fulfil its commitments and obligations or fails to meet the financial and other restrictive covenants contained in the instruments governing such loan, which may prevent cash distributions by the project or the project operating entity and result in the lender realizing on its security and, indirectly, causing the Corporation to lose its ownership or possession of such project. Such situations could have a material adverse effect on the business, results of operations and financial position of the Corporation.

Declaration of dividends

The declaration of dividends is subject to regulatory restrictions and at the discretion of the Board of Directors, regardless of whether the Corporation has sufficient funds, less indebtedness, to pay dividends. The Corporation may neither declare nor pay dividends if it has reasonable grounds to believe that (i) the Corporation cannot, or could not thereby, pay its liabilities as they become due; or (ii) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated outstanding share capital; or (iii) it would be possible to procure shareholders higher yield by investing the equivalent amount in its current businesses.

As a result, no assurance can be given as to whether Boralex will continue to declare and pay dividends in the future, or the frequency or amount of any such dividend.

Liquidity and fluctuations of exchange and interest rates

The Corporation is exposed to fluctuations in interest rates on debt and exchange rates and to liquidity risk on liabilities.

Foreign exchange risk

The Corporation generates foreign currency liquidity through the operation of its facilities in France and the United States. As a result, it may be exposed to fluctuations in the Canadian dollar against the currencies of such countries. The Corporation initially reduces its risk exposure as revenues, expenses and financing are in the local currency. Accordingly, foreign exchange risk is related more to the residual liquidity that is available for distribution to the parent company.

In France, given the above and the size of the sector and that Boralex now pays a dividend in Canadian dollars, the Corporation may enter into forward sales contracts to hedge the exchange rate on a portion of the distributions it expects to repatriate from Europe based on the cash generated. The Corporation also holds cross-currency swaps. These derivative instruments serve to hedge the Corporation's net investment in France, allowing financing issued in Canada for investment in France to be synthetically translated into euros. In addition to reducing exposure to foreign currency risk, these instruments provide access to lower interest rates that are in effect in Europe.

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

In connection with project development in Canada and the United Kingdom, certain future expenditures may be in foreign currencies. For example, equipment purchases in Canada are partly denominated in euros or U.S. dollars. The Corporation's objective in this instance is to protect its anticipated return on its investment by entering into hedging instruments to eliminate volatility in expected expenditures and, in turn, stabilize significant costs such as turbines.

Liquidity risks related to derivative financial instruments

Derivative financial instruments are entered into with major financial institutions and their effectiveness is dependent on the performance of these institutions. Failure by one of them to perform its obligations could involve a liquidity risk. Liquidity risks related to derivative financial instruments also include the settlement of forward contracts on their maturity dates and the early termination option included in some interest rate swap contracts and foreign exchange contracts. The Corporation uses derivative financial instruments to manage its exposure to the risk on interest rates fluctuations on debt financing or on foreign currency fluctuations. The Corporation does not own or issue financial instruments for speculation purposes.

Financial and management information

Failure to maintain effective internal controls could impair investor confidence and affect the Corporation's ability to obtain financing.

The Corporation is subject to the disclosure requirements of Regulation 52-109 and the rules of the Autorité des marchés financiers. Failure to implement and maintain adequate internal controls over financial reporting could result in material weaknesses or deficiencies in internal control over financial reporting that could lead to material misstatements or errors in the financial statements. Investors could lose confidence in the financial information disclosed, which could make access to financing more difficult. In addition, incomplete or inaccurate financial information could lead to sub-optimal business decisions.

Corporate risk

Adverse political or governmental decisions

Laws, regulations and government policies, including renewable energy incentives, in the countries in which the Corporation operates could change to its disadvantage.

The Corporation mainly operates in Canada, Europe and the United States. Moreover, the Corporation continuously assesses opportunities available in other regions. Any changes in government policies could have a significant impact on the Corporation's business ventures in such jurisdictions. Business risks include, but are not limited to, changes of laws affecting foreign ownership, government participation and support, sales taxes, income taxes, royalties, duties and repatriation of earnings, as well as exchange rates, inflation, and civil unrest.

The Corporation's operations are also subject to changes in governmental regulatory requirements, including environment and energy-related regulations, unforeseen environmental effects and other matters beyond the control of the Corporation. The operation of power stations is subject to extensive regulation by various government agencies at the municipal, provincial and federal levels.

Currently unregulated operations may become regulated. Because legal requirements change frequently and are subject to interpretation, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Some of the Corporation's operations are regulated by government agencies that exercise statutory discretion. Because the scope of such discretionary authority is uncertain and may be inconsistently applied, the Corporation is unable to predict the ultimate cost of compliance with such requirements or their effect on operations. Failure of the Corporation to obtain or maintain all necessary licenses, leases or permits, including renewals thereof or modifications thereto, may adversely affect its ability to generate revenues.

Regulatory non-compliance

Failure to comply with environmental regulations can result in impacts on communities, biodiversity and the environment, as well as penalties up to and including loss of permits and licenses. Amendments to such regulations could result in additional costs.

The Corporation holds permits and licenses from various regulatory authorities for the construction and operation of its power stations. These licenses and permits are critical to the Corporation's operations. The majority of these permits and licenses are long-term in nature, reflecting the anticipated useful life of the facilities. These permits and licenses are dependent upon the Corporation's compliance with the terms thereof. If the Corporation is unable to renew its existing licenses or obtain new licenses, capital expenditures will be required to enable Boralex to continue operations over the long term, possibly under different operating conditions. In addition, delays may occur in obtaining government approvals required for future energy projects.

The Corporation’s operations carry risk of liability related to the environment, including the risk of government-imposed orders to remedy any instances of environmental non-compliance, and potential penalties for violations of environmental laws, licenses, permits and other approvals, and potential civil liability. In addition, the Corporation may become subject to investigations, inquiries or civil suits relating to environmental matters.

Compliance with environmental laws (and any future changes to these laws) and the requirements of licenses, permits and other approvals will remain material to the Corporation. Potential penalties or other remediation orders could have a material adverse effect on the Corporation’s business and results of operations.

Information systems failure and cybersecurity

Security breaches could harm the Corporation’s business and compromise confidential and strategic information, as well as personal data.

The Corporation relies on several information technologies to conduct many business operations. A failure of information technology systems and infrastructure would have a material impact on its operations.

Cyber intrusion, unauthorized access, malicious software or other violations of the systems used in its offices or facilities could seriously disrupt commercial power generation and distribution operations, compromise the confidentiality, integrity and availability of information, including personal data or diminish competitive advantages. In addition, such attacks could result in breaches under data protection regulations. Attacks on the Corporation's computer systems could result in unanticipated expenses related to their investigation, repair of security breaches or system damage, give rise to litigation, fines, corrective action or increased regulatory scrutiny, and harm the Corporation's reputation. A breach of data security or cyber security measures could therefore have a material adverse effect on the Corporation’s business, financial condition and operating results.

Employee recruitment, engagement and succession

The Corporation could fail to achieve the objectives of its strategic plan due to a lack of resources caused by difficulty attracting, retaining and engaging management, key employees and staff, or due to a lack of succession.

The Corporation's members of management and other key employees play an important role in its success. The Corporation's performance and future growth depend in large part on the skills, experience and efforts of its members of management. The Corporation’s continued success is dependent on its ability to attract and retain highly qualified and experienced officers. Should the Corporation prove unable to do so, or to identify, train or attract successors in the event of the departure of key members of management, such failure could have a material adverse effect on its business, operating results, operations and outlook.

Also, the Corporation’s success depends largely on its ability to attract and retain qualified personnel to meet its needs. Accordingly, the Corporation is dependent on the competitive nature of the job market.

Risk of malfeasance

The Corporation could suffer a material loss as a result of fraudulent or illegal acts.

Despite having implemented policies and procedures to prevent and detect such incidents, the Corporation could suffer significant losses as a result of fraud, bribery, corruption, other illegal acts, or inadequate or ineffective internal processes.

Damage to reputation

The Corporation's reputation with stakeholders could be damaged as a result of business decisions made by management, or by association with business partners.

The Corporation's reputation with stakeholders, political leaders, the media or others could be damaged as a result of business decisions made by management, or events or changes, notwithstanding all internal measures to protect it.

Damage to the Corporation’s reputation could harm relationships with its stakeholders, cause it to lose business opportunities, reduce its ability to recruit and engage employees and compromise the social acceptability of its projects.

All of the risks mentioned in this section may also have an impact on the Corporation’s reputation.

Factors 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.

The following items require management to make the most critical estimates and judgments:

Main sources of uncertainty relating to management's key estimates

Management determines its 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.

Recoverable amount - Impairment of assets

Every year, on August 31, management tests its CGUs and groups of CGUs for impairment with respect to intangible assets with indefinite useful lives and *Goodwill.* Also, at each reporting date, if any evidence of impairment exists, the Corporation performs impairment tests on its assets with indefinite and finite useful lives and *Goodwill* to assess whether their carrying amounts are recoverable. Recoverable amounts are determined based on discounted cash flows projected over the terms of projects using rates that factor in current economic conditions and management's estimates based on past experience. Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of key assumptions, including planned production, selling prices, costs and discount rates.

Discount rate

The discount rate estimated and used by management represents the weighted average cost of capital determined for a CGU or a group of CGUs.

Anticipated production

For each facility, the Corporation determines long-term average annual energy production over the expected life of the facility, based on engineering studies that consider several important factors: in the wind power segment, past wind and weather conditions and turbine technology; in the hydroelectric power segment, historical water flow and head height, technology used and aesthetic and ecological instream flows; in the solar power segment, historical sunlight conditions, panel technology and their expected degradation. Other factors considered include site topography, installed capacity, energy losses, operational characteristics and maintenance. Although varying from year to year, production is expected to approximate estimated long-term average production.

Selling price

The Corporation uses contractual selling prices when fixed-price contracts exist; cash flows subsequent to contract expiry are estimated using projected price curves.

Useful life of property, plant and equipment and intangible assets with finite useful lives

In assessing the useful lives of property, plant and equipment and intangible assets with finite useful lives, management takes into account estimates of the expected use period of the asset. Such estimates of useful life are reviewed annually and the impacts of any changes are accounted for prospectively. The same useful lives are then used in estimating lease renewals and expected decommissioning of facilities.

Lease liabilities

Lease liabilities are calculated by discounting future lease payments over the lease term. To do so, management must estimate the discount rates and lease terms taking into account any applicable renewal and termination options.

Decommissioning liability

Future remediation costs, whether required under contract or by law, are recognized based on management's best estimates. These estimates are calculated at the end of each period taking into account expected discounted outflows for each asset in question. Estimates depend on labour costs, efficiency of site restoration and remediation measures, and discount rates. Management also estimates the timing of expenses, which may change depending on the type of continuing operations. Expected future costs are inherently uncertain and could materially change over time. Given current knowledge, it is reasonably possible that, in upcoming fiscal years, actual costs could differ from the assumptions, requiring significant adjustments to the related liability's carrying amount.

Fair value of financial instruments

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. Fair value is determined using discounted cash flow models and requires the use of assumptions concerning the amount and timing of estimated future cash flows, as well as for numerous other variables. These assumptions are determined using external, readily observable market inputs when available. Otherwise, management makes its best estimate of what market participants would use for these instruments. Since they are based on estimates, fair values may not be realized in an actual sale or immediate settlement of the instruments. See note 20 of these financial statements for a more detailed explanation of the bases for the calculations and estimates used.

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.

Business combinations

The Corporation makes a number of key estimates when allocating fair values to the assets and liabilities acquired in a business combination. Fair values of property, plant and equipment as well as electricity sales contracts are estimated using valuation techniques, such as the discounted cash flows method, that take into account key assumptions such as anticipated production, selling prices, costs and discount rate. When there is a contingent consideration arrangement, management must also use its judgment in determining the amount of contingent consideration to be recognized as part of the business combination. Management estimates the future amounts to be paid to the seller under the terms of the agreements based on the likelihood that the conditions will be met for payment.

Main sources of uncertainty relating to management's key judgments

Evidence of asset impairment

At each reporting date, management is required to use its judgment to assess whether there is any evidence that property, plant and equipment and intangible assets may be impaired. If applicable, the Corporation performs impairment tests on its CGUs or groups of CGUs to assess whether the carrying amounts of assets are recoverable. As described in the previous section, various estimates made by management are used in the impairment tests.

Management is required to exercise judgment and assess whether any events or changes in circumstances could have affected the recoverability of the carrying amount of assets. In making these assessments, management uses various indicators including, but not limited to, adverse changes in the industry or economic conditions, changes in the degree or method of use of the asset, a lower-than-expected economic performance of the asset or a significant change in market returns or interest rates.

Determining the development phase

The Corporation capitalizes project development costs during the period preceding commissioning, that is, those of secured projects in its project portfolio. Recognition of an intangible asset resulting from the development phase starts when a given project meets the capitalization criteria in IAS 38, *Intangible Assets*. This determination requires significant judgment by management. Deciding whether an event or a change in circumstances indicates that a project has reached the development phase depends on various factors, including the technical feasibility of completing the intangible asset, management's intention to complete the intangible asset and its ability to commission the project, how the intangible asset will generate probable future economic benefits, the availability of adequate technical and financial resources to complete the development, and management's ability to reliably measure the expenditures attributable to the project during its development.

Business combination or asset acquisition

When a development project is acquired, management is required to exercise its judgment to determine whether the transaction constitutes a business combination under IFRS 3, *Business Combinations*, or an asset acquisition. Management determines that a transaction is defined as a business combination when an acquired development project has completed the key steps required to obtain construction permits, financing and an energy sales or feed-in premium contract.

Consolidation

Significant judgment is required to assess whether the structure of certain investments represents control or joint control of, or significant influence over, an investee. Management's assessment of control or joint control of, or significant influence over, an investee has a material impact on the accounting treatment required of our investment in the investee. Management is required to make significant judgments regarding the relevant activities of an investee and as to whether it has power over such activities. The relevant activities of an investee can change over time and are therefore subject to periodic review.

Accounting policies and National Instrument

Changes in accounting policies and National Instrument

Changes to IAS 39, IFRS 9 and IFRS 7 (Interest rate benchmark reform) - Phase 2

During the year, Boralex adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables Boralex to reflect the effects of transitioning from interbank offered rates to alternative benchmark interest rates (also referred to as ‘risk free rates’) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The exceptions allow for prior period comparatives not to be restated to reflect these amendments.

Both the Phase 1 and Phase 2 amendments are relevant to Boralex because it applies hedge accounting to its interest rate benchmark exposures. For the periods under consideration, no modifications in response to the reform have been made to Boralex’s derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented). Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by Boralex to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships are provided in Note 21.

IAS 12, Income Taxes

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (Amendments to IAS 12) that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, which does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of deferred tax assets and liabilities in the same amount. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 with early adoption permitted. The Corporation early adopted this amended standard as at December 31, 2021 and this change had no impact on the Corporation's consolidated financial statements.

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 earnings (loss). The Corporation adopted this amended standard as at December 31, 2021 and this change had no significant impact on the Corporation's consolidated financial statements.

IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 explain how an entity can identify a material accounting policy. The Corporation adopted this amended standard as at December 31, 2021 and this change had no impact on the Corporation's consolidated financial statements.

National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure

On May 27, 2021, the Canadian Securities Administrators published the final *National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure* (the “Instrument"), effective August 25, 2021 and applicable to reporting issuers for documents filed for fiscal years ending on or after October 15, 2021. The Instrument addresses disclosure of non-IFRS financial measures, non-IFRS ratios and other financial measures with the intent to provide clarity and consistency with respect to an issuer's disclosure obligations. The Corporation will apply the Instrument for its filings for the year ended December 31, 2021.

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.

The Chief Executive Officer and the Chief Financial Officer assessed the effectiveness of Boralex's DC&P as of December 31, 2021 as well as the effectiveness of Boralex's ICFR process as of that same date and concluded that they were effective.

During the three-month period ended December 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 Decembre 31, 2021, did not cover the controls and procedures of the majority interests in a portfolio of solar power stations in the United States representing 209 MWac acquired on January 29, 2021, and which are included in the December 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.

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 solar power stations.

Since the acquisition date, these majority interests in the portfolio of solar power stations have contributed $33 million (US$26 million) to revenues from energy sales and generated net earnings of $1 million (US$1 million). In addition, current assets and current liabilities represented 1% and 3% of consolidated current assets and liabilities, respectively. Non-current assets and non-current liabilities represented 10% and 2% of consolidated non-current assets and liabilities, respectively.